

## EDUCATION'S ROLE IN THE GROWTH PROCESS

Address of M. Monroe Kimbrel at the University of Georgia Annual Alumni Day, Saturday, June 1, 1963, Athens. Mr. Kimbrel is chairman of the board, First National Bank, Thomson, Ga., and an alumnus of the University of Georgia, class of 1936.

I suppose that every undergraduate since the beginning of organized education in this country has dreamed of the day when, as an alumnus, his university would honor him by inviting him to return and address his fellow alumnae. You who are gathered here then, can readily appreciate my feeling of deep pleasure in being invited here, and the eagerness with which I accepted.

As Mr. Milner has pointed out, my major academic field here at the University some 27 years ago was economics. Since then, as a banker, I have tried to maintain that interest in economic affairs and economic developments.

During the past year, it has been my good fortune to serve the banking industry as president of its national organization. This has provided me with many opportunities to discuss economic matters with educators, business leaders, and economists. Although these discussions did not provide me with all of the answers to our economic problems, they did give me a clearer understanding of some of the questions involved.

Economic progress is measured in many ways, but the progress in our own economy here in Georgia is being recognized across the country, and is being widely applauded. In fact, if Henry Grady were with us today, he would have to change his views considerably.

Many of you will recall, I'm sure, his speech before the Bay State Club in Massachusetts in the 1880's, when he described the funeral of a southern man.

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He said, ". . . they buried him in the midst of a marble quarry; they cut through solid marble to make his grave, and yet a little tombstone they put above him was from Vermont. They buried him in the heart of a pine forest, and yet the pine coffin was imported from Cincinnati. They buried him within a touch of an iron mine, and yet the nails in his coffin and the iron in the shovel that dug his grave were imported from Pittsburgh." As you know, he went on to point out that his coat was from New York, his shoes from Boston, his breeches from Chicago, and his shirt was from Cincinnati.

Mr. Grady pointed out that some progress was then being made to change this situation. I am sure that he would be quite pleased today if he were to describe the same scene. The description, for example, might include the observation that the man's shoes were made in Buford, his suit in Bremen, and his shirt in East Point.

The story would also be remiss if it did not point out that the nails in the coffin came from Rome; the lumber came from Waycross and the marble tombstone from Tate. I would also add that if the man died away from home, he might have been taken home in an automobile assembled in Doraville, or if further away at the time of his death, he might have been taken home in a plane made in Marietta.

I think it is evident for the world to see that we have made great strides over the years in developing the economy of Georgia. The same is true of the nation's economic development. Yet, one of the most controversial issues of the day is the adequacy of our present economic growth rate. In short, are we going ahead as fast as we can or should?

During these next few minutes I would like to take a brief look at this controversial subject, and more particularly, the role which education plays in the growth process.

We in Georgia are well aware of the importance of economic growth and the unfortunate consequences of a lagging growth rate. For lack of opportunity,

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some of our young people are leaving the state to seek job opportunities elsewhere. In fact, in my area--the Greater Savannah River Valley--10 out of 13 counties--actually showed a decline in population between 1950 and 1960. As you know, our per capita income, while rising, is still well below the national average. Much of the discussion of economic growth that I have heard over the past few years on the nation's rate of economic growth sounded very familiar to this Georgian's ear.

I say past few years because concern over the nation's economic progress has but a short history. Prior to the Great Depression, it was generally assumed that the forces which had produced the much admired American standard of living would continue to drive us to still greater feats of production and output. To be sure, some groups believed and complained vigorously that they were getting less than their just share of the benefits from the nation's output. But everyone knew that the pie to be divided was a very large one, and few doubted that it would be larger the next year and the next. Something called "money panics," which few people understood, could slow business for a few months, and such things as draughts, which everyone knew about, could depress a region for a time. The fact remains that most Americans believed a rising standard of living was a part of their American heritage. And small wonder--the evidence was at hand. Almost everyone lived better, in terms of creature comforts, than his parents had.

The tendency to take economic progress for granted was effectively shattered during the thirties. It was not so much the severity of the Great Depression that was responsible, but the fact that the forces necessary to generate renewed economic activities stubbornly refused to reassert themselves, despite unprecedented and prolonged stimulation by the Federal Government.

Some Government efforts were helpful and led to important social gains. Others were quite harmful and slowed real recovery.

But however much there is yet to be learned from experience in the Great Depression, it is unlikely that there is much that can be usefully applied

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now, or in the foreseeable future. For most of the past two decades, the nation has been straining at the limits of its human and natural resources. We are concerned now with a recent slow-down in a very rapid rate of growth, not with the prevention of an economic catastrophe; with providing job opportunities for a small fraction of the employable, rather than for more than one-fourth of the labor force.

