

# What is Best for the Economy?

by PAUL E. JUNK

**I**F WE were to ask this question of each person in this room we might get a consensus on some issues, especially regarding tax reform. But what would happen if we went outside this room? Not only would we fail to get a consensus—we probably would get different answers from each person.

If we are going to determine what is best for the economy, where do we start? There are many basic problems that have to be solved, and before we can solve them we are going to have to educate a lot of people, including many adults, concerning basic economic principles. The man on the street has to understand how a market system works, he must have some concept of supply-demand relationships. He should understand the concept of opportunity cost and the profit motive before he can appreciate some of the most elementary principles of property tax reform. I am suggesting, therefore, that we should be devoting more of our attention to economic education in the broadest sense.

How do we go about educating the public? We all wish there were some practical, effective answer to this question. I'm not even sure that we are going in the right direction in many instances. I think it is very likely that many of our grandparents, several of whom were lucky if they received an 8th grade education, may have achieved more in the way of economic literacy than our elementary school children will have achieved by the time they complete their education. There is some evidence now that students actually know less after they have completed some economics courses than they knew when they started. This is difficult to believe, but in some cases students have done better on standardized tests without any instruction in economics than

in complete courses on basic principles of economics. Experiments of this type are still in the early stages of development, and there may be a number of explanations for this rather startling conclusion. It may be that the tests are not appropriate, it may be that there are other variables that have not been taken into consideration, and it may be that we are simply confusing the student with a lot of technical jargon.

I guess you could conclude from all of this that the best thing for most of us to do would be to discontinue teaching economics, and start digging ditches. At least there our marginal product would be positive. But I don't think this is the answer. I think we should try to find out why students are not getting what is desired out of their economics courses, and we should then devote more of our attention to correcting this situation.

Doing a better job in the college classroom, however, is not going to solve our problem of economic illiteracy. There has to be a greater emphasis on adult education, and there has to be a significantly greater emphasis on economic education at the elementary and secondary school level. This is where I think we really have problems at the present time. Very few high schools offer a course in economics. And the few schools that offer such a course often have it taught by a "social studies teacher." In most states a teacher is qualified to teach "social studies" if he or she has completed a minimum number of hours in the social sciences. It is not at all unusual to find secondary school economics teachers who have had no more than three or six hours of college work in economics.

Not too long ago one of my colleagues came to the office all disturbed one morning because his daughter was

all disturbed because she had just discovered in class the previous day that her share of the national debt was \$1600. Her allowance currently is \$1 a week, and she was good enough at mathematics to figure out that it was going to take her a long time to make much of a dent in her share of the national debt. Whether or not this young lady was given additional information about the economics of public debt we don't know. At least the \$1600 figure is what stuck in her mind.

This problem is further complicated by all of the semi-technical terms that are developed by economists, and I might add by politicians. We have to continually struggle with concepts like "administered prices," "creeping inflation," and the one which I think has them all beat is "full employment surplus." Are you aware of the fact that we have had a full employment surplus ranging from \$3 to \$10 billion per year since 1956? But if you look at the federal debt you will also find that it has increased in nearly all of those years. How can you have a full employment surplus and at the same time a deficit? Well it turns out this full employment surplus is figured on the basis of what would have happened if we had had full employment each of those years. Then we would have had a surplus of a given amount in each year. This is like saying that I would currently be making \$55,000 a year if I had become a successful criminal lawyer instead of an economist. I am saying that economists are making this study of economics hopelessly difficult

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by conjuring up such terminology. (He interpolated here a rollicking excerpt from "Questions and Answers with Grant Swinger," by D. S. Greenberg—which, though hilarious, was not as remote from actuality as one might suppose.)

What then is the "best way for the economy"? We are going to find this best way only if we get a larger number of citizen voters doing a little original thinking about economic problems. We have to develop some kind of economic consciousness. We have to get people to ask, and try to answer, the question of why our kind of economic system has proven so successful. We cannot expect voters to make rational decisions if they don't understand the market system and the way it works. We are only going to accomplish this economic awakening by reaching increasing numbers of students at a fairly early age, and by rapidly expanding adult education programs. I hope that your organization will continue to play an important role in this latter area.

The May-June issue of *Historic Preservation* (published by the National Trust for Historic Preservation, Washington, D. C.) featured an article on the adaptation of fine old buildings for institutional use. The New York Henry George School building was included as an example of what can be done, illustrated with a handsome photograph of the interior.

Plan now to attend the 1967 Annual Conference of the Henry George School, July 26-30 — in Montreal.