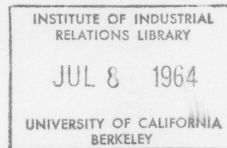


Productivity
(1958-59 folder)

SHARING IN PRODUCTIVITY ... by Ted F. Silvey, AFL-CIO Research Department, Washington, D.C. / Presentation to Fourth Annual Labor-Management Symposium, Smaller Manufacturers Committee, Chamber of Commerce of Greater Philadelphia. November 17, 1959. //



For unnumbered centuries, mankind never had enough to eat, and the material things which constitute a standard of living were enjoyed by relatively few people. It is not difficult to understand the "pinch-penny" attitude and the overwhelming fear of sickness and old age which has been the blight of most human life. Concurrent with this situation, man has had to work extremely hard, concentrating the entire focus of his life on "earning a living".

In the United States the early American wilderness was rich and the pioneers did work hard; out of scarcity and "individual initiative" there was distilled a set of attitudes which remain with us and essentially control our thinking today about both work and productivity. We are not very far from the idea that work was punishment for original sin and that the building of a private fortune justified both greed and its expression in acquisitiveness.

The unlimited possession and control of private property came to have the aura of divine sanction. Under the economic doctrines of Adam Smith, the concept has prevailed in our society that the energy and initiative of an individual, no matter how greedily expressed, was justified on the basis that other people were benefitted. Thus, a coal mine operator was excused for the inhuman treatment of both men and small boys working long hours underground because: Wasn't he providing coal which gave heat and energy for people's comfort and satisfaction of human needs? The textile mill owner in Massachusetts and South Carolina always could justify child labor, not alone because he made huge profits from it, but because the mere operation of a textile mill under any conditions provided the fabric and garments that people needed in ever larger quantities.

Research and Technology

The rapid accretion of scientific knowledge through research, and the phenomenal skill in application of the secrets of nature through machines and instruments, called technology, rapidly has given man increasing control of his environment, so that he is no longer entirely at the mercy of it.

For centuries, men have been in awe about the recorded miracles of Jesus. In the evolution of property concepts, people's attitudes have been shaped by folk stories, and by the fairy tales of Grimm and Anderson. Our modern worship of gold is in large part the evolution from Alladin and King Midas. In fact, we say that a businessman who is lucky or continually successful in his activities has a "Midas Touch".

= Washington, AFL-CIO, 1959 =

... more

Modern science and technology meets and surpasses the miracles of Jesus and the wonder of fairy tales. The World Health Organization of the United Nations, with a single 15-cent injection of penicillin per person, has cured millions of human beings of the corrosive illness called yaws, making it possible that horribly incapacitated human beings could again work and take care of themselves.

The program of the Food and Agriculture Organization of the United Nations has made possible the providing of food for a great many hungry persons suffering malnutrition or starvation. ... These are miracles multiplied a million times or more throughout the earth -- extending the casting out of evil spirits from the infected man in the "country of the Gadarenes" and enlarging the "loaves and fishes" feeding of the multitude by the Sea of Galilee.

Scared at Abundance?

The present fullness of our technology has come only in a few recent decades, although based on the accumulation of several centuries of scientific knowledge and mechanical know-how. Research and development now makes possible an actual abundance which we have not constructively used and a potential abundance which scares us. One of the curiosities of our present situation is that we have sabotaged the enormous productivity that has come from our technology and at the same time we are striving ever more to increase our productivity.

We must have increased productivity in our own country, even though our six percent of the world's population already consumes 50 percent of the used raw materials of the earth. We must also be in favor of increased productivity in other nations. Two outstanding reasons force us to be affirmative about more productivity. One is the large number of unmet human needs both in our country and in the world; the second is the exploding population increase everywhere.

Productivity Is For Use

Productivity is useless unless all the results of it can be put to the fulfillment of human needs. Productivity is not an exercise to keep busy, it is not a game, on our part it is not a contest with the efforts of the Soviet Union. Productivity is not an end in itself.

Norman Cousins, erudite editor of The Saturday Review magazine, several years ago said in print:

"There is now scientific knowledge and experience which could within a short time be made to feed every human being on earth and support the raw energy needed to work his machines. ... An age of plenty for the living is now technologically possible and feasible. The only thing lacking to bring it about is wisdom."

