

# ABUNDANCE

## Threat or Promise? . . . . . Robert Theobald

**EDITOR'S FOREWORD:** President Kennedy has warned that we face no greater domestic problem in the 1960s than that posed by automation. Secretary of Labor W. Willard Wirtz has buttressed the President's statement with his estimate that we shall need 16,000,000 new jobs in the next five years just to maintain the work force at its present unsatisfactory level of unemployment. "The big push will occur," Mr. Wirtz has said, "around 1965. We have only two years to find the answer—and to get it working." Yet despite the magnitude, and urgency, of the problem there has been no agreement on what needs to be done, nor even any very clear idea of the nature of the problem. And that is because attention has been focused on the wrong threat: it is not automation that menaces us (automation is only a word, often misused, for certain advanced industrial techniques). The real threat is abundance.

In the spirit of thoughtful and significant dissent which is the hallmark of *The Nation*, we here present a bold and original analysis of the problem of abundance. It offers a sharp challenge to the conventional wisdom that prevails in government, in labor, among scholars and in management; and it will, we hope, stimulate discussion of the major domestic issue of

the decade. Rather than publish this analysis in installments, we decided, because of its timeliness and importance, to devote an entire issue to it so that readers could follow the argument to its conclusion in one reading.

The iconoclastic nature of the author's thesis is the more remarkable for the conventionality of his training and career. Robert Theobald was born in Great Britain, received his M.A. in economics at Cambridge and did postgraduate work in economics at Harvard. He has since served with the Organization of European Economic Cooperation, the United Nations (as consultant) and the American Management Association (as economist). He has taught at the Foreign Service Institute of New York University and is the author, among other works, of *The Rich and the Poor* (American Library) and *The Challenge of Abundance* (Potter). An expanded version of Mr. Theobald's article will be published later in the year by Clarkson Potter, under the title *Free Men and Free Markets*.

"Challenging the Protestant ethic, the received wisdom of his trade and reformist political theory is a daunting self-assignment, but Mr. Theobald carries it off." So wrote W. H. Ferry of the Center for the Study of Democratic Institutions of the work which follows.

## I: Can We Survive Abundance?

For a brief period of a century and a half, Western governments followed a policy of nonintervention in the socio-economic system, a policy arising from the belief that the efficient operation of free markets also provided the individual with increasing freedom. However, the favorable effect sought was never achieved to the extent assumed by much nineteenth-century economic and political thought. The depression of the 1930s forced the final abandonment of the extreme Adam Smithian version of the free-market mechanism. Western governments found that they had to intervene increasingly in the socio-economic system as it became obvious that the operation of the market, however efficient, would not furnish enough employment:

public opinion forced action to provide for those who could not find work. However, the abandonment of complete reliance on the free-market mechanism did not mean the abandonment of a general belief in it. Governments therefore found themselves compelled to balance two goals: the preservation of the free-market mechanism and the safeguarding of the basis for individual freedom. The problem of deciding on appropriate policies was greatly complicated by the fact that many of the actions which can be taken to safeguard the basis for individual freedom tend to destroy the free-market mechanism, and vice versa.

The fact that many existing policies are designed to support either the continuance of the free-market

mechanism or to protect the individual has resulted in increasingly polarized fears about the direction in which the socio-economic system is moving. Conservatives fear that the market, which they believe has been responsible for past dynamism, is being hamstrung and that the potential for complete government control is being installed. Liberals fear that the continuance of the laissez-faire attitude held to be necessary to encourage the profit drive and promote growth is allowing the activities of the large corporation to dominate the socio-economic system. While conservative and liberal thinkers are therefore moving ever further apart in their philosophies, the policy proposals of political parties throughout the Western world, which try increasingly to be all things to all men, move ever closer to dead center.

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