The purpose of this monograph is to present a five-step paradigm for the secondary school teacher on how to employ debate as a teaching tool: 1) basic idea of what debate is and the objective of formal debate; 2) the role of the affirmative and negative in presenting cases; 3) the function and purpose of the rebuttal period; 4) information on the debate procedure or actual mechanics; and, 5) helpful administrative and clerical hints on the how, when, and where. The second major objective is to apply the paradigm to nine propositions of government policy that commonly emanate from the subject matter of an economics course: strengthening public enterprise, equity, creeping inflation, balanced budget, agriculture, business, labor: restraining economic power, labor: compulsory union membership, and international trade. It is assumed there that teachers may lack bibliographic sources, but desire source materials on both sides of the propositions discussed, consequently sources are included. It is also assumed that these different views will emanate from and be expressed by the students not imbued by the teacher. The monograph was written in response to a 45 to 60 minute interview with each of 33 teachers of economics in a large metropolitan school district. (Author/SBE)
THE USE
OF AN ADVERSARY APPROACH
IN TEACHING ECONOMICS

MARTHA KOUQUIEY
We consider it our duty to render to the public educational, business, and economic facts and materials about educational and economic graphs and facts of general interest. We shall try to provide impartial and readable accounts of all topics.
THE USE
OF AN ADVERSARY APPROACH
IN TEACHING ECONOMICS

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INTRODUCTION

The purpose of this monograph is (1) to present a paradigm for the teacher on how to employ debate (an adversary approach) as a teaching tool and (2) to apply the paradigm to nine propositions of policy that commonly emanate from the subject matter of an economics course.

It was written in response to teachers' desires for more diversified approaches for dealing with the policy propositions that emerge from the content of their economics courses.

The nine policy propositions were chosen on the basis of a 45- to 60-minute interview with each of 33 teachers of economics in a large metropolitan school district.
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CHAPTER I—PARADIGM FOR AN ADVERSARY APPROACH

The objective of this chapter is to instruct the teacher on how to employ an adversary approach as a teaching strategy.

STEP I

First, the teacher should give the student a basic idea of what debate is and the objective of formal debate. Debate is an oral process in which opposing sides present their views on a given proposition of policy or a proposition of fact. A proposition of policy asserts “what should be”—that a certain condition ought to come into existence. (For example: Boxing should be abolished.) A proposition of fact asserts “what is”—that a certain condition exists. (For example: Boxing results in deaths.) The propositions to be discussed in Chapter II are all propositions of policy—asking for a change in the status quo. The supporting arguments are related to the proposition of policy by their appeal to widespread values.¹

The opposing sides in a debate on a proposition of policy are called the Affirmative and the Negative. The debater (on either side) has the duty to present the best case possible for the position he is called upon to maintain regardless of his personal beliefs. His role is similar to that of an attorney who endeavors either to defend or prosecute an individual who is on trial. His objective is to present the best case for his position that he can, rather than merely to attack the opposing attorney.

STEP II

The student should be taught the role of the Affirmative and Negative in presenting their cases.

THE RESPONSIBILITIES OF THE AFFIRMATIVE

The Affirmative in a debate defends the proposition. In essence, he is saying “yes” to the proposition. If the proposition is correctly stated, the Affirmative is advocating a change from the status quo. Thus, he must make clear what the proposition is about. He accomplishes this by defining any ambiguous terms. When in doubt as to the clarity of a term, the Affirmative should define it. Depending on the term, the Affirmative may define by example, authority, explanation, etymology, negation, or some combination of these.

One of the best forms of definition is the example, because it goes from the abstract to specifics. If the proposition contains a technical term, it is useful to quote the definition of an authority. Sometimes it is useful to enlarge the expression in terms of colloquial understanding—explanation. If the term is very involved or nebulous (e.g., responsibility), one may attempt to derive its original meaning and trace it through to its present usage—etymology. Definition by nega-

¹ In a proposition of fact the supporting arguments (issues) are defined within the proposition. The classic situation in which one finds propositions of fact is law. Whereas a proposition of policy attempts to change the status quo, a proposition of fact changes the way one looks at the status quo.
The use of an adversary approach in teaching economics is useful as an auxiliary technique for clarity. The Affirmative, in addition to utilizing one of the previous four techniques, may define what the term “is not”—what it does not include.

Since the Affirmative is maintaining that there is a need to change the present state or condition of things, he must prove that there are evils or disadvantages in the present program (status quo) that are detrimental to society. Since he has the “burden of proof,” his main objective is to present what is called a “prima facie” case. This means that he must present arguments and evidence for his side of the proposition that, on first appearance, indicate that the status quo is undesirable or inefficient—thus showing that there is a need for a change. If the Affirmative fails to present a prima facie case, the debate should stop there, for the Negative has already won the debate without having said a word. Again, an analogy to the legal process may be drawn. The Affirmative is in the same position as the prosecuting attorney, since the client is presumed to be innocent until proved guilty. The prosecuting attorney first presents his case. He attempts to put a reasonable doubt in the mind of the judge regarding the innocence of the client. If he has presented a prima facie case, the judge upon hearing the prosecuting attorney should feel that on first appearance, at least, the attorney has presented a case which places a reasonable doubt in his mind as to the innocence of the client. In other words, the judge should be thinking maybe this person is guilty—maybe what is presumed to be true (his innocence) in reality is false—at this point I don’t know—I have to hear the other side, the defense, to make up my mind. If the prosecuting attorney has produced this or a similar response in the mind of the judge, he has presented a prima facie case. If, on the other hand, the judge after hearing the prosecuting attorney believes that the arguments and evidence presented are not adequate to put a reasonable doubt in his (the judge’s) mind regarding the innocence of the client, he dismisses the case.

If the Affirmative in a debate, after presenting his arguments and evidence, does not place in the mind of the listener some doubt or anxiety about the desirability of maintaining the status quo, he has not presented a prima facie case. This does not mean that after hearing the first affirmative speech, the audience should be ready to march on the capitol. It simply means that they believe the attack on the status quo, if true, has been strong enough to place “real” doubt in their minds regarding its continuance. They should be thinking—all right, Negative—what have you got to say to that?

In order to present a prima facie case, the Affirmative must identify the “real issues,” establish contentions, and substantiate these contentions through evidence and logic. An issue in academic debate is any main question of fact or theory upon which the final determination of the proposition rests. These issues are essential to the proposition—the proposition stands or falls according to the establishment or destruction of these issues. It should be emphasized that an issue is not merely a question over which there may be a difference of opinion. The stock issues in a debate involving a proposition of policy are (1) Is there a need for a change? (2) Is the proposed method of change (the plan) workable? (3) Will the plan going into effect result in more benefits than detriments?

The conversion of issues into contentions is called, “partitioning the case.” A contention is a general statement supporting or attacking a proposition. For
example, in the resolution, "that the United States should adopt a policy of free trade among nations friendly to it," a contention (a general statement supporting the proposition) might be that such a policy is desirable because it would lead to an increase in productivity. The student must then back his general statement with supporting statements such as showing how increased specialization, brought about by free trade, has led (statistically) and will lead (in terms of probability) to greater productivity. He must also show that increased productivity is a desirable goal.

To illustrate and provide practice in developing and identifying general statements that support the proposition and in finding specific statements which support the general statements, the teacher can take the editorial section of the paper on any given day. He can ask the class as an exercise to take a particular editorial (that expresses a proposition of policy) and (1) find the main proposition, (2) find the general statements that support the proposition, and (3) analyze the specific statements used to support the general statement. If the editorialist has provided no logical support for the proposition he is defending or attacking, the students are likely to observe this and perhaps even identify what he should have done to logically establish the proposition. If, on the other hand, the author has provided general statements that lend seeming support but do not logically lead to the acceptance of the proposition, the class may discover this and point it out. The class might also observe that although the general statements do support the proposition, the specific statements do not logically support the general statement. If the arguments are logically and structurally correct but are premised upon values in disagreement with those of the students, upon discovering this they will become better able to distinguish between a policy proposition argued fallaciously and one which is validly argued but based on values different from their own.

After an Affirmative individual or team has shown (by their support of their contentions) that there is a need for a change from the present program, they must introduce a specific proposal to solve this need. They are not responsible for minute and administrative details, but they are responsible for showing that their plan is both desirable and workable.

The nature of some topics is such that the main issue becomes the workability rather than desirability of the plan—e.g., in topics which propose the adoption of some international organization to control weapons, facilitate peace, etc., it is usually not too difficult to show the desirability of establishing such an organization. The challenge is to devise a plan that appears to be workable. In other debate topics (e.g., Resolved: that the University should establish the trimester system) the main issue in the debate becomes the need, since once given the need, the plan is quite easy to formulate.

Thus, the duties of the Affirmative (in terms of the construction speeches) are to show (1) that the problems are severe enough to warrant a change from the system, (2) that their proposed plan is a more desirable means of meeting the problem than the present policy, and (3) that the proposed plan is workable.

THE RESPONSIBILITIES OF THE NEGATIVE

Since the status quo is assumed to be desirable unless proved otherwise, "presumption" in a debate is with the Negative. Thus, the Negative team may follow several alternative approaches:
1. Straight Refutation. They may merely refute those arguments presented by the Affirmative. They can do this by showing that the evidence is inadequate, the reasoning illogical, or that the Affirmative has not identified the “real issues” in the debate.

For example, if the Affirmative uses statistics in an attempt to prove an argument, the Negative should examine them in terms of whether they were gathered “scientifically.” If in proving a point the Affirmative states that 20% of college students are in favor of the quarter system based only on hearsay, the Negative should attack this evidence on the grounds that it was not gathered scientifically. In attacking statistical evidence the Negative should examine whether the statistics present a “truthful” picture—are they really an index to what we want to know? For example, there is an old story about an island on which 50% of the women were married to 1% of the men. The reason for this is that 100 men settled this island and later brought over two women cooks. One of the cooks married one of the men and thus 1% of the men was married to 50% of the women. Although these statistics are accurate, they present a misleading picture.

The Negative should examine the statistics to determine if they are complete. The Affirmative may have two striking examples to illustrate their point, but these examples may not cover a sufficient number of cases. If the student council is debating—Resolved: that the ten o’clock nutrition period should be abolished, and the Affirmative describes how two honor students got into a “wild” garbage fight, and then concludes that if honor students cannot be trusted, the rest of the student body will also violate this privilege, the Negative should point out that the evidence is “qualitative” but not “quantitative”—i.e., that the two students do not represent a “sufficient” number of cases.

If the Affirmative uses a quotation from an expert or an authority on a given subject as evidence, the Negative should approach the evidence in terms of whether the authority is an expert in his field. For example, a physicist may be an excellent scientist, but this does not make him an authority in the field of international relations. Similarly, a famous movie star should not be used as an authority in the area of economics.

The Negative should observe whether the authority is prejudiced. A leader of a labor union may be an authority on labor, but a statement from him that “right-to-work-laws” should not be abolished is not a good source of evidence because of his known bias.

The Negative should examine the evidence in terms of whether the reference to the authority is definite. Statements such as . . . “it is known that Mr. X believes” or “from Mr. X’s book one may conclude that his beliefs . . .” do not represent a definite reference to the authority, and may not even represent the authority’s view but rather the view of the debater imposed upon the authority.

The preceding has represented approaches to examining whether the evidence of the Affirmative is adequate. These approaches may also be used by the Affirmative in examining the evidence of the Negative. The Negative may also wish to refute the Affirmative’s reasoning. The Affirmative may be using the inductive process to establish an argument—reasoning from several specific cases (which are alike in some way) to a generalization. For example, one may reason that since a given author has written several successful novels, an individual may
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buy his next novel, feeling sure it will be good. To examine whether the inductive reasoning is sound, one may ask how many instances have been observed? What is the debater's idea (numerically) of several successful novels? Are the observed examples "fair" examples? If the other novels have all been "science fiction" and this is a mystery novel, may one infer that this novel is a "fair representative" of his novels? Are there exceptions? How many unsuccessful novels has the author written?

Assume the Affirmative is using the deductive process—reasoning from a general rule and then applying it to a case at hand: (1) Honor students in high school get high grades in college; (2) John is an honor student in high school; (3) John will do well in college. Notice that the general rule is, honor students in high school get high grades in college and that the specific case to which this rule is being applied is that, John will do well in college.

To analyze and refute this type of argument the Negative must examine whether the conclusion really follows from the premises. In the above case the reasoning is valid, but assume that the second premise had been: John got high grades in college. The reasoning would be invalid if it were therefore concluded that John was an honor student in high school because the second premise did not get John included in the group covered by the first premise.

In addition to analyzing the structure of the deductive argument, one must also examine whether the major (first) and minor (second) premises are true. If honor students in high school do not necessarily get high grades in college, then the conclusion will not necessarily be true. At least the conclusion would not be true on the basis of these premises.

If the Affirmative uses causal reasoning, the Negative should use the following criteria to examine the reasoning—will the cause surely produce the effect, is the effect produced by other causes, and is the effect of the known cause prevented by other causes?

One common fallacy associated with causal reasoning is "post hoc/propter hoc." This refers to assuming that because one event preceded another, the first necessarily caused the second. The first event may have caused the second, but the mere fact that event two happened after event one is not sufficient grounds to assume a causal relation (e.g., last month high school teachers’ salaries increased; shortly thereafter the consumption of beer increased; therefore, increases in high school teachers’ salaries lead to an increase in the consumption of alcohol).

In addition to questioning the evidence and reasoning of the Affirmative, the Negative may also show that the Affirmative has not identified the "real issue" in the debate; e.g., that they have devoted most of their time to establishing a need when the main issue is whether a feasible plan can be devised to meet the alleged need.

The preceding has represented an approach that the Negative may follow if they choose to debate by straight refutation. I do not suggest this approach (used singly by itself) to beginning debaters because it necessitates a higher degree of sophistication than most beginning debaters possess; however, I do suggest that this strategy be used in some combination with the other approaches I intend to describe.

2 The preceding analysis on how to examine evidence and logical reasoning is applicable to the Affirmative as well as to the Negative.
2. **Defense of the Status Quo.** Every negative presentation is, in a sense, a defense of the status quo. The Negative attempts to show that the present system or program is adequate, desirable, or both adequate and desirable—in other words, the Negative shows that there is no need for a change from the present program because the status quo is sufficient. The Negative can accomplish its purpose by showing that the advantages of the present program outweigh the alleged disadvantages, that the affirmative attack on the present program is not true or valid, or that the present program (given its disadvantages) is superior to the affirmative proposal. If the Negative defends the status quo by showing that it is superior to the affirmative proposal, they must show and prove the disadvantages of the specific plan proposed by the Affirmative or more specifically, that even if the affirmative plan can solve the alleged "evils" of the present program, the enactment of the affirmative proposal would introduce even more evils (or disadvantages) than the Affirmative asserts to now exist.

3. **The Adjustment-Repairs Case.** The Negative admits that there are problems in the status quo but maintains that these problems are not inherent in the system itself. The Negative may show, therefore, that the “real need” is for a modification of the status quo rather than a radical change that would be brought about by the affirmative proposal.

When using this strategy the Negative must be specific about how the alleged “evils” of the present program can be solved within the framework of the present system. I once heard a debate on whether the union shop should be declared illegal. The Negative admitted the disadvantages brought out by the Affirmative, but maintained that these disadvantages could be eliminated by simply enforcing the Taft-Hartley Act—that the disadvantages could be eliminated within the framework of the status quo.

4. **Counterproposal.** If a negative team employs this strategy, they in essence admit a need for a change in the present program, but they disagree on the affirmative proposal for solving the need—the Negative maintains that the Affirmative is advocating the wrong solution and thus they present their own proposal to solve the need. Since both agree that there is a need for a change, the major conflict becomes the specific plans of the Affirmative and the Negative. Both teams now share the burden of proof. The negative plan must differ substantially from that of the Affirmative.

Although this negative strategy may be appropriate in some situations (when both teams have already had experience in debate), I do not recommend that the beginning high school debater in the economics class employ this approach, primarily because it puts the Affirmative at an “unfair” disadvantage.

Of the four strategies mentioned, (1) straight refutation, (2) defense of the status quo, (3) adjustment-repairs case, and (4) the counterproposal, I recommend for purposes of the social studies class the combination of strategies (1) and (2)—refutation of the Affirmative proposal combined with a defense of the present system (I have already mentioned why I do not suggest straight refutation or the counterproposal).

**STEP III**

The instructor should teach the students the function and purpose of the rebuttal period. After the constructive speeches each debater has another oppo
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TIVITY to rebuild his case and refute the arguments of the opposition. He cannot introduce any new contentions but he can strengthen those he has already introduced. The emphasis should be on rebuilding (not restating) one's own case. Often because of insecurity, the students either "can" their rebuttal speeches or simply summarize their position, ignoring any attacks that have been made on their case. Although I have observed many rebuttal speeches that have been wasted, I maintain that the teacher can make this period a very worthwhile experience by teaching the students (1) how to prepare for the rebuttal period, (2) how to refute a given argument, and (3) how to organize the rebuttal speeches.

How to prepare for the rebuttal period. The best preparation for rebuttal is to build a strong case that will be difficult to attack. In building a case the debater should be aware of those arguments and points that will be attacked and thus gather supplementary evidence that will help to reinforce these points. He should also, in his preparation, attempt to discover the weak points in the opposition's case and gather evidence to attack those arguments. He should have a file box (similar in appearance to a recipe box) where he keeps his evidence on either 3 x 5 or 4 x 6 inch cards. If he is on the Affirmative, a useful way to categorize his evidence is as follows: He should have a separate divider for each contention that supports his case. Under each of these categories he should keep a separate card for each piece of evidence which supports the contention. On the top of each card he should include (1) a brief statement of the contention that the evidence supports, (2) a few words to summarize the content of the evidence, and (3) the source of the evidence and its reliability (the qualifications of the expert or the validity of the statistics). The rest of the card, of course, will contain the evidence itself. He should also have a separate category for each negative argument that he envisions may be introduced. Under each of these categories he should keep evidence that weakens the negative argument. On the top of each card he should include (in a different color of ink from the affirmative cards) (1) a brief statement of the negative argument, (2) a few words to summarize the content of the evidence that weakens this argument, and (3) the source of the evidence. A contention supporting the affirmative proposal—Resolved: that the U.S. should establish a system of compulsory arbitration in labor management disputes in basic industries—is that strikes resulting from labor management disputes are harmful to the economy. Thus, the file card divider would read—strikes harmful to economy. A typical card under this category in an affirmative file box might be as follows:

"Strikes are harmful to economy (they can lead to a reduction in economic growth) Neil Chamberlain (economist) The Labor Sector, 1965."

(Quotation)

If the individual is debating on the Negative of the proposition he should divide the categories of his file box on the basis of (1) the negative arguments attacking the affirmative proposal (including the alleged "need for a change" and the probable proposals to bring about the change), and (2) those arguments that defend the negative position. On each card that contains evidence refuting the
affirmative proposal, he should include (1) a brief statement of the affirmative point or contention that the evidence attacks, (2) a few words describing the nature of this attack, (3) information on the source of the evidence, and (4) the evidence itself. On each card that contains evidence supporting the status quo he should include (1) a brief statement of the advantage of the status quo, (2) a few words on how this advantage would be eliminated by the affirmative proposal, (3) the source of his evidence, and (4) the evidence itself. An example of a card that might be found in a negative file box on the same topic as previously mentioned is as follows: The file card divider would read—disadvantages of affirmative proposal. A typical card under this category might read:

Disadvantages of compulsory arbitration (four reasons why compulsory arbitration should not be enacted) David L. Cole (public member of presidential advisory committee on labor management policy) Source, Date

There are variations to this method of keeping evidence (in preparation for rebuttal), and if the teacher has a modification that will prove more useful in his particular class, I recommend employing the alternative best suited to his approach. However, part of the usefulness of this method of gathering and keeping evidence is that it is easier for the teacher in terms of grading the student. The dividers have the main arguments that support the debater’s case and those arguments that refute the opposition’s case. The teacher thus can immediately see how well the student has been able to identify the “real issues” in the debate. To see how much research he has done on any given issue, the teacher need merely read a sampling of his evidence cards on this issue. If the instructor is pressed for time, he can simply read the top section of a number of cards to see what they contain and read the entirety of a random sampling of the cards. It also allows the instructor to give the students two grades rewarding him for both effort (his research as represented by his file box) and his performance (the debate itself).

How to refute a given argument. In refuting an argument, the student should be taught to first state accurately and concisely the argument that he intends to refute, to then relate the argument to the opponent’s case (showing its importance to their entire case) and to follow with the refutation itself. The debater should conclude by showing the effect his refutation has had on weakening his opponent’s case. In the actual refutation of the argument the debater may (1) ask specific questions (to be answered in the opposition’s next speech), (2) ask for proof (especially when the opposition has based its case on a number of assertions not substantiated by evidence), (3) adopt the opposition’s argument and show how in actuality it supports his own position, (4) expose logical inconsistencies of the opposition’s case, and (5) attack the evidence on the grounds previously mentioned.

When attacking an argument the debater should “follow through” in his next speech. If he has asked questions that have not been answered or asked for proof that has not been given or exposed inconsistencies that have been subsequently ignored by the opposition, he should bring this to the attention of the other debaters and the classroom audience.
How to organize the rebuttal speeches. Part of the obligation of the speakers in the rebuttal period is to summarize where each side stands in the debate—to identify the main issues that have emerged. If a debater finds that his opponent has raised a large number of questions, he should attempt to group them under two or three headings.

The Affirmative should summarize each of its contentions and rebuild them if they have been attacked. If any one of them has been waived or ignored, the Affirmative should bring this to the listener’s attention. In some debates it is considered proper to assume that if a contention of the Affirmative remains unacknowledged by the Negative throughout the debate, the point has been tacitly admitted by the Negative. One of the most common weaknesses in the organizing of rebuttals is that the debater allows himself to be sidetracked by points that are not crucial to the debate. He does not think in terms of the whole. He does not distinguish what is relevant from what is irrelevant to the actual acceptance of his proposition.