... more

This outstanding fact about the operation of the modern technology in our society is the enormous amount of new wealth being created by such an extension of human labor. As long as man's productivity was limited to his hand skills and muscle strength, he could do very little beyond supplying the needs of a few people. Now the complex machinery and intricate instruments controlling it, operated with enormous supplies of electrical energy under the complex system of specialization which characterizes our business and economic system, allows a relatively few people to turn out enough to supply the multitude. This is modern productivity. This is what the subject of our day's conference is about, plus the intriguing question, how shall we distribute it?

Profit and Natural Resources

The American business community takes a special pleasure in commenting about our enormous productivity, attributing the private profit motive as the sole reason for our having so much. I want to tip my hat to the energy and the initiative of the American owner-entrepreneur and his present-day successor in managerial position. I grant that the seeking of private profit has certainly been an enormous driving force for the accomplishment of things that might otherwise have taken a longer period of time. I like to emphasize also that the American nation uniquely has been rich in resources and that in the process of development there has been a waste so great that we can not brag of our productivity and ignore that the enormous natural wealth almost guaranteed success to normal exploiters of it.

The situation today requires that we give our joint energies to increasing output, but productivity is not now the principal problem. The larger problem is to put the output of our system into fuller use. We constantly call for more productivity, but at the same time we act to sabotage productivity. We do this two ways, first by producing and then keeping the production out of use and, second, by shutting down our factories and other production facilities in something we call a business cycle or a depression.

The first manifestation of our sabotage is in the field of agriculture, the second is primarily in the field of manufacturing.

The most monstrous thing in our sabotage of technology is our so-called "surplus" of agricultural products. Actually, there is no surplus of food when people are in need of it, not only in our own country, but in other places. The problem is poignantly pointed by a recent magazine article entitled "Too Much Food in a Starving World."

When Mr. Khrushchev came to America, President Eisenhower insisted that he should see our wonderful farming operations. They are wonderful! One-tenth of our work force produces more food and fiber than we can sell. In the Soviet Union, 50 percent of the work force is needed to provide an insufficient food supply for that nation. This one point alone emphasizes our productivity, the extent of our science and technology applied to the soil and to animal husbandry.

... more

Farms Don't "Shut Down"

The difference between productivity on the farm and in a factory is that the farm can not be shut down and the factory can be. A farmer can not put a sign on a corn field fence the 15th of August to tell the corn to stop growing. He can not put a notice in the dairy barn, explaining to the cows that there is too much milk and will they please dry up for a while. Nor can he give notice of a business cycle to the hen house to notify the hens they should lay off laying until a price-depressing abundance is passed.

But a factory manager can post a shut-down and layoff sign on the time-clock, whenever production has risen to the point where the volume is greater than can be sold for the prices charged for whatever product is involved.

The abundance of food and fiber we get from high productivity of American farms, under our pattern of economic competition in agricultural commodities, would ruin the family-operated farm. The ruination of a lot of farmers would injure all the rest of us, so we have the national government step in to subsidize farmers' prices, and in the act increase the price to ourselves as consumers for the food and fiber we have in such abundance from our productivity.

The nine billion dollars of surplus we are holding without use costs the taxpayers one million dollars a day in storage charges. In addition, there is a two million dollars a day loss from rats, insects, rot, mildew, water and damp spoilage, fire and other consequences of allowing good and useful commodities to lay un-used.

We've had some gorgeous scandals from payment of multiple millions of dollars to corporate, absentee-owned rice, potato, cotton and other farm land.

"Brannon Plan" in Operation

The Brannon Plan of income help for family-size farms called for a formula based on a period of preceding years, with a \$25,000 a year cut-off for a farm owner. This proposal for legislation was bitterly resisted by both political and business opponents, except that one of the first acts of the Eisenhower Administration and the Republican Congress in 1953 was to put the Brannon Plan into effect for wool producers. Now the Brannon Plan has been put into effect by the Canadian government for pig and pork production, with consequences in the price of pig products both in Canada and in the United States which will be very interesting.