I lay special emphasis on the need for keeping our problems in perspective, in view of some of the extreme proposals made in the heat of the current public debate. It is well to remember that there can be "over-kill" in the application of economic policies, just as surely as there can be from the application of military hardware.

It is not difficult to pinpoint the period when concern over our economic performance became pronounced, and the debate took on strident overtones. Nor is it any problem to cite the approximate causes. Launching of the Russian Sputnik had a more pervasive impact on the United States than any other peacetime event in our history. Few of our institutions or ways of doing things escaped the searching, sometimes feverish, self-examination that followed.

Sputnik, if it did not spawn, gave a new respectability to the "numbers" game--that is, using percentages of economic growth as an unqualified measure of the relative rates of growth among nations.

We cannot, however, attribute to Sputnik total responsibility for heating up the critical review of our economic progress.

It is a fact that the rate of growth in the United States has slowed since about the first decade of the postwar period, and it is a matter for concern as to why this has occurred. Both unemployment and unused capacity increased, and, needless to say, appropriate action should be taken to reverse the trend.

The fall-off in our own rate of economic progress occurred just about the time that the world first became fully aware of the "miracle" of West Germany, and later the "miracle" of the Common Market, which served, of course, to dramatize our own shortcomings.

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This then, in brief, is the background of the current debate over the recent performance of the nation's economy.

The debate, as you know, is many-sided. No individuals or groups accept all of the ideas proposed. In fact, each proposal designed to speed up our rate of growth is usually countered with another proposal. Let me offer a few examples:

- a) We are saving too much : contrary view - we are saving too little and, of course, the other side of the coin, we are spending too much and spending too little.
- b) We are not investing enough : contrary view - we have too much investment already.
- c) Monetary policy is too restrictive : contrary view - monetary policy is too easy.
- d) Government expenditures are too high : contrary view - government expenditures are too low.
- e) Everybody agrees that taxes are too high: taxes should be reduced for corporations and in the upper bracket mainly : opposite view - taxes should be cut in the lower brackets.
- f) Profits are too high : contrary view - profits are too low.
- g) Planned government deficits are dangerous: opposite view - planned deficits may be beneficial.
- h) Wages should be held stable : contrary view - wages should be raised.

Nor do these examples exhaust the list of proposals, all highly significant, about which there is no clear-cut public consensus.

The subject of economic growth is even more complicated when we consider the fact that it is only one of a number of objectives which we hold out for ourselves. These other objectives include the preservation of our individual liberties, economic freedoms, as well as religious and political freedoms.

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They also include maintaining adequate checks and balances within our system of government, and retaining strong state and local government, thus avoiding undue concentration of power at the Federal level.

In the short run, it sometimes appears that these political and economic traditions make it difficult to embark on any growth-inducing programs. And there is the constant temptation to compromise with these traditions in the interest of achieving short-term growth stimulants. Such temptations must be studiously avoided. For growth which comes at the expense of our personal freedoms would indeed be a Pyrrhic victory. The experiences of those now living under communism, with all the emphasis on material progress, provides ample testimony on this score.

In the struggle for men's minds which now is occurring throughout the developing nations of the world, we have been far too negligent in allowing our enemies to represent the free-enterprise system as one in which emphasis is placed on material gains and physical comforts alone.

The private enterprise system of economic organization is dedicated to the preservation of something far more precious than material values--that is man's freedom. Not only does it provide the freedom, however, but it also provides the initiative which, if properly harnessed and nurtured, assures man's material welfare.

Fortunately, enough is known about the process of economic growth to allow some general observations on the sources from which we might expect major long-term growth stimulants in the future. Perhaps it will come as some surprise to you to know that of all the factors which have contributed to this country's growth performance over the past few decades, few are more important than education. Estimates by a distinguished scholar in the field of economic growth indicate that the capitalized value of education in our labor force was almost one trillion dollars in 1957, and that it is growing at a rate  $4\frac{1}{2}$  per cent per year.

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When we consider the enormity of this figure, along with estimates that only one-half of our economic growth reflects increased labor and capital inputs, the tremendous contribution of education to the process of economic growth can be more fully appreciated. Surely, in the light of these facts, an awesome responsibility rests upon our educators and our educational institutions. Yet, how is this responsibility to be discharged?

Some Americans, impressed with the sudden realization of the key role which education plays in the growth process, have suggested crash programs for educating more scientists, more engineers, more mathematicians, and occasionally, just more Ph.D's. I sympathize with the motives which underlie the urge to intensify our drive for educational improvements in certain fields. But I do not believe that we have the power to allocate relative priorities in saying which fields of education can be expected to yield the richest dividends. Nor do we have the wisdom which allows us to dictate research along lines which can be expected to produce maximum social advances.

