

A Dangerous Recommendation for High School Economics

It is admitted by everybody that the understanding of the American economy developed in most high schools today is not adequate for effective citizenship. In cognizance of this fact, the Committee for Economic Development, and the American Economic Association, a body that includes in its ranks almost all American teachers of economics, cooperated in entrusting a task force of professors and educational administrators with the study of the problems involved.

Task Force Report

The report of this task force, published in September 1961, is one of the most interesting and characteristic documents of our age. It shows what is taught under the label of economics at most of the American colleges and universities. And it shows, as the distinguished authors of the report believe, what ought to be handed down also to the high school students. It provides virtually a résumé of the ideas held by “progressives” — men who have been most influential in this country’s movement away from the free market economy.

As the report sees it, there are various economic systems — “capitalist, communist, or any other” — and the task of economics is to describe and to compare the good and the bad aspects of each of them. In drafting a scheme for this pursuit, the authors are in some respects anxious to belittle the differences between capitalism and Communism and in other respects to find some reason to praise the Communist treatment of various problems as against that effected in the market economy.

Thus the report correctly contends that American production is “guided by the demands of millions of individual consumers,” although it tries to qualify this statement by adding to the verb “guided” the adverb “largely.” It would have been accurate to continue that in Russia “the decisions on what shall be produced are made by the Communist leaders.” But such a frank expression would have appeared too “reactionary” for a “progressive” document. So the report only says that the “major” decisions are made by the leaders. Could any of the authors tell us what the “minor” decisions are, as distinguished from the “major” ones, and who the people are to whom these minor decisions are entrusted?

It would have been logical to go on pointing out — in full agreement with fact — that for the money he has earned a Russian can get only what the Communist leaders deign to give him. But such a plain declaration, too, was repugnant to the authors of the report. Instead they chose to say that the Russians “are generally free to buy what they wish,” modifying this manifestly false statement only by the stilted proviso “subject to the over-all availability of goods set by the central planners.”

While in this matter of the direction of production activities and in many other regards the report sees but little difference between the market economy and the Communist method of central planning, in other respects it lays stress on the divergence of the two and finds that the Communist methods work better than the capitalistic. Thus it proclaims in italics, “*Communist societies have not suffered from economic instability (booms and depressions) to the same extent that private enterprise economies have.*” And it goes on in Roman type: “This is partly because of the extent to which all communist activities are controlled by central planning, but especially because decisions on capital investment are made directly by the state, thus avoiding the instability of profit-motivated investment which characterizes private enterprise economies.” We may pass over the fact that the return of periods of economic depression is not a phenomenon originating from the operation of a free market economy, an economy not sabotaged by the interference of the state. The returning periods of economic depression are precisely the effect of the reiterated attempts of governments to create artificial booms by “cheap money” policy, that is, by lowering the market rate of interest through an increase in the quantity of money and fiduciary media.

But let us ask the authors of the report: How do you learn whether business in a country is good or bad? In the free countries people publicly complain as soon as they think that they do not earn as much as they

would like. You cannot open an American newspaper without getting information about the state of business. But in Russia a man who would dare to say that something is unsatisfactory with the course of Russian economic affairs would pronounce his own death sentence. Years ago many millions died from starvation in the Ukraine, and no Russian newspaper or book ever mentioned this “minor” incident. It is well known that agricultural output has dropped considerably wherever socialist management has replaced private farming. What kind of stability does China, the most populous of all Communist countries, enjoy? It seems that the task force credulously based its judgments about Russia’s conditions upon the statistics published by the Russian offices without paying attention to the fact that statistics, if not controlled by a free press and by writers who are not on the government’s payroll, can prove anything in favor of the government whose agencies compiled it.

Communist Bias

If the report had not been biased in favor of Communism, it would have had to say this about the controversy of capitalism and Communism: The Communist doctrine as expounded by Marx and endorsed by Lenin emphatically declared that capitalism must and will inevitably result in progressing impoverishment and enslavement of all workmen, while Communism will bring to all people unprecedented affluence and perfect freedom. Events have entirely belied this prognostication. In the capitalistic countries of Western Europe and North America, the standard of living of the average common man is continually improving and is much more satisfactory today than in any previous epoch of history, while in the Communist countries the masses are extremely poor and utterly deprived of any civil liberties.