But worse than any of the other paradoxes is the fact that with all this productivity we have far-reaching malnutrition in our country and outright hunger in the world. If we are smart enough to allow the next session of Congress to pass the "Food for Freedom" amendment to our agricultural surpluses laws, we will make some start on a path to the sane use of productivity, and we'll do more good in advancing our way of life against the false appeal of Communism than will be done by all the military hardware we can build.

Primary in Private Enterprise?

This agricultural situation raises the interesting question: "Does the private enterprise system in America exist primarily to make a profit for owners and processors with a secondary or by-product result of providing goods and services for people, or does the private enterprise system exist and function primarily to provide goods and services for people with a secondary or by-product result of making a profit for owners?" The present answer is Yes! to the first part of the question.

My suggestion is that the full utilization of productivity will of necessity change the answer to be Yes! to the second part of the question.

I know the focus of this day's conference is not on agricultural productivity, but on industrial productivity. I am aware that you expected I might speak of the responsibility of the individual worker and his trade union to give himself and his organization more heartily to the increase of productivity in manufacturing and other business establishments. This is a question that deserves meritorious consideration.

Full USE of Productivity

But the proposition I should like to present is not alone the narrow concept of how to increase the units of output from a single machine, how to "Stakhanovite" a department or a plant or a mine, but rather to look at the whole question of the combined efforts of all of us and how the total results apply to our society.

I recognize that total productivity of a nation is made up of the individual units of productivity that originate at the point where people are working and machinery is turning. The point I want to emphasize is the extension into our total life of the intricate inter-relationships which comprise our technology. As a consequence, these intricate inter-relationships must comprise our economic and political actions as well.

Today fewer people are required less hours on the job and working less laboriously to produce the full requirements of our society, if we will operate our production system at reasonable full capacity.

So I want emphatically to assert that it is a futile exercise to strive to our utmost to increase productivity at local stations of production if we turn around to shut down the factories because we find ourselves in "overproduction". My concept is that there is no sense producing more business cycles and depressions.

The USE of the things we turn out for constructive human objectives in our modern society becomes the primary incentive, fostered assuredly by desire for steady wages and stable profits, but these subordinated to the larger national and world objectives, in which each of us ultimately must find our personal security and well-being.

... more

Market Needs Enrichment

In 1958 we experienced a recession down-turn of production because the market was not sufficiently enriched by money in people's pockets to buy the full output of our productivity. A lower price structure would have increased the volume of business, but the corporations which could have reduced prices to increase sales were the ones which had the power to administer their price structure.

One of the complaints of the steel industry about the Steelworkers' Union is the contract clause 2-B about work rules. Executives of the industry say they are unable to manage their operations efficiently because of limitations on unilateral decision-making imposed by the union.

Isn't it though a hypocritical cry from men who operated their industry in 1958 at 60 percent of capacity -- the lowest since 1946 -- to ask for more efficiency from workers when their own management efficiency is so low? Here was a case where price reduction would have enlarged the market both to increase productivity, raise sales and put more steel into use for the nation's well-being.

The steel industry could have reduced prices because their price structure is geared to less than 40 percent break-even point. Even at 60 percent of capacity operations their profit-making is enormous. The allegation of high labor costs is a false one. Even though wages and salaries were increased in 1958 the increased productivity from the wonderful new technology resulted in a substantial reduction of the labor cost in a ton of shipped steel.

Higher Wages; Lower Costs

From January 1958 through June 30, 1959, the wages and salaries cost in a ton of shipped steel dropped \$10.50. But comparison of the 87 plus percent of capacity operation in the first half of 1959 with the 53 plus percent of capacity operation in the first half of 1958 is not statistically fair, even though profits were up almost 250 percent for the same period.

Comparison from January 1957 through June 30, 1959, reveals that even with higher wages and salaries, the labor cost in a ton of shipped steel was down by some \$3.00. But profits in the first half of 1959 were 22 percent above the first half of 1957, which had been the industry's previous record year for profit.

Instead of wage-push inflation, here is price-gouging inflation. The information is not widely known among the population because much of the excess profits can be used to hush up the media of public communication, and are used in fact to promulgate the very opposite of the truth.

By being on strike in 1959, the Steelworkers' Union has unwillingly helped the steel corporations again to keep production low. The most significant point about this longest-in-history steel strike is that there was no shortage of steel until after the 100th day!

