

Macalester Commencement
8/7/59

Pool
Mr. Donig

You have been told, in the summer session issue of the MAC WEEKLY, that I would talk to you about the world economic situation. In a sense that is true for I do intend to refer to economic trends here and abroad. But my central purpose in talking to you graduates is to stress the political and moral qualities that have conditioned our economic system throughout its history and to attempt to show you the need to reaffirm those qualities if we are to continue to advance in the future.

It is quite usual for commencement speakers to tell graduates that great opportunities await them as they "commence" their lives outside the academic world. There are great opportunities before you, of course, and I hope you all can take full advantage of them. But there are also great responsibilities that face you and it is these responsibilities that I want to stress tonight. Unless you recognize those responsibilities and meet them well, you will not fulfill your obligations to yourselves, to Macalester, and to this republic of ours.

One thing you are supposed to have learned in college is to think critically, to insist on facts and to appraise them carefully, and to apply moral judgments to problems in the fields of history, politics, economics, and sociology. This is what I want you to do tonight and this is what I hope you will continue to do all your lives.

Last Sunday's MINNEAPOLIS TRIBUNE carried a noteworthy quote. "Prejudice is a great time saver. It enables you to have opinions without bothering to get the facts." It seems to me that much in modern American life rests more on prejudice than on critical thinking after getting the facts. If this is to be changed, as I believe it must be if we are to continue as a great nation, it is up to you and other graduates like you to get the facts and think critically.

Writing in this week's Saturday Evening Post, Hanson Baldwin of the New York Times asserts that as a fighting man the American of today is inferior to those of the past. Among three primary causes for this he lists first "Changes in the life of the nation". Let me quote him briefly to you:

"The Twentieth century has been called in America 'the century of the common man', and he is very common indeed. The levelling-out process of the last thirty years - in economics, in education, in politics, in society - has undoubtedly lifted some from the ruck but has pulled others down in the process. It would be hard to prove that today's concept of democracy is superior to the republican democracy of Jefferson's time, with its emphasis on a 'Natural Aristocracy' of intellect and character.....Today's milieu, today's intellectual and sociological climate give little encouragement to the development of strong leadership; but, rather, stimulate the cult of popularity and personality, of charm, of 'feeling the public pulse', of 'followership' rather than leadership.

"There is not enough concept today of service to the state or to one's fellow man. There is not enough of the old-fashioned patriotism. There is too little of that traditional and healthy American capacity for indignation at public wrongs, too little noblesse oblige, too little sense of public obligation and duty.

".....There is some truth to the criticism, so often voiced by foreign friends, that our material culture exceeds our psychic advance, that our machines deserve superlatives, but not our men."

Now let me pull these two threads of thought together in connection with a brief resume and appraisal of economic growth in this and other countries. I do not want to give you a lot of figures here but one or two will be useful. This nation has about 6 per cent of the world's people and produces and consumes 40 per cent of the world's goods and services. Obviously we have had growth in the past.

Actually our annual rate of growth over the past century, in a material sense, has been about 3 per cent per year compounded. That figures out to doubling output and consumption every 25 years, or increasing it 8-fold in a century. We have done better in some years and worse in others. This year is one of the very good ones; growth is running at an annual rate of 9 or 10 per cent.

If we compute the growth rate on a per capita basis it comes out at about 2 per cent per year on a long term trend basis. Part of our growth, you see, reflects a growing population. Our long term trends compare more than favorably with long term trends elsewhere.

We have achieved not only good total and per capita growth but we have distributed the fruits of growth very well - more equitably than in most, if not all, other countries. Our lowest income rates are high by most foreign standards; we have a high minimum living standard as well as a high average.

Moreover, we have achieved this despite a drastic reduction in the number of hours worked per week. It may be said that we have taken about half of the gain in our productivity in the form of more goods and services and about half in the form of more leisure.

Finally, we have achieved this by maintaining a fairly free economy in keeping with our political ideal of a high degree of individual liberty and free choice.

Given these achievements, what is there to cause concern. Well, one group of people is concerned because we have not done even better. One extreme wing of this group argues that we have lost a lot of production because we have not maintained full or over-full employment all the time. At its most unsophisticated, this group multiplies the number of people it believes constitutes full employment by the average output per person and gets a figure for total production that it believes should have been attained. That figure naturally runs higher than our actual achievement. Almost totally ignored is the problem of distribution and the fact that somehow people have to be induced to buy and have to be able to pay for this output. It also is argued, in effect, that no cost is too high to pay for achieving this full employment. The major fallacy is underlined by merely extending the formula of people multiplied by average output to take into account the leisure hours we no longer work. Obviously we could produce even more than this group sets as its production goal if we worked as long and as hard as people did in 1900.

A more rational wing of this group sees the remarkable growth rate currently registered by the U.S.S.R. and believes we should do better to stay ahead of the Russians. It also sees a need for more public services, most particularly for more defense, and argues that we need more total output to provide these. It does see the distribution problem and it recognizes some of the points made by the last group I will mention.

This group, in my judgment, is by far the most thoughtful. It also would like to see the rate of growth increased, but its concern stems from two primary sources. First, it believes that we have to achieve higher growth under our kind of political economy with its emphasis on individual freedom. It recognizes that under our system goods and services, whether from private or public sources, have to be produced in response to demand and that demand has to be effective in the sense that it is backed up with purchasing power. A high growth rate is not merely an interesting statistic; it results because people want the products of growth.

Second, it is concerned over some of the same things that Hanson Baldwin cited - the seemingly growing lack of a sense of responsibility. This group believes that a democracy and a free enterprise system demand the exercise of a high degree of responsibility with decisions made on the basis of reason, intelligence and moral values. Without these it sees the strong possibility of a retardation in growth rather than an accenting of growth.

One quick example will serve to illustrate this point. A number of people, particularly the first group I cited, say that we should not be concerned with rising prices; these may be the cost of growth. This is neither intelligent, rational or moral. All prices and costs do not rise in equal proportion and thus rising prices redistribute income, taking from some and giving to others in inequitable and capricious manner. Rising prices narrow markets as goods get priced out of the range of demand. Rising prices are not a cost of growth; they tend to inhibit growth. Logic and intelligence tells us this and history confirms it.

What is needed is a recognition that the economic facts of life exist and that no amount of economic nonsense, no ignoring that there is a tomorrow as well as a today, no abandonment of intelligent responsibility can cause those facts to change.

And thus as you graduates go out into the world I believe that you can make your greatest contribution by merely being sensible, moral and responsible. This republic has a great record. It can have an even greater record if we abandon some of the debilitating beliefs which seem so easy to accept uncritically and return to the intelligent exercise of our historic American sense of responsibility.