The Negative in rebuttal is also concerned basically with the summarization and resubstantiation of their position. A debater in the Negative is in essence following in reverse the same procedure as the Affirmative. He identifies those arguments that must be proved in order to accept the proposition and shows through evidence and logic how these arguments do not stand. Three steps that may be followed in the organizing of rebuttal speeches include: (1) The summarization of the main arguments presented by both sides, (2) refutation of those arguments that endanger or weaken the essential contention to be reestablished, and (3) the reconstruction of the contention after elimination or neutralization of the opposing argument.

It has been suggested by many writers in the area of formal debate that the last sentence of the rebuttal speech should be a summary or a conclusion in which, on the basis of the evidence, the debater asks the audience to join him in his stand on the question.

STEP IV

The teacher should inform the student as to what debate procedure he is going to follow—the actual mechanics. Since most economics classes are no more than 50 to 55 minutes in length, and since roll must be taken in addition to the many other clerical responsibilities that the teachers are asked to handle, I would suggest the following four-man debate format:

A. Constructive Speeches (7 minutes)
   1. First speech should always be given by the Affirmative; it is the only “prepared” speech
      a. Introduces topic
      b. Defines terms
      c. States contentions of Affirmative and supports them
      d. Tells what his colleague will do
      e. Summarizes
   2. First Negative (7 minutes)
      a. Accepts or rejects terms as defined by the Affirmative
      b. Refutes need established by the Affirmative
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3. Second Affirmative (7 minutes)
   a. Reconstructs Affirmative case for need
   b. Refutes Negative case
   c. Presents a plan
   d. Summarizes the Affirmative position

4. Second Negative (7 minutes)
   a. Refutes Affirmative case
   b. Resubstantiates Negative case
   c. Summarizes the Negative position

B. Rebuttal Speeches (3 minutes each; no new contentions)

1. First Negative (3 minutes)
   a. Continues to refute what his partner has missed
   b. Shows how the Affirmative has failed to support a prima facie case for a change
   c. Summarizes the Negative position

2. First Affirmative (3 minutes)
   a. Reconstructs (resubstantiates) Affirmative case by identifying (picking out) the "real issues"
   b. Shows that the Affirmative has proved the "real issues" and therefore has successfully established the need for change and presented a feasible plan to meet the need

3. Second Negative (3 minutes)
   a. Shows how the Affirmative has failed to identify the crucial issues
   b. Shows that the need and the plan do not stand
   c. Summarizes the Negative case

4. Second Affirmative (3 minutes)
   a. Summarizes case
   b. Shows how case still stands and why the Affirmative has won

This suggested format may be varied according to the teacher's preferences. Some may wish to have two two-man debates in a given class period. I have had more success in using the described procedure.

STEP V

The following are helpful administrative and clerical hints—the How, When, and Where:

1. In many classes the first few days (and even the first week) are "wastebasket" days. The books have not arrived from the book-room even though they were supposed to have arrived, and the classes are often on assembly schedule. These first few days, one may find, are an appropriate time to teach the fundamentals of debate. The teacher may simply discuss the subject or in addition hand out an outline on the fundamentals of debate (see Appendix B).
2. I would suggest (on the assumption of a 36-student and 18- to 20-week class) that the teacher schedule 9 debates a semester, averaging a debate every other week. The topics can be distributed during the first week of class.

3. It is helpful for the teacher to assign a student the responsibility of putting two desks on either side of the room facing the class and a podium in the middle of the classroom. The first Affirmative should be told to be standing in front of the lectern (podium) when the bell rings. The reason for this suggestion is that I have observed (unfortunately in my own classes) at least 20 minutes of the period wasted in the mechanical setting up of the debate.

4. It is also helpful to have a timekeeper, giving the debater 3-minute, 2-minute, 1-minute, and ½-minute signals.

5. I suggest the following method for audience evaluation: The teacher can employ a shift-of-opinion ballot in which the persuasiveness of the speakers can be measured in perhaps the following manner.

**BALLOT**

Please express your personal opinion on this question by marking the ballot both before the debate and again after the debate.

<table>
<thead>
<tr>
<th>Before the Speech</th>
<th>After the Speech</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am in favor of the proposition</td>
<td>I am more strongly in favor of the proposition than before</td>
</tr>
<tr>
<td>I am undecided about it</td>
<td>I am in favor of the proposition</td>
</tr>
<tr>
<td>I am opposed to the proposition</td>
<td>I am undecided about it</td>
</tr>
<tr>
<td></td>
<td>I am opposed to the proposition</td>
</tr>
<tr>
<td></td>
<td>I am more strongly opposed to the proposition than before</td>
</tr>
</tbody>
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6. Each row can be assigned to one of the following activities during each of the debates.*

   a. One row can be responsible for analyzing the correct use of procedure in the debate. An evaluation-of-procedure form that may be used is included in Appendix B.

   b. Second-row students can act as critics responsible for reporting on the logic in the debate. They should use the criteria indicated in their debate outlines (see Appendix A).

* During the semester every student will have an opportunity to participate in each of these activities.
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c. Third-row students can act as critics responsible for reporting on the use of evidence in the debate. They should also use the criteria indicated in their debate outlines.

d. Fourth-row students can be assigned to review the bibliography (as shown on the debate cards) of the Affirmative. They may report on whether the team has accurately used the evidence they compiled. The critics should be given a copy of the bibliography at least one week in advance of the debate.

e. Fifth-row students can employ (with regard to the Negative) the same procedure as described in (d) above.

The purpose of this chapter has been to show the economics teacher specifically how debate (an adversary approach) may be employed in the teaching of his class. The paradigm suggested may be modified to fit the needs of a given teacher and a given class.

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A given teacher may wish to convert the information on evidence and logic (found in the debate outline) into an "evaluation form" sheet similar to the one I have constructed on debate procedure. Other teachers may wish the students to evaluate the use of evidence and logic in expository form.
The purpose of this chapter is to formulate into debate topics those propositions of policy that certain high school instructors indicated would be most helpful to them in their classroom instruction.

The structure and content of this chapter is predicated upon three assumptions:

1. That instructors of economics are familiar with the basic economic concepts of scarcity, resource ownership, supply and demand, money, and inflation and deflation.\(^{1}\)

2. That present instructors of economics may lack bibliographic sources, but desire source materials on both sides of the propositions of policy that are discussed.

3. It is not the proper function of the instructor of economics to imbue the students with his own views on propositions of policy, and that these different views should emanate from and be expressed by the students themselves.

The format and criteria employed in presenting the Affirmative and Negative on each topic are as follows:

A. Two publications on each side of the topic by authors who are considered authorities in their field are discussed. Although some of the arguments presented may seem weak and easily refutable, they are chosen from among the best on a particular side of a controversy.

B. The publications average from fifteen to twenty pages in length and are generally appropriate in terms of reading difficulty for average and above average high school seniors.

C. The contentions of the author are summarized in the introduction of the discussion of each article and the author's view on each of these contentions is then further explained.

D. Many of the topics have social, political, and legal as well as economic implications. These other implications are included in the arguments presented.

The topics chosen by the teachers are as follows: \(^{2}\)

1. Resolved: That the U.S. should pursue a policy that will strengthen public enterprise.

2. Resolved: That the Federal Government should guarantee a minimum annual income to all its citizens.

3. Resolved: That the Federal Government should pursue a policy to control creeping inflation.

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\(^{1}\) If the instructor needs to review these concepts, read one of the latest, leading college textbooks in economics.

\(^{2}\) I have reworded some of the propositions indicated by the instructors in order that these topics may appear in proper debate form.
4. Resolved: That the U.S. should take steps toward achieving a more nearly balanced budget.

5. Resolved: That federal subsidization programs to agriculture should be eliminated.

6. Resolved: That federal anti-trust policy should be strengthened.

7. (a) Resolved: That the economic power of labor unions should be restrained.
   (b) Resolved: That the U.S. Congress should pass a law declaring compulsory union membership as a condition of employment to be illegal.

8. Resolved: That the non-communist nations of the world should work toward establishing an economic community.

1. STRENGTHENING PUBLIC ENTERPRISE

After learning how a free enterprise system solves the basic problems of what, how, and for whom to produce and the ways in which the United States government can modify this system (in terms of the types of goods and services that are produced and the manner in which the system distributes income) the student may wonder to what extent the government should interfere with this system. What should be the role of government? Should the government's function be simply that of referee in the economic sphere, or should the government be both a referee and a participant? There is no scientific way of answering these questions. There are those who believe that the government already is interfering too much; whereas, others believe that there is a need for more government participation in our economic system—a need to develop government enterprise.

Thus, a teacher could hold a debate on Resolved: that the United States should pursue a policy that will strengthen competitive enterprise or—Resolved: that the United States should pursue a policy that will strengthen public enterprise. Let us assume the teacher chooses the latter topic for a debate. The Affirmative will therefore have the responsibility of presenting a plan on how and to what extent public enterprise is to be strengthened. In addition the Affirmative will have the task of defining “public enterprise.” Does strengthening public enterprise mean increasing government regulation in the economy, or does it refer to developing government enterprises that are state owned? Most individuals who write on this issue assume that it can refer to either or both. Thus, the Affirmative debating this topic will have to make sure to specifically stipulate how he would bring about the strengthening of public enterprise.

As a start for those students debating this topic, I have chosen readings that present arguments that can be used in favor of and against the strengthening of public enterprise. I have chosen articles on the Affirmative in favor of the proposition by W. H. Ferry, political scientist, and John Kenneth Galbraith, Professor of Economics at Harvard University. On the Negative, I have chosen articles by Milton Friedman, Professor of Economics at the University of Chicago, and by the National Association of Manufacturers.

The following in essence are the main issues or points of conflict that emerge:

Will strengthening public enterprise lead to an increase or decrease in efficiency—where equity refers to a fairer distribution of income?

W. H. Ferry is the Staff Director of The Center for the Study of Demo-
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Critic Institutions, a non-profit educational enterprise established by the Fund for the Republic. He favors more extension of government into the economic sphere and presents his case in a publication entitled "The Economy Under Law." He bases his case essentially on two arguments: (1) The sovereign importance of the market is a thing of the past, and (2) If government is going to be used in behalf of the common good, there must be the use of political rather than private decisions in economic issues that affect the whole country.

In discussing his first argument—the sovereign importance of the market is a thing of the past—he brings out that the corporation, in essence, is unowned and not a private company:

A company that has 150,000 employees, 300,000 stockholders, and 15,000 suppliers and dealers (and their employees), and that sells to millions of customers, can only by tradition be considered a "private" company. The large company is something new as to size, numbers and influence. There is little question any more that it is a private government, or semi-sovereign state... when we speak of the large corporation we mean the managers, and there is no widely accepted "apologetic of managerialism." 3

In discussing his second argument—the necessity for political rather than private decisions in economic issues that involve "the public good"—Dr. Ferry refers to the United States Constitution:

The Constitution embodies the principle that the people are the repository of power over policies and institutions that touch the entire community. This power can be used whenever needed, democratic direction of economic power can be achieved, and economic activity can thus be rationalized. 4

Dr. Ferry further argues that decisions which are political in nature should be transferred from the "corporate conscience" to the "public conscience." Therefore, such decisions as the steel industry's recent decision to fight inflation; that of automobile companies to produce heavier, wider, and more powerful cars with resounding effects on highway, parking, and safety programs; decisions to look for oil in the Sudan or to build a new plant in Mississippi—are political in meaning and in results and should be transferred via Congress from the corporate conscience to the public conscience. 5

Dr. Ferry's method for expanding the realm of Government control is to broaden what is considered to come under the classification of public utility via extension of the rationale of public interest, convenience, and necessity—which he explains is at the heart of utility regulation. "There is no law that says transportation, telephone, water, gas, electricity, and one or two other services exhaust the idea of public utility." 6

However, Ferry does not want to establish a pattern that would necessarily mean utility regulation of all industries or corporations which are indispensable.

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4 Ibid., p. 28.
5 Ibid., p. 30.
6 Ibid., p. 29.
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to the general welfare but would rather turn the most powerful corporations into “quasi utilities.” Unfortunately, he never makes clear what he means by “quasi utilities.”

Dr. Galbraith, former Professor of Economics at Harvard University, believes that much of what is demanded by the private sector is wasteful and that there is a disparity between our flow of private and public goods. Thus, in Chapter 18 of The Affluent Society he argues for the expansion of government’s role in the economic sphere. He maintains (1) that there is a need for a private-public balance, (2) that failure to keep such a social balance impairs economic performance, and (3) that the lack of social balance leads to inequality. By social balance he means “a satisfactory relationship between the supply of privately produced goods and services and those of the state.”

In presenting his case, Dr. Galbraith first of all gives examples of how the private sector is growing while the public sector is in a “state of poverty.”

The family which takes it mauve and cerise, air conditioned, power-steered, and power-braked automobile out for a tour passes through cities that are badly paved, made hideous by litter, blighted buildings, billboards, and posts for wires that should long since have been put underground. They pass on into a countryside that has been rendered largely invisible by commercial art... They picnic on exquisitely packaged food from a portable icebox by a polluted stream and go on to spend the night at a park which is a menace to public health and morals. Just before dozing off on an air mattress, beneath a nylon tent, amid the stench of decaying refuse, they may reflect vaguely on the curious unevenness of their blessings. Is this, indeed, the American genius?

In arguing for the need for a private-public balance he brings out that as the demand for privately produced goods increases, the demand for public goods and services must keep in step.

As surely as an increase in the output of automobiles puts new demands on the steel industry so also it places new demands on public services. Similarly, every increase in the consumption of private goods will normally mean some facilitating or protective step by the state. In all cases if these services are not forthcoming, the consequences will be in some degree ill.

In his argument that failure to keep a private-public balance impairs economic performance, he emphasizes the “opportunities for enjoyment” (maximizing our satisfaction)—that we have missed by failing to exploit the opportunities to expand public production—that a community can be just as well rewarded by buying better parks and schools as by buying bigger automobiles. He concludes his argument with how insensible it is to “satisfy our wants in private goods with reckless abundance, while in the case of public goods, on the evidence of the eye, we practice extreme self-denial.”

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8 Ibid., p. 253.
9 Ibid., p. 254.
10 Ibid., p. 260.
Galbraith’s argument that social imbalance leads to inequality is based on the assumption that whenever a public service is to be improved or a new public service is to be initiated, the argument over who-is-to-pay leads to the money not being appropriated and the service not being performed. He uses the Post Office as an example. Another type of inequality that Galbraith refers to is the discrimination against public services brought about by inflation. He maintains that private employment tends to provide protection against inflation through pay revisions whereas “pay revisions for all public workers is subject to the temptation to wait and see if the inflation isn’t coming to an end.”

Discrimination against the public services is an organic feature of inflation. Nothing so weakens government as persistent inflation. The public administration of France for many years, of Italy until recent times, and of other European and numerous South American countries have been deeply sapped and eroded by the effects of long-continued inflation.

Thus, Galbraith believes that the U.S. must turn away from “conspicuous consumption.” We must attempt to achieve a greater degree of social balance by strengthening public enterprise—building more schools, parks and sewerage systems. He further believes that by achieving a greater degree of social balance, the U.S. will improve its economic performance (economic efficiency) and achieve a more equitable distribution of resources.

Both Dr. Galbraith and Dr. Ferry favor strengthening public enterprise. However, Dr. Ferry emphasizes the necessity for more government regulation of already existing enterprises whereas Dr. Galbraith emphasizes the need for creating more government enterprise.

In an article entitled “Strengthening Competitive Private Enterprise,” Milton Friedman (who is a Professor of Economics at the University of Chicago and recognized as one of the foremost apostles for a free enterprise system) maintains that the major economic problem facing the United States in the coming decades is to find a way to reverse the trend toward government control.

He first discusses four sources of strength which tend to preserve and maintain competitive private enterprise and then discusses the threats to competitive private enterprise.

Dr. Friedman believes that the major source of strength of competitive private enterprise is the deep and abiding belief in personal and civil freedom that is so central a feature of Western thought in general, and American thought in particular.

A second source of strength is that the free market works “impersonally” and “anonymously,” whereas departures from it frequently do not.

Interference with the market, therefore, attracts attention out of all proportion to its importance. The higgings and hagglings among millions of individuals that accompany a sizeable rise in the wages of domestic servants go unrecorded and unnoticed. Bargaining about the wages of a few thousand organized workers is front page news.

11 Ibid., p. 265.
12 Ibid., p. 266.
A third source of strength he discusses is the ingenuity and resourcefulness of the individual businessman and worker in finding ways around government controls.

A fourth source of strength according to Milton Friedman is the revival in the Western world of a belief in the efficiency of monetary policy for preventing large changes in prices and income.

Although some of Dr. Friedman's observations appear acceptable, he substantiates basically through armchair speculation what he believes to be the major sources which tend to preserve competitive private enterprise. His examples are few and the credibility of his observations to the "uniformed student" depend upon to what extent the student believes Milton Friedman is an expert in the field.

Dr. Friedman also discusses four threats to competitive private enterprise. The first of these he believes is the indirect ideological threat—the subtle acceptance by intellectuals and political business leaders of views derived from the socialist orientation of intellectual thought in past decades. One example he utilizes to illustrate this threat is the U.S. foreign economic policy.

We have sought to further the economic development of other countries by grants to their governments. These grants have in most cases been contingent upon the "approval" by officials of our government of the projects to be so financed. In this way we have strengthened the government sector in the recipient countries at the expense of the private sector and have fostered the view that a "central" plan and governmental supervision are requisites to economic progress, which is to say, that private enterprise is a less effective means.14

The second threat, according to Dr. Friedman, is the impact of the Cold War on governmental policies. For example, the military threat makes necessary large expenditures and heavy taxes, and:

the need for "security" becomes a forceful argument for governmental control over non-military uses of products and processes that also have a military application—atomic energy being of course, the prime example—and leads to the acceptance of governmental controls over both private and public employment that seriously invade personal freedom and privacy.15

In discussing the threat of inflation, Dr. Friedman brings out that the public is much more concerned about the dangers of unemployment than of inflation, and that the tendency is to ask for governmental action to offset the recession. Although Dr. Friedman believes that free enterprise is sufficiently flexible and adaptive to take moderate inflation in its stride, the real danger is that we shall seek to fight inflation "by direct government controls over prices and wages or by pleas—backed sooner or later by more than moral suasion—to business and labor to exercise 'social responsibility' in setting prices and wages." 16

Dr. Friedman contends that the pressure of special interests is also a threat to competitive enterprise:

14 Ibid.
15 Ibid., p. 36.
16 Ibid., p. 37.
Many who favor "free enterprise" in general are opposed to it in the particulars in which it affects themselves . . . the businessman who favors a tariff on his product, the oil company that supports the Texas Railroad Commission or the Federal administration's attempts to restrict oil imports . . . the broadcasting executive who seeks to have the Federal Communications Commission forbid pay-as-you-see TV—each of these is undermining a free private enterprise society whatever his protestations.17

Thus, Milton Friedman urges the strengthening of competitive enterprise (as opposed to the further strengthening of public enterprise) in order to achieve economic progress and to reverse the trend toward governmental controls. His position is that the real problem is not that competitive private enterprise will be destroyed by deliberate intent but rather that a lack of understanding of its significance will result in the implementation of policies that will inadvertently lead to its destruction.

Dr. Friedman presents strong evidence in support of the alleged threats to competitive private enterprise. However, his case is predicated upon the acceptance of the premise that private competitive enterprise is a desirable institution.

In an article by the National Association of Manufacturers, "The 'Primrose Path' of Centralism," the alleged consequences of "centralism" (feared by Milton Friedman) are discussed. The N.A.M. uses the term "centralism" to mean the doctrine of extreme reliance on the federal government.18

Basically the authors believe that:

The doctrine of centralism has resulted in a federal government structure too big for competent management, too powerful for the best relationship between the people and their government and too grasping of both resources and capabilities to permit the fullest flowering and independence of the private economy.19

They discuss seven reasons why governmental control (centralism) is detrimental:

First, the authors maintain that centralism leads to diversion of attention and effort from the truly national tasks:

This is the diversion of the time and energy of federal officials—the Executive and the Congress—into so many byways of purpose that efficient discharge of those duties and functions which only the federal government can carry out have suffered.20

The N.A.M. also contends that a second consequence of governmental control is the heavy cost which such a policy imposes on the people. The authors argue that the full cost of federal undertaking is often not set out at the beginning and:

. . . that Washington must operate by remote control, which is seldom highly efficient. Supervision must filter down through various bureaucratic

17 Ibid.
19 Ibid., p. 25.
20 Ibid., p. 24.
layers which delay and impede decision making. Federal appropriations for various programs tend to be more lavish than would be provided if financial responsibility were located closer to the job to be done.\textsuperscript{21}

They further argue that efficiency is impeded and costs are excessive because wage and hour requirements are based on those standards prevailing in metropolitan areas, and therefore the costs of federally-aided projects for small communities are increased. Another reason for excessive costs is that most people are tolerant of large federal expenditures because of the persistent illusion that federal money is free money.\textsuperscript{22}

A third consequence of increased government control is the retention of restrictive punitive tax rates:

Under the influence of centralism, the pressure is always to keep spending in pace with revenues, and professions of concern about the weight of the tax load are washed out by putting tax rate reform at the bottom of any list of things to be done with the governments’ finances.\textsuperscript{23}

A fourth consequence of centralism is the expansion of federal power through grants, loans, and subsidies. According to the authors, the subsidy programs established during the depression of the 1930’s as rescue operations to meet economic emergencies are still being maintained as part of the status quo.

The N.A.M. also maintains that a fifth consequence is that centralism thrives on the dominance of minority groups:

Examples abound of this sacrifice of the general public interest to specific minority commitments. Thus, the costly agricultural subsidy program needs Congressional support from the urban districts, where the projects of slum clearance and urban renewal need the help of farm state votes.\textsuperscript{24}

A sixth consequence of centralism which is discussed is the demotion of the states as sovereign entities. The N.A.M. believes that the Federal Government, through its programs and intervention is becoming so strong that it now poses a threat to the balance between federal and state jurisdictions. The trend, they allege, is reducing “American states” to the status of “provinces.”

