

## **Our Changing Economy**

# Stability, Too, Has Its Painful Price

*By Philip Stoddard Brown*

WASHINGTON has come closer than any other large city to achieving full employment. This summer, about 20,000 more civilians had jobs in this area than in the summer of 1958. (This increase is at least 6000 greater than the increase in the area's labor force.)

Moreover, the United States Employment Service reports its inability to fill many openings for chemists, engineers, librarians, recreational leaders, nurses, statisticians, stenographers and clerk-typists.

Some Washington residents find this condition of nearly full employment a painful one. "Service isn't what it used to be . . . You just can't get a carpenter for a day's work . . . You have to wait months



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and keep badgering to get anyone to repair an asphalt driveway . . . Service in many restaurants is slow . . . You can't get a good cleaning woman anymore . . . Servants today want too much time off and you have to put up with a lot of independence."

"Good times" present other, more important problems. The problem of hiring a full staff of teachers has become difficult. If other cities achieve an equally high degree of employment, this problem will become more difficult. So also, will the problem of preventing a further rise in the cost of living.

### ***No Program in 30s***

In the 1930s, it was no problem to recruit teachers. Some boarding schools hired graduates of good colleges for as little as \$500 a year plus board and room. But in recent years, with greater job opportunities, there have been fewer candidates and more resignations.

The problem of teacher recruitment is intensified by the unprecedented increase in the number of school children. The school-age population of the United States has increased 16 per cent in the past four years. (In the District, it has risen 32 per cent.) Then too, the great interest in education that has been aroused by Russia's startling achievements has increased the demand for smaller classes and better qualified teachers.

Teachers can be had. The only scarcity is good teachers available at low salaries—the same scarcity that exists for good cooks, mechanics and secretaries. Any school board that will boost its salary schedule enough will be flooded with applicants. And if all schools and colleges raised salaries to match those of dentists, lawyers and engineers, there might in a few years be many applicants for every opening, as there are said to be in Russia.

But to pay salaries that will attract more and better people into teaching in a time of nearly-full employment, higher tax and tuition rates are needed. That's as painful as having to pay those "outrageous wages" that good cooks, mechanics and secretaries are asking these days.

No labor-saving machine has been invented to teach children how to write an acceptable letter, or solve a quadratic equation. Consequently, the cost of teaching has gone up relative to that of laundering and dish-washing. More important, it has gone up in terms of food, refrigerators, motor boats, phonographs, clothing and other farm-grown and factory-made products. To be sure, incomes, on the average, have risen much more than the consumer-price index, but having to pay more for a child's schooling, or a housemaid's services, in terms of other goods and services, infuriates many people.

### ***Wages Must Lag Output***

Even more painful for many businessmen and union leaders are the conditions necessary to achieve price stability under conditions of nearly-full employment.

Factory workers will have to accept percentage wage increases far less than the per cent increase in output per man-hour, if the consumer-price index is to be kept from rising. How else can the wages of plumbers, barbers, government clerks, Congressmen, lawyers and teachers—whose productivity, by the nature of their work, can't rise very much from one year to another—be kept from rising immoderately and boosting the cost of living.

Many businessmen go along with this, but balk at any lowering of tariffs, import quotas and subsidies, or the abolition of "fair trade" laws and all the guild-like regulations that restrict competition. Yet, in times of nearly-full employment, it is all the more necessary to open up competition and to restrain price and rate advances where aggressive competition doesn't exist.

Any public opinion poll would show, I think, almost everybody in favor of the triad of full (or nearly full) employment, price stability and better schools, but such a poll would be meaningless. Unless the price tag is conspicuous, what is the point in asking most people whether they want a car, a house, better police protection, fewer accidents, less juvenile delinquency or anything else material or cultural.

In economics, wants don't count and don't get satisfied unless people are able and willing to pay for them. Similarly, it can be said that the public doesn't really want price stability and better schools unless it's willing to accept the conditions they entail.