

III. Trends in the Attitude of Business Toward Government

As government economists, it would be presumptuous for the members of the Council to attempt a description of business thinking as fully as we have attempted an appraisal of the prevailing government attitude toward business. But it may be helpful to sketch briefly our own impression of business attitudes, particularly because public appraisal of these attitudes obviously interacts upon government's attitude toward business. We discern a trend which is distinctly propitious to mutual accommodation and adjustment.

GAINS THROUGH BUSINESSMEN IN PUBLIC SERVICE

American business is highly pragmatic, and its point of view has been vitally affected by the war effort which brought to countless businessmen a new experience in public service. There they observed at close range the operations of the whole economy, the interdependence of its parts, and the common problems of all. True, the war economy and its problems, as well as the solutions devised, were drastically different from anything wanted in peacetime. Yet many businessmen in Washington during the war developed points of view which have immensely influenced their subsequent thinking.

The net result has been an increased appreciation by business that business and government are not enemies but friends; and that persons permanently in the public service have the same virtues and faults as Americans elsewhere and are equally committed to free enterprise as well as free government. The government service needs additional inducements to bring more skilled businessmen into that service in peace no less than in war. The idea that a businessman working for government is "serving two masters" (even when he has divested himself of private interests which might conflict with his public duties) is a relic of the earlier thought that the sole or main purpose of government is to police business. The problems of economic policy have shifted their center of gravity away from this earlier concept toward an area where the problems of business and government interpenetrate and require complementary action. It is therefore desirable that the most practiced exponents of industrial management should participate in government. This is equally true of the practiced exponents of American trade and industrial unionism, as well as of those who have been closest to the problems of the farmer.

IMPROVED APPRECIATION OF PUBLIC POLICY

Through the war experience, and in other ways, businessmen have come increasingly to realize the immense influence of public policy upon the American economy. The prevalent view that government should adopt policies which "create a favorable environment" for business is a far step from the earlier notion that government should just "let business alone." For that could happen only if government had no policies which affected the business environment. In addition, there is an increasing measure of agreement about many policies now in effect. Farm price supports, social security, Federal Reserve operations, and Treasury debt management, to mention a few, have passed into the realm where the debate is no longer at the central core but instead on the periphery—dealing with improvements or modifications in detail.

This realism on the part of businessmen about the role of government in modern economic society is accompanied by a mature view concerning the need for a variety of policies blended in just proportion. This has replaced an earlier view that some one trick or gadget would maintain the economy in good health. Very few businessmen now believe that the whole answer lies in some minor change in interest rates, in whether the Government supports its bonds at par, in whether some particular tax reform is adopted, in whether the labor laws are amended or repealed. Instead it is recognized that big government is even more complex than big business, and that the same skepticism of panaceas and the same balanced judgments on a wide range of problems and procedures which characterize the successful business manager are equally necessary on the government scene.

REJECTION OF MERE SLOGANS—THE PENSION EXAMPLE

Recognition by businessmen of the complexity of the modern economy has made a majority of them increasingly distrustful of mere slogans or shibboleths as a guide to the relationship between enterprise and government.

By way of example, mere slogans would lead all businessmen to believe that privately negotiated pension systems are preferable to the expansion of Federal old-age security because the former is "free enterprise" and the latter involves "government." But this is not happening. Many businessmen, on entirely unselfish grounds, are questioning whether the random development of unequal pension systems in scattered industries would really leave the business system more truly free than the systematic development of uniform old-age security. And they are asking other questions. If thoughtful business and labor have both been concerned about the wide disparities in the wage structure, will this problem be lessened as an equal or greater disparity arises in business costs for pension plans developed sporadically? If labor mobility is a prime characteristic

of dynamic free enterprise, will business or workers have more freedom when nontransferrable pension benefits weld particular workers to particular jobs? If business success depends upon flexible adjustment to changing circumstance, should business entangle itself in cost ventures which necessarily project a generation or longer into the future?

The Council is certainly not prepared to censure the drive toward privately operated old-age security, which has arisen from delay in enactment of changes in the Federal system. It seems to us that many workers and employers have had no choice but to do what they have done. Nor do we take the doctrinaire position that some thoughtful combination of public and private insurance against old age may not usefully emerge, although we incline strongly toward immediate expansion of Federal old-age security as the more urgent requirement. Our main purpose is to illustrate that certain functions performed by government may be more consistent with the practical welfare of free enterprise—including both management and labor—than excessive efforts by private business to perform those particular functions. And because more businessmen are adopting this pragmatic view, the prospects are increasingly bright for workable alignment of the functions of business and government.

ENLARGED UNDERSTANDING OF WORLD CONDITIONS

There are also general forces of compelling magnitude which contribute toward a better understanding by the business community of the problems of government. This is evidenced in a statement made by Mr. J. Cameron Thomson (on behalf of the Research and Policy Committee of the Committee for Economic Development) before the Joint Congressional Committee on the Economic Report on November 23 of this year. Mr. Thomson said:

The idea that great economic instability is inevitable in a free society is one of the most dangerous ideas at large in the world today.

Most businessmen in recent years have not denied that *great* instability could be avoided. The debate raged only as to whether such instability was not preferable to even the minimum amount of government action—in addition to extensive private action—conceded to be necessary for its avoidance. We think that this debate is receding, with so many businessmen sharing the viewpoint expressed by Mr. Thomson that we cannot confront the world with another American depression and still maintain our position or security in the world of the future.

The informed businessman of today is acutely aware of the menacing challenge to free enterprise and free government which confronts the West. He knows that this challenge must be met by firm and comprehensive countermeasures, largely in the area of our international economic policy. He knows that the United States must take the leadership in these measures, which are fundamentally economic in

character. He knows that for both historic and practical reasons government must help to mobilize and give leadership to the programs involved. Thus the businessman appreciates that perhaps the most important phase of public policy today is directed toward the literal salvation of the one kind of world in which the businessman can breathe.

In the struggle to preserve freedom, the businessman needs government; and government needs the help of businessmen in the development of practical programs. These are no times for bickering or prejudice. Ironically, the actions of those who believe that free enterprise and free government are incompatible, and that one or the other or both must be destroyed, are prompting free enterprise and free government in America to close ranks and to work together in the supreme cause of human freedom.