The seventh result of centralism according to the N.A.M. is business competition with taxpaying citizens. They argue that “conservation of natural resources has served as a means and cloak for this key invasion of the private economy. Popular support has been obtained by favoring source users at the expense of taxpayers.”\textsuperscript{25} They also argue that the lack of the profit motive in government enterprises results in no obligation to conserve the capital. “If a government enterprise impairs its capital by incurring losses in operation, this impairment is made good by another appropriation or a Treasury loan at an interest rate below cost.”\textsuperscript{26}

\textsuperscript{21} \textit{Ibid.}, p. 25.
\textsuperscript{22} \textit{Ibid.}
\textsuperscript{23} \textit{Ibid.}
\textsuperscript{24} \textit{Ibid.}, p. 26.
\textsuperscript{25} \textit{Ibid.}
\textsuperscript{26} \textit{Ibid.}
Thus, the authors of this article present a view which advocates a reversal of the trend toward the expansion of government responsibilities. In this sense, it parallels Dr. Friedman’s article. However, Dr. Friedman’s fears of “too much” government relate to any type of governmental interference, national, state or local; whereas, the N.A.M. specifically fears a centralism brought about by too much federal control.

The source of the article, the N.A.M., is obviously biased. However, I have selected this article as a suggested source for the students on the basis of the breadth of the arguments contained and because most of the arguments are substantiated by some form of reasoning.

2. EQUITY

The student, after learning how a free enterprise economy solves the basic economic problems of what, how, and for whom to produce, also observes that the amount of income individuals receive depends on the amount and type of resources they own and the extent to which these resources are used by firms to produce the goods and services that consumers buy. The student realizes that if he owns a resource that is much in demand by firms (because it can be used to produce something that consumers are willing to buy), he will have a higher income than someone who owns a resource that is not as much in demand by firms. It is often brought out that under such a system (if left to itself) a rich man’s dog may get the milk that a poor man’s child needs to avoid rickets. Some policy makers believe that such a system is unfair because it inevitably leads to an inequitable distribution of income. They maintain that it is the government’s proper function to redistribute income so that a more equitable distribution of income will result. The question is whether this is the proper role of government and if so how should the system be modified so as to achieve a more equitable distribution of income.

One proposal that is often suggested and receiving current attention is that the Federal Government should guarantee a minimum annual income to all its citizens. The proponents of this policy maintain that a guaranteed annual income will promote individual and family incentives to work, will increase individual and family security and will result in a better market economy. The opponents of the guaranteed annual income believe that such a policy will result in decreased incentives to work, conflicts and cleavages in our society and a market economy with a decreased rate of growth. Thus, I suggest as a debate topic—Resolved: that the Federal Government should guarantee a minimum annual income to all its citizens. For evidence and reasoning that support the Affirmative position I have suggested (as a starting point) an article by Representative Charles Whalen, Jr., and one by Dr. James Tobin, an economist from Yale University. On the Negative I have recommended an article by Representative Thomas Curtis and one by Henry Hazlitt, a writer and economist.

Charles W. Whalen, Jr., United States Representative from Ohio, believes that the United States should expand its public welfare program through implementation of a Negative Income Tax. The Negative Income Tax in essence is using the tax system in reverse—giving payments to those whose income falls below an officially determined standard of minimum assistance. For the poor, the effect of such a plan would be a minimum income floor for all, including those...
families and individuals not now receiving social security or public assistance payments.

Mr. Whalen argues that guaranteeing a minimum annual income for all U.S. citizens through use of a Negative Income Tax would result in less dependence of the poor on case workers and elimination of insecurity in connection with poverty programs. He further believes that the Negative Income Tax would promote (1) an increase in individual and family incentives, (2) geographical balance, (3) a more balanced federal system, and (4) a better market economy.

According to Mr. Whalen, dependence of the poor on case workers and government officials would be greatly reduced because the Negative Income Tax would provide a psychological boost "by freeing the poor from a sense that their lives are ruled by others against whom there is no appeal." 22 Insecurity would also be reduced and even eliminated because no congressional dispute or presidential budget-cutting would threaten individuals benefiting from a Negative Income Tax.

Individual and family incentive would improve because "a person about to take a job would know he could keep half of his earnings, instead of losing them all as formerly." 23 Geographical balance would also result from the implementation of a Negative Income Tax because the regional disparities which exist under present welfare programs would be alleviated. "The purchasing power thus generated in the Nation's distressed areas would attract business investment and create additional jobs." 24

A more balanced Federal System would result from the adoption of a Negative Income Tax because state and local governments would now be able to shift their general welfare spending to those areas of greatest need. 25 A better market economy would be brought about by the Negative Income Tax proposal because "it disperses spending power, decentralizes decision-making, and gives the individual a wide range of choices." 26

According to Mr. Whalen's specific proposal, a family of four would receive some degree of assistance if its total income amounted to $5,500 or less per year. The family would receive monthly payments equivalent to half the deficiency between its total income and the break-off point of $5,500. Thus, if the family made $2,500 in a given year, it would receive $1,500 (one-half of a $3,000 deficiency). If a family made $3,500 a year, it would receive $1,000 (one-half of a $2,000 deficiency). The plan would provide full coverage and would apply to poor rural families as well as poor urban ones.

Mr. Whalen does not expand upon his arguments but merely states a rationale for each argument. I have chosen this article because the author presents an adequate case that provides the framework for a stronger case that could be developed by the students.

James Tobin, a Yale economist, also believes that the Federal Government should guarantee a minimum annual income to all its citizens. He advocates a type of Negative Income Tax similar to that advocated by Representative Whalen,

23 Ibid.
24 Ibid.
25 Ibid.
26 Ibid.
27 Ibid.
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in which the Internal Revenue Service would provide an extended schedule which would tell how much the government owes to a family or individual whose income did not qualify them to pay tax.

According to Tobin’s proposal, as family income increases, the government payment or income supplement would decline but not dollar for dollar. The supplement would decline by only a fraction of every dollar of additional family income.

Professor Tobin maintains (1) that his proposal would provide for families whom the government is assisting a strong incentive to work, (2) that this type of aid would not stigmatize and demoralize the recipients, (3) that his proposal would eliminate the incentives currently built into welfare programs for the destruction and non-formation of families, and (4) that it would very likely improve the quality of social work.

The Negative Income Tax gives assistance in a manner that would allegedly increase incentives to work since families are not penalized (as they are presently) in terms of having their public assistance reduced a dollar for each dollar of income they earn. “Under this procedure, government payments would not make any man better off than his more industrious or skillful neighbor. Like income taxes, they would diminish income differences but not reverse them.”

The Negative Income Tax gives assistance in a manner that does not stigmatize or demean the recipients. An individual is not demeaned in his own eyes or those of his neighbors if his circumstances happen to be such that he pays little or no income tax. If his circumstances are such that he is entitled to receive money from the government, the difference should and may be viewed as one of degree, not of kind.

Under present welfare programs, aid for dependent children cannot be given to a family with an able-bodied employed adult male. “In most States it cannot be given to a family with an able-bodied adult male, whether he is employed or not. Often the best thing a father can do for the mother and children is to desert them.” Professor Tobin believes that such a “piece of social engineering remove[s] fathers from the scene, save[s] taxpayers no money, and contribute[s] to general social breakdown.” Under the Negative Income Tax proposal families with fathers would receive aid as well as families without fathers.

Under present welfare programs much social case work is devoted to petty administration and surveillance designed to detect and prevent cheating. Since under the Negative Income Tax proposal there would be no strings on the spending by the recipients (once they were entitled to receive supplementary income), social workers could spend more time on providing family counseling and acting as “brokers” between families and the variety of social services available to them.

Thus, Professor Tobin presents a well-reasoned (although at times disorganized) case for adopting the Negative Income Tax as a method of guaranteeing a minimum annual income to all U.S. citizens.

Thomas B. Curtis, United States Representative from Missouri, believes that the Federal Government should not guarantee a minimum annual income to all its citizens.

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53 Ibid., p. 252.
54 Ibid.
citizens—the government should provide an opportunity to earn income but not the income itself. A guaranteed annual income (regardless of the specific type of program advocated) (1) would result in cleavage and conflicts in our society, (2) would help to perpetuate welfare as a way of life, and (3) would slow down the rate of economic growth in the United States.

Disruptive conflict and social disorganization would result because a plan of guaranteed income is predicated on a dual set of values and norms—one set of values emphasizing income for work as reflected by the Judeo-Christian ethic and the other set of values allowing income without work. Representative Curtis implies that a policy which adopts the principle of a "right to income without work deepens the gulf between its middle-class culture and the sub-culture of poverty, therefore aggravating such problems as national cohesiveness and accommodation." 85

A plan of a guaranteed annual income sacrifices social services designed to eliminate the causes of need for an income guaranteed and thus helps to perpetuate welfare as a way of life. "The provision of this 'social conscience money' would lull us into a sense of complacency about the poverty problem and direct our attention from the critical need to provide remedial services to the hard-core poor." 86

Another consequence of the guaranteed annual income is a decrease in the rate of economic growth brought about by a reduction in incentives to work and save:

Automatically providing an adequate minimum standard of living to any citizen would be sufficient to eliminate incentives to work for most of those unemployed or those earning less than the minimum standard level. Those who earn only slightly more than the minimum standard level might also decide not to work at all. Admittedly, the adverse incentive effect differs among plans, but in every instance there is at least some negative incentive effect. 87

Representative Curtis advocates that the approach of policy should be to "guarantee opportunity," rather than income. However, he does not mention how such a policy could be brought about or even precisely what he means by "guaranteeing opportunity." Representative Curtis' arguments in their present form need more development and amplification. However, he presents (as did Representative Whalen) the framework for a convincing case and I chose his article, "Should the Federal Government Guarantee a Minimum Annual Income to All Its Citizens?" for that reason.

Henry Hazlitt, a writer and an economist, agrees with Representative Curtis regarding the undesirability of a guaranteed annual income proposal. Hazlitt attempts to point out some of the alleged economic and moral weaknesses of the proposal, including the following: (1) A guaranteed annual income proposal would destroy the incentive to work, (2) A guaranteed annual income proposal is morally indefensible, and (3) A guaranteed annual income proposal would result in chiseling and fraud.

86 Ibid.
87 Ibid., p. 237.
If the guaranteed income proposal were put into effect a number of individuals would prefer to live on small welfare payments rather than to take “undesirable” jobs. “Who in fact, let us ask ourselves, would be willing to take the smelly jobs, or any low paid job once the guaranteed income program is in effect.” Mr. Hazlitt acknowledges that the Negative Income Tax proposal would not destroy the incentive to work to the same appalling extent as other guaranteed income proposals but:

... except for the fact that it would not destroy incentives as much—it would be even more expensive than the guaranteed income, because under it substantial subsidies would continue to be paid to people who were earning incomes of their own. If the basic subsidy to a family of no income were $3,000, families would continue to get some government subsidy until their incomes reached $6,000 a year.

According to Henry Hazlitt, a guaranteed income proposal is morally indefensible because it would take money away from those who were earning it to give to those who were not, and this money would be given to those whose income was low without any regard to the reason why those incomes were low.

If you claim a “right” to “an income sufficient to live in dignity,” whether you are willing to work or not, what you are really claiming is a right to part of somebody else’s earned income. What you are asserting is that this other person has a duty to earn more than he needs or wants to live on so that the surplus may be seized from him and turned over to you to live on.

It is believed by Mr. Hazlitt that enormous “chiseling and fraud” would be another consequence of a guaranteed income proposal because such schemes tend to avoid “means tests” on the grounds that such tests are humiliating or degrading. Mr. Hazlitt supports this contention primarily by assertion rather than through reasoning or evidence; however, his other two contentions are far better substantiated.

Mr. Hazlitt presents an alternative solution although he states that he does not believe it is incumbent upon him or any other opponent of a guaranteed income plan to propose a substitute. Mr. Hazlitt suggests that any government relief should be extended in the form of a loan with little or no interest rates. No relief recipient would be under any obligation to repay this loan, but as long as any part of the loan remained outstanding, the recipient would not be eligible to vote.

As the recipients would not have votes, demagogic politicians could not appeal to these votes; they would have to appeal exclusively to those who were paying the relief or would be expected to pay it. This would change the whole political atmosphere in which relief is discussed.

All the arguments presented on this topic are terse and need to be amplified by the student. These arguments do represent the typical cases presented by

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89 Ibid., p. 251.
90 Ibid.
91 Ibid., p. 253.
politicians and economists in favor and against guaranteeing an annual income. The student must ask himself if such a program is desirable—whether it increases incentives, promotes growth, or provides low income individuals with a greater opportunity to improve their positions. He must then ask himself how such a proposal may be brought about and whether it is worth its costs in terms of alternatives foregone.

3. CREEPING INFLATION

In studying economics, the student becomes aware that one of the alleged problems facing the U.S. is a slowly growing amount of inflation. The basic issue in the case for and against creeping inflation is whether a maximum rate of economic growth is compatible with creeping inflation. Creeping inflation refers to a slowly rising price level.

Those in favor of creeping inflation maintain that we cannot achieve all three goals of economic growth, employment and price stability simultaneously and that we must choose among them. They argue that creeping inflation is unavoidable if we are to achieve the rate of economic growth which is necessary to enable us to attain our aspirations at home and abroad.

Those who argue against creeping inflation base their case on the assumption that economic growth, a minimum level of unemployment and price stability are capable of simultaneous achievement.

However, a team defending the proposition—Resolved: that the Federal Government should pursue a policy to control creeping inflation—would not only be required to show that creeping inflation is undesirable but also would have to formulate a plan to show how the government would control creeping inflation and in addition prove the desirability of such a plan. In the publications chosen, the cases for and against creeping inflation are argued. The specific plan (e.g., reduced government spending, a tight money policy, etc.) and its advantages are left primarily to the ingenuity of the students.42

One of the terms commonly used throughout these debates is capital accumulation. It is used to refer to the producing of goods which are commonly used by firms to produce additional goods (e.g., plant and machinery).

Jules Backman, Professor of Economics at New York University, in an article entitled “The Case Against Creeping Inflation,” argues against creeping inflation on the grounds that (1) it slows long term economic growth, (2) it makes recessions worse, (3) it hurts fixed-income groups and savers, (4) not everyone can be protected against it by “escalator clauses,” (5) it leads to galloping inflation, and (6) it is not inevitable in an expanding economy.

In his argument that creeping inflation retards economic growth, Professor Backman contends that in order to achieve a high rate of economic growth, a high level of savings must be maintained, and that this necessary level of savings will be discouraged by creeping inflation. To substantiate his contention, he shows that in the past two major factors have contributed to economic growth in the country—higher productivity and an expanding population. The majority of this growth has been brought about by the increase in productivity—greater output per

42 The term monetary policy refers to the influences exerted by the Board of Governors of the Federal Reserve over total spending on goods and services through its control of money and credit.
man-hour. The most important factor contributing to the increase in output per man-hour has been the investment in new machines and equipment. This kind of investment depends on the level of saving. However, if savers are confronted by creeping inflation, they will tend to be more interested in speculating (to protect themselves against losses in purchasing power) than in providing capital for industry. Professor Backman then cites examples of this tendency in the rampant speculation taking place in stock. Thus, he concludes that creeping inflation retards economic growth by creating an environment which discourages savings and the conversion of these savings into new plant and equipment.

Professor Backman maintains that creeping inflation makes recession worse because it leads to over-expansion followed by a sharp decline on new investment in plant and equipment. The decision to expand capacity today is brought about by the expectations of tomorrow’s higher costs.

Thus creeping inflation means more cyclical unemployment. It is not an alternative to unemployment; it is a significant cause of unemployment. And it is little solace to those who become unemployed that they may have received overtime pay during the boom.48

Professor Backman argues that creeping inflation hurts fixed-income groups including those who live on proceeds of life insurance policies, pensioners, those who work for non-profit organizations, government employees and bondholders. Creeping inflation also hurts families with savings accounts or United States Savings Bonds by steadily eroding the purchasing power of the dollar. Professor Backman emphasizes the importance of the inequities experienced by these fixed-income groups and maintains that the problem cannot be evaluated in terms of one-year or two-year results since “creeping inflation could cut the total value of savings in half within twenty-five to thirty-five years. This is a heavy cost and cannot be ignored.” 44

Professor Backman also argues that everybody could not be protected against creeping inflation by “escalator clauses” and that those who argue that “escalator clauses” might be extended to pensioners, insurance beneficiaries, bondholders, etc., are acknowledging the ill effects of inflation and simply suggesting that the burden be neutralized. Professor Backman asserts but offers no amplification of this contention either through reasoning or evidence.

In arguing that creeping inflation leads to galloping inflation, Professor Backman maintains that as the purchasing power of the dollar continues to decrease, people will attempt to protect themselves against future price rises by increasing their current rate of expenditures. “The resulting flight from money into goods would accelerate the rate of increase in prices. Creeping inflation could then become galloping inflation, and finally runaway inflation.” 45 However, the strength of this contention is based on the accuracy, as one may observe, of the assumption that the psychological responses of individuals to higher prices are, in actuality, as Professor Backman describes.

44 Ibid., p. 92.
45 Ibid.
Professor Backman bases his sixth argument that creeping inflation is not inevitable in an expanding economy on the premise that "the problem of wage inflation would be ameliorated if union leaders and the workers they represent accepted the fact that our average standard of living cannot rise faster than national productivity." He then goes on to illustrate alternative ways in which union power could be curbed. These remedies, he suggests, could lead to both an expanding economy and a substantial decrease in the level of inflation.

Thus, Professor Backman offers six arguments against creeping inflation. As one may observe, the first three of these are better substantiated in terms of reasoning and examples than the latter three. Any one of these contentions could be amplified and utilized (by the Affirmative) in a debate on—Resolved: that the Federal Government should pursue a policy to control creeping inflation.

Neil H. Jacoby, Dean of the Graduate School of Business Administration at the University of California at Los Angeles, in agreement with Professor Jules Backman, believes that one of the most important economic problems to be faced by the U.S. in the next twenty years is how to prevent inflation while maintaining full employment. In an article entitled "The Reconciliation of Full Employment, Economic Freedom and Stable Prices," he presents a case similar to Professor Backman's except that Jacoby goes on to enumerate some of the alternative methods which can be employed to control creeping inflation.

Professor Jacoby argues (1) that creeping inflation is immoral, (2) that creeping inflation retards real output in the long run, (3) that a policy of accepting inflation by attempting to protect incomes through escalation clauses is dangerous, (4) that full employment, a stable price level, and individual freedom are compatible goals, and (5) that the assumption that inflation is an inevitable outcome of the bargaining power of unions is erroneous.

Professor Jacoby argues that creeping inflation is immoral. It takes real income away from those with dollar incomes and assets (usually aged and disabled people of limited means who are unable to protect themselves) and arbitrarily subsidizes those holding real estate and equities.

A policy of creeping inflation retards real output in the long run because of the way in which it affects public behavior.

It will tend to reduce savings, to worsen investment decisions, to foster inefficient management, to retard desirable regional and industrial shifts in resources, and to weaken the solidarity of a democratic society. It will slow down economic progress, whether or not it results in an accelerating rise in prices and ultimate financial collapse.46

Although Professor Jacoby may believe that the reasoning behind what he alleges is obvious, his argument could be made clearer to the student if he enumerated the logical steps he pursued to reach his conclusion.

A policy of accepting creeping inflation by protecting incomes through "escalators" is dangerous according to Professor Jacoby because such a policy cultivates a false illusion. “By cultivating the illusion of individual protection

against the real wastes of inflation, escalation tends to make people indifferent to the need for curbing it and thereby accelerates it.” 47

Professor Jacoby also alleges that full employment, a stable price level, and individual freedom are compatible goals although difficult to attain together. He cites as an example the period of 1952 through most of 1955, when full employment (96% of the work force employed and 4% changing jobs on the average each year), a stable cost of living, and freedom from direct government controls existed together.

Professor Jacoby attributes the price inflation which occurred after that period to the upward push of costs brought about by the bargaining power of labor unions. However, he does not believe that inflation is the inevitable outcome of the bargaining power of labor unions.

If businessmen believe that Federal fiscal and monetary authorities are determined to maintain a stable price level, they become “tougher” bargainers and wage agreements are less likely to have inflationary effects on prices. Restrictive monetary and fiscal policies help to keep wage increases within the limits set by gains in productivity, via their influence upon the collective bargaining process.48

Professor Jacoby suggests some alternatives for dealing with creeping inflation including highly flexible monetary and fiscal policies and the examination of present economic policies and institutions for the purpose of determining whether they contribute to the danger of inflation. However, the primary defense of any free market economy against both inflation and unemployment, Professor Jacoby believes, is a flexible monetary and fiscal policy.

If monetary-fiscal policies that are sufficiently restrictive to hold the price level steady do result in curtailed production and employment, this is a signal that there are pricing and production rigidities in the economy which should be removed. A necessary part of the cure for inflation is pervasive competition, flexible prices, and mobile resources.49

Thus, both Professors Neil Jacoby and Jules Backman present cases which attempt to show the dangers of creeping inflation and they advocate policies to curb the dangers. On the other hand, Professors Alvin Hansen and Sumner N. Slichter allege that creeping inflation poses no danger and is an inevitable part of a growing economy.

Alvin H. Hansen, Professor of Political Economy at Harvard University, in an article entitled “Economic Stability and Growth,” argues (1) that we use the word inflation too loosely, (2) that the alleged evils of inflation have no relevance to conditions as we actually find them in the United States, (3) that we should not aim at the maximum rate of capital accumulation but at the optimum rate, and (4) that if we sacrifice full employment for price stability we shall not reach our full growth potential.

In discussing his contention that we use the term inflation too loosely, Professor Hansen maintains that it would contribute to clearer thinking if we agreed
to speak only of price increases and not of inflation so long as output is increasing percentage-wise at least as rapidly as wholesale prices. The monetary authorities should not be committed to any such policy as maintaining price stability but should apply judgment to a wide range of data.

