

ECONOMICS FOR THE PEOPLE

BEFORE the war few people placed any importance on the need for educating the ordinary run of Australians in the simple economics of the way in which the nation earned its livelihood. Economics was a highly esoteric branch of knowledge whose meaning was rarely precisely understood by anyone other than those trained in it. Even many businessmen had only the vaguest ideas of the nature of its subject matter. The writer, who pursued a university course in economics, well remembers the occasion when, soon after joining the staff of a large industrial enterprise, he was conducted around one of the plants by a leading official of the company. He had come to the company as an "economist" and, to his acute embarrassment, he was asked to keep his eye open for places in the plant where economies might be made. This had a doubly humorous aspect; for at that time economists, under the influence of Keynesian doctrine, were more disposed to spend money than to save it.

The situation has changed vastly. Many people, and certainly most businessmen, now think it important that the great mass of citizens should have at least a nodding acquaintance with the simpler facts and principles that underlie the system by which the community earns its living.

Two main reasons for this change can be distinguished:

First was the strides made by socialism during the war and early post-war years. This progress was so remarkable that to many people, and certainly to most intellectuals, the phrase "post-war reconstruction" became synonymous with socialist planning. To those who viewed socialism with abhorrence, and even with fear, here was a development that called for the strongest counter measures. Since part of the appeal of socialism arose from false ideas about private business, there was clearly a need to correct the misconceptions by giving the public facts and information which no one had previously thought necessary.

The size of business profits; how they were distributed; how the national production was divided up; who paid the taxes and who received the most benefit from them; what the banks did and what determined their lending policies;

these and a host of other contentious questions had to be answered. The private enterprise system had to be vindicated. What was it? What progress had been achieved under it? How had the ordinary person benefited? Why was it more efficient than any alternative system of production? How could living standards be raised? Could full employment be achieved under private enterprise? What was the role of government? When were government controls necessary and when were they a curse? And so on and so on; the list of questions crying out for answers comprehensible to the mass of voters had suddenly become almost endless.

The second reason for the new importance given to "economic education for the masses" can be traced to the democratic currents that began to flow vigorously throughout the world, during (and no doubt as a consequence of) the war. In the social scheme, "the common man" suddenly became elevated to a position of uncommon significance. Henceforth his welfare was to be the first concern of economic and political policies. He had to be assured of a job; he and his family had to be provided with "cradle-to-the-grave" financial security; he had to have ample time for leisure, better educational opportunities, adequate health services, a fairer deal, a higher living standard, a better life all-round.

But how was all this to be achieved? After the first flushes of enthusiasm died down in the years after the war, the hard facts of economics began to assert themselves. The only thing that was lacking now was not money, which in the last analysis was worthless, but goods and services. Goods and services, even in the most productive societies, were scarce. Therefore, the only remedy was to produce more. But how could the great mass of the people, which had previously never felt any close connection between what they produced and what they were paid, and of whom many had been raised on the sour milk of output restriction, be persuaded of this?

Exhortation by governments and by business, and in some countries by trade union leaders, was first tried, but the public mind proved stubborn and unresponsive. The man in the street, naturally enough, demanded reasons, and even more he demanded to know how he personally would benefit from greater production. And so were set in motion the vast educational campaigns in the basic economics of productivity in

such countries as the United States and Britain; in the former, sponsored mainly by business leaders and, in the latter, where the need was more urgent and the people initially less receptive, by governments and top union officials as well as by businessmen. Under the influence of the benign economic climate of Australia we have yet hardly passed beyond the stage of exhortation.

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FOR these reasons the need for some degree of popular economic education is now widely accepted. There is, however, another facet of the matter which has so far been given little thought.

The success of the free economy depends largely on the sense of responsibility displayed by the individuals of which it is comprised. Where people are free to act on their own initiative then, if the economy is to operate effectively, their decisions must be responsible and intelligent. The essence of free enterprise is free individual choice—free choice of career, of occupation, of investment of savings, in the spending of one's income and so on. Whether to co-operate or not in the various activities of the community which require co-operation, such as the efficient conduct of the industrial plant, is a matter largely of voluntary choice. But if these choices are to be intelligent choices and if co-operation on a high plane is to be achieved, people must know what they are doing and where they are heading. They must be able to appreciate the results of their actions on the welfare of the whole community and in turn the impact of the welfare of the whole community on their own personal welfare. The businessman, for instance, in control of a large enterprise must be able to visualise the effect of his decisions on the community as well as on his employees and shareholders.

Therefore, some understanding of the basic economics of the system is essential. In an economy based wholly, or, in the main, on centralised control and direction this kind of understanding is not essential. The individual is not free to make his own choices; co-operation is not voluntary. All the mass of the people have to do is to carry out the plans and orders of those at the top. Only those at the top require a knowledge of economic processes. The rest do what they are told.

A free people who lack a knowledge of elementary economics can be persuaded to vote for wildcat economic schemes which have a superficial appeal but which must eventually be detrimental to their own welfare. A people with some acquaintance with simple economic principles are less likely to be persuaded to support courses of action of this kind. It is an oft-repeated maxim of political science that the quality of government in a democracy can be no better than the quality of the governed. It is probably equally true, in the long run, that the operation of a free economy can be no more effective than the understanding and quality of its individual members permit.

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NOW the education of an entire community in a specified subject is anything but easy, especially when the members of the community themselves feel no pressing desire to achieve a knowledge of that subject. There are two main problems. First, to impart the basic principles and the essential facts of the subject in a way in which they can be understood and appreciated. The information must be given in popular form and expressed in the ordinary language of everyday speech. This is far from as easy as it may appear. Economics, like all branches of knowledge, has developed its own technical jargon. But this jargon is incomprehensible to the ordinary person and must be rigorously eschewed by the would-be educator, who, however, has become so accustomed to its use that he finds it difficult to dispense with it.

