

Bread and Butter Economics

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A FASHION appears to be developing among economists to look beyond the mere bread-and-butter of life to the "quality of life".

The generation of young people now coming to maturity has reacted against the previous generation's excessive concern with more and more material possessions. (They in turn were reacting to the terrible privations of the Great Depression.) This new attitude seems to have permeated the ranks of economists, an increasing number of whom preach ZEG (Zero Economic Growth) and think we should be concerned more about environmental cleanliness than about more material consumption.

Whereas GNP (Gross National Product) has for many years been the altar to which offerings were brought, a rival altar, called MEW (Measure of Economic Welfare), has been erected by Profs. James Tobin and William D. Nordhaus of Yale University. (Watch out, Harvard and M.I.T.!) The general good and welfare, say these proponents, do not show in GNP figures, and they would include such items as public service, leisure time, the condition of the environment, etc. MEW (sometimes called NEW, Net Economic Welfare) has been paid attention by that hardy perennial, Paul A. Samuelson, in the latest edition of his *Economics* (which has developed into a barometer of the latest trends).

Another noted economist, Prof. Kenneth E. Boulding, has been exploring what he calls "grants economics" and has written a book on the subject, *The Economy of Love and Fear*. We need to be concerned about another fact of economic life besides exchange and trade, says Prof. Boulding, and that

is the economy of giving. In this he includes the support of children by parents, often through college; the granting of public funds for research, welfare, projects; the similar granting of private funds; foreign aid, usually from developed countries to less developed countries; etc. So here is another economist who wants to move beyond the more mundane concerns of traditional economics.

A newly revived magazine of economic affairs, *Challenge*, in its inaugural issue, March-April 1973, stated: "Economists constitute that curiously rare profession which looks forward to the day when its importance is greatly diminished. The eminent economist Frank H. Knight wrote ". . . It ought to be the highest objective in the study of economics to hasten the day when the study and the practice of economy will recede into the background of men's thoughts, when food and shelter and all provision for physical needs can be taken for granted. . . and the effort and planning of the mass of mankind may be mainly devoted to problems of beauty, truth, right human relations and cultural growth."

Lovely. Not exactly new, however. Adam Smith was concerned with moral and cultural values; so was John Stuart Mill and many others. Henry George too looked beyond economics. "To remove want and the fear of want, to give to all classes leisure and comfort and independence, the decencies and refinements of life, the opportunities of mental and moral development, would be like turning water into a desert." All this, however, comes about through squarely tackling the economic problem, not by blurring its concerns with something supposedly more lofty.

It is true that a good deal of modern economics lost the insights of classical political economy and became concerned with trivia, charts, diagrams, mathematics and doubtful formulations. It is interesting that many modern economists want to show that they are broadly based and are concerned about larger matters. But not so fast. Before they go to the concert they should do their homework. We do not reproach them so much for not being interested in "meta-economics" as in not getting the economy to work properly. We do not object if the television repair man does not enjoy the same programmes we do, if only he can get the set working so we can enjoy the programmes we want.

Economists have not dealt satisfactorily with the bread-and-butter side. Inflation is eroding the economy and they do not know - or do not want to propose - what to do about it. The price control programme has not only been a huge failure in all its phases, but has actually worsened the inflation and distorted the allocation of products (If economists want to brush up on any other subject, it ought to be history.) Strikes and labour troubles, economic dislocations and giant monopolies, high taxes and governmental interferences, still plague the economy. The United Automobile Workers - the first strong union to negotiate wage increases some decades ago - seems to be the first to realize that it is getting nowhere with monetary increases which are always overtaken by the cost of living. Now they are demanding more solid benefits such as medical care and retirement plans.

Economists too should be working with the tangible facts of economic life and show us how things can get better and better instead of worse and worse. We would cheerfully forgive them for being concerned only with such mundane things as bread and butter, supply and demand, production and distribution, if only they can get these matters to work properly. We promise to take care of our spiritual progress.