... more

With only 60 percent of capacity operation in 1958, and four months strike shut-down in 1959, the market for steel at the high administered prices has been adequately supplied until the beginning of November. Productivity, it turns out, permits the steel industry to operate quite satisfactorily for some eight months of a year to supply a 12-month market at the high prices for the product.

Why Frustrate Technology?

Here is pointed up another essential argument I am making. We can frustrate technology by both business cycle depression and a strike, thus to overcome an abundance of goods which would put a downward pressure on prices. Why should an industry operate at full capacity or nearly so when by limiting its production and administering its prices the profits on partial operation can be enormous? The managers of an industry may not care, but the nation may be vitally affected.

...

May I now speak a bit of what the professional economists are calling "the changing job mix" in our country? ... Because of population increase and national growth, a larger number of jobs is required to maintain full employment, at the same time a steady decline is taking place in production jobs. This is happening because of the new technology.

The Bureau of Census and the Bureau of Labor Statistics of the Federal government keep records about employment in 12 categories. Four of these I call wealth-producing jobs: agriculture (including forestry and fishing), mining (including quarrying), construction, and manufacturing.

The other eight I call wealth-consuming jobs: trade and commerce, the professions, transportation and utilities (in their non-manufacturing functions), government, finance-insurance-real estate, personal services, repair services, and entertainment.

In the category of four wealth-producing areas human energy and intelligence, called labor, is applied to the God-given resources in the earth, out of which material things are fabricated for the nourishing and furnishing of mankind. Here are the traditional occupations, here are the areas where America has forged ahead, here is where we have put our primary emphasis, here is where we talk about productivity, here is where technology increases productivity and creates wealth in a fantastic amount.

The eight categories of wealth-consuming jobs are usually referred to as distributive and service. Unlike the first four, they do not add human labor to raw material to create wealth. The jobs and occupations in these categories are the things which people do for each other to make life more useful, gracious, agreeable and convenient. Here are jobs we have de-emphasized, here are areas which we have traditionally referred to as frills, here we have fought against increasing the number of people employed, here is where we have had only meager increases in productivity.

... more

Job Changes and Productivity

But whether we like it or not, the number of people at work in wealth-creating jobs rapidly is going down, while their productivity immensely is going up. The number of people at work in wealth-consuming jobs is rapidly rising, and their productivity is going up slowly. In fact they are jobs in which productivity often is not measurable. These wealth-consuming jobs are the areas of future expansion.

The contrast between wealth-producing and wealth-consuming functions needs clearly to be indicated. By separating employment in these two groupings we can begin to make sense out of the eternal argument whether higher wages and salaries increase prices. The distinction is between naturally low-cost, high-profit industries and naturally high-cost, low profit business. Automation is tremendous in a continuous process industry like petroleum refining or glass making. But automation can hardly be installed in a barber's shop or a chef's kitchen.

Wage-Price Relationship

The answer is that higher wages do not increase prices in those industries where productivity can be increased by new technology used to capacity. But if the automation-technology is used only at a fraction of capacity, overhead is higher, productivity per man employed is reduced and higher wages may impact on prices because of management's refusal or unwillingness to operate at full capacity.

The answer also is that higher wages do increase prices in those businesses where productivity can not be increased because they are essentially hand operations or provide personal performance unrelated to automatic machinery.

I realize it is hard for tradition-minded people to accept the idea that productivity can be increased, wages raised, and prices reduced to get a higher volume of sales for sufficient profit. The shoemaker in Philadelphia in Colonial times obviously had to raise the price of his shoes if he got an increase in pay, because he made the shoes with hand tools and a pair at a time. The mass production shoe industry is able to pay higher wages because the output of the shoe worker is multiplied by technology. Yet, we operate our shoe industry at partial capacity and many people are inadequately supplied with footwear.

It is easy to repeat: "Well, common sense says that if you increase wages, you have to increase prices." But common sense also says that you can't freeze water with a gas flame, and yet this is exactly what the gas-operated Servel refrigerator does. The paradox is in the fact that a chemical is inserted between the flame and the water, which being heated, causes the water to become ice. Similarly, the insertion of technology between workers' wages and customers' prices makes high wages and low prices realistic.