Take even a phrase like "national income," the very starting point of modern economic analysis. From Tom Brown and John Smith in the street it evokes only a puzzled frown. Even many businessmen might be hard pushed to define its meaning.

Then again, consider the apparently simple, and to most people vital, problem of how the nation's production is divided up between the various sections of the community—labour, management, shareholders, farmers, professional men, investors, and so on. That looks easy enough until you confront it. But the statistical problems are so complex that more than one well-known economist has been led into grave error. And when the statistical division has been made, is it not misleading? For in these days many employees are also

shareholders; the businessman's profit when looked at closely is often largely wages; and the shareholder's dividends are frequently so decimated by taxation that it is often not he but other people who draw the main benefit from them.

The problems of reducing economics to simple, understandable terms are not insurmountable, but they are far from easy. These obstacles, however, don't worry the propagandist. He doesn't go over them; he goes round them and that is why, among those who compete for the attention of the ordinary citizen, the propagandist, with his contemptuous disregard for the truth, has such an advantage over those who approach their task earnestly and conscientiously.

The second problem lies in the sheer physical difficulty of informing not a few hundred but literally millions of people about the working of the economic system from which they draw their livelihood. How does one get the message into millions of minds? They can't be brought together in the local town hall. The main medium of mass communication available today is the daily newspaper. That finds its way into most homes. But why should the press devote ample space to something that from its point of view may not appear particularly important? And even if it can be persuaded to do so—and that means, if full coverage is to be achieved, persuading not one daily paper but all—is there any certainty that a big proportion of people will read the message? And if they read it, will they accept it? There is, of course, the radio and the motion picture—both valuable means of communication—but most people listen to the radio and go to the films to be entertained. And economics, whatever its merits, cannot pretend to take a high place in the list of entertaining subjects.

This is not to say that the press, the radio and the films are of no importance. But it is to emphasise their limitations for this particular purpose, limitations which are often overlooked.

Let us look at the problem a little closer. Granted the desirability of giving the rank-and-file citizen some acquaintance with the economic system, which section of the community is most concerned to see that the need is fulfilled? There is, of course, only one answer—the employers and

businessmen. It is they who lose most by popular ignorance because ignorance is a highly fertile soil for the activities of unscrupulous propagandists with the sole aim of undermining the existing economic order. Moreover, it is the employer section which contains a large proportion of the leaders of the community and the responsibilities of leadership demand that they endeavour to guide the community along the paths of sanity and progress.

Businessmen, in the main, recognise these responsibilities, but their recognition is not always paralleled by their understanding of the nature and the difficulties of the task.

Hardly a day goes by that some businessman draws attention to the dangers to free enterprise arising from public misunderstanding and to the consequent need to give the people the facts in simple, understandable form. But too many imagine that once they have contributed money to finance some central organisation to do the job their responsibility ceases.

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ONE question is always to the fore in the minds of the business community. Is the message getting over to the man in the street or are you only "preaching to the converted"? *What many fail to realise is that the task of reaching the unconverted is really one that can be done adequately only by the businessman himself.* Pamphlets can be written, films can be acquired or produced, but the physical problem of getting the pamphlets into the hands of sufficient people or to arrange for a sufficiently wide audience to view educational films is one that can be solved only *with the co-operation of the employer himself.* There is no other way. The channel of access to the public is through the employer to his own employees. The individual employer himself must work out when and how this channel can best be used. *It is idle for employers to criticise educational bodies for "preaching to the converted" when they themselves are the only ones who can ensure that the work of these bodies reaches the unconverted.*

In the United States this truth has now been generally recognised by business leaders. An article published recently in the "Harvard Business Review" states: "Practically every prominent leader of business in the United States today is talking

about teaching economics to employees. Many of the largest corporations (such as General Motors and General Electric) have launched economic education programmes. Hundreds of courses, pamphlets, articles and advertisements have been written and printed. There has been a flood of movies, sound-slide films, chart presentations, lecture series and discussion programmes. The numbers are on the increase." Later the writer says: "The size of the job is staggering. In the thousands of companies and corporations there are many millions of employees. The hope is that each company—whether it has a dozen employees or many thousands—will reach its own people. In this way the millions can be reached."

The methods being used in the United States are, of course, not necessarily wholly applicable to Australia. For instance, the educational classes of some of the larger American companies might be extremely difficult to organise here. The best prospects in Australia are probably for the necessary research and the presentation of information to be carried out by special bodies. *But the distribution, and the manner of the distribution, of the material produced must still rest largely with the individual employer. Either he must co-operate or it will not be done at all, or at best done inadequately.*

The thing lacking in Australia at the moment is not the recognition of the need for educating the public in the basic principles and facts of the economy. *It is the enthusiasm and drive necessary to translate good intentions into action.* There is still a widespread apathy about the whole matter. (This no doubt would be rapidly dispelled should political and economic conditions, which are at present favourable, become adverse.)

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ECONOMIC education holds out great possibilities for good provided it is recognised that progress must be slow. Misconceptions and prejudices cannot be corrected in a day. A new attitude of mind is something that can be developed only over years. Even so, too much must not be expected. Words are no substitute for action. And the goal of a strong, enthusiastic, enduring public support for the free enterprise economy will be impossible of achievement unless the business community and its leaders continue to act responsibly, intelligently and justly.