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America Is Eating Its Seed Corn

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THE ECONOMY

from the not-so ivory tower

By Hyman P. Minsky

Reaganomics is myopic; it is shortsighted. This is shown by the lack of concern about the exploding national debt. Every dollar of deficit raises the taxes that are required to support any given program of civilian and defense spending. But the deficit and the budget are not the only and perhaps not the most important example of Reaganite myopia. There is a crisis in the creation of human resources for the future of our society that this and prior administrations have not faced. This crisis is more threatening than the budget and debt crisis because it may not be as readily reversible.

Reaganomics is bad economics. Its practitioners and publicists do not understand the full richness of economic theory. They take one proposition from theory—that free markets can be an effective instrument for achieving

Obviously, education that aims to prepare students for the elite universities is elitist. We should not be afraid of being elitist, as long as the opportunity to join the elite is open. The junior college system we now have throughout our country provides a way into intellectual life for those who entered adulthood without superior educational preparation. We need a public track which provides the education that leads to the very best higher schools. It is a national disgrace that elite public high schools are not spread throughout the country.

However, the deficiencies of the public secondary school system is not the entire story of educational deprivation. It now costs approximately \$15,000 a year for room, board, and tuition at the better private colleges and universities. Given the facts of income distribution, this cost of higher education is a powerful barrier to op-

was the G.I. "Bill of Rights" which included massive educational benefits for veterans. Fundamentally, the G.I. Bill removed all financial barriers to higher education. The problem was getting admitted, not paying for education. Moreover, pressure due to patriotism removed the exclusionary policies of many of our best schools.

The result was a quantum increase in the number and quality of educated adults. The human resources that were fed into the economy as a result of the G.I. Bill were far better than what we had in prior times. The great success of the American economy in 1946-1966 can be laid in good part to the supply effects of the G.I. Bill. What we need is a non-war time

equivalent of the G.I. Bill.

Republicans now talk about an opportunity society. They cannot be serious about this for nowhere do they propose lowering the barriers to enter the best in secondary and higher education. We know that quality costs. An effort to achieve equal educational opportunity will be expensive.

A rich society which does not invest in human resources—especially in its youth—is not reproducing that which enables it to be rich. Penny-pinching on educational quality and on educational opportunity is the equivalent of eating seed corn. But such deterioration is an implication of our myopic national policy towards education.

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AD NOTES

By Adam D. Curren

KERLICK, SWITZER AND JOHNSON Advertising has been awarded a AAA Motor Club co-op involving 13 auto clubs from 12 states in the Midwest. The budget for the account is estimated at \$750,000. . . . **Daniel J. Edelman** has been retained by The Pigskin Council of America to conduct a campaign promoting the use of pigskin leather.

SAINT LOUIS HOME publisher Barbara Clark reports her monthly has initiated home delivery in Frontenac, Ladue, Creve Coeur and Town & Country. Home delivery in some South City locations, however, has been ended. *Saint Louis Home* reports a circulation of 45,000, with 15,000 copies stacked at 400 locations. Clark says, "We're reaching into the homes of upscale, single-family homeowners across the metropolitan region."

OUR "GOING SLIGHTLY TOO FAR" AWARD goes this month to the **National Advertising Division** of the Council of Better Business Bureaus. They leaned on **Brown Shoe Company** for its children's Live Wire shoes ad which suggested wearing those shoes would make kids more popular. NAD's Children's Advertising Review Unit questioned the emphasis the **Tatham-Laird & Kudner**, Chicago-created ad placed on social benefits. Aren't social benefits legitimate benefits? Don't most image ads stress social benefits? Doesn't most children's advertising with the theme "you're really neat because you've got this wonderful new toy" send the same type message? Doesn't the BBB have something better to do?

