

Our Changing Economy

Waste Encourages Economic 'Sects'

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A friend tells me that once at a cocktail party he overheard a serious young lady say: "I know it's true because I've said it before."

In the past week, this young lady's remark has come to mind, for I have been reading a lot of management and trade union publications written by harrister-type economists. I've been struck by how much all this special pleading resembles a certain type of religious tract. Both accept as "fact" any useful oft-asserted belief or tired-out conclusion.

Economics, like religion, has many sects. Each has its own set of beliefs: each claims the truth. The adherents of some are ingenious and establish their "truths" simply by assertion, or—like the young lady my friend tells about—by quoting themselves. Others are sophisticated; they establish "truth" by citing authorities—that is, other persons' assertions—and they know that the longer ago an assertion or conjecture was made the more authoritative it is.

Just as spiritual lords throughout the ages wanted theologies to justify their powers—and temporal lords, political theories to validate their powers—so business and labor want to rationalize their "rights." Actually, it's not just business and labor, but farmers and city dwellers, lenders and borrowers, the regulators and the regulated, importers and exporters. These and dozens of other conflicting groups want to rationalize the rights they claim. Consequently economics has become tainted, messy and tedious.

Waste Too Prevalent

There is another reason, too, why this Nation has become a hotbed of economic sects. That is the prevalence of waste in the land today. Let me explain.

There were 4.2 million persons unemployed in March and countless others who, though not actively seeking work, would have applied if there had been a better chance of getting work. (It's worth noting that the Government's labor force figure, which includes the employed and unemployed, was the same as that for March, 1959, after allowing for the inclusion of Alaska and Hawaii. Yet, in the past year, the number of adults not in school and not too old to work increased by about one million.)

Of those who had jobs, 25 per cent worked less than 35 hours a week in March—many involuntarily. Underemployment also results when trained and talented Negroes are excluded from whole sectors of the economy—in Washington, for example, from all but the lowest-rung jobs in banks, savings and loan associations, insurance companies, brokerage houses and real estate firms.

Manpower is also wasted when a million or so workers living on subsistence-type farms are "surplus" and when tens of thousands of miners eke out a living in half-deserted communities because they can't find work elsewhere.

Waste takes many forms. It results not only from enforced idleness but from misdirection of effort and from a faulty order of priorities. As an example of the latter, there is a 3-mile segment of a new highway in Nevada, along which three elaborate interchanges have been built at a cost of \$384,000; these interchanges together handle 89 vehicles a day—serving some old mines, a power line, four or five small ranches, and a house of ill repute, according to a report of the General Accounting Office. At the same time, on the fringe of most cities, there are traffic bottlenecks that individually cause the daily loss of thousands of hours of motorists' time and a great waste of fuel.

Resources Are Wasted

Resources are wasted when the Potomac and other rivers are polluted and when, for lack of planning, slum areas are created—as they are today—in many of the suburbs of Washington.

This is a period of budget-obsessed leadership, slackening attention to public interests and growth of vested interests. But, we have come about as far as we can with old plans—by amending and extending them. It's going to take some new plans to train and employ some 20 million young people who will enter the labor force in the 1960's.

Economists, I hope, will be drawn once again into cooperation with artists and architects, educators and engineers, medical leaders and social workers in formulating projects of grand design to beautify the public domain, improve education, advance the arts and help the great masses of people in South America, Africa and Asia.

No longer should we tolerate "sound policies" that involve the future loss of billions of dollars of goods and services: By not retraining and relocating idle workers, not improving teacher training, not giving more scholarship aid, not providing more help for seriously disturbed children—and not planning in Government as we do in business.

My principal criticism of the present Federal Administration (and of Congress) is that it has been so extravagant. The Governments of Maryland and Virginia too have been extravagant beyond the bounds of future tolerance.

Extravagance is to waste people—their time and talents. This type of waste is never recouped. Money, on the other hand, though it may be passed around foolishly, is never lost.



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