... more

I have made the point about the shoe manufacturing industry, but then one runs into the opposite situation with respect to the cobbler, the shoe repair man. Even with electric-driven machines used in the modern shoe repair shop, a raise in wages may require a raise in price for new soles and heels. This then emphasizes the distinction between the wealth-producing industries where automation and technology can produce tremendous wealth, and the wealth-consuming functions of society where personal service and individual attention does not increase productivity. The labor content of the first is insignificant, the labor content of the second may be substantial.

How Distribute Productivity?

How then shall the enormous productivity of automated low-cost industries bring benefits to people who are needed to perform services in high-cost business and occupations? We subsidize waitresses and taxicab drivers with tips, and in the process also subsidize their employers by reducing their wage bill. But steep-crop agricultural laborers and laundry workers represent the lowest people on the wage totem pole.

The trade unions have striven and are still working hard to improve the income of these very low wage workers by legislation: extension of coverage and higher hourly rates under the Fair Labor Standards Act. By such legislation we would bring them into the market, that is make them cash customers for business men.

Another way for this one-fifth of our population to share in America's increased productivity would be through lower prices for food, and other basic necessities of life -- most of which they now are doing without.

More Public Enterprise

But the sharing of rapidly increasing productivity by all our people in the main has to come by a method in addition to wages and salaries, that is an increase in public enterprise, the supplying of things people need and want which they can not get with individual income payments.

Of the eight wealth-consuming categories of work and occupations many are private enterprise in nature and will continue to be. But an increasingly larger number of jobs will have to come from new and increased public enterprise activities. The reason is because people must have and the nation requires a great increase in the activities which private enterprise will not do and can not do. There is no private profit in the doing of them. But when these things are done by public enterprise -- mostly but not entirely by government -- private enterprise is nourished and more private enterprise employment is created.

There are four essential -- even imperative -- activities for public enterprise:

Education
Public and private health
Slum clearance, Public housing,
Metropolitan renewal
Natural Resources preservation
and development

About each of these issues there has been debate and discussion for a decade or more. The discussion will continue and increase as the pressure for these four things builds up from our long neglect of them and from the rapidly increasing population.

Each one of these public programs has been held back artificially by opposition to paying the taxes necessary to carry them out. A change will have to take place in our attitude toward these public enterprise activities. Doing these things is the way our productivity must in the future be more and more distributed to our citizens -- as workers, as investors, as managers, as consumers.

National Purpose Necessary

It is in the doing of these things to rebuild our country and to give new strength to our nation that we may find the national purpose now lost in a frantic drive for personal wealth, a personal wealth which will be pretty useless anyway if there is no morally and physically sound U.S.A. in which to live.

The un-varnished truth is that we have got to stop dreaming about balancing our Federal budget on the present level of taxation. We will not balance the budget, and the longer we neglect the essential four points I have indicated, the more we will decay as a nation, and the more our real budget (in contrast to a bookkeeper's budget) will be out of balance.

The objective we have to strive for is to get more out of the tax money we spend. This may mean the elimination and closing up of obsolete units of government, like the townships and counties, and the modernization of our municipal and State government systems. The Toronto, Canada and Dade County, Florida, patterns seem to be pioneering work in this direction.

Waste in the Federal government is primarily in the defense establishment. Waste in government is a reflection of waste in private industry and business, and a lot of waste in private enterprise is in the applying of pressure on government for special advantage.

Vetoes UNbalance Budget

When Mr. Eisenhower ostentatiously vetoed the Housing Bill on the point that it would unbalance the budget, he was only unbalancing a future

budget even more. Whether our society takes the slum clearance and public housing question in hand or doesn't, we are going to pay for it, because slums can not continue to exist without a toll of disease, ignorance, crime, juvenile delinquency, so great as to make us reel from the consequences. The penalty for no action, or too little action, will be felt elsewhere than in our pocketbooks and more severely. Already a goodly number of innocent citizens are dead from slum-created violence.

Sometimes I think our nation is trying to commit suicide through failure to maintain an adequate public education system. In 1957, the Federal Congress had before it a bill to provide Federal aid for school building construction -- only for school buildings, not for teachers' pay or textbooks. The United States Chamber of Commerce boasted that its lobbying defeated this bill by five votes in the House of Representatives, after the President had spoken for it and the Senate had passed it.