As Mark Twain said, "Among the three or four million cradles now rocking in the land are some which this nation would preserve for ages as sacred things, if we could know which ones they are."

The same is true of scholars--we cannot determine in advance which ones will make permanent contributions to our store of knowledge in any given field. And, what is perhaps more obvious, we seldom have the foresight to appraise the value of new information at the time it is developed.

Marconi, who invented the final technical details of the wireless in 1895, was actually following through on a mathematical theory started in 1856 by a Professor Clerk Maxwell. Heinrich Hertz, a German working on the same scientific problem some 30 years later, detected the electromagnetic waves which carry the signals in the wireless process. Marconi built on the work of others.

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I could fill several pages with other information that was hit upon accidentally or discovered out of instinctive probing by scholars. It would take several more pages to list the utilitarian value to which many seemingly abstruse findings led.

The process, of course, is based on individual scholarship in many fields. When I was preparing these remarks a few weeks ago, I noticed an article in Time magazine that stated this point very well. In discussing the role of the individual, it quoted Whitney Griswold's views; "Could Hamlet have been written by a committee, or the Mona Lisa painted by a club? Could the New Testament have been composed as a conference report? Creative ideas do not spring from groups. They spring from individuals. The divine spark leaps from the finger of God to the finger of Adam."

Since we cannot foresee all the possibilities for intellectual experimentation, much less the usefulness of much seemingly useless information, our educational philosophy should be to provide the facilities, the encouragement, the wherewithal, and the atmosphere which is conducive to stretching the imaginations of our students. We should seek an atmosphere in which academic curiosity cannot be stifled--an atmosphere where intellectual pursuits, regardless of present, practical application and regardless of the direction, can be carried on freely.

We should support this approach to education for two major reasons. First, many related fields are actually interdependent. Progress in one area, must under some circumstances, wait until other fields catch up before it can make further progress. Look, for example, at our space effort. Larger rocket boosters, capable of propelling payloads at greater speeds would be useless, unless the metals capable of withstanding the heat of the higher speeds could be developed. Both of these elements were dependent on the navigational systems and the electronic

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operations of the space craft. This is oversimplified, of course, and I am sure that many of you could cite other examples of advances in one field being delayed because of technical problems in a related field.

The second reason for supporting this approach is that the benefits of a breakthrough in one area can usually lead to advances in many other areas. The perfection of the transistor by the Bell Laboratories is a good example.

The transistor has many advantages over the old vacuum tube which we had in most radios. The transistor is smaller. It gives off less heat and it requires less power. We have all seen the transistor radios. But the transistor is also enabling manufacturers to produce smaller, more compact, and more efficient computers. The transistor is used in many military instruments. It is also being used in a hearing aid. In short, many fields of human endeavor will benefit from this new product.

The same is true of the research work being carried on here at the University. The Poultry Lab and the Forestry Research Lab, which was dedicated today, will undoubtedly add much to our stock of knowledge in these and other areas, and given time, will redound to our economic benefit.

In closing let me emphasize three points. First, economic growth is a real and pressing problem. We must enhance it if we are to continue to raise our standard of living. We must have it to provide jobs for the thousands of new workers entering the labor force each year. We must have it if we are to continue in our role as leaders of the Free World.

Second, the subject of economic growth is tremendously complicated because no one can, with any degree of certainty, predict all the forces that will play a part in the future growth process. As I mentioned earlier, the subject assumes added perplexities when we stop and realize that growth is only one of our national goals, and most Americans would find it repugnant to sacrifice liberty for the sake of growth.

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My third and final point is this. Our educational system is, in many respects, right in the middle of these various objectives. Education has enabled our economy to realize benefits which far exceed the combined efforts of our labor and capital. Moreover, in the long run, most academic achievements redound to the nation's economic benefit.

We should be very reluctant to appraise educational or scholarly efforts which do not appear to have any immediate utilitarian value. Few of us are capable of such judgments. They are still finding additional meanings and values for many of Einstein's theories and mathematical calculations.

But the educational system has responsibilities which go far beyond this. If we are to maintain the balanced outlook on our objectives we should not permit our system to become weighted too heavily in any direction. Simply because education is so influential in the growth process, we cannot ignore other disciplines which are not directly related to growth. We must continue to examine and improve our knowledge of the social sciences, the humanities, and the arts, as well as the physical sciences. For scholarship in these areas will permit us to improve our ability to appreciate and preserve our way of life.

Your presence here today, and your continued interest in the educational activities of this institution, augur well for the university, our balanced economy, and our national objectives. Thank you.

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