

This PDF is a selection from an out-of-print volume from the National Bureau of Economic Research

Volume Title: The American Economy in Transition

Volume Author/Editor: Martin Feldstein, ed.

Volume Publisher: University of Chicago Press

Volume ISBN: 0-226-24082-7

Volume URL: <http://www.nber.org/books/feld80-1>

Publication Date: 1980

Chapter Title: Concluding Comments

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Chapter URL: <http://www.nber.org/chapters/c11304>

Chapter pages in book: (p. 675 - 676)

Concluding Comments

Arthur F. Burns

The National Bureau of Economic Research literally owes its origin to a concern on the part of two remarkable individuals with the problem of income distribution. In early 1917 a discussion took place between Dr. N. I. Stone, who at that time was reputed to be a radical, and Malcolm Rorty, then an executive of the American Telephone and Telegraph Company. The subject of their discussion was the distribution of income in the United States—a matter on which they differed. They agreed, however, that reliable information on that vital subject was meager and that it would serve the public interest to establish an organization that would undertake objective studies of the size and distribution of the national income. The war intervened and this project was delayed until 1920, when the NBER was launched. Its first two publications reported on a pathbreaking statistical study of the national income and its distribution. Since then the NBER's research undertakings have expanded in numerous directions, but the original interest in the size and distribution of the national income remains a major concern—as this conference has again demonstrated.

In the course of this conference, the major trends of the postwar economy in our country have been effectively delineated and discussed.

Some of the trends during this period were clearly favorable. First, entrepreneurship has flourished. The number of independent enterprises in our country grew from about seven million in 1945 to fourteen million in 1975 and perhaps sixteen or seventeen million at present. Second, our economy has generated an extraordinary number of new jobs. Third, in comparison with preceding decades, the unemployment rate has remained quite low. Fourth, the trend of overall production has been both

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upward and fairly rapid. Fifth, poverty as we knew it before the 1940s has been practically eliminated in our country. Sixth, homeownership has expanded materially, and so too have the capital goods that fill American homes. Seventh, racial discrimination has been reduced, and we have achieved a much closer approach to equality of economic opportunity than we had before World War II. In short, the postwar period has been marked by many remarkable economic advances.

There were, however, some trends during all or the latter part of the postwar period that many of us, perhaps all of us, would regard as unfortunate. First of all, we have experienced a loosening of family ties, and this has already had enormous implications for our economic society. Second, the American people have come to rely increasingly on government for the solution of economic and social problems. This has led during the past thirty-odd years to a rapid increase in government expenditures, to huge and persistent federal deficits, and to intricate government regulations over our business and personal lives. Third, we have experienced since the mid-sixties a depression in true corporate profits, and this has naturally been accompanied by a depressed stock market. Venture capital investment during much of this period nearly dried up. More important still, we have had a decline of stock ownership, especially among young people, and this has inevitably raised doubts about the future of capitalism in our country. Fourth, the trend of productivity improvement has definitely flattened out since the mid-sixties, and this is a worrisome development. Fifth, we have experienced persistent inflation since the end of World War II and at a pace that has dangerously accelerated over the past fifteen years. Sixth, we have lost our independence in the field of energy. Partly but by no means solely for that reason, we have experienced a decline in our balance of trade and in the dollar's standing in foreign exchange markets. Seventh, our nation's prestige and influence around the world have diminished—and this too is a fact of profound economic significance.

This list of unfavorable or dubious trends can be lengthened, but I want to close these brief remarks by noting a highly constructive development in our country. We as a people now know what our problems are, and we have begun to do something about them. Inflation is now accepted as our nation's number one economic problem. The zeal for government regulation is diminishing. The importance of encouraging saving and business capital investment is no longer questioned. Expenditures on research and development are again rising in real terms. We are no longer neglecting defense spending as we did for a number of years. A conservative financial trend is developing in our country, and I think it is gathering momentum. The next two or three years are likely to be difficult for our economy, but I am confident that we will end the decade of the 1980s on a happier note than we are beginning.