The thing that amazed me was the passivity of the members of the Chamber of Commerce about this activity of their national organization, which includes in membership building contractors; steel, lumber, brick and cement producers; manufacturers of electrical gear, plumbing supplies and hardware, roofing and flooring materials; glass, aluminum, and other producers, who during the depression year 1958, would have been busy supplying all these things needed for school buildings if the measure had not been defeated.

Business Sabotage by Business

I can not understand why these people failed to rise up to protest the sabotage of their business by the organization to which they pay dues. Quite aside from the point that the country is now without the school classrooms we so badly need, and which we will need even more as the new decade develops, we will have to turn to building schools on a more expensive crash basis just to take care of our increasing school age population, in addition to the replacement of schools which are no longer useable because of age or destruction.

Both large use and wanton waste of our natural resources have reduced raw materials to the point where the U.S. is rapidly becoming a "have-not" nation. It is true that the new technology will greatly increase our resources frontier, but whatever happens we will have to spend more money to conserve and to develop. Now that the stuff isn't laying around any more for the easy commercial exploitation of the past, the Federal government will be the only agency to do what is necessary, and the affected businesses will be the first to press the government to spend in this area.

Water and Air Shortages

On top of all our other deficiencies of raw materials, we are suddenly facing the unbelievable; we are running short of clean, fresh water and fresh air. Whether we save our rain water for use instead of letting it

run waste into the sea, whether we stop the industrial pollution of streams and rivers, or whether we engage in de-salinization of sea water, the Federal government will have to step in to build the dams, provide the irrigation, clean up the pollution, provide the sewers and sewage treatment, and continue the research to get the salt out of sea water, probably even pay for the de-salting facilities and the distribution lines.

The fouling of the air in metropolitan areas is suddenly another of many problems of life in concentrated cities. Auto busses, trucks, passenger cars, are polluting the air beyond the capacity of people to endure the poisons. If Los Angeles has an early supremacy, that fact is a geographical accident. Your city of Philadelphia has had its several years of experience, adding air pollution in your narrow canyons to surface congestion. By means of an exhaust pipe device you are coming along a little better. Air pollution in Philadelphia and everywhere calls for government action.

Some public enterprise can be carried on without government action, but usually small-scale supplementary. The large number of U.S. Senators who have died of cancer has brought very close to Congress the need to appropriate funds for cancer research, and now the National Institutes of Health have both the hundreds of millions and the programs for spending it. Who knows if cancer comes to the human body from cooking food in aluminum, from gasoline and oil exhaust-infected air, from chemical agricultural sprays, from smoking cigarettes? The tobacco companies already are fighting the idea of the latter possibility; whatever vested interest is focused on as a possible source or cause will fight back. More government cost will be involved.

Productivity and Salk Vaccine

The non-government public enterprise in this area will include the American Cancer Society to which we make personal contributions, and which hopefully pursues scientific research about the disease. In this area there is a good precedent. Young Jonas Salk produced his discovery of anti-polio vaccine from resources of the Franklin D. Roosevelt-inspired Infantile Paralysis Foundation. The fulfillment has not matched the discovery; some 14½ million infants, children and youth up to age 20 (22 percent of the total) have not yet had the immunizing injections, and counting all Americans up to age 60, a majority -- 51 percent -- have had no injections.

Canadians have benefitted, however. In that country public enterprise contracted for the manufacture of a sufficient supply for the whole population, and on an orderly, organized plan all the people got their immunization, and quickly. The Canadians did not have an inferior vaccine, and they are not having what we now have going on up the line here in Trenton, where Tom Dewey is heading a staff of more than 40 lawyers to try to prove that five big U.S. Pharmaceutical corporations did not engage in a criminal plot to profiteer on Dr. Salk's brilliant research findings.

The fact that the drug companies fouled the nest of Dr. Salk's productivity achievement does not detract from my point that public enterprise stimulates and is good for private enterprise. In this instance the

point is underscored, and I want to emphasize my assertion of this important element of productivity. To spend tax money for education, public housing, metropolitan redevelopment, natural resources preservation and development -- and to do so in the really large dimensions which are needed -- is in fact the best thing for business and employment as well as for the country as a whole.