The word "inflation" is used to describe the astronomical price increases experienced by Germany after World War I, and the same word is applied to the comparatively moderate increases in prices in American history. The phrase "inflationary pressures" has often become, I suggest, virtually synonymous with "expansionary forces." Brakes are thereby applied and output is sacrificed to rigid price stability.\(^{50}\)

Professor Hansen attacks some of the alleged evils of inflation on the grounds that they do not correspond to conditions as we actually find them in the United States. Some of these alleged evils include the reduced value of accumulated savings, the elimination of the sturdy middle class and the concentration of income in the hands of the lucky few. Professor Hansen attempts to show the contrary: savings per families are large; the middle class has become stronger; and at present there is less inequity in the distribution of income.

We have indeed experienced a considerable price upheaval both in the first quarter and against in the second quarter of the current century. But private property continues firmly in the saddle. Savings per family (after correcting for price changes) are more than twice as large as in 1925. Urban home ownership has increased from 45 to 55 percent. Farm ownership has increased from 58 to 75 percent. The middle class is stronger than ever before in our history. There is less inequality in the distribution of income. Adjustments in social security benefits can be made and have been made when price changes occur. It is, I believe, fair to say that under the protection of social security payments, the problem of the impact of price changes on the fixed income group has become negligible.\(^{51}\)

Professor Hansen also maintains that the real basis of long run growth is not the capital accumulation referred to by Professors Backman and Jacoby, but rather scientific research and invention. He contends that we should be interested in the optimum as opposed to the maximum rate of capital accumulation and further suggests that this optimum rate be determined primarily by the rate of scientific research and investment. Scientific research and invention may at times increase productivity and yet decrease the need for capital accumulation. Expenditures in human resources such as health and education may not directly increase the living standards, but may to a larger extent than capital accumulation increase the productive capacity of the society.

There is far too great a tendency nowadays to plead for policies that encourage investment in material capital goods—plant and equipment—and to forget that outlays in the improvement of our human resources may be even more productive. We are concerned altogether too much about increasing investment in brick and mortar and not enough about investments designed to improve the quality and productivity of our people.\(^{52}\)

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Thus, the accusation that expected rises in price adversely affect capital accumulation is refuted by Professor Hansen on the grounds that capital accumulation is not the key to growth.

Professor Hansen also alleges that if we sacrifice full employment for price stability, we shall not reach our full growth potential.

Periods of rapid growth have usually also been periods of moderate price increases. In the usual case, the price system tends to respond in this manner to rapid expansion. It is not probable that we can achieve in the next twenty years anything like the growth we are capable of without some moderate increases in wholesale and consumer prices.53

Professor Hansen does not believe that we should ignore price stability but rather should consider growth and expansion as our primary aim and price stability as a secondary aim.

The case that Professor Hansen presents is well complemented by the arguments advanced by Sumner Slichter. However, as one may notice, although both individuals are experts in their area, they sometimes assert points without enumerating the steps in their reasoning processes.

Sumner H. Slichter, Professor of Economics at Harvard University, expresses the view that a moderate amount of inflation is both inevitable and healthy in an economy committed to high levels of employment and economic growth. Specifically, he argues (1) that creeping inflation is inevitable because labor costs rise more rapidly than output per man-hour, (2) that inflation is an inescapable cost of a desirable rate of growth, and (3) that the fear that creeping inflation will result in galloping inflation is unfounded.

In his argument that creeping inflation is inevitable because labor costs rise more rapidly than output per man-hour, Professor Slichter alleges that the tendency for wages to outrun output per man-hour is bound to occur in an economy of free enterprise and powerful trade unions whenever there is a heavy demand for goods. Wages could only be prevented from outrunning output per man-hour if the bargaining power of unions was weakened by the maintenance of approximately a 5 to 8% rate of unemployment. The public would probably not be willing to accept this rate of unemployment as a sacrifice for price stability. Further, Professor Slichter believes that there are few, if any, possible changes in our institutions, policies, or business practices that would assure that unions could not push up wages faster than industry and raise output per man-hour in the strong sellers' markets that would characterize a rapidly growing economy. He then goes on to show the impracticability of various suggestions including price and wage controls or organization on the part of employers to deprive unions of some of their present privileges and immunities. He concludes that labor costs will probably continue to rise more rapidly than output per man-hour unless the public is willing to bear the cost of a high rate of unemployment.

In discussing his contention that creeping inflation is an inescapable cost of a desirable rate of growth, Professor Slichter maintains that the community must choose between stable prices and a retarded rate of growth (whether it wants to foster unemployment in order to keep wages from outrunning productivity). He

53 Ibid., p. 285.
is confident that the decision will be in favor of growth because a retarded rate of growth would increase at a compound rate and would soon become "intolerably burdensome."

Suppose that the economy which is capable of increasing its productive capacity at a rate of 4 percent, were held to a growth of only 2 percent per year in order to keep the price level steady. At the end of ten years the economy would have a productive capacity more than 26 percentage points less than it would have had at the greater rate of growth.54

As one may observe, this contention is the counterpart of Professor Slichter's first contention.

Professor Slichter also argues in his third contention that the fear that creeping inflation will result in galloping inflation is unfounded—that a moderate increase in price is expected by most countries and that a flight from the dollar would be impractical.

Every country in Europe has had creeping inflation during the past ten years. The idea has become pretty well accepted. That a continued drop in the purchasing power of money is to be expected . . .

As for a general flight from the dollar, the practical question arises: "Where is the money to go?" Other currencies have limited attractiveness because almost any country one might name has economic and political problems as formidable as those confronting the United States.55

Thus, one finds that in essence Professor Slichter is attempting to illustrate the inevitability and desirability of creeping inflation in an expanding economy. At times he suggests rather than proves causal relationships but he does succeed, as do Professors Hansen, Backman, and Jacoby, in presenting the foundations of a strong case for his position.

4. BALANCED BUDGET

A topic that is closely related to that of inflation is whether the United States should pay off its public debt. Those in favor of a balanced budget argue that the public debt is just like a private debt—one cannot and should not for a sustained period spend more than he is receiving. Those against paying off the debt argue that the analogy is not applicable—that the government national debt is more like a person borrowing from himself. An interesting debate topic might be—Resolved: that the U.S. should take steps toward achieving a more nearly balanced budget. Two individuals in favor of this proposition are the late Senator Harry Byrd and former Budget Director Maurice Stans. Two opponents of this proposition include economists James Tobin and Francis M. Bator.

The late Senator Byrd, Democratic Senator from Virginia, a believer in orthodox finance, in an article entitled "The Evils of Deficit Spending," maintains that deficit spending (spending more than the government receives in taxes) is (1) unfair, and (2) destructive to our form of government.

55 Ibid., p. 89.
The debt is unfair because it places a burden on our children and grandchildren, both in terms of the interest and principal they pay. It is also unfair according to Byrd because deficit spending means inflation and inflation cheapens the dollar. "Cheapened money is inflation. Inflation is a dangerous game. It robs creditors, it steals pensions, wages, and fixed income. Once started, it is exceedingly difficult to control." 66

Byrd contends that the debt is destructive of our form of government because it is probable that before the debt is paid off, the interest charge will exceed the principal. In addition, the public debt will lead to liquidation. "If private debt is not paid off, it can be ended by liquidation, but if public debt is not paid off with taxes, liquidation takes the form of disastrous inflation or national repudiation." 67 This article was chosen not because of the strength or superiority of its arguments but mainly because these are the arguments that are usually advanced in the conventional case for a balanced budget.

A less conventional although better argued and substantiated case is presented by Maurice Stans, a certified public accountant, who was Eisenhower's Director of the Bureau of the Budget. He favors policy aimed at a more nearly balanced budget on the grounds that (1) it is difficult to halt programs involving government expenditures once they are started, and (2) anti-recessionary actions involving government expenditures represent an inflationary danger for the post-recession period. He presents his case in an article entitled, "The Need For Balanced Federal Budgets."

In arguing that it is difficult to halt programs involving government expenditures once they get started, he cites examples such as social security, the greatly increased support for agriculture, rural electrification, aid to homeowners and mortgage institutions, public housing, public power developments, and public assistance grants. Mr. Stans' position is not that these programs should be halted but that any program once started should not automatically be renewed. Rather each program ought to be evaluated in terms of whether the results are worth the costs. He believes that many of these programs which are started could be turned off when the need for them no longer existed. He cites as examples some of the spending programs that originated in the depression years and are still in existence today. He also suggests that a work relief project could be turned off when we started to fight a war but that most of the programs established in the 1930's developed characteristics of a far more permanent nature.

An example can be found in the program of the Rural Electrification Administration (REA). This program was started in 1936 when only a minority of farm families enjoyed the benefits of electricity. Today, 95 percent of our farms receive central station electric service. We have invested 4 billion dollars in this program, at 2 percent interest. Nonetheless, indications are that future demands for federal funds will be even greater as the REA cooperatives continue to grow. 68

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67 Ibid., p. 172.

Mr. Stans concludes that if some of these expenditures were halted we could come a lot closer to closing the gap between government expenditures and government receipts.

In regard to his contention that anti-recession actions of the government may well represent an inflationary danger for the post-recession period, Mr. Stans again discusses the risk that an anti-recession expenditure program cannot be turned off after the recession and thus represents a permanent increase in the public sphere at the expense of the private. He also brings out the difficulty of starting programs quickly and the consequent risk of achieving the major impact of the program after the need for the economic stimulation has passed. He concludes that:

The danger is there even if, as some believe, positive government intervention is required to counter recessions: It is more grave however if—and I believe this was proved true in 1958-9—the economy is vigorous and resilient enough to come out of a temporary recession and to go on through a revival period to new prosperous peaks without any direct financial federal interference.69

Mr. Stans offers a program designed to bring about a more balanced budget: (1) Actions should be taken to reduce or end federal expenditure programs as soon as they accomplish the purposes for which they were initiated, (2) In times of recession, the Federal Government should avoid (as temporary expedients) committing itself to programs at a later date, and (3) Although we must learn to accept deficits when major national emergencies threaten our country, we must resolve to create surpluses at a future time in order to offset the deficits.

Thus, the former Budget Director presents a case that attempts to show the need for balanced federal budgets and even suggests a plan that will help the U.S. move in the direction of a more nearly balanced budget.

Two economists, James Tobin and Francis M. Bator, in disagreement with Senator Byrd and Mr. Stans, state the case for those who find a proper and necessary function of government in the use of fiscal powers to achieve our employment and price goals. Both Tobin and Bator in their analysis suggest that the case for a “balanced budget” is based on misunderstanding and faulty economic reasoning.

James Tobin, Professor of Economics at Yale and former member of President Kennedy’s first Council of Economic Advisers, in an article entitled “Deficit, Deficit, Who’s Got the Deficit,” argues (1) that government deficits tend to represent expansion, and (2) that the homely analogy between family finance and government finance does not apply.

In discussing the relationship between government deficits and expansion, Professor Tobin draws on an analogy from business. He shows graphically (from the period 1947 to 1961) and explains verbally that business corporations run big deficits when business is very good—when sales are pressing hard on capacity. He maintains that financial deficits (government or corporations) do not usually mean that such institutions are living beyond their means but rather are typically the means of accumulating non-financial assets—real property in the form of inventories, buildings, and equipment. The graph on net financial surpluses and

69 Ibid.
deficits of the federal government and of non-financial corporations, 1947-1961, shows that government surpluses and business deficits reach their peaks in periods of economic expansion, when industrial capacity is heavily utilized, as in 1947-8, 1951-2, and 1956-7. In further discussion of the deficit and its implications for economic growth, Professor Tobin brings out that the federal government will not succeed in cutting the deficit by steps that depress the economy and deter business firms from using outside funds. He concludes, therefore, that:

Raising taxes and cutting expenses seem like obvious ways to balance the budget. But because of their effects on private spending, lending, and borrowing, they may have exactly the contrary result. Likewise, lowering taxes and raising government expenditures may so stimulate private business activity and private borrowing that the federal deficit is in the end actually reduced.60

Professor Tobin maintains that the reason national attitudes toward fiscal policy tend toward favoring a balanced budget is that these attitudes are based on the assumption that the analogy between family finance and government finance is valid and applicable. If John Jones is spending more than he is receiving, the remedy is clear. He can balance the family budget either by living within his income or by working harder to increase his income. He can ignore the impact of either of these two actions on the income and expenditures of others:

The situation of the President on Pennsylvania Avenue spending $87 billion a year against tax revenues of $80 billion is quite different. Suppose that he spends $7 billion less, or tries through higher tax rates to boost federal revenue by $7 billion. He cannot ignore the inevitable boomerang effect on federal finances. These measures will lower taxpayers' receipts, expenditures, and taxable incomes. The federal deficit will be reduced by much less than $7 billion; perhaps it will even be increased.61

The case against the balanced budget presented by Francis M. Bator is both similar and complementary to that presented by James Tobin.

Francis Bator, Professor of Economics at the Massachusetts Institute of Technology, in an article entitled “The Case for Active Fiscal Policy,” attempts to show (1) that budget balance is an undesirable guide for government policy, and (2) that national concern over the national debt is unfounded.

His argument that budget balance is an undesirable guide for government policy rests on five propositions which he attempts to prove. His first proposition is that both inflation and recession are undesirable goals. Inflation results in “capricious redistribution of income and wealth, and an increasing proportion to its speed will blunt the efficiency of the price system in allocating resources according to consumers’ testes.” 62 On the other hand, recession as evidenced by a greater than four percent rate of employment involves the personal tragedy of

61 Ibid.
job loss “and the irredeemable waste of valuable goods and services, as reflected in lost wages and profits.” 63

His second proposition (which in essence states a definition) is that total demand for goods and services must be kept in close balance with the growing potential of the economy to produce them if we are not to suffer from either inflation or recession. His third premise—that a competitive market system is not equipped with an automatic balance wheel which will ensure that total demand will remain in phase with potential output even if all government budgets are kept in balance—is substantiated by such circumstantial evidence as reference to the economic history of capitalist market economies. He admits the possibility that the fault may be in “clumsy meddling by muddled government” but concludes that the government could do an effective job of keeping fluctuations within tolerable limits. “The fiscal and monetary powers of government represent the only effective antibody mechanism we possess.” 64

In discussing his fourth proposition, that the Federal Government can within reasonable bounds limit any gap between total demand and output on the one hand, and potential output, on the other, Professor Bator explains some of the workings of fiscal measures and “ideally” what can be accomplished.

In his fifth proposition he maintains that if we responsibly follow modern fiscal doctrine, laying no heed to the balanced-budget rule, we can do much better than we have in the past in avoiding both recession and demand inflation; and we can achieve whatever balance we desire between public goods and private goods.

He brings out that an additional function of a public budget is to channel resources into national defense, education, public transportation and basic research—that how much we allocate to these public tasks will depend on personal opinion. However, “the choice should not be made in blind response to variations in total private demand, as it would be if we insist on maintaining the budget in balance.” 65

He concludes that:

The modern fiscal policy is no cure-all. But none of the qualifications and refinements which a fuller discussion would require should be used to conceal its central import. Modern democratic governments can, by reasonable sensible exercise of their traditional fiscal and monetary instruments sharply limit the excesses of boom and bust.66

As one may observe, Professor Bator often restates his proposition instead of substantiating it. However, some of his reasoning and evidence may lead one to at least doubt the desirability of a balanced budget.

In his second contention that public concern over the national debt is basically unfounded, Professor Bator attempts to clarify some of the economics of the national debt.

First, deficits financed by borrowing from the public are inflationary only when undertaken at the wrong time:

63 Ibid.
64 Ibid.
65 Ibid., p. 150.
66 Ibid.
The act of borrowing, taken by itself, tends to depress private spending, in that it will reduce bank reserves, cause interest rates to rise, and lead to generally tighter credit. However the negative effect on private spending will be much smaller than the positive effect when the government spends the money.\textsuperscript{67}

Secondly, almost all analogies between the national and private debt or international debt are false. A private debt or a debt owed to foreign governments is external. It allows the creditor a claim on the debtor’s resources. The national debt on the other hand is internal. It is owed by Americans to Americans.

It does not reflect a claim by others on our resources. There is no external creditor. \ldots Increasing the national debt, unlike adding to external debt, does not enable a nation to have more goods and services than it can produce; repaying it, in turn, will not deprive it of any output that it has the resources to produce.\textsuperscript{68}

Thirdly, the total goods and services available to our children and grandchildren will not be smaller because there will be in existence during their lifetime a national debt:

\ldots some of which will have been incurred last year or this. They will owe the money to each other. The taxes collected by government from any grandchild Peter to finance interest and repayment will go into the pockets of some grandchild Paul who inherited government bonds.\textsuperscript{69}

The above represents the national debt controversy. The student should ask himself whether we can afford deficit spending and still avoid inflation. Should we balance the budget every year, over the business cycle, or simply at times of full employment?

In order to discuss policy toward the different economic sectors, it is helpful for the student to have some knowledge of the different market structures. He should have an understanding of the models of perfect competition, monopoly, oligopoly, and monopolistic competition.

Competition always denotes substitutability of one seller’s product for that of another, together with the inability of any one seller acting separately to influence the price of the commodity he is offering for sale so as to enhance his revenue. Perfect competition assumes that there are no obstacles of any kind to the allocation of economic resources to their most important uses and therefore assumes the following: (1) homogeneous products, (2) perfect knowledge of market conditions, (3) sufficiently large numbers of buyers and sellers, (4) no legal restraints on the operation of economic forces, and (5) complete mobility of economic resources (i.e., complete freedom of entry and exit into and out of an industry).

This model is approximated by only one industry, and that is agriculture. However, in a society predicated on the value of free competitive enterprise, this model serves as an analytical tool by which the economic performance and power of other industries are evaluated. Since the goal of a free enterprise society is to

\textsuperscript{67} Ibid., p. 152.
\textsuperscript{68} Ibid.
\textsuperscript{69} Ibid.
satisfy consumer demand, a competitively organized market structure is considered best because the consumers have the power to direct resources in accordance with their demand. The consumer can express his wants and expect to have them satisfied so long as he is willing to bear the costs of producing the product. A monopoly structure is considered inefficient because it satisfies less consumer demand from scarce resources. The monopolist has within the range of his demand curve control over price and output. Thus, if a monopolist gained control of an industry, he would raise prices and give the consumer less output. If the producer has the market power instead of the consumer, less consumer demand will be satisfied, which by definition is inefficient.

Economists have found that in two areas competition is not self-sustaining: (1) where producers try to set up monopolies and (2) where natural monopolies exist.

In the first case where competition can work but producers attempt to set up monopolies, the anti-trust laws are employed in an attempt to maintain a competitively organized market structure. In the second case monopoly emerges from the economic characteristics of the industry in question. One large producer is more efficient (has lower costs) than several smaller producers, and the size of the market is such that it will only support one large producer. These industries are called natural monopolies because a single seller is desirable from an efficiency standpoint. However, since one cannot rely on the benevolence of gain-seeking sellers, public utility regulation steps in and attempts to regulate prices in accordance with the criteria of the competitive model. The student should be aware that economists often disagree as to whether the economic characteristics of an industry are such that it should be declared a public utility.

Oligopoly refers to a market structure where there are a few sellers who produce an almost identical product. Thus, a rise in the price of one seller’s product (e.g., brand “A” gasoline) will often cause the consumer to buy from another seller (e.g., brand “B” gasoline). This market structure is common in a number of our basic industries where the product is fairly homogeneous and the size of the enterprise is large. Since the number of sellers is few, each has an appreciable effect on the market price and is faced by uncertainty in terms of how his competitors are going to behave. Thus, occasionally a firm may lower his price in hopes that there will be some time lag before the others follow, and one may observe the temporary price wars that result. In an industry where each seller is faced by so much uncertainty about the pricing behavior of his competitors, there will also be a tendency for collusion. Thus, the anti-trust authorities attempt to keep a close watch on oligopolistic industries.

In the case of monopolistic competition, there may be many or few sellers, but they do not produce identical products in the minds of the consumer. Bayer aspirin may be in actuality the same product as Rexall aspirin but as long as the consumers believe they differ in real qualities, they are considered differentiated products. Advertising, brand names, trade-marks, patents, custom, and personal service all help to explain why there is product differentiation. Since each seller is producing a differentiated product, he has some effect on the market price, but if he raises his price too high consumers will buy his competitor’s product because of the close substitutability among products—brand “A” soap may be a close substitute for brand “B” soap.
The student should be made aware that these four market structures provide a useful method for categorizing various industries. However, all these categories may overlap. For example, is the automobile industry in the category of monopolistic competition or oligopoly?

5. AGRICULTURE

After reviewing market structures and their application to real world economies, the student may observe that the only industry which actually approximates the conditions of perfect competition in its economic characteristics is agriculture. He may further observe that the government supports the price of certain agricultural commodities at a price where the quantity supplied is greater than the quantity demanded. The resulting problem is what to do about the surplus. Should the government buy and store the surplus? If so, there is a cost involved in this storage and the taxpayers must bear it. Should the government attempt to dispose of the surplus by dumping it on the foreign market—unloading the excess stock at reduced prices? If so, the U.S. may have to bear the cost of incurring the animosity of those nations who are selling the same commodities abroad but cannot afford to sell them at as low a price as the United States. If the government attempts to reduce the surplus by restricting the amount of land the farmer is allowed to use in production, the farmer may use the land that is available more intensively (by applying new fertilizers, etc.), and the existing surplus may not be reduced. If the government attempts to reduce supply by restricting the actual amount that the farmer may bring to market, the government may find that they have made a mistake in estimation or that an unexpected disaster such as a drought may make the farmer unable to meet the quota, and the economy may be worse off as a result.

Should the government solve the overproduction problem by gradually eliminating agricultural subsidization programs so as to equate the supply of commodities with the demand for them? This approach may cause business failures for many small farmers.

The solution to the farm problem is perplexing and challenging. This problem has faced us for several decades and economists and politicians have learned that what appears to work on paper may not work in the real world. An interesting debate topic for the student to explore is—Resolved: that federal subsidization programs to agriculture should be eliminated.

