

*The Affluent
Society*

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by people as punitive."³ This was at a time when the inflationary effect of a very high level of investment was causing concern. The same individuals who were warning about the inimical effects of taxes were strongly advocating a monetary policy designed to reduce investment. However, an understanding of our economic discourse requires an appreciation of one of its basic rules: men of high position are allowed, by a special act of grace, to accommodate their reasoning to the answer they need. Logic is only required in those of lesser rank.

Finally it was argued, with no little vigor, that expanding government posed a grave threat to individual liberties. "Where distinction and rank is achieved almost exclusively by becoming a civil servant of the state . . . it is too much to expect that many will long prefer freedom to security."⁴

With time this attack on public services has somewhat subsided. The disorder associated with social imbalance has become visible even if the need for balance between private and public services is still imperfectly appreciated.

Freedom also seemed to be surviving. Perhaps it was realized that all organized activity requires concessions by the individual to the group. This is true of the policeman who joins the police force, the teacher who gets a job at the high school, and the executive who makes his way up the hierarchy of Du Pont. If there are differences between public and private organization, they are of kind rather than of degree. As this is written the pendulum has in fact swung back. Our liberties are now menaced by the conformity exacted by the large corporation and its impulse to create, for its own pur-

³ Arthur F. Burns, Chairman of the President's Council of Economic Advisers, *U. S. News & World Report*, May 6, 1955.

⁴ F. A. Hayek, *The Road to Serfdom* (London: George Routledge & Sons, 1944), p. 98.

intellectual grandfather clause which has such sway in the science it has no real standing now.

There can be no question of the importance of the impediment. Investment in individuals is in the public domain; this investment has become increasingly essential with the advance of science and technology; and there is no machinery for automatically allocating resources as between material and human investment. But this is not all. As we have seen in earlier chapters, there is active discrimination against the investment in the public domain and hence in any part of it. The investment in the refinery is an unmitigated good. It adds to our stock of wealth. It is a categorical achievement. But the training of the scientists and engineers who will run the refinery, improve its economic efficiency, and possibly in the end replace it with something better is not a categorical good. The money so invested is not regarded with approval. On the contrary, it is widely regarded as a burden. Many will judge the magnitude of the achievement in this area by the smallness of the investment. Others will hold this investment in abeyance while arguing the ancient issue of equality. So incredible is the provision for such investment that a considerable part will have to be begged. Even the prestige of the word investment itself is not regularly accorded to these outlays. A century ago, when educational outlays were not intimately related to production, men sensibly confined the word investment to the increases in capital which brought a later increase in product. Education was a consumer outlay. The popular usage has never been revised.³

Could it be legally arranged that youngsters were sorted out at an early age, possibly by their test score in mathematics,

³ Since this was written and under the impact of Soviet scientific achievements there has been considerable discussion of our lag in *investment* in scientific education. However, this is being treated as a kind of aberration, and not as a fundamental flaw in our machinery of resource allocation.