Parasitic, Symbiotic

I draw an illustration from biology because businessmen like to call government people parasites, a word which means "a living organism living in, on, or with some other living organism (its host) at whose expense it obtains food, shelter, etc." Your Chambers of Commerce throw around this word and others of similar implication, attempting to show how school teachers, public health nurses, librarians, welfare workers and others exist at the expense of good, sound businessmen who create wealth and pay taxes -- although, of course, many businessmen also are in the wealth-consuming service functions of society. I suppose the only kinship I personally may claim with a Chamber of Commerce Secretary is that both of us are wealth-consumers, existing on dues paid by people whose work creates wealth.

So out of biology I suggest a new word, one which more aptly describes the inter-relationship between private enterprise and public enterprise. This word I would teach you to use is "symbiosis". It means "The living together in intimate association or even close union of two dissimilar organisms ... the word is used of cases where the association is advantageous, or often necessary, to one or both, and not harmful to either."

Here you see, I am asking you to re-examine some of your quaint expressions which you have not only over-used, but which are out-of-date. I think your Senator Scott's new cry of "Spendocrat" will be a pretty futile exercise in the face of reality. How we spend public money and what for will rise to new importance and significance, since my emphasis here is that productivity is better distributed to all citizens through those essential activities which no one of us can do alone, but which we can do together.

Committee on National Goals

You may find it a bit odd when I now turn to President Eisenhower for a supporting quotation. You may or may not know that the State of the Union Message to Congress last January included a promise to appoint a Committee on National Goals, to be concerned "among other things, with the acceleration of our economy's growth and the living standards of all people, their health, their education, their better assurance of life and liberty and their greater opportunity. It would also be concerned with methods to meet such goals." He said "They must be goals that stand high and so inspire every citizen to climb always toward mounting levels of moral, intellectual and material strength."

This committee has never been set up, and although he was asked about it at his press conferences on February 18, April 29 and August 12, the

reporters only succeeded in annoying the President. Such a project is a fundamental need of our society, even though it is not being carried out. There is a lot of current writing and discussion on the point that America has no objectives as a nation.

We are impressed with the news we have from the Soviet Union that the people of that nation are inspired even with false gods and by methods we abhor, to rise out of their earlier primitive status so they may become an advanced society. A friend of mine travelling recently in Israel, has come back with the observation that each person acts as though he is imbued with a feeling of personal responsibility for the success of the nation. It is the lack of this in America which is causing our concern that we may be a declining instead of a growing nation.

"The Shape of Survival"

I was at the University of Pittsburgh early this month to speak to a Management Executives' seminar, and picked up a community forum folder titled "The Shape of Survival." The folder asserts we must be "concerned with new directions in foreign affairs" and asks the question: "Will it be said of us that we let our civilization die?"

As much as I worry about people swallowing physical tranquilizers, I worry more about the mental tranquilizers that are served to us so continuously. Lenin is reported to have said "Religion is the opium of the people". He should have lived long enough to have seen an American Television give-away, quiz show, or spectacular -- some real opiates.

Allow me to conclude by quoting from Professor Horace M. Gray, published in the Illinois Business Review of the University of Illinois. He writes:

"If we look ... to the ultimate issue of efficient resource allocation, we find an even more distressing situation. In the private sector, a considerable portion of personal consumption is unnecessary, frivolous, wasteful, and even harmful. In the public sector, there has been enormous waste in military procurement and construction, stockpiling, foreign aid, and subsidization of business and agriculture; and tax immunities and loopholes have rendered billions of dollars of private income immune from the allocative power of the Federal Government.

"This prolonged neglect of the public economy has resulted in accumulated deficiencies of alarming proportions; in education, scientific research, highways, local utilities, airports, low-cost housing, urban redevelopment, depressed areas, development of natural resources, energy supply, stream and air pollution, health and medical care, crime and juvenile delinquency, institutional care for dependent and aged persons, and other vital social services."

... more

This is the challenge of the 60s; the decade of which we are on the threshold. It includes productivity in all of its aspects, but essentially the battle of production is won. How we shall use our victory is the present overwhelming challenge.