The proponents of this resolution must prove that the elimination of subsidization programs is desirable and offer a plan on how their proposal would be brought about. They must also be explicit in how they define subsidization (e.g., do research grants come under the classification of subsidization?). The negative, on the other hand, must defend subsidizing agriculture. They may not agree with a particular type of subsidization program but they must defend the idea of some form of federal subsidization for agriculture.

On the Affirmative, I have chosen publications by The Committee for Economic Development and John Fischer, and on the Negative I have selected publications by John Kenneth Galbraith and Willard Cochrane.

The Committee for Economic Development, in a publication entitled "Toward a Realistic Farm Program," maintains that current policies which support farm incomes through price supports have been unsuccessful. They contend
(1) that these programs have led to continued surpluses, (2) that they have not substantially increased farm incomes, and (3) that they have placed an unfair burden on the taxpayers.

The C.E.D. therefore proposes to return to free market-determined farm prices through the gradual elimination of price-supports. They maintain that if this program is accompanied by a substantial reallocation of human and land resources from agriculture, the result will be reduced farm surplus, higher farm incomes for agriculture, and lower farm prices for the consumers.

In discussing their first contention that price support programs have led to continued surpluses of agricultural commodities, the authors explain that by supporting prices at levels where the quantity supplied is greater than the quantity demanded, the inevitable result is surpluses. The U.S. attempts to dispose of these surpluses in ways which conflict with other national objectives and policies. For example, “our efforts to dispose of our surpluses through donations abroad can limit our commercial markets and sow ill will among our friends and allies.” 70

The C.E.D. further illustrates that expansion of domestic consumption through the school lunch programs and donations to low income families have limited usefulness in the task of adjusting agricultural productive capacity to demand. They contend that the ultimate solution to the farm surplus problem must be to cut production to the points where the quantity demanded at the prevailing price is equal to the quantity supplied at that price. In fact, in the short run the C.E.D. believes that: “we shall only be able to free ourselves of this burden without harmful effects if we make room for disposal of our surplus by cutting production under demand while surpluses exist.” 71

The authors contend that the present system of trying to help farmers through price and income supports is futile, “in fact harmful to the farmer, since his income position—in a prosperous, growing economy—has been worsening steadily.” 72

The C.E.D. does not substantiate this through examples or statistics. However, they do present a convincing case that the low income farmer (who does not produce enough to be assisted much by price rises) is not being benefited by a program of price supports.

The C.E.D. further argues that the price and income support programs place an unfair burden on the taxpayers because the taxpayer as a consumer pays higher prices for agricultural products and as a taxpayer pays higher taxes to support these programs for agriculture. In addition, such a farm program “discriminates against the American consumer who is asked to pay high prices for products we sell cheaply abroad, while we continue to ask the American consumer to pay, in taxes, to support prices that discriminate against him.” 73

The authors advocate as a solution to the farm problem the gradual withdrawal over a five-year period of price supports and allied measures which seek to help the farmer by supporting his income. In addition, the program must

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70 Committee for Economic Development, Toward a Realistic Farm Program (C.E.D., December, 1957), p. 70.
71 Ibid., p. 27.
72 Ibid.
include effective steps to reduce the number of people and the amount of other resources engaged in agriculture.

The alleged benefits of such a program are as follows: (1) reduction of surpluses would occur because demand and production would be brought into balance; and (2) higher average farm incomes would result from dividing farm incomes among fewer operations, and lower average prices can be made consistent with higher average income. "With less resources devoted to agriculture, and smaller production, prices will not have to fall so far to reach unsupported levels." 74

Thus, the C.E.D. presents a case for getting resources (people and land) out of agriculture and freeing farm prices. Their arguments are well presented but at times the high school reader could benefit by more amplification.

John Fischer, the Editor in Chief of Harpe's Magazine, in an article entitled "A Possibly Practical Utopia," also presents a case for eliminating price support programs. Some of his arguments are similar to those presented by The Committee for Economic Development. However, Mr. Fischer's development of these arguments is more thorough. His solution to the farm problem also involves the long run elimination of price supports and the plan he presents is unique.

Mr. Fischer argues that the consequences of the present farm programs have been (1) to make the big farmers bigger and to shove the little ones on the highway, (2) to alarm taxpayers, and (3) to impose a cost on those cities that attempt to absorb the farmers who have left the farms.

He explains that until recently Congressmen have tolerated this system because they have had no choice. According to Mr. Fischer, Congressional districts traditionally have been "rigged" to favor the rural minorities. The cities, in order to get the legislation they needed (housing, minimum wages, etc.), have had to go along with the demands of the farm bloc.

He believes at least three developments—two political, one economic—have made it feasible for Congress to scrap the old farm program, "and to design a new one which might fit the real needs of both agriculture and the cities." 75

In his first contention, "the rich get richer, the poor get out," 76 Mr. Fischer argues that as a result of the present farm program, the rich are able to produce more per acre than ever before while the poor who cannot compete are forced to leave the farm:

When you offer a bribe for every acre taken out of cultivation, the men with the most acres naturally get the most money—in many cases hundreds and thousands of dollars every year. Typically they have used their loot in two ways: (1) to buy more land from their smaller neighbors; and (2) to invest in tractors, cotton-pickers, fertilizer, weed-killer, six row cultivators, and all the other devices of modern technology. As a result the efficiency of the big farms (often run by corporations) has increased spectacularly...

But the little farmer, who didn't get enough government money to modernize his place—and doesn't have enough acreage to make mechanization worthwhile anyhow—obviously can't compete. So he sells out, loads

74 Ibid., p. 28.
76 Ibid., p. 16.
his mattress, his wife, and his eight children into the pick-up truck, and heads for the city.\textsuperscript{77}

Mr. Fischer further argues that farm policy "nicks" the taxpayer three times: "once to bribe the farmer not to farm so much, again in higher food prices, and finally in the heavy cost of storing and giving away the surplus." \textsuperscript{78} Fischer brings out that the farm program now costs nearly $7 billion a year, or roughly $35 for every man, woman, and child in the country.

Fischer discusses the cost to the cities of absorbing the migrant families. He cites case studies (e.g., depopulation of West Texas) which show that large numbers of families were forced out of the farming business as their land was "absorbed by their bigger and more efficient (and more heavily subsidized) neighbors." \textsuperscript{79} These individuals have gone to various cities that have had to bear the cost of absorbing them in terms of relief checks, public housing, retraining, education, social services, water supplies, and police departments. "The cost to the cities is hard to estimate in dollars, but James Patton, until recently head of the National Farmers' Union, has calculated that it comes to at least $25,000 for every rural family that arrives unemployable." \textsuperscript{80}

The three developments that provide an opportunity for a new farm program according to Mr. Fischer are as follows: (1) The series of Supreme Court decisions which forced a rearrangement of Congressional districts have broken the power of farm bloc representatives. The vote of a city resident now counts for as much as a farmer's. (2) The enfranchisement of large numbers of Southern Negroes, if used intelligently, is likely to lead to the election of men who can speak for the rural poor. Fischer brings out that:

The little farmers (usually Negro) who have been losing their land and jobs for the last three decades have had virtually no voice in the election of their congressmen. Moreover, because the one-party Southern habitually returned the same men term after term, they piled up seniority and thus rose to positions of baronial authority on the committees which control farm legislature and appropriations.\textsuperscript{81}

(3) The disappearance of some of the most burdensome farm surplus has eased one of the pressures which have been squeezing people off the land.

According to Mr. Fischer's plan, the new farm program would be essentially the following:

Three hundred and fifty new towns, each with about 50,000 to 100,000 inhabitants, would be built according to models in Finland and England. Some of the new towns would be built from scratch, like Reston, Virginia, and Columbia, Maryland. Others might use as a nucleus one of the existing, but dying, villages which can be found in rural areas everywhere. Around each new town a belt (from one to four acres) would be zoned for small farms. Those families who lived on these farms would have the advantage of a country environment but would not depend on the land for a living. "Their breadwinners would

\textsuperscript{77} Ibid., pp. 16-20.
\textsuperscript{78} Ibid., p. 16.
\textsuperscript{79} Ibid., p. 20.
\textsuperscript{80} Ibid.
\textsuperscript{81} Ibid., p. 22.
work in town, a short commute by car or bus.” 82 Fischer believes that this kind of life, part rural, part urban, would provide a desirable transition for uprooted farm families.

Beyond this belt of small holdings would be the commercial farms, typically ranging from a few hundred to a few thousand acres. These highly professional operations would not produce for home use but for distant markets. “They might well draw much of their seasonal labor, not from the present army of wretched migrant workers, but from the manpower pool of the neighboring towns.” 83

According to Fischer, we can make sure that the new towns will provide enough jobs by encouraging systematic planning—an existing trend.

Why not plan the new colleges then, along with the new towns? And why not do the same for government scientific, military, and bureaucratic installations? Why, for instance, wouldn’t it make sense to move the Bureau of Printing and Engraving to Reston, Virginia, rather than keep it in strangling downtown Washington? 84

There are many more details to Mr. Fischer’s plan. It is especially interesting in terms of the question of its feasibility. Could it actually work? If an Affirmative team wanted to use this plan or a modification of this plan, they would find it very challenging.

Although this article in places substitutes loaded words for precision, the arguments in the article are well presented in terms of reasoning and readability, and the plan may provide provocative ideas for the curious student.

Another point of view in opposition to that presented by the C.E.D. and Mr. Fischer is that the agricultural industry is unique in its economic characteristics and needs subsidization in order to survive in the economic sphere. This is essentially the position taken by John Kenneth Galbraith and Willard Cochrane, who both would like to see the institution of the family farm survive and receive its fair share of income. Galbraith attempts to identify and analyze the peculiar problem faced by the agricultural industry, and Cochrane goes a step further in suggesting a feasible plan of subsidization.

John Kenneth Galbraith, former Professor of Economics at Harvard University and presently U.S. Ambassador to India, in an article entitled “Farm Policy: The Problem and the Choices,” maintains (1) that the market operates with particular severity for the farmer, (2) that if subcommercial farmers are to have a decent income they must be helped, and (3) a strong government program is necessary for the survival of the family farm. His case is premised on the desirability of the survival of the family farm as opposed to its replacement by large, capitalistic producing units.

In discussing his argument that the market operates with particular severity for the farmer, Professor Galbraith explains that as the incomes of people rise they spend more on clothing, on transportation, on recreation, and other such things but not a great deal more on food. Thus, while expanding prosperity and increasing purchasing power would be a cure for overproduction in other industries, they are not the cure for agriculture. The incapability of agriculture to deal...
with the problems of expanding output is inherent in the organization of the industry. Since agriculture is an industry of many small units, no individual producer has an appreciable influence on price or the amount that is sold. As a result of its organizational structure, it is not within the power of the agricultural industry as a whole to keep expanding farm production from bringing down prices and incomes. Consequently, the power to protect its markets that is enjoyed by the corporation and to a large degree by the modern union is not enjoyed by agriculture. Thus, according to Professor Galbraith:

... those who talk about returning the farmer to a free market are prescribing a very different fate for him than when they talk about free enterprise for General Motors or free collective bargaining for labor. In the free market the corporation and the union retain their power over prices and output. The farmer does not... To provide the same kind of market for GM, one would have to recommend splitting the company up into a hundred or a thousand automobile-producing units. None of these would then have more influence than the average corn farmer on price; an improvement in technology would mean expanded output and lowered prices, and a glut of autos for all. And this recommendation applied to the labor market would mean the dissolution of unions.85

Professor Galbraith further maintains that if subcommercial farmers are to have a decent income, they must be helped. He defines subcommercial farmers as those people who sell very little—the family grossing less than $1,000 or $1,500 from agriculture. According to Professor Galbraith, this plight is characteristic of many people in the United States, especially in the southern Appalachians, the Piedmont Plateau, northern New England hill towns, the cut-over regions of the Lake States, and the Ozarks. Professor Galbraith concludes that:

... it is plain that if these families are to have a decent income one of two things must happen. They must be assisted in reorganizing their farm enterprises so that their output is appreciably increased or they must find a better livelihood outside of agriculture.86

In his last argument Professor Galbraith contends that if we choose to have a farm policy in which the smaller commercial farm can survive, it has to be a government program. He believes that self-organization by farmers to regulate supply and protect their incomes is a "pipe dream." To be more precise, he maintains that any policy must provide a floor under prices or incomes and must include production or marketing controls.

I have long felt that there is a right way and a wrong way to support farm prices and income and since World War II, we have shown an unerring instinct for the wrong course. Production payments, either generally or specifically financed, would be far more satisfactory. And since payments can be denied to overquota production, they fit in far better with a system of production control. But this is another story.87

86 Ibid., p. 111.
87 Ibid., p. 113.
Thus, Professor Galbraith presents a case against leaving agriculture to the forces of a free market. His underlying assumption is that the traditional family enterprise, because of the inherent industrial structure of agriculture, cannot survive if left to the free market. He goes on to suggest a government program of financial assistance without discussing the estimated cost of such a program. His case could perhaps have been strengthened if he had dealt with the issue of costs since this is one of the prevalent issues in the price-support controversy.

William W. Cochrane, agricultural economist, in his book *Farm Prices*, in chapters 7 and 8, argues (1) that the free market approach to farm prices is a "blind alley" approach, and (2) that a "supply control" approach would help alleviate the farm problem.

In discussing his first contention he defines a "blind alley" approach as either a course of action that is incapable of achieving its stated objective or a course of action that gives rise to new problems which society seeks to avoid. Cochrane contends that a return to the free market satisfies both conditions of his "blind alley" approach.

*First*, it is assumed by advocates of the free market that low farm prices would speed up the flow of labor out of agriculture and therefore reduce total resource inputs. Cochrane argues that the flow of human resources out of agriculture is probably more closely associated with nonfarm job opportunities than changes in the level of farm product prices relative to the level of nonfarm prices. He also argues that continually decreasing farm prices may act to starve people into agriculture rather than out.

Falling farm prices may act to reduce labor inputs in agriculture, depending upon circumstances on the nonfarm side of the fence, but the supply-reducing effects of this approach are guaranteed from another source. They are guaranteed by the failure to replace capital items and the failure to adopt new capital-using technologies where financial losses are widespread. Capital starvation, not human starvation, ensures a slowdown in the rate of aggregate output expansion through the workings of the long-run wringer.88

Thus, the low farm prices that would result from free market forces do not necessarily achieve their goal of speeding the flow of labor out of agriculture.

*Second*, if farm prices were permitted to fall on the average of 50 to 60 percent, it is probable that in time the surplus condition existing in agriculture would be corrected. However, this approach gives rise to other problems, income problems, that society wishes to avoid.

This is what is known as putting agriculture through the long-run wringer. Through widespread financial losses and business failure, the rate of technological advance and capital formation is slowed down, and with it the rate of aggregate output expansion.

Real live people with hopes and aspirations for themselves, family and friends do not want to correct imbalances in the economy by means of widespread financial losses and business failure. Real live people want to find more humane methods than the free market to correct inequitable situa-

tions and maladjustments in the economy. And they do not hesitate to make government an instrument of such humane methods.\footnote{Ibid., pp. 136-137.}

Thus, Cochrane concludes that the free market solution for agriculture is a "blind alley" approach. He goes on to discuss some of the suggested price-support and income-support programs and points out that such proposals as flexible price supports and fixed price supports are also "blind alley" approaches.

His thesis is that any plan must attack the crux of the problem, and that is overproduction; and at the same time this plan must give the many small producers in agriculture "the necessary bargaining power to live in a world where bargaining power counts, but not give them the power to starve the rest of us into submission." \footnote{Ibid., p. 171.}

Cochrane advocates as a solution to the farm problem a supply control approach, "namely, the annual determination of the quantity of a commodity that a given market will take at a price defined as fair to producers and consumers alike." \footnote{Ibid., p. 168.} In other words, he suggests that the government apply to agriculture the same general approach that it has employed in creating and regulating public utilities. The main outlines of this "public-utility" approach are basically as follows: (1) Congress would set "fair" or parity prices for agriculture which would serve as guides in the setting of national sales quotas. (2) The United States Department of Agriculture would set national sales quotas for each principal agricultural commodity in amounts which the U.S.D.A. had estimated the market at the predetermined "fair" or parity prices. (3) Each farmer at the inception of the program would receive a market share, his pro rata share, of the national sales quota for each commodity, based probably on his historical record of production. (4) Each marketing certificate would be negotiable.

In support of his proposal, Cochrane brings out that: sugar producers, fluid milk producers, and tobacco producers show evidence that industries such as agriculture can operate within the framework of a controlled industry, "and they don't seem to be terribly unhappy or restive under the burden of those controls." \footnote{Ibid., p. 166.}

Thus one finds that Cochrane's case and Galbraith's case for maintaining income protection for farmers complement each other. Both authors base their arguments on two assumptions: (1) that the economic characteristics of agriculture do not allow them to compete successfully in a free market system, and (2) that there is such a concept as a "fair" income. Their opponents argue essentially that (1) agriculture should be subject to the same forces as any other industry, and (2) it is not the taxpayers' obligation to subsidize any one sector of the economy.

6. BUSINESS

The student when studying market structures usually learns about monopoly practices and monopoly power. He becomes exposed to the Federal anti-trust

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laws and how they attempt to preserve and maintain competition. The Sherman Act (in Section 1) declares all contracts, combinations, or conspiracies in restraint of trade to be illegal in interstate commerce. It also provides (in Section 2) that any person (or persons) who shall monopolize or attempt to monopolize shall be deemed guilty of a misdemeanor. Thus, Section 1 appears to be an offense against activities which include competitors whereas Section 2 appears to be an offense against activities which exclude competitors.

The Clayton Act and the Federal Trade Commission Act are aimed at incipient monopoly practices—nipping monopoly in the bud. The Clayton and the Federal Trade Commission Acts are more “remedial” in nature whereas the Sherman Act tends to be more “punitive.”

The observant student often questions whether competition is increasing or decreasing in our economy. Are the anti-trust laws in their present state actually curbing monopoly abuses? Are these laws effective? Are they capable of enforcement? Rather than attempting to answer these questions himself, the instructor could schedule a debate on—Resolved: that federal anti-trust policy should be strengthened. The Affirmative in such a debate would have to clarify whether strengthen meant better enforcement procedure, more powerful legislation, or both. He would then have to present a prima facie case for strengthening anti-trust policy, explain how he intended to implement his proposal, and discuss the advantages of his proposal.

The Negative would have to show that there is no need to strengthen anti-trust policy—that competition is not decreasing or that strengthening anti-trust policy is not the best answer to preserving and maintaining competition.

On the Affirmative I have chosen a publication by Walter Adams and Horace Gray and an article by Carl Kaysen and Donald Turner. On the Negative I have chosen publications by the editors of Fortune and Jerrold Van Cise.

Walter Adams, Professor of Economics at Michigan State University, and Horace M. Gray, Professor of Economics at the University of Illinois, in an article entitled “Rationalizing the ‘Inevitable’: The Case Against Business Monopoly,” provide a case against “man-made” monopoly that if accepted as valid leads to the conclusion that anti-trust policy should be strengthened. They contend (1) that a program for the promotion of competition (e.g., a strong anti-trust policy) minimizes governmental intervention, (2) that the existence of business monopolies cannot be justified on technological grounds, (3) that existing market forces and social pressures do not effectively hold business monopolies in check, and (4) a firm that has monopoly power will use this power or it will cease to be a monopolist.

The authors bring out that once free competition is established, it can be maintained with a minimum of subsequent control—that the role of government initially is to enforce competitive conditions. Only after this competitive atmosphere has been successfully implemented does the maintenance of competitive conditions necessitate little control:

Given such minimal support, competition is a viable, self-perpetuating system within which men can conduct their economic activities free from dictation by government.... Actually it is excessive concentration and the resulting aggressions of private monopoly that necessitate Big Government
to alleviate the tensions, insecurities and social conflicts inherent in such a system.\footnote{93}

In relation to their contention that the existence of business monopolies cannot be justified on technological grounds, the authors bring out that many existing firms could be made smaller without the sacrifice of productive efficiency. They explain how the doctrine of technological determinism—that competition is technologically obsolete—has corroded the traditional faith in competition and encouraged the monopolists’ belief that monopoly represents the wave of the future.

In actuality, according to the authors, the burden of proof is on the technological determinist to show how technology is a necessary and sufficient explanation of economic concentration. The authors maintain that technology is but one of the interrelated forces which have made economic concentration

... possible, not necessary or inevitable. Moreover, it is the control of technology and of technological development, not the technological process itself, which exercises deterministic effects on the structure of the economy. Failure to make this distinction between monopoly control of technology and the inherent nature of the technological process is a source of much confusion and frequently leads to the erroneous conclusion that technology causes, requires, or necessitates monopoly for its effective utilization.\footnote{94}

The authors concede that in industries such as the iron and steel industry a firm must be big both horizontally (i.e., any one branch of the industry) as well as vertically (in successive stages of operation) but that there is no economic justification for conglomerate integration—the combination of spatially and functionally separate plant units.

To be sure, efficiency might require integrated operations at Gary or Pittsburgh or Birmingham; but is there any technological justification for combining these functionally independent plant complexes under the administration of a single firm? ... Is it technological determinism which explains the expansion of General Motors into the locomotive and electric appliance field? Is it technological exigency which compels control of Western Electric by AT&T?\footnote{95}

In regard to this contention the authors conclude that technological necessity is merely a convenient and persuasive rationalization for monopoly.

In support of their contention that existing market forces and social pressures do not effectively hold business monopoly in check, the authors reason that the mere presence of forces that may at a given time happen to restrain monopoly does not lead to the conclusion that monopoly has been transmuted into an instrument for the public good:

They do not prevent the emergence of economic power concentrates, nor do they assure their neutralization and eventual destruction. The per-


\footnote{94} Ibid., p. 172.

\footnote{95} Ibid., pp. 172-173.
sistence of these power groups is at least presumptive evidence that general market forces are either non-existent or too weak to be decisive.

The authors also maintain that the suggestion that the inherent defects of monopoly can be remedied by government intervention on behalf of the weaker party is based on an unrealistic and erroneous assumption:

... that government is an autonomous, monolithic, self-contained organism—that political power always checkmates economic power by intervening on the side of the underdog. Unfortunately this is no more than a fond hope. Experience indicates that economic interest groups are today largely politicized units, making their claims upon and through the institutions of government.

