

Our Changing Economy

Let's Examine Our GNP For True Growth Facts

By Philip Stoddard Brown

MOST of us are honest about some things and not about others. We may be objective about our colleagues, but not about ourselves. We may be good parents and bad citizens, or vice versa.

It has been said of Count Rumford that his life was one of unswerving honesty to science and unconscionable duplicity in his business and public activities. He spied for General Gage while serving in the Colonial army. He betrayed the British by selling naval secrets to French. He continued as British agent while serving as Minister of War in Bavaria. He romanticized his colonial origins. He made a great fortune from bribes and graft. Yet all his life he demonstrated great integrity in his scientific studies.



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More often, I think, people are honorable and fairly objective in their dealings with associates but inclined to be dishonest—or, let us say, biased—in their opinions about social and political issues. Shibboleths, rather than reason, determine their views.

Everyone Favors Faster Economic Growth, But

The millions of words spoken and written in recent months in the controversy over "the optimum rate of economic growth" exemplifies this. Many who favor a high rate of growth wouldn't support the measures required to achieve such growth. The real issues are masked. There is too little probing—too little understanding. Yet without understanding what meaning attaches to "honesty" and "sincerity"?

Growth of What? Growth these days is usually measured in terms of GNP (value of goods and services produced in a year's time). Elvis Presly accounts for far more GNP than Leonard Bernstein. The feeding of dogs and cats for more than the feeding of indigent children. In the past, the GNP has been increased, at times, by making certain activities illegal: what was free and without economic value was made expensive, and the policing of such activities further increased GNP. More could be done along this line to speed the rate of growth.

Why more growth? If national security is our sole concern, then a 5 per cent a year increase devoted to providing more goods and services for private consumption will be less effective than a 1 per cent increase in the national product devoted to supporting United Nations' activities.

More of Everything? If we want to keep the present mix and boost output sharply and quickly, then we will have to utilize the services of many who are unemployed and employed only part time. Some of these people are in the wrong areas. They will have to be moved, or new industries directed to them—to Wilkes-Barre, Wheeling and Puerto Rico, instead of to Washington, Richmond and Denver.

Some unemployed persons are young and untrained. Some are over 50! Some have dark skins. Some are partially disabled. Very few have nursing or medical training, secretarial or electrical experience . . . well, it's hypocritical to advocate increasing the GNP by 5 per cent a year in the 1960s, if we are unwilling to go out of our way to train and employ these people.

Concessions to investors? Unlike most businessmen and economists more "sound" than myself, I don't see the need for more liberal depreciation allowances and tax concessions to provide more incentives for investment. We have facilities to make a lot more steel, autos and gasoline and we could easily produce more coal, corn and cotton. What we do need is directed investment, special training and purchasing power to call for the greater use of existing facilities.

Avoidance of Recessions? This is advocated by Republicans and Democrats. Both parties assume a degree of control over economic fluctuations that doesn't exist. So long as the public's buying is influenced by innovations, styling, advertising, fears of shortages and price changes—and so long as production and investment are subject to the hazards of interruption, changing tastes, misjudging of demand and misinformation about competitors—we will have variations, if not cycles, in inventory buying and capital expenditures. . . . Mistakes in our economy are more apparent than those in a socialist economy.

Too Much Talk About GNP

Instead of piously proclaiming the need for a faster rate of growth—and debating whether 4 or 5 per cent is the optimum rate of increase in GNP and whether this requires more or less Government spending—how much better it would be to abandon the use of terms like "optimum," "GNP," "government spending" and "inflation."

Let us consider whether we want to expand auto production or public transit facilities; whether we wish to discourage or encourage the training of farmers and doctors. Let us not leave these decisions to chance—or to market forces because there are no markets for missiles, foreign aid, public transit and repertory theaters, except as we create them. Let us even consider encouraging some cultural activities that may tend to lessen a bit the rate of growth in GNP.

Let us debate what we want and why. Let us focus on **How** we can achieve these wants. Let us stop all this talk about **rate of growth in GNP**.