THE POST-DISPATCH PROMOTION PROS are at it again, this time with advertisement in *Advertising Age* promoting the demographics of its readers. The headline says, "Last year, the Wilsons made over (that should be "more than") \$35,000. He bought a new bass boat. She bought a red convertible. Tommy got braces. And they all read the *Sunday Post*." The copy says 69 percent of all area adults with household incomes of \$35,000+ read the *Post*. With as far as they stretched their 35 grand last year, "the Wilsons" must steal the *Sunday Post*—they sure couldn't afford to buy it! This ad could use an injection of believability. . . .

WKRP'S LES NESSMAN HAS NOTHING on the St. Louis office of **Daniel J. Edelman, Inc.**, when it comes to promoting pigs. While Cincinnati's deadpan radio newscaster may have won awards for his coverage of the hog reports, DJE has the distinction of becoming the PR firm for the Pigskin Council of America. Its mission is to promote the use of pigskin leather in the production of leather goods and increase public awareness of pigskin leather products. The Pigskin Council is affiliated with the Pork Producers Council, which does a swine job of hawking pork chops, spareribs, and bacon.

RENT-FREE VIDEO TAPES WITH COMMERCIALS was one solution **Maryville College—St. Louis** Advanced Advertising students came up with to solve the problem of reaching VCR users with commercial messages. If fast forwarding could be eliminated, they said, the students felt movie buffs would live with the messages to see a good tape for free. The students must not be too far off with their idea because **3M** recently announced a similar approach. They are recording commercial messages (mostly for available rental tapes) on "blank" tapes people buy for home recording. Called "Freeviews," buyers can view the prerecorded messages before recording over them. The tapes, being introduced this fall, are being called a "new advertising medium."

Most important is the creation of resources that will be available for use in the future.

Adam D. Curren is a veteran of more than ten years in the advertising and public relations industry. He is an award-winning copywriter and editor. His credentials include several years of teaching advertising at the university level, and he is a former contributing editor of a national advertising newsletter. Curren is a freelance writer, teacher and business consultant.

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cooperation and coordination--and apply it to all phenomena. They either do not know or, if they know, they find it politic to ignore the demonstrated weakness of markets as the coordination and control mechanism for the creation of resources. An investing economy is much more complex than a system in which only trading takes place.

Every society uses and creates resources. Perhaps, most important is the creation of resources that will be available for use in the future—even the quite distant future. Physical resources—factories, farms, power plants, etc.—are important, but the overwhelmingly important resources of an economy are its people. Births, bringing up children, and education are the ways we create human resources.

Saying that people are of the greatest importance in determining how well an economy works sounds like pap. However, once the proposition is added that the quality of a population is produced by society mainly through its educational system then the statement becomes serious. The deteriorating public education and the financial barriers to entry in quality higher education are having adverse effects on the human resources being produced.

During the high school graduation season, the national media carried stories about the graduation at Boston's Latin School. This *public high school* educates youngsters to be serious about intellectual matters. It prepares students to perform at a high level in intellectually competitive environments. It tends to bring out the best in its students.

In St. Louis, the only approximation to the quality of education and to the intellectual climate of a Boston Latin, a Bronx High School of Science, or a Providence Classical is to be found in some of the private schools and perhaps a few of the suburban districts. I venture to suggest that even the best of these schools falls short of the standards of the elite public schools I mentioned.

Every thoughtful citizen should be concerned about why such quality education is not available to all who are willing to work once admitted. Within each public secondary school system there should be a school or part of a school that prepares the most ambitious and the hardest working for the finest higher education available in the country. It is hard to be first rate if it is your ambition to *get along*—which is the ambition of public secondary education.

portunity.

Not all potential parents are equally concerned with how their children will be raised, the education they will receive, and the life the children will live as adults. Not all potential parents are equally willing to pay the price of first preparing their children for a fine university and then to meet the monetary costs at such a school. Today, potential parents can control the number of children they have. The high cost of a fine education decreases the number of children of those who have ambitions for their children. Those who either don't think or don't care will not be so constrained.