In expressing their argument that a firm that has monopoly power will use this power or cease to be a monopolist, the authors contend that the institution of monopoly by its very nature precludes the possibility that a new sense of:

... social responsibility will arise since the first law of concentrated economic power is to survive. Even if a monopolist were personally disposed to moderate his behavior and assume the role of a benevolent steward, he could not, for he must exercise his economic power continuously and effectively lest it slip from his grasp.

The authors further reason that a society which is too "weak" in the first place to prevent monopoly, is not likely after the power is concentrated, to restrain the subsequent exercise of the "antisocial" behavior associated with monopoly power. One of the implications that follows from the acceptance of Professors Adams' and Gray's arguments is that laws and policy governing monopoly and monopoly practices should be strengthened so as to increase and preserve competition. Although the authors present a logical and well-substantiated case for their point of view, they do not propose a specific solution to the problems that they discuss.

Carl Kaysen and Donald Turner, in an article dealing with the problems of monopoly, go a step further and actually suggest a specific plan to curb monopoly power by modifying and thereby strengthening federal anti-trust policy.

Carl Kaysen, economist and Director of the Institute for Advanced Studies in Princeton, and Donald Turner, head of President Johnson's Anti-trust Division in the Justice Department, in an article entitled "A Policy For Antitrust Law," argue (1) that the most important aim of anti-trust policy should be the protection of competitive processes by limited market power, and (2) that to carry out the goal of limitation of undue market power the anti-trust laws must be amended.

In discussing their first contention, the authors bring out that present anti-trust laws do not effectively deal with undue market power.

A review of existing antitrust law indicates what to us are some important gaps in coverage. Since the existing law is primarily oriented toward conduct, it does not effectively deal—or at least has not effectively dealt...
in the past—with undue market power that cannot be associated with bad or unduly restrictive conduct. 99

The authors further maintain that the present laws do not adequately insure freedom of entry. The authors admit that in real markets most of the conditions of the competitive model do not exist. However, some concepts in the market can be applied, one of which is freedom of entry and exit in response to profits and losses.

Where firms can persistently behave over substantial periods of time in a manner which differs from the behavior that the competitive market would impose on competitive firms facing similar cost and demand conditions, they can be identified as possessing market power... There is a high correlation between concentration of output in the hands of a small number of large producers and the existence of firms with significant degrees of market power. 100

After showing that there exist significant concentrations of undue market power in the sense that members of the industry behave non-rivalrously for mutual benefit, the authors suggest amendments of the anti-trust laws that would "(1) enable a direct attack on undue market power without regard to the presence or absence of conspiracy in the legal sense, and (2) severely limit forms of conduct that contribute to the creation of undue market power." 101 However, if reduction of market power is incompatible with "efficiency and progressiveness," the authors suggest subordinating the first goal to the second. On the other hand, where market power exists and can be reduced without sacrifices in efficiency (performance) "then such action is desirable without reference to the question of how good overall performance may have been." 102

Some of the specific ways that the authors suggest for implementing their proposal are as follows: (1) Limitation of market power will be brought about by statutory authorization for the reduction of undue market power whether individually or jointly possessed to be achieved through dissolution, divorcement, or divestiture. (2) A limitation on conduct contributing to market power will be brought about by a requirement of advance reporting of all mergers involving firms of more than a certain absolute size in assets or more than a certain share of any market in which they operate. (3) Patent laws should be revised to create a class of "petty" patents, with monopoly rights for five years only, and to raise the standard of invention for seventeen-year patents.

The authors admit that the validity of their case rests primarily on the acceptance of a value judgment:

The most important aspect of the competitive process is that it is self-controlling with regard to private economic power... It is our preference

100 Ibid., pp. 232-233.
101 Ibid., p. 234.
102 Ibid.
for the kind of autonomy in economic life which a market-organized society makes possible that forms the particular judgment we make.\textsuperscript{103}

Many students of economics will accept this value judgment and attempt to analyze whether there is a need to protect the competitive process by limiting market power; they may further analyze whether the author’s plan actually achieves this end in a feasible manner and a way in which the disadvantages resulting from the suggested plan do not outweigh its advantages. Other students of economics will reject the value judgment and attempt to disprove the desirability of maintaining a competitive market structure.

The editors of Fortune in an article entitled “The New Competition,” contend (1) that there is adequate competition among business firms today, and (2) that monopoly power where it exists will not likely be exerted. They, therefore, conclude that there is no need to strengthen anti-trust policy.

In discussing the contention that there is adequate competition among business firms today, the authors bring out that competition no longer means what it once did. According to the old model, competition was characterized by a market with many sellers turning out practically the same product, with no seller large enough to have any power to control prices. The “new competition” retains the basic principles and discards as much of the model as is necessary to make it consistent with reality.

Therefore it does not hold that business, to bring maximum benefit to consumers, must necessarily consist of many small sellers competing by price alone. It does not hold that the rivalry of a few large sellers necessarily means economic injustice. And it does not necessarily think of competition as the impersonal, pervasive force of the classic model, but grants it can be, in the words of Michigan’s Clare Griffin “conscious and personal.”\textsuperscript{104}

The authors hold that in terms of the concept of the new competition, there is adequate competition among business today. The authors quote such authorities as Professor Stigler, author of “The Case Against Big Business” and Professor Clair Wilcox to show that “competition even judged by the classic model, has been increasing, not decreasing over the years.”\textsuperscript{105}

The authors further maintain that the true criterion for judging competition is whether the consumer has a large range of alternatives available to him. According to the authors, this range of choice is large and will continue to grow in most new consumer products, garments, appliances, radios, and television sets.

Thus the chances are good unless retailers gang up and legislate sweeping fair-trade laws, that the consumer will continue to buy most of his soft goods, accounting for perhaps 25 per cent of his expenditures, as cheaply as he could were they made under the classic model. (Of course no one can demonstrate otherwise.)\textsuperscript{106}

\textsuperscript{103}Ibid., p. 236.
\textsuperscript{105}Ibid.
\textsuperscript{106}Ibid., p. 166.
The authors believe that "Big Business," the oligopolistic, unregulated industries like autos, steel, chemicals, cigarettes, rubber, oil, and tin cans—where a few sellers are said to rule the market—act competitively because they are subject to the pressure of public opinion. Although these industries have monopoly power, they do not exert this power because they do not believe their place is secure, and they fear "the brooding omnipresence" of the anti-trust laws.

They do not feel their place is secure because industrial research "is providing hundreds of new products that can substitute for older ones—nylons for silk, aluminum for steel and copper, plastics for leather, wood, metals, etc. The laboratory, today, is the great creator of competition." 107

The "brooding omnipresence" of anti-trust laws induces business to voluntarily keep prices down. "No businessman of consequence makes price, employment, advertising, acquisition, or expansion policies without considering whether or not they will violate the law." 108

The authors further comment that the anti-trust laws have gone a step too far in attempting to maintain competition and have often produced an opposite effect, "i.e., to protect competitors from the effect of competition." 109

The first contention of this article is better substantiated than the second. Given the authors concept of the "new competition," a case can be made that it is increasing. This does not necessarily imply that competition could not increase even more. The second contention—that monopoly power where it exists will not likely be exerted—could have been substantiated by more evidence, including examples of specific oligopolistic industries that are following competitive pricing.

Jerrold Van Cise, attorney and former chairman of the Section of Antitrust Law of the American Bar Association, in an article entitled "Regulation By Business or Government," argues that not only is there no need to strengthen anti-trust policy but government regulation of business should be minimized. More specifically he contends that (1) private self-regulation of business by business (especially with regard to improving the quality of competition) is more effective than government regulation as manifested by anti-trust policy, and (2) a proposal of teamwork between industry and government would improve the quality of competition in industry.

In discussing his first contention that private self-regulation of business is more efficient than government regulation, Mr. Van Cise brings out that two handicaps faced by government when it seeks to regulate trade practices are a lack of funds and a lack of industrial know-how.

In substantiation of his proposition regarding the problem of government in obtaining compliance, arising out of the shortage of funds, Mr. Van Cise quotes Paul Rand Dixon, Chairman of the Federal Trade Commission. According to the quotation the funds available to the FTC are so low that the most effective role they can hope to play is that of a guide.

Mr. Van Cise also cites some examples of the discriminatory prices and terms that prevail in many lines of commerce as evidence that the government cannot, without assistance, regulate trade practices. Mr. Van Cise maintains that the impact of government regulation seldom has a quantitative effect on industry.

107 Ibid., p. 168.
108 Ibid., p. 169.
109 Ibid.
and concludes that government attorneys do “valiantly rush out, seize a stray offender from time to time, and eventually proceed to try and convict him; but these commendable forays interfere little with the overall jungle warfare of the industries involved.” 110

Mr. Van Cise further alleges that the lack of knowledge of the workings of our industrial economy also presents a substantial barrier to effective regulation of trade practices by government.

In part, this lack of knowledge is due to the substantial turnover of government personnel which has always plagued Washington. A young attorney on the staff of an enforcement agency usually acquires a realistic insight into the day-to-day operations of a few lines of commerce, but during this period of time he is also apt to acquire a wife and a child or children. Eventually, he tends to accept more remunerative employment in private industry. His place is then taken by a novice, who may also in turn be lost to government service just when he becomes most valuable.111

The author also contends that the government counsel is largely unaware of many questionable practices that are well-known to those who buy and sell in the market and that “even when this conduct is called to Washington’s attention, government counsel is unable to determine the legality of practices until after intensive investigation and careful evaluation.” 112

Mr. Van Cise concludes that these shortcomings are an integral part of government’s attempts to regulate the fairness of competitive practices, and that there is a need to supplement government regulation with industry self-regulation.

Two reasons why business in the past has often refused to accept the responsibility of discontinuing the use of debatable trade practices are: (1) many have not believed that the practices challenged in Congressional hearings are unfair, and (2) the individual businessman has been prevented from joining with his competitors to eliminate such conduct even when he agrees that the conduct is unfair.

The courts

... have resolutely outlawed industry self-government even where it has sought only to prohibit clear violations of law. A familiar illustration of this judicial hostility toward industrial self-government was the ruling of our Supreme Court on the attempt by a branch of the garment industry to curtail the piracy of designs. The court felt so deeply that businessmen should not be permitted to regulate themselves that it sweepingly ruled “even if copying were an acknowledged tort under the law of every state, that situation would not justify petitioners in combining together to regulate and restrain interstate commerce in violation of federal law.” 113

The author discusses several other cases where industry has attempted self-regulation but has been thwarted by the courts (e.g., Silver v. New York Stock Exchange, Giboney v. Empire Storage & Ice Co., etc.).

111 Ibid.
112 Ibid.
113 Ibid., p. 57.
Thus, Mr. Van Cise concludes that on the one hand, government may but cannot regulate industry while, on the other hand, businessmen can but may not regulate it.

He offers three alternatives in which industry cooperates under the supervision of government to insure competition. Of the three he recommends the following:

Industry, as a further alternative, might propose a voluntary program of self-regulation and apply for an advisory opinion with respect to its legality from either the Department of Justice or the FTC. This third alternative does not give as adequate an antitrust immunity as does a statute, guide, or rule, but it would at least involve governmental review and could establish procedures to supplement industry cooperation with governmental compulsion.¹¹⁴

Mr. Van Cise argues that his proposal would benefit both business and government. According to Mr. Van Cise it would be far better for business to attempt to meet the objectives of Congress through cooperating with the government than to be forced by new precise, rigid regulations “to yield any further freedom of commercial action.”¹¹⁵ The proposal would be in the interest of government because the probability of the government achieving its objective of preserving and maintaining competition would be increased and at least cost to the taxpayer.

One may observe that both the editors of Fortune and Jerrold Van Cise are against strengthening anti-trust policy—the editors of Fortune on the grounds that the amount of competition in our economy is increasing, not decreasing, and Mr. Van Cise on the grounds that business itself is better able to regulate the nature (quality) of competition in our economy. Mr. Van Cise presents an interesting case against strengthening anti-trust policy. In a few instances amplification would have significantly improved his case (e.g., a more thorough discussion of why business is inherently better equipped to regulate trade practices than government).

The student in analyzing this resolution must determine whether there is a need for further policy to control monopoly practices, whether the need can be met by antitrust policy and if so, what specific policy should be implemented.

7. LABOR

(a) RESTRAINING ECONOMIC POWER

In studying labor and industrial relations the student becomes aware that labor unions have come to occupy an important role in the economy, in terms of membership and influence. In 1886 the American Federation of Labor (AFL) was formed on a “craft” basis—each unit of the federation was composed of skilled workers of a given occupation. In the 1930’s the Congress of Industrial Organizations (CIO) was formed on an “industrial” basis—the members of a given unit were all workers in the same industry. In 1956 the AFL and CIO merged into one union.

¹¹⁴ Ibid., p. 59.
¹¹⁵ Ibid., p. 63.
Up until 1935 and the passage of the Wagner Act, there was bitter opposition, even by government, to unions. The Wagner Act was favorable to labor, and since its enactment most manufacturing industries have become unionized. By 1947 Congress concluded that the Wagner Act was one-sided in favor of labor and passed the Taft-Hartley Act to define illegal collective bargaining practices of union.

There are some who believe that the power of labor has grown to such an extent that at present labor unions have monopoly power. These individuals also argue that because labor unions are basically exempt from anti-trust and similar type laws, they are able to increase and misuse their monopoly power. They thus advocate the adoption of some type of legislation to control the monopoly power of labor.

There are others who believe that the pendulum has swung in support of management primarily because of the threat to labor of automation. Some even argue that collective bargaining promotes a higher type of competition based on efficiency.

These issues could be formulated into an interesting debate topic—Resolved: that the economic power of labor unions should be restrained. The Affirmative would have to stipulate how the power of labor unions was to be curbed—applying anti-trust laws to labor, enacting new legislation applied to labor, etc.

The publications I have selected on this resolution bring out the arguments in favor and against restraining the economic power of labor unions. On the Affirmative the authors of the publications are Edward H. Chamberlin and Patrick Boarman. On the Negative the authors are the Research Department of the AFL-CIO and George Strauss.

In a publication entitled The Economic Analysis of Labor Union Power, Edward Chamberlin, Professor of Economics at Harvard University, develops a case for restraining the economic power of labor unions. He essentially offers two contentions to support his position: (1) labor unions have monopoly power; (2) labor unions misuse their monopoly power.

In discussing the monopoly power of labor, Dr. Chamberlin gives examples of this power and even admits that a certain degree of monopoly power is necessary to offset the original monopolistic position of the employer. However, he believes that their degree of power has become unreasonable.

Unions already do many things which directly "restrain trade" in the product market and which businessmen cannot do—merely because they are unions and exempt from antitrust laws. They may be and have been used in effect, as "agents" of employers to enforce collusive agreements with respect to product prices, and in cases where producers for some reason are unable to form or maintain a monopoly agreement, unions have a special incentive to exercise monopoly power in the product market for their own ends.118

Dr. Chamberlin further argues that although the public thinks of the union as coming into being by a more or less spontaneous desire of a group of employees to become organized, they actually become enrolled as members:

... through the activities of organizers employed by already existing unions seeking to expand their power; or they may be handed over in block by an employer, perhaps forced by economic blackmail to sign a contract—and a union shop contract—with a union.\textsuperscript{117}

In his contention that labor unions are misusing this monopoly power, Dr. Chamberlin maintains that it is the public who gets hurt by this misuse of power. Since the employer is in a conspicuously weak bargaining position, labor uses its monopoly power to achieve unwarranted increases in wages. These increases are not borne by the employer, but are passed on to the consumer in the form of higher prices either immediately or within the next general price adjustment.

The “isolated” firm in the sense necessary to the absorption of a wage increase without a price adjustment is a comparative rarity, and the conclusion must be that the public has a broad and vital interest in the outcome of labor negotiations.\textsuperscript{118}

Dr. Chamberlin also maintains that the counterargument—the increase in labor wages is actually beneficial to the public because the receivers of higher wages spend them and thus spread prosperity—is economically fallacious. It is true that when any group of laborers receives higher money wages, their real income increased because they are able to buy more goods. However, the higher wages raise the cost of producing and hence the price of these goods. “Thus others are able to buy fewer goods, so that the real incomes of others are diminished. . . . The interest of those who gain is hardly to be identified with the whole, if the whole includes also those who lose.”\textsuperscript{119}

The author concludes his case with a plea for action against labor’s monopoly control:

At one time laborers did not have the freedom to which they were entitled to form unions and to bargain collectively; and the economic power of those unions which existed, although important, did not on the whole menace the economy. But, this situation no longer exists. There is abundant evidence that unions today do have too much economic power. When this is the case, the public interest requires that steps be taken to reduce it.\textsuperscript{120}

Patrick M. Boarman, Associate Professor of Economics at Bucknell University, in his book \textit{Union Monopolies and Antitrust Restraints}, brings out (1) that unions have monopoly power, and (2) that by their use of it they bear a substantial part of the blame for the chronic unemployment and the balance of payments deficit in the United States. He presents some of the strongest arguments for his case in Chapters 1, 3 and 6.

In arguing that unions have monopoly power, Dr. Boarman maintains that the unions “have acquired far more monopoly than anyone else if monopoly implies control over the national economy or some segment thereof.”\textsuperscript{121} He

\textsuperscript{117} Ibid., p. 21.
\textsuperscript{118} Ibid., p. 30.
\textsuperscript{119} Ibid., p. 9.
\textsuperscript{120} Ibid., pp. 46-47.
explains that this power is strategic rather than quantitative although even quantitatively union strength in the United States is quite impressive. The most control wielded by unions over their markets is "wage control—the power, buttressed by the strike weapon to coerce an employer into paying wages which limit the number of workers he can hire." Dr. Boarman also explains that the interest of the unions in establishing industry-wide or economy-wide control over labor markets must logically be to establish levels of wages which would not have existed under competitive conditions, and that a consequence of attempting arbitrarily to increase wages beyond competitive levels is to increase the level of unemployment.

Unionized labor may be said to receive "monopoly gains," therefore, not in the sense that labor's share is increased at the expense of the other distributive shares, but in the sense that those who remain employed obtain extra benefits because others, able and willing to, are disemployed. It is possible, indeed, to show a positive correlation between short-run increases in labor's share and rises in the unemployment levels from data available for the period 1929-1961.

Dr. Boarman further argues that even if a union has:

... at the other extreme, a policy of allowing no loss of jobs to members, it may generate unemployment by keeping wages at a level low enough to provide jobs for the existing membership but high enough to destroy job opportunities that would be needed to absorb new entrants. ... Union policies may cause expansion and employment to fall short of the economy's full potential, so that potential jobs rather than currently existing ones are annihilated.

Dr. Boarman also argues that labor unions have contributed to the deterioration of the United States' position in the world economy "on both the price front via their wage demands and on the quality-choice front via the monopoloid tendencies in industry which the giant unions have fostered." His presentation of this argument is complex and may be difficult for the student to understand if the student has not (at this point in the course) been exposed to the Economics of International Trade & Finance. In essence, Dr. Boarman is saying that if wages were lower, prices would be lower; and thus more American goods would be bought by foreigners, and our competitive position in the world economy would be strengthened. In addition, he is maintaining that the "bigness" in labor has inevitably led to more combinations and mergers on the enterprise side. These combinations and mergers have resulted in higher (monopoly) prices and consequently have weakened our competitive position in the International Market. His argument rests on the assumption that reduction in labor power will lead to less monopolization in industries. Therefore, less monopolization in industries will lead to increased output and lower prices. Lower prices will result in a greater quantity demanded of U.S. goods by foreign buyers. The increase in the quantity demanded by foreigners will lead to more exports of U.S. products (a better

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122 Ibid., p. 45.
123 Ibid., p. 53.
124 Ibid., p. 82.
125 Ibid., p. 147.
export-import balance) and a better export-import ratio will decrease the U.S. balance of payments deficit.

In sum, Dr. Boarman maintains that because unions have monopoly power and misuse this power, anti-trust principles should be applied to labor unions to restrain some of their power and practices. He believes it is futile to expect labor unions to exercise self-restraints or to be socially responsible because "monopolists who fail to maximize their own advantage in a given situation are merely being stupid." Consequently, Dr. Boarman advocates the use of anti-trust restraints on labor unions to restore effective competition. "The evil of excessive power in economic life can be corrected not by treating its symptoms but only by dissolving the power structure itself, that is to say, by the restoration of competition." 127

According to an article by the AFL-CIO entitled "The 'Labor Monopoly' Myth," the charge that unions possess dangerous monopoly power is based on emotion rather than on logic. They maintain (1) that in actuality collective bargaining operates to destroy the employer's monopoly over the labor market, (2) that collective bargaining promotes a higher type of competition based on efficiency of management rather than on worker speedup and substandard wages and salaries, and (3) that collective bargaining does not lead to restricted output.

In support of the first contention—that collective bargaining serves to destroy rather than create monopoly power, the authors argue that "pure competition" gives the employer an unfair disadvantage, and therefore workers are led to join together into unions.

When workers join unions, the result is markedly different from the effect of combinations of businessmen who ruthlessly rig prices in the product market. Corporate monopolies are unscrupulous in purpose and illegal in practice; they aim only to increase profits and enrich the few at the expense of the consuming public.

Unions on the other hand, have emerged to serve the many—not a privileged minority.128

To substantiate their second contention regarding the increase in competitive standards brought about by collective bargaining, they reason that under multi-employer bargaining firms are encouraged to compete on the basis of better production methods, a better product, and superior salesmanship—the "real" qualities of effective management.

It is important to remember that uniform wage rates, where they may exist between competitors, are not the same thing as uniform labor costs. Under multi-employer bargaining, although wage rates may tend toward a uniform pattern, there still remain unlimited opportunities to compete for lower labor costs by increasing labor productivity through the development of better supervision, improved production planning, and more efficient use of machines.129

126 Ibid., p. 18.
127 Ibid.
129 Ibid., pp. 141-142.
To substantiate that collective bargaining does not lead to restricted output, the authors bring out that "the greatest production growth in the history of the nation and its greatest union growth have been achieved simultaneously." 130

Some of what is said in this article is substantiated through logic but much is left in the form of unsupported assertions. The authors seem to be chauvinistic in their attitude toward labor. However, the student can get some ideas on how to develop his own case by the arguments suggested (though not proved) in this article.

