

### NEITHER ECONOMICS NOR EXACT

"Economics Is an Exact Science," by Jerome Levy. New Economic Library, New York, 1943. 500 pp.

The contents of the book belie the title, lacking any semblance of exactness to the science of political economy. The scientific approach is completely ignored and the solution to the failure of the so-called Capitalistic System is placed, bag and baggage, in the hands of Government Boards. Unless, of course, you are prepared to agree to the generalities and assumptions resorted to to explain what are just wages, interest, profits, rents and taxes; how the government shall arrive at the rates and the methods to be used to assure them. You would have to assume at the same time that the yardsticks decided upon by the government would be accurate beyond question and that they would be applied without discrimination or favoritism.

The author believes in free enterprise and lays our present troubles to our failure to understand how an equitable distribution of wealth can be assured. Actually, however, he denies the feasibility of such a system when he recommends governmental supervision and control of all the intricate details of the modern-day economic picture. The only supporting material is an enumeration of statements which suggest fairness, to come about through arbitrary rule. For Mr. Levy foresees a period when the money needed annually for improvements will decline. Therefore, he reasons, profits and employment will decline correspondingly. To meet

this condition, the government will have gradually to take over various privately owned enterprises and operate them at cost.

In discussing fair wages, for example, the author alludes to a basic wage and hints it might be that paid to one of the least skilled occupations, such as that of a porter, and then multiplying the basic wage by the value the Government Board would give the respective values of labor, including skill, courage, personality and ability, involved in the various occupations of the country. Do you suspect anything? Certainly. This is the Karl Marx Theory of Surplus Value rearing its battered head again. Further on this subject he writes, "that the investor class has the obligation of paying the worker a wage that measures the value of his work," and that "the government, to assure just wages, should create a demand for workers in excess of the supply." Assuming that technological improvements will displace workers he suggests a Government Board be established for the purpose of having jobs available and where this fails a reduction in hours of labor sufficient to offset the unemployment created by the new improvements. The wage scale would not be changed.

Amazingly enough, the private ownership of land is condemned and the collection of the rent by the government is recommended in seven short pages. That rent depends on the margin does not, however, enter into the analysis. The government would determine the rent by comparing it to land being used for similar purposes, although no mention is made as to how the rent was determined on the piece of land originally put to the specific use. More importantly, the government would be sole judge as to the type of production to be conducted on any given piece of land. Be that as it may, it is certain that although Mr. Levy saw the immorality of the private ownership of the land, he somehow missed entirely its serious economic implications or effect.

A sizeable portion of his book deals with the Government as Part of the Economic Machine. The author gives you the feeling that without complete governmental supervision and enforcement, man would be incapable of the co-operation necessary for adequate production. It did not occur to him that the body economic was formed and developed without government direction and that it has done as good a job as it has, despite government interference. Nor did it occur to him that his suggestions for government-created jobs to reduce the number of laborers seeking jobs in private industry, for curtailing production to increase profits, for limiting returns to capital by taxation, for reduction of the working day, minimum wage laws, etc., are only what the New Deal has been advocating and practising for the past ten years.

To say simply that just wages and equitable working conditions are desirable is certainly not enough. And when it is suggested that the government shall determine and assure them that is not an argument for a free economy but for State Control or a system of Planned Economy, which is a far cry from being scientific however exact it may be.

—JOHN E. FASANO