

# *Economic Semantics*

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AS ANY advertiser, salesman or publicist knows, carefully chosen words can sell anything, whether a product, a service or an idea. Familiar terms with familiar connotations tend to produce a reaction stemming not from the actual words or their true meanings, but from pre-established beliefs imbedded in the minds of listeners or readers. Accordingly, clever proponents find it easier to persuade via well-implanted concepts than to convince through logic and evidence.

For example, a phrase like "fair trade laws," although a complete misnomer, lulls into quick acceptance the unthinking person who assumes that what is "fair" must be good. Similarly, expressions such as "social security," "welfare legislation" and "unemployment insurance" often bring forth immediate approval of the proposals they allegedly describe, simply because of their agreeable implications. After all, who doesn't desire security, think of his welfare or believe in the benefits of insurance? Only those who are more thoughtful reflect long enough to determine whether in fact these pleasant-sounding words are descriptive or deceptive.

Consider the little Republic of Uruguay. Not so many years ago, it was almost unique among its neighbors: a prosperous, progressive community; peopled by industrious and happy citizens, enjoying an era of widespread peace and plenty. Trade both within and without was brisk, few desires went unsatisfied, and the tiny country's economic stability was the envy of far larger nations. But then, made smug

by its contentment, Uruguay proceeded to install one of the most comprehensive "welfare" states in existence. Every conceivable kind of "social" legislation was adopted: free medical care, pension plans, unemployment insurance, child welfare, five hour work-days and countless other "benefits." Naturally, the population accepted these boons with great joy — all were "free," and was it not wonderful to have a government so generous in providing "welfare"?

Today, sad to say, Uruguay is economically ill, one of the sickest nations in the world, its national income down about thirty per cent. Thanks to inflation, the local peso, once quoted at \$1.03, is now worth three cents. Most state-owned industries are in the red, and welfare funds are almost depleted. Uruguay's future is a dismal prospect, and the bewildered citizens of this once-thriving land pathetically wonder why their government has lost its paternal strength. But the answer is clear: the impossibility of getting something from nothing is as much a law of economics as it is of physics. Social welfare is inevitably a drain on production, and ultimately on real wages. It is a pretty bubble that sparkles brightly, but soon bursts from its own inner pressure.

The Uruguayan people were understandably delighted when they became recipients of governmental bounty in the form of "social welfare." It sounded fine; but it must have been a shock when they learned the difference between economic semantics and economic reality.