George Strauss, Professor of Industrial Relations at Berkeley, is also a research economist for their Institute of Industrial Relations. In an article entitled "Union Bargaining Strength: Goliath or Paper Tiger," he maintains that union bargaining strength has declined significantly in recent years for the following three reasons: (1) Economic factors have shifted the balance of power toward management's side. (2) The change in ideological climate in unions have helped to shift the balance of power toward management's side. (3) The changes in management tactics have helped to shift the balance of power toward management's side.

Dr. Strauss argues that unions are weaker economically primarily because technological change has steadily reduced the proportion of the labor force working in the factory.

The threat of automation has thrown unions on the defensive. To quote a typical comment: "We've lost one third of our men, but we are producing as much as we did in 1955. Our youngest (least senior) man came in 1950. Everyone is scared that automation will hit him next. Sure, wages are high, but what good do these do when you are out in the street? And for a man of forty finding a good job isn't easy these days." 131

Dr. Strauss uses the term automation to mean all forms of labor-saving technological advance. He emphasizes how automation is weakening and will continue to weaken labor's bargaining position because as new processes are introduced fewer men are needed. In addition, "overcapacity in many lines of industry has made management less reluctant to take a strike, and foreign competition and reduced profit margins have stiffened its resistance to granting wage increases." 132

Dr. Strauss also argues that the changes in ideological climate have helped to shift the balance of power toward management's side. "Representatives seem to have lost some of their idealistic motivation, which made them so effective in the thirties and forties . . . they look upon the union as a career rather than a cause." 133 Dr. Strauss also believes that in recent years, there have been significant changes in the role of local officers—that they are less willing to give time to the union and often run for office "solely to bring themselves to management's attention as potential supervisors, to win superseniority and protection against layoffs, or to represent the special interests of their own group as against that of others." 134

130 Ibid., p. 142.
132 Ibid., p. 87.
133 Ibid., p. 88.
134 Ibid., p. 90.
Dr. Strauss gives examples and reasons why in general members stand behind their unions with less enthusiasm than they did fifteen to twenty-five years ago. Many members believe that the unions are letting them down, especially with respect to protecting them against automation.

On the other hand, according to Dr. Strauss, management has taken advantage of union weakness to go on the offensive. Management is no longer willing to make concessions.

Even when there is no economic crisis, modern accounting control procedures place heavy pressure on plant managements to cut labor costs. Hourly rates are set by the union contract, but there are other techniques of gaining savings, such as reducing the amount of time spent on grievances, bypassing strict seniority, increasing work loads, and eliminating wildcat strikes.185

In recent years the prevailing management philosophy toward industrial relations has changed. The emphasis is no longer on getting along with the union but on fighting back to win some of the rights it has lost in the past.

In effect personnel men are following rules such as: "Don't make concessions between contracts for which you will not be given credit when a new contract is negotiated. Always save something at one negotiation which you can give at the next one. Do not introduce technological changes during negotiations, just before union elections, or when a wildcat strike could be exceptionally hard to bear." On the whole, the new approach seeks to avoid major tests of strength—or to make sure that such tests are confined to issues which management is sure to win.186

Thus, Dr. Strauss presents a case leading to the conclusion that unions do not have monopoly power. In fact, he believes that the union's bargaining position is weakening and that management's position is strengthening. His arguments are well explained and he gives examples to support the points he makes. Most of his evidence is qualitative rather than quantitative. However, the examples he cites appear to be representative.

After hearing the arguments advanced by the Affirmative and Negative, the student must decide (1) if labor unions possess monopoly power, and (2) if labor unions misuse the monopoly power they allegedly possess. If the student concludes that in actuality labor possesses and misuses monopoly power, he must decide how (in what specific manner) this monopoly power should be restrained.

(b) COMPULSORY UNION MEMBERSHIP

One of the questions regarding policy toward labor that has been prevailing for years concerns whether the union shop should be declared illegal. The proponents of this policy believe that no one should be forced under penalty of loss of livelihood to join and support a private organization, that compulsory unionism is undemocratic in practice, and that compulsory unionism provides little protection against the abuses of unchecked power.

185 Ibid., p. 91.
186 Ibid., p. 93.
The opponents of this policy argue that compulsory unionism is democratic in practice in that it allows “rule by the majority.” They also argue that compulsory unionism is desired by workers, and that compulsory unionism compels the “free loader”—the person who benefits from social action but is unwilling to contribute to its support—to pay his way.

In order to discuss intelligently whether Congress should outlaw compulsory union membership as a condition of employment, the student should have an understanding of the following vocabulary: closed shop, union shop, open shop, “right-to-work,” and voluntary unionism.

One may distinguish at least three main methods of treating union membership in relation to employment. The “closed shop” requires the individual to be a union member before he can be hired. The “union shop” permits the employer complete freedom of hiring, but provides that new employees must become union members after some specified period. Thus, the phrase “compulsory union membership as a condition of employment” refers to the situation described by the term “union shop”; the phrase and the term are often used interchangeably. In an “open shop” there is no discrimination in hiring between union and non-union members, and workers remain free to join or remain outside the union. The phrases “right-to-work” and “voluntary unionism” are often used to designate the situation described by the term “open shop.”

After the students comprehend the previously mentioned vocabulary, I would recommend a debate on the following topic: Resolved: that compulsory union membership as a condition of employment be declared illegal.

This particular resolution brings out fewer economic issues and concepts than the other topics chosen by the instructors. The arguments on this topic are more political and philosophical in their nature. However, instructors of economics indicated that this question of policy often emerges in their class discussions and as a result I have chosen it as one of the topics to be discussed. On the Affirmative I have chosen publications by the U.S. Chamber of Commerce and Professor Abner McCall. On the Negative I have selected publications by Professor Glenn Miller and Representative Thomas P. O’Neill.

The Chamber of Commerce, in a pamphlet entitled *The Case For Voluntary Unionism*, argues that (1) compulsory union membership violates the employee’s right of “freedom to associate,” (2) that compulsory union membership increases the personal power of union officials, and (3) that most of the arguments in favor of compulsory union membership are based on certain flaws.

In defending their contention that compulsory union membership violates the employee’s right of “freedom-to-associate,” the authors explain that by compelling a man to join a union as a condition of employment, one is forcing him to pay financial tribute to a union in order to maintain his livelihood. He may or may not believe in the principles of unionism, but nevertheless in order to keep his job, he must become a member of a union. The authors quote the United Nations Universal Declaration of Human Rights as evidence that “freedom-to-associate” is right: “(1) Everyone has the right to freedom of peaceful assembly and association. (2) No one may be compelled to belong to an association.”

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They offer as further evidence some fourteen quotations from "men of influence" (e.g., Chief Justice Brandeis, Hugo Black, etc.). These quotations say, in essence, that compulsory union membership violates the right of association. In one of the most significant of these quotations, the author, Ernest L. Wilkinson, former president of Brigham Young University, brings out that if we violate one right, where are we going to stop.

If a man can be compelled to join or support a labor union, where should we draw the line? What other private groups should be allowed to conscript members and in effect levy taxes? What would prevent those in power from dictating to every citizen what trade association, what political party, professional society, club, or even what church he should join. The ultimate application of this union concept could pave the way for an absolute despotism.189

In support of their contention that compulsory union membership increases the personal power of union officials, the authors reason that because membership is captive, allegiance does not have to be won:

The financial and economic strength of the organization is assured and increased despite the good or bad stewardship of the officials; and revenue is assured for those in command to pursue varied and sometimes questionable activities according to their virtually ungoverned whims.140

The authors maintain that under voluntary unionism officials must win support on the merit of their policies and programs.

In regard to why they believe that most of the arguments supporting compulsory union membership are based on flaws—the authors discuss and attempt to refute the following arguments: (1) that compulsory unionism is necessary for union security, (2) that those who gain by a union without supporting the union are free riders, (3) that the philosophy of the union shop is rooted in the basic democratic principle of majority rule, and (4) that workers want compulsory unionism.

The Chamber of Commerce alleges that the old problem of union security has been solved by legislation. Our labor laws require recognition of a union by the employer if a majority of employees in a unit designate a union as bargaining agent. Additional provisions in our labor laws prohibit any employer discrimination to discourage union membership at any time.

According to the authors, actual experience has shown that voluntary unionism can lead to effective unions and successful collective bargaining:

For example, from 1934 to 1951, the Railway Labor Act prohibited all types of compulsory unionism. Yet during those years, membership in 13 railroads tripled, from 479,000 to 1,682,400 and jurisdiction was extended to cover, for all practical purposes, every mile of track in the United States.141

The Chamber of Commerce also alleges that the "free rider" argument (it is unjust for non-union workers to share in the benefits gained by a union without

189 Ibid., p. 20.
140 Ibid., p. 12.
supporting the union), if carried to its logical conclusion would compel an individual to join any organization from which he derived any benefit. “Our churches, for example, render service to all mankind. Yet no citizen is forced to belong to any particular church or required to pay any church dues.” 142

The authors further maintain that when proponents of compulsory unionism argue that the principle that governs our political life—majority rule—is violated by voluntary unionism, they are drawing a false analogy between unions and government. The government exists to serve the interest of all segments of the economy (agriculture, business, etc.), and therefore each member of the society owes financial support to his government. “A union, however, exists primarily to serve one segment of society—its members. It makes no attempt to serve the interests of others—not even members of other unions. The great number of union feuds and jurisdictional disputes illustrate this.” 143

The authors then draw an analogy between majority rule and political parties. They maintain that when a party wins an election, it cannot force the minority party to contribute financially to the majority party line, mainly because Americans “believe in the rights of minorities, welcome their opinions, respect their viewpoints, and fight to protect their rights and independence as a minority.” 144

In analyzing the argument that employees want compulsory unionism, the authors first question the figures shown by the NLRB on the basis of how they were secured. The manner of conducting this type of poll was controlled by law and necessarily complied with the NLRB. “The law required that the petition filed by a union seeking a union shop poll be accompanied with proof that at least 30 percent of the employees in the unit affected favored the measure petitioned for.” 145

The authors then offer some of their own statistics to show that employees do not favor the union shop. Typical of the examples cited are the following:

At the Ryan Aeronautical Co., where 83% of the employees belonged to a union, only 60.5% or 833 workmen voted for the union shop. At North American, 59.8% supported the union shop and at Convair only 54.2% voted for it. 146

Thus, the Chamber of Commerce presents arguments in favor of voluntary unionism and against compulsory union membership. The effect of many of these arguments depends on how strongly they relate to the value premises of the recipients. The authors use several phrases which appear to be designed to elicit positive connotative responses.

Abner V. McCall, President of Baylor University and former associate Justice of the Supreme Court of Texas, in an article entitled “Union Power—Greater Than The Power of Colonial Churches,” argues that any sanction by state or federal law of compulsory union membership or support violates the spirit of the First Amendment. He then attempts to show how this spirit is violated by the union shop.

142 Ibid., p. 15.
143 Ibid., p. 16.
144 Ibid.
145 Ibid., p. 17.
146 Ibid., p. 18.
Professor McCall offers a quotation from the Supreme Court of the United States in Dennis vs. Dennis (1951) supporting the view that the First Amendment is to be interpreted in terms of historical experience. "The language of the First Amendment is to be read not as barren words found in a dictionary but as symbols of historic experience, illumined by the presuppositions of those who employed them."  

Professor McCall goes on to contend that the First Amendment adopted in 1791 is to be interpreted "as the culmination of a continuous struggle beginning in 1607 against compulsory membership in private organizations and compulsory support thereof." For example, the New England "Half-Way Covenant" of 1657 dispensed with the requirement that everyone subscribe to the ideology of the established church. By the time of the American Revolution the requirement that everyone be a member of the legally sanctioned church was abolished and in the Statute For Religious Freedom adopted in 1786 (drafted and led by James Madison and Thomas Jefferson), the requirement that everyone pay taxes to support the official church was eliminated. It was brought out in the preamble of the aforementioned bill "that to compel a man to furnish contributions of money for the propogation of opinions which he disbelieves and abhors is sinful and tyrannical." 

Professor McCall contends that it was upon the same issue of compulsory financial support of private organization that the dissenters resisted the adoption by Virginia in 1788 of the proposed federal Constitution:

...exacted that it would be amended to guarantee that there be no establishment of religion." To honor this pledge James Madison drafted the First Amendment to the new Constitution, and this Amendment was adopted in 1791.

The author further maintains that by the device of the union shop, "labor unions seek to compel (1) ideological conformity, (2) membership, and (3) financial support of all who labor for a given employer or in a specific trade or industry." Professor McCall uses as an example the 1951 Amendment to the Railway Labor Act to show that in some instances union leaders have not only sought but have obtained legislation sanctioning these compulsions. Professor McCall concludes that:

Compulsory membership in and support of a labor union is no less inimical to individual liberty than compulsory membership in support of a religious organization. This is particularly true in America today where under the benevolent culture of the federal government the large national labor unions have become the most powerful private organization in the land.

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148 Ibid.
149 Ibid., p. 5.
150 Ibid.
151 Ibid.
152 Ibid., p. 6.
This article by Professor McCall illustrates argument by precedent and analogy. The student should review the instances Professor McCall cites as precedent (and the implied analogy between a church and a labor union) to determine whether they lead to the conclusion that any sanction by state or federal law of compulsory union membership or support violates the spirit of the First Amendment.

In an article entitled "The Right-to-Work Debate," Glenn Miller, Professor of Economics at Ohio State University (and a specialist in labor problems), argues (1) that compulsory union membership (the union shop) does not violate the "right-to-associate," (2) that workers themselves generally favor union security clauses, and (3) that voluntary unionism (right-to-work laws) encourages the free loader.

According to Dr. Miller, compulsory union membership does not violate freedom of association but merely stipulates a condition of employment. He contends that the phrase, "right-to-work" is a misleading euphemism, and that none of us has a right to work unless he can satisfy certain conditions:

... perhaps educational or skill requirements, possibly specification as to age or sex, or many other such standards. There is no apparent reason why the employer or government should be the only ones that can establish requirements to be met. If a majority of workers with whom prospective employees will come in contact wish to set up a condition (not arbitrarily and unjustly violative of the rights of would be workers), it would seem to be defensible.153

The author further maintains that to be meaningful a right imposes a duty on some person or group within the political jurisdiction that has stated legislatively there is such a right.

Yet the proponents of right-to-work laws would be most reluctant to impose on any employer the duty to offer jobs unless that employer wished to do so. The only duty realistically imposed by right-to-work laws is the duty to allow workers who can find jobs to work even if they refuse to join the union. At best they remove only one condition of continued employment that might be an issue with a minority of workers.154

Dr. Miller also alleges that the abstention of non-joiners may thwart the desires of the individuals who constitute a majority—in effect thwarting majority rule.

Unions are a type of institution that is weakened markedly by the failure of a sizeable group to join the organization. Refusal of even a minority to join may well make the union relatively ineffective as a means of collective bargaining. ... The freedom of individuals must be limited at the point where it begins to infringe seriously on the freedom of others.155

In discussing his contention that workers tend to favor union security clauses, Dr. Miller alleges that workers believe that their prestige and economic status are enhanced by the union movement—that their jobs are more secure, and arbitrary

154 Ibid.
155 Ibid., p. 160.
actions by management are less common. After discussing the issue of the union shop with many workers, Dr. Miller concludes that their attitude is well represented by the following statement of a union member: “‘Even if unions didn’t do anything to affect wages, which I do not believe is true, we would get money back from our dues in the way in which the union serves to control the arbitrary action of the foreman.’” 156 Upon further analysis of why workers favor union security clauses, Dr. Miller brings out that to workers it is especially important to be dealt with justly with regard to promotions, layoffs, recalls, disciplinary action, and other such issues. “Management actions in these and related areas are likely to be less arbitrary or capricious where there is a union representing all workers than will be the case when there is no union.” 157

In discussion of his third contention—voluntary unionism encourages the free loader—Dr. Miller maintains that since unions have had thrust upon them a responsibility to serve all who are members or work under conditions negotiated by the union, all workers should help to support the organization chosen to represent them. “To urge that not all are morally obligated to support the bargaining instrument is to support the free loader—the person unwilling to assume his responsibility to the society in which he lives and from which he benefits.” 158

In further support of his contention, Dr. Miller offers the following quotation from Justice Brandeis: “All rights are derived from the purpose of the society in which they exist; above all rights rises duty to the community.” 159

It is interesting to note that Justice Brandeis is quoted by both the Affirmative and Negative. This should help the student to recognize that a given quotation expressing the opinion of an expert does not necessarily imply that the authority agrees with the position of those who are quoting him. The student should ask himself whether the authority in making the statement was applying it to the specific issue for which it is being used by the author. Perhaps, in actuality, the individual who is quoting the authority is using for his own purpose a statement made in regard to another and unrelated issue.

In a brief article by U.S. Representative Thomas P. O’Neill entitled “Should Congress Repeal the ‘Right-to-Work’ Provisions of the Taft-Hartley Act,” it is argued (1) that the union shop insures “rule by the majority,” (2) that workingmen favor the union shop, and (3) that a union shop means an effective union.

In discussing why the union shop represents “rule by the majority,” Representative O’Neill brings out that when a stockholder is forced to abide by the decisions of the majority of stockholders in the corporation or by the board of directors, no one complains that the stockholder is being treated undemocratically. Rather they say that the rule of the majority is prevailing.

The decision to create a union shop is made by the majority of workers in a plant. It does not infringe on a person’s right to get a job; it merely requires him to become a shareholder in the working force’s representative body. Workers who disapprove of the union shop can always form a majority and dissolve their ties with the union. 160

156 Ibid., p. 161.
157 Ibid.
158 Ibid., pp. 161-162.
159 Ibid., p. 162.
Representative O'Neill offers quantitative support for his contention that workingmen favor the union shop whereas one may recall Dr. Miller's support was based on more casual observation. Although Representative O'Neill does not explain how the statistics were gathered, he brings out that "when elections were held under the provisions of the Labor-Management Act to determine the legitimacy of union shops, 97.1 percent of the workers voted for the union shop." 161

Representative O'Neill believes that a union shop means an effective union because workers are provided with a channel through which to voice their grievances. The author further alleges that the union shop prevents worker dissatisfaction and wildcat strikes. "But the open shop negates these benefits. The open shop undermines the union by encouraging workmen to sit back and let George do the work." 162

One may observe that Representative O'Neill's third contention (which is basically assertive) is not so well reasoned (or supported by other means) as his other two contentions.

However, one may also find that by combining the arguments presented by Dr. Glenn Miller with those presented by Representative Thomas O'Neill, he has become exposed to most of the arguments (and reasoning) that are usually offered to refute the proposition that compulsory union membership as a condition of employment (i.e., the union shop) should be declared illegal.

In analyzing whether the union shop should be declared illegal, the student must decide if rights are actually violated by a union shop agreement. The Affirmative maintains that the "right-to-association" is violated by the union shop whereas the Negative maintains that freedom of association is not applicable in this instance. The Negative further contends that a union shop protects the right of the majority to rule. The Affirmative believes that voluntary unionism provides protection against the abuses of the unchecked power of union leaders whereas the Negative maintains that a union shop gives better protection to workers against the unchecked power of employers. Which arguments appear most valid? The student will find, especially in regard to this topic, that the decision he reaches will depend upon the value premises from which he starts.

8. INTERNATIONAL TRADE

When the instructor discusses the economics of international trade, one of the questions the students often ask (after learning about the Common Market) is whether the United States is economically harmed by the Common Market. Some even ask why the United States does not form its own Common Market. The issues brought out in such a discussion are very similar to those brought out in a discussion on tariff reduction. Thus, after completing the unit on the economics of international trade, I would suggest a debate on—Resolved: that the non-communist nations of the world should work toward establishing an economic community. The articles I have chosen are basically concerned with the advantages and disadvantages of such a proposal rather than the mechanics of its implementation. Arguments on the Affirmative are expressed in publications by Henry Reuss and Paul Douglas and arguments for the Negative position are expounded in articles by André Marchal and Lewis E. Lloyd.

161 Ibid.
162 Ibid.
Henry Reuss, U.S. Representative from Wisconsin, is in favor of having the non-communist nations of the world work toward establishing an economic community. He bases his case on the assumption that the European Economic Community (the Common Market) is attempting at present and will continue in the future to expand its domain. He believes that an expanded European Economic Community will automatically mean greater economic discrimination and danger for the level of exportation of the United States. Also, an expanded European Economic Community will be dangerous for the neighboring countries of Europe who are left out of the Common Market and for the "developing" nations of the world.

He uses the hypothetical case of Britain entering the Common Market to show the probable effect of an expanded E.E.C. (which he assumes is inevitable) on U.S. exports.

Consider, for example, the effect of British entry into the Common Market on our exports. Britain now accords preferential or duty-free entry to imports from Commonwealth countries. If the E.E.C. denies these countries the right to sell the equivalent volume of agricultural products and manufactured goods to Britain or the Common Market, their export earnings will fall, and U.S. sales to the Commonwealth countries will also suffer. If special arrangements are made for the farm products of Canada, Australia, and New Zealand to enter the Common Market, our own chance to maintain agricultural exports to the area, already threatened by a variable tariff lures scheme, will be lessened.163

Representative Reuss attempts to illustrate that an expanded E.E.C. may be catastrophic for the neighboring countries of Europe who are left out of the Common Market. He illustrates through statistics how exports account for a much larger part of the gross national product of these smaller countries than in the case of the United States.

In Switzerland, for example, exports amount to 13.5 per cent of gross national product, compared to 4 per cent in this country. Moreover, the share of exports going from Finland, Sweden, Australia, and Switzerland to the expanded E.E.C. is 58, 65, 57, and 52 per cent respectively.164

He concludes that it is obvious that any substantial decrease of their exports will have serious consequences for these countries.