In the not too distant future, the economy will go through another serious recession. At that time, the hollowness of the Reagan society will be evident. Hopefully, at that time, a program of democratic reconstruction will be on the agenda. Two items need to be included. One is the building of elite secondary schools, both "classical" and "scientific." The second is a program to lower the cost barrier to first-rate college and university education.

After World War II, the transition from a wartime to a civilian economy was very smooth. One program that helped make this transition smooth

Advertising pages in selected weeklies

Explanation: The date given is for Wednesday of each week monitored. *The Weekly* is distributed on Tuesdays, the *Riverfront Times* on Wednesdays, *The American* on Thursdays, and the *Business Journal* on Fridays. The first column

represents pages of paid advertising; the second column represents unpaid, promotional advertisements; the third column represents the total advertising percentage.

| | Week #24 (6-19) | | | Week #25 (6-26) | | | Week #26 (7-3) | | | Week #27 (7-10) | | | Week #28 (7-17) | | |
|----------------------------|-----------------|--------------|------------|-----------------|--------------|------------|----------------|--------------|------------|-----------------|--------------|------------|-----------------|--------------|------------|
| | Paid pages | In-House ads | Total Ad % | Paid pages | In-House ads | Total Ad % | Paid pages | In-House ads | Total Ad % | Paid pages | In-House ads | Total Ad % | Paid pages | In-House ads | Total Ad % |
| The Weekly | 17.3 | 0.2 | 54.5 | 17.7 | 0.1 | 63.5 | 33.0 | 0.3 | 92.5 | 16.5 | 0.1 | 51.7 | 13.6 | 0.1 | 49.0 |
| The Riverfront Times | 29.9 | 0.1 | 62.6 | 23.1 | 0.2 | 58.2 | 21.6 | 0.9 | 62.4 | 20.5 | 1.1 | 60.0 | 22.9 | 1.0 | 59.6 |
| St. Louis Business Journal | 34.9 | 3.6 | 53.5 | 19.3 | 1.1 | 50.9 | 20.0 | 2.1 | 50.0 | 28.0 | 1.9 | 53.3 | 29.8 | 2.5 | 50.6 |
| St. Louis American | 7.5 | 0.5 | 36.3 | 7.8 | 0.5 | 37.9 | 9.1 | 0.2 | 42.3 | 7.4 | 0.4 | 35.6 | 8.0 | 0.1 | 40.3 |

| | Week #29 (7-24) | | | Week #30 (7-31) | | | Week #31 (8-7) | | | Week #32 (8-14) | | | AVERAGE | | |
|----------------------------|-----------------|--------------|------------|-----------------|--------------|------------|----------------|--------------|------------|-----------------|--------------|------------|------------|--------------|------------|
| | Paid pages | In-House ads | Total Ad % | Paid pages | In-House ads | Total Ad % | Paid pages | In-House ads | Total Ad % | Paid pages | In-House ads | Total Ad % | Paid pages | In-House ads | Total Ad % |
| The Weekly | 17.3 | 0.0 | 54.1 | 17.6 | 0.2 | 63.4 | 17.4 | 0.2 | 63.0 | 14.7 | 0.1 | 52.6 | 18.3 | 0.1 | 61.2 |
| The Riverfront Times | 23.0 | 2.3 | 57.3 | 29.1 | 2.9 | 61.6 | 26.3 | 0.5 | 61.0 | 28.6 | 2.4 | 64.5 | 25.0 | 1.2 | 60.7 |
| St. Louis Business Journal | 29.1 | 2.7 | 53.1 | 30.7 | 6.2 | 51.3 | 31.4 | 4.2 | 52.3 | 21.3 | 2.4 | 49.5 | 27.2 | 3.0 | 51.8 |
| St. Louis American | 10.0 | 0.2 | 42.6 | 8.2 | 1.3 | 43.3 | 6.9 | 1.1 | 36.4 | 7.6 | 0.4 | 33.3 | 8.0 | 0.5 | 38.6 |