In order to demonstrate the inferiority of the market economy as against government action, the report takes pleasure in affirming repeatedly that there are things that private enterprise cannot achieve, e.g., police protection and provision of national defense. This observation is entirely irrelevant. No reasonable man ever suggested that the essential function of state and government, protection of the smooth operation of the social system against domestic gangsters and foreign aggressors, should be entrusted to private business. The anarchists who wanted to abolish any governmental institution, as well as Marx and Engels who muttered about the “withering away” of the state, were not champions of

free enterprise. Resorting to violent suppression of antisocial activities, and producing things that can be used and consumed and thus satisfy human wants, are two entirely different matters.

In defending the report against criticism leveled in the *Wall Street Journal*, the chairman of the task force, Dean G. L. Bach, asserted that “careful definition of terms is essential to economic understanding.” Everybody will agree. But did the report comply with this rule?

Without attempting any definition it ascribes to big business “extensive power” over its customers. What in this instance it calls power is the fact that an enterprise has succeeded in serving its customers better, or cheaper, or better *and* cheaper than its competitors do. Then again it speaks of the power of labor unions and mentions “strikes supported by union picketing” as “the most powerful union weapon,” modifying this statement by appending the rather questionable proposition “but strikes occur infrequently.” Nothing is said about what Harvard Law School Dean Roscoe Pound [1870–1964] called “the substantially general privileges and immunities of labor unions and their members and officials to commit wrongs to person and property” and to commit many other acts that are considered and punished as criminal offenses when committed by other people. The authors did not find it worthwhile to react to these words of the nation’s most eminent legal expert. Nor to the books of law by Professor Sylvester Petro. All they did was to declare that such issues as the “closed shop” and “right-to-work laws” are worth “brief” (!) student attention.

Implementing the Task Force Report

One thing must be acknowledged concerning this report: It unblushingly provides a faithful exposition of the ambivalent economic philosophy of the present-day system of American government. All the evils that are plaguing the people of this country are the inevitable effect of policies that, under the misleading name of a “middle-of-the-road” program, are, step by step, substituting government compulsion and coercion for the initiative of individual citizens. These ideologies and policies make the “public sector” of the economy grow more and more within the nation at the expense of “the private sector.” And they make the totalitarian “Communist sector” expand within the sphere of world politics and the free “capitalistic sector” shrink. Hitherto in this country the propagation of these policies and ideas was the concern of leftist

parties and their press. Now it is suggested to indoctrinate the high school students with them. This will certainly provide jobs for thousands and thousands of staunch supporters of the allegedly “progressive” doctrines that in present-day America are expounded under the misleading labels “liberal” and “democratic.” However, the ambitious expectations entertained by the sponsors and the authors of the report and by their political friends will hardly be realized.

The greater part of the pupils, preoccupied with other things, will not take any interest in the subject. And the judicious students will not meekly acquiesce in the official dogmas of the textbooks and will be shrewd enough to ask questions that will embarrass their teachers. They may ask for instance: Why does the government spend billions of the taxpayers’ money in order to make the most important foodstuffs more expensive for the consumer? Or, Did any government ever improve the methods of production or embark upon supplying the consumers with new articles never produced before? Or, Why do the Communist governments prohibit their citizens from visiting foreign countries and from reading books and newspapers published abroad?

A sensible boy or girl will certainly not put up with the confused and contradictory observations that a teacher, imbued with the philosophy of the report, may bring forward.

The modern American high school, reformed according to the principles of John Dewey, has failed lamentably, as all competent experts agree, in the teaching of mathematics, physics, languages, and history. If the plans of the authors of this report materialize, it will add the teaching of economics to its other failings, and will also add to the curriculum indoctrination in very bad economics.