Representative Reuss explains that of the developing countries of the free world, only a few can hope to receive preferential treatment by an expanded E.E.C. He predicts that the economic future of such countries as: Ireland, Spain, Israel, Turkey, Iran, the Arab countries of the Middle East, and most of the countries in Latin America, Asia, and Africa will be jeopardized because they will find it more difficult to attract private investment as their markets decrease. He further predicts that Hong Kong, India, Pakistan, and Ceylon "will not only be deprived of preferential access to the British market, but will very likely be confronted by high tariffs and other restrictions in the expanded E.E.C." 165

164 Ibid., p. 234.
165 Ibid.
As one may observe, Representative Reuss bases his entire case on the assumption that the objective of the European Economic Community is to expand its membership. If the student can show that such an assumption is reasonable and even probable, Mr. Reuss's arguments (based on this assumption) may provide him with a substantial foundation upon which to build a case.

According to Representative Reuss's plan, the U.S. should seek to achieve "greater economic and political integration on a free-world-wide basis." He believes that since it may take years before Britain forms a full union with the E.E.C., while Britain, Denmark, and Norway are outside the E.E.C., they could join with the United States, neutrals, and the rest of the free world to urge the E.E.C. to reduce tariffs in return for concessions from the U.S. and other countries. Representative Reuss argues that the U.S. should not pin its hopes on the Common Market but should itself start to build the free world community.

In a chapter entitled "The Arguments for Protective Tariffs Considered" in his book, *America in the Market Place*, Paul Douglas, U.S. Senator and Economist, attempts to expose the fallacies in some of the conventional arguments advanced against the establishing of an economic community among the non-communist nations of the world. The two contentions which he disputes are: (1) tariffs are necessary in order for the United States to secure and maintain a high level of employment, and (2) tariffs are necessary to protect the country against an influx of foreign goods produced by cheap labor.

In arguing that tariff protection does not lead to a net increase in employment, Senator Douglas explains that although a high tariff on cotton or woolen cloth, for example, would increase employment in our textile mills, the prices of cotton and wool would be higher and consumers would have to pay more for them. Thus, the consumer who bought cotton and wool would have less money to spend on other articles and their demand for these other goods would decrease. If there is less demand for a good, fewer workers will be employed to produce the good. This effect (leading to less employment in other industries) is further accelerated because foreign countries would be selling less to us, and consequently they would probably not be able to buy as much from us. The reduction in goods bought from us by foreign countries would result in decreases in sales, production, and employment in our export industries. Senator Douglas concludes that:

... these bad effects would be harder to see because they would be widely diffused. But, on the whole, there would be no net increase in employment. What would happen, instead, would be merely a transfer of labor from more to less productive lines, with a consequent decrease in the real national income.167

Senator Douglas has several answers to the argument that with freer trade foreign imports produced by cheap labor would swamp our country and drive our goods from the market.

*First,* this argument according to Douglas ignores the fact that fringe benefits are more widespread and proportionately more costly abroad than in the United

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166 Ibid.
States. Thus, the comparison of money wages does not accurately reflect hourly labor costs.

Secondly, this argument ignores the important consideration that labor costs per unit of output rather than labor costs per hour are the real measure of labor costs.

The high hourly wages in the United States are generally caused by high productivity. It is the high output per man-hour and the comparative skill of our management which make it possible for us to pay high hourly wage rates. The result is that actual labor costs per unit of output are lower in many cases here than in Europe and Asia. This allows many of our products to compete successfully with those countries even after meeting transportation costs. As an example, we export approximately 26 billion dollars of commodities each year and import only about 21 billion.\footnote{Ibid., p. 27.}

Thirdly, Senator Douglas maintains that the "cheap labor" argument overlooks the important advantage that the United States' raw material and power costs are appreciably lower than those of most European and other countries. Senator Douglas cites the examples of coal, electrical power, and cereals to illustrate his point:

An American miner turns out about thirteen tons of coal a day as compared with about one ton in Great Britain and about three tons in Germany. The cost of electrical power is also less in the United States than it is abroad. Our basic cereals also cost less than on the continent of Europe. Wheat sells here at about $1.70 a bushel, compared to $2.50 in France and over $3.00 in Germany.\footnote{Ibid., p. 28.}

Thus, Senator Douglas attempts to show through logical analysis that the "conventional case" against reducing tariffs and working toward the establishing of an economic community is based on fallacious reasoning.

André Marchíal and Lewis E. Lloyd disagree with both the analysis of Senator Douglas and Representative Reuss.

André Marchíal, Lecturer at the Faculty of Law and Economics, University of Paris, in an article entitled "The European Economic Community and the Developing Countries," in direct contrast to Representative Henry Reuss's point of view, maintains that the E.E.C. is more likely to promote than to hinder the development of non-member developing countries. If valid, Professor Marchíal's arguments imply that such a policy as establishing an economic community among non-communist nations would not help the developing countries and that associate status with the European Economic Community would help them.

In his analysis he brings out that the underdeveloped countries themselves are demanding greater freedom of access to markets whereas this policy has actually helped to keep them in their present backward state. The two factors he contends that explain the gradual deterioration of the terms of trade of the developing countries (Africa, Middle East, Latin America) are "Engel's law" and the "inevitable consequence of technical progress." According to Engel's law, "a nation just like an individual, as its wealth increases, tends to devote proportionately less of its consumer expenditure to the purchase of foodstuffs: and
imports of agricultural produce." 170 Thus, the gradual worsening of the terms of trade of those developing countries whose main exports are raw materials is inevitable.

Secondly, the limitation in the expansion of sales of raw materials is an inevitable consequence of technical progress, "which on the one hand is continually bringing onto the market new synthetic and substitute products which compete with natural raw materials." 172 Thus, Professor Marchál would not support as a means of helping the developing countries a proposition advocating "the establishing of an economic community among non-communist nations" on the grounds that "no measures of a purely commercial character—the organization of markets, the opening of new markets or the fixing of prices at remunerative levels, for example—will bring about any lasting improvement in the situation." 172 Marchál maintains that "what these countries really need is not an all-round reduction of custom tariffs but a system of protection devised in accordance with their particular situations." 173

The approximation of such a policy, according to Professor Marchál, could be brought about by granting associate membership to the relatively backward countries. He does not want to grant these countries full membership because "if they became full members [they] would suffer severely from the competition of the more industrial countries of the common market." 174

Marchál alleges that "associate status" will give the concerned countries the following advantages: (1) they will be able for the time being to protect their arising industries while getting preferential treatment in the markets of the economic community; (2) they can receive technical aid and financial assistance "in the form of gifts or of loans granted on favorable terms and at relatively low rates of interest." 175

Thus, André Marchál contends (in direct refutation of one of Representative Reuss's arguments) that the European Economic Community does not pose a threat to the "developing nations" and can indeed prove helpful to their development.

Dr. Lewis E. Lloyd, an economist, also argues against the establishment of an economic community by the non-communist nations of the world. He maintains that trade is not an end in and of itself, and that increased trade may or may not be desirable. He brings out that free trade theory will only work under idealized conditions that neither exist at present nor will exist in the foreseeable future. He also advocates maintaining a reasonable control of imports to protect American jobs and suggests adjusting dollar exchange rates on a free market basis to return our producers to a competitive position relative to foreign producers.

Dr. Lloyd explains that trade just for the sake of trade is an unwise policy. If such an objective were to be carried to its logical conclusion we would export everything we made and import everything we used; the result would be increased shipping costs for the United States. Dr. Lloyd points out that the arguments

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of the proponents of the resolution—that the non-communist nations of the world should work toward establishing an economic community—are based on the belief that the United States must increase its foreign trade. However, Dr. Lloyd emphasizes that trade may or may not be desirable, depending on the conditions of the trade. He does not expand on what he means by a “favorable condition of trade” but implies that whether such a condition is met depends on the balance of payments between the two countries.

Dr. Lloyd agrees that free trade theory may appear plausible but its application will advance economic efficiency only if the assumptions upon which it is based are satisfied. These assumptions include:

1. No embargo or tax on raw material exports;
2. No world cartels or commodity agreements;
3. No immigration restrictions;
4. Similar tax burdens and laws governing business;
5. A completely free market in currency exchange;
6. No overriding defense requirements;
7. No government subsidies for any sectors of the domestic economies of the trading partners.

Lloyd concludes that no one of these conditions is fully met (even in the free world today) and gives an illustration to substantiate his point.

Dr. Lloyd argues that the U.S. should maintain reasonable control of imports to protect American jobs “and permit a gradual, not a panic adjustment, to new foreign industrial might.” He brings out that our foreign competitors are alert to new ideas, and that they will quickly apply any research findings on productivity improvements which we make.

Dr. Lloyd’s main point is that in the long run the only real solution to our trade problem is for the U.S. producers to become competitive again in the world markets, preferably by adjusting the exchange rates between the dollar and other currencies. “In a free market on exchange rates, the exchange rate adjustment would continue until our products on the average had become competitive again in world markets and the total dollar outflow was balanced by the inflow.”

Thus, Dr. Lloyd presents arguments which could be used to support the negative position in a debate on Resolved: that the non-communist nations of the world should work toward establishing an economic community. At times he becomes too technical for the average high school student but for the most part he presents his arguments in a clear manner.

After hearing the previously discussed arguments, the student may attempt to answer whether a substantial reduction of tariffs (and eventually free trade) would actually benefit the United States and the other non-communist nations of the world. He should also ask himself which nations would be considered the “non-communistic nations,” and if the establishing of an economic community is the best answer to the economic problems (regarding their position in international trade) faced by these countries.

177 Ibid., p. 255.
178 Ibid.
CONCLUSION

In this chapter I have discussed selected articles on those propositions of policy that high school teachers indicated were most germane to their economics courses. In the discussion of these publications the teacher may find a concise presentation of the most common (if not always the most cogent) arguments in favor of and against each proposition.

I would suggest assigning to the student as a "starting point" for his research those articles listed under his chosen topic.
APPENDIX A

FUNDAMENTALS OF DEBATE *

I. Purpose or Objective

A. General Purpose of Debate

B. Objective of Affirmative (burden of proof)
   1. Must present a prima facie case (on first appearance).
   2. Must show that status quo is undesirable, inefficient, etc., indicating a need for change.
   3. If Affirmative fails to present a prima facie case, the debate can stop there—the Negative has won the debate before it has said a word.
   4. After Affirmative has shown there is a need for a change, they must present a plan.
      a. The plan must be practical and practicable.
      b. They must show how their plan will alleviate the evils they have presented.
   5. If the Negative admits that a problem exists but shows that the Affirmative's plan will not solve that problem, the Negative has won.
   6. Must show that the Negative is not solving the problem and that it cannot under the status quo.

C. Objective of Negative
   1. Must merely refute those arguments presented by the Affirmative.
      a. Show that the evidence is inadequate, the reasoning illogical, or
      b. Show that the Affirmative has not identified the real issues in the debate.
   2. Can show that the status quo is sufficient, i.e., no need for a change.
   3. Can show that the real need is for a modification of the status quo and not the type of radical change that would be brought about by the Affirmative's plan.
   4. Can admit there is a need for a change, but present a counter proposal (in which case they now assume the burden of proof).

II. How to Present a Prima Facie Case

A. Must identify the real issues (inherent in topic).

B. Must establish contentions (should contain or relate to issues).

C. Must substantiate contentions
   1. Via evidence
      a. Fact
         (1) Statistics
         (2) Observed phenomena
      b. Opinion
         (1) Expert
         (2) Lay
         (3) Personal
   2. Via logic
      a. Inductive
      b. Deductive
      c. Causal
      d. Analogy

* This form was developed with the help of Linda Meyer.
III. How the Negative Refutes a Prima Facie Case

A. Show that the Affirmative has not established a clear cut (prima facie) need for a change in the status quo.

B. Show that the disadvantage of the affirmative plan would outweigh any of the advantages.

C. Negative has two methods:
   1. Hit the Affirmative at the foundation or crux of its arguments by disproving its contentions.
      If not, refute each sub-point of each contention until the contentions fall.

D. Negative has two weapons:
   1. Refute Affirmative's use of evidence as inadequate.
      a. Is it reliable?
      b. Is it based on sufficient samples?
      c. Is it quantitative as well as qualitative?
      d. Is it relevant?
      e. Is it honest?
   2. Refute the Affirmative's use of logic.
      a. Does the logic support the contentions?
      b. Does it lead to the conclusions they advocate?

E. Negative defends the status quo.
   1. Show that the status quo is working.
   2. Show that with certain modifications it could work.
   3. Show that the difficulties presented by the Affirmative are not inherent in the status quo.
   4. Show that even if these difficulties did exist, the status quo is still better than the Affirmative's program.

IV. Mechanics or Procedure of Debate (formal rules govern these procedures).

A. Constructive speeches (7 or 8 minutes each)
   1. First speech is always given by Affirmative; it is the only prepared speech.
      a. Introduces topic
      b. Defines terms
      c. States contentions of Affirmative and supports them.
      d. Tells what his colleague will do.
   2. First Negative
      a. Accept or reject the terms as defined by the Affirmative.
      b. Refute need established by Affirmative.
      c. Support his own case for the status quo.
   3. Second Affirmative
      a. Reconstructs affirmative case for need.
      b. Refutes negative case.
      c. Presents a plan.
   4. Second Negative
      a. Refutes affirmative case.
      b. Resubstantiates negative case.

B. Rebuttal speeches (3 or 4 minutes each; no new contentions).
   1. First Negative
      a. Continues to refute what his partner has missed.
      b. Shows how Affirmative has failed to support a prima facie case for a change according to its plan.
2. First Affirmative
   a. Reconstructs (resubstantiates) affirmative case by picking out the real issues and shows how the affirmative has successfully dealt with the need established.

3. Second Negative
   a. Has the Affirmative really identified the crucial issues? Shows how the Affirmative has failed to do this.
   b. Summarizes negative case.

4. Second Affirmative
   a. Summarizes case.
   b. Shows how affirmative case still stands and why Affirmative has won.

V. How to Achieve Skill in Refutation and Rebuttal

A. Methods of refuting opposing arguments.
   1. You may show that a conclusion is based on insufficient evidence or evidence drawn from doubtful sources.
   2. You may admit the accuracy of the evidence but argue that the opposition has drawn the wrong conclusion from it.
   3. You may show that the weight of evidence favors your side. This may or may not be coupled with an attack on the value of the opposing evidence.
   4. You may argue that the opposing argument is based on an incomplete or faulty analysis of the question.
   5. You may show that the opposition has fallen into other errors of reasoning (described in Part VI of the outline).

B. Steps in effective refutation.
   1. State accurately and concisely the argument you propose to refute.
   2. State the importance of this argument and its bearing on your opponent’s case.
   3. Refute the argument.
   4. Conclude by showing the effect on your opponent’s case.

C. Special methods of refutation.
   1. Asking questions (e.g., We would like to have our opponents answer this question in their next speech).
   2. Exposing inconsistencies.
   3. Showing trend of opposing argument (debaters frequently argue that the opposition’s proposal is a significant step toward an undesirable goal. The answer to such a charge depends on the situation. Usually the best course is to insist that the question be debated on its own merits).
   4. Adopting opposing arguments ‘occasionally a debater finds it possible to take over an argument or a section of his opponent’s case, and show that it supports his own position).
   5. Asking for proof (sometimes the debater discovers that his opponent is making a good impression on the audience with a speech that contains very little evidence. Instead of pointing this fact out directly, he should repeat a number of the assertions, asking after each what proof was given).

D. Preparation for rebuttal (3 phases)
   1. Build a strong case that will be difficult to attack.
   2. Gather supplementary evidence to reinforce the points that are attacked.
   3. Discover the weak points in the opposing case and gather evidence to weaken whatever arguments the other side may advance.
E. Improving your organization of rebuttal speeches.

1. To show that you are following the course of the debate, it is often wise to take up first some point made by the preceding speaker. Sometimes, you can begin by referring to his concluding argument.

2. If your opponent has raised a large number of questions, see if they cannot be grouped under two or three headings. Outline your speech so that you have a strong point near the beginning and another at the end.

3. Remember that the closing sentences of your rebuttal are your last chance to make a good impression, both for yourself and for your side of the argument. The last sentences should be a summary or a conclusion in which, on the basis of the evidence, you ask the audience to join you in your stand on the question.

VI. How to Support Your Contentions (Arguments) Through Evidence and Reasoning

A. Evidence

1. Facts
   a. Statistics
      Example: “Since 1952, the gross national product of Taiwan’s economy has risen at an annual rate of 8.5% while per capita income has climbed 4.4% a year.”
      —Time, 2/23/68
   b. Tests of sound statistical evidence
      (1) Were they gathered scientifically?
      (2) Do they present a truthful picture?
         (a) Are the units compared actually comparable?
         (b) Are the statistics really an index to what we want to know?
         (c) Are the statistics presented in their most significant form?
      (3) Are they complete?
         (a) Do they cover a sufficient number of cases?
         (b) Do they cover a sufficient period of time?
      (4) Are they reliable?
   c. Observed phenomena
      Example: “Recently, I spent a day with the lieutenant governor [Robert Finch] on a flying trip from Los Angeles to San Diego and back. We moved through crowded airports, along busy streets, around the U.C. San Diego campus. . . . Unless they knew him in advance, no one seemed to know him.”
   d. Tests of accurately observed phenomena
      (1) Could there be errors in observation or reporting?
      (2) Could the reporter be biased?
      (3) Is the source reputable?
      (4) Is the reporting based on fact or hearsay?

2. Opinion
   a. Expert
      (1) Opinions expressed by nationally recognized reporters, commentators, and observers.
      (2) Opinions expressed in high quality periodicals, newspapers, and books.
(3) Opinions expressed by professional men in their fields of specialty.

b. Lay

Opinions expressed by people with some knowledge and experience in the field but not enough to qualify as experts.

c. Personal

(1) Your own opinion
(2) Lowest kind of supporting evidence
(3) Do not use it in high level argumentative speeches.

d. Tests of opinion

(1) Is authority an expert in this field?
(2) Is authority prejudiced?
(3) Is the reference to the authority definite?
(4) Is the authority aware of the significance of his opinion?
(5) Is the authority supported by factual evidence?

B. Reasoning

1. Inductive: reasoning from several specific cases which are alike in some way to a generalization.

Example: This author has written several successful novels. We may buy his next novel, feeling sure it will also be good.

2. Tests of sound inductive reasoning

a. How many instances have been observed?

b. Are the observed instances fair examples?

(1) Are they fair representatives of their class?
(2) Have they been chosen to support a preconceived idea?

c. Are there exceptions?

d. Is there other evidence to support probable validity of the generalization?

3. Deductive: reasoning from a general rule and then applying it to the case at hand.

Example: We have a general rule that a rapidly falling barometer is an indication of an approaching storm. We observed that the barometer is falling rapidly, and applying our general rule, conclude that we will have a storm.

4. Tests of sound deductive reasoning

a. Is the generalization (or major premise) sound?

b. Is the minor premise valid?

c. Does the conclusion necessarily follow from the premises?

5. Cause-to-effect

Example: A large crop of wheat is harvested. From this cause we predict that the effect will be lower prices.

6. Tests of cause-to-effect reasoning

a. Will the cause surely produce the effect?

b. Is the effect of the known cause prevented by other causes?

7. Effect-to-cause

Example: A man's body is found badly bruised near a railroad. From this we reason that death was caused by a train.

8. Tests of effect-to-cause reasoning

a. Could the effect have been produced by any other cause?

b. Is the assumed cause sufficient to produce the effect?
DEBATE EVALUATION SHEET ON PROCEDURE

Directions: Evaluate the speaker on how well he performs each of the following tasks.

Symbols: + means very good; no mark means average or better; V means the speaker needs improvement.

First Affirmative Constructive Speech
1. Opening stimulates interest ______
2. Introduction provides audience with necessary background on topic ______
3. Definition of terms ______
4. Statement of what the Affirmative intends to prove ______
5. Clear statement of each contention ______
6. Adequate support of each contention ______
7. Summarization of contentions ______

First Affirmative Rebuttal
1. Clear statement of the Negative contention(s) that the Affirmative is attempting to refute ______
2. Refutation of Negative contention(s) by use of evidence and reasoning ______
3. Strategic use of time (balance achieved between refutation and summary) ______

Comments:

First Negative Constructive Speech
1. Opening stimulates interest ______
   issues ______
2. Acceptance of rejection of terms given by the first Affirmative speaker ______
3. Analysis of case presented by the first Affirmative speaker—identification of major issues ______
4. Constructive arguments of Negative directed against issues raised by the Affirmative ______
5. Clear statement of Negative contentions ______
6. Adequate support of Negative contentions ______
7. Summarization of Negative position ______

First Negative Rebuttal
1. Clear statement of Affirmative contention(s) that the Negative is attempting to refute ______
2. Refutation of Affirmative contention(s) by use of evidence and reasoning ______
3. Strategic use of time (balance achieved between refutation and summary) ______

Comments:

Second Affirmative Constructive Speech
1. Opening stimulates interest ______
2. Restatement of contentions presented by colleague ______
3. Resubstantiation of Affirmative contentions that have been attacked by the opposition ______
4. Clear statement of his contentions
5. Adequate support of each contention
6. Summarization of his contentions and those of colleague at conclusion of talk

Second Affirmative Rebuttal
1. Clear statement of Negative contention he is attempting to refute
2. Refutation of Negative contention(s) by use of evidence and reasoning
3. Summarization of Affirmative case (including the pointing out of contentions still standing)

Comments:

Second Negative Constructive Speech
1. Opening stimulates interest
2. Brief analysis of case so far presented (restating the position the Negative is taking)
3. Refutation of the major Affirmative fallacies
4. Clear statement of Negative contentions
5. Adequate support of each contention
6. Contention(s) directed against crux of Affirmative's case (direct clash)
7. Summarization of his and colleagues case

Second Negative Rebuttal
1. Clear statement of the Affirmative contention(s) he is refuting
2. Refutation of Affirmative contention(s) by use of evidence and reasoning
3. Summarization of the debate (giving the vital issues and showing the superiority of the Negative strategy)

Comments: