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Through the Wringer

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THE STING from the surge of unemployment has been so sharp that attention has been concentrated on immediate relief. Even Fortune magazine has gotten on the case and, in a revealing paragraph about who is and who isn't important in our society, has conceded that the number of jobless is too large to be kissed off:



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"Despite the high rate of unemployment, to be sure, a majority of the jobless are not the principal breadwinners of families. Roughly a quarter are teenagers. About a third are adult women. Still, the unemployment rate among married men was 3.7 per cent in December, the highest it has been in a dozen years."

Minimizing the problem by consigning millions of people to categories of those who aren't supposed to need

jobs isn't a very promising way of attacking the problem. After corporate America has done so much to turn us into mobile, family-less, quasi-social isolates, it's a patch of self-delusion to think it's not necessary for everybody to have the means of self-support.

Fortune also believes in emergency public-employment jobs, though at wages below free market ones. It would even like to see the private sector cash in on these government-paid jobs. The idea would be to use this subsidized labor to rehabilitate slum property and repair the ruined roadbeds of the eastern railroads. The next suggestion will be to have the government pay us all a uniform salary and rent us out to General Motors.

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AT SOME POINT, however, people are going to cast their thinking beyond these Band-Aid proposals. Even though this recession isn't likely to be as severe as the great one of the 1930s, it should raise some of the questions which were debated then about the nature of a system which puts people through this kind of wringer every few years.

This is the sixth recession since the end of World War II. Every time it happens millions of people lose income they can never make up.

If recessions were acts of God, maybe we'd have to put up with what they cost, but they're not. They're planned.

This is not to assert there is a cabal of cruel creeps over at the Federal Reserve Board, cackling and rubbing their hands as they map our miseries. Nevertheless, the regnant theoretical premise is that, from time to time, the government must do things which regrettably cause a recession in order to squeeze the inflationary pus out of the abscess of economic self-indulgence.

If that were true we could avoid the infection with a moderate degree of right living. All of that, however, presupposes an essentially competitive, free-market economy. Then, indeed, a quick recessionary shakeout would result in a fast price fall and a rapid rehiring of people with minimal income loss. It doesn't work that way, though.

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WHEN WE DO IT, only some prices drop. Figures developed by the University of South Florida's John M. Blair show that the more an industry tends to be monopolistic, the more likely it is to raise prices during a recession. Thus for the one-third of our economy more or less living in an oligopolistic condition, drastic, tight money and old-time religion have the opposite of the intended effect.

Not only does this help explain the fact of the theoretically impossible combination of inflation and recession, but it underlines how much our economy is actually two or more economies running by different rules and powered by different dynamics. Government action, however, proceeds from the erroneous conviction that it is possible to operate on one set of programs and policies for a nationally homogenous economy, all of whose parts will react in a uniform way.

We could make the economy the consistent, across-the-board free market one that the Treasury Department thinks it is. It would demand antitrust action of a scope and force we've never demonstrated we can summon up, however.

Or, we can acquiesce to the fact that this is at least a two-tiered economy, the upper layer of which is controlled by certain major corporations and the more muscular of the big unions, and go ahead on that basis. What is inexcusable is to continue periodically to throw millions of people out of work in obedience to a metaphysical economics that repeated experience has shown to be wrong.

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