



The American Scene Today

Mr. Arthur Schlesinger, Jr.

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Reviewed by: Colonel John H. M. Smith, 5 October 1962

INDUSTRIAL COLLEGE OF THE ARMED FORCES
WASHINGTON, D. C.

The American Scene Today

20 August 1962

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Reviewed by: Colonel J. H. Smith Date: 5 October 1962

Reporter: Albert C. Helder

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INDUSTRIAL COLLEGE OF THE ARMED FORCES

Washington 25, D. C.

THE AMERICAN SCENE TODAY

20 August 1962

ADMIRAL ROSE: This morning we had a good look at the world picture. This afternoon we are going to continue in something of the same vein, except that we'll take a sharper look at the United States' position in the world today. I can't think of anyone better qualified to give us a talk on this subject than the man whom you all know by reputation in his position as Special Assistant to the President and as a historian. Mr. Schlesinger is certainly well qualified to speak about "The American Scene Today."

Mr. Schlesinger, it is a great pleasure to have you here.

MR. SCHLESINGER: Gentlemen:

My assignment this afternoon is to talk about the American Scene Today. Mr. Rostow this morning gave you a picture of the world and America's relationship to the world, and my task is to try to set forth the character of American society as it has evolved, and its capacity to meet the challenges which history has placed upon us in the middle of the 20th Century. I found this, I must confess, a challenging and rather difficult assignment because the closer one comes to home the more one appears to depart from that area in which definite statements and certain judgments may be expressed, and when one talks about one's own society one inevitably enters into a realm of conjecture and speculation, not as to the facts but as to the tendencies, so that, what I will submit to you can only be offered as one man's version of where we are and what we are like, and what we are

capable of. I speak, of course, as a student of American History, but other students of American History may reach different conclusions. So, what I will have to say must be subject to the discount and criticism which all of you who have lived in America as long as I have and thought about it as deeply have derived from your own experience.

I would suggest that the American people in entering the decade of the 1960s the eighteenth decade of our national existence have entered it in a mood of anxious self-appraisal. At the end of the Second World War the United States seemed economically, militarily and ideologically the strongest nation in the world. Some Americans at that time even spoke somewhat flambouyantlly of the 20th Century as the American Century. For a moment we seemed clearly and indisputably at the top of world affairs not only the assured master of our own destiny, but the power which we believed would have a decisive influence on the destinies of other peoples and other nations. But in the relatively short time since the end of the Second World War, in the 17 years since 1945, the succession of events has shaken that complacency, even, perhaps, shaken some of that self-confidence.

A great new adversary emerged after the war, an adversary which, though in existence as a society since 1917, had always been discounted by us before as a power factor in the modern technological world. This adversary has increased its power, armed with a profound ideological confidence, and with a profound and almost fanatical organizational purpose.

At the same time a mood of revolution has begun to sweep through the

underdeveloped world; it has swept through countries which, for many centuries, have not been a factor in the world power equation, and this revolution in the underdeveloped world has seemed, in some respects, unresponsive to the ideas and values of our own society. After a time, a sense has begun to appear - a sense new to our experience - of being somehow on the defensive, of being shoved and harried by ~~peremptory~~ and hostile historical forces. This has come to a sort of climax with the great world contest in science and technology, because future historians looking back on the 20th Century will surely regard as the most dramatic and revolutionary event of this century that man has finally burst his terrestrial bonds as the first human thrusts are taking place into outer space, and in the first exploration of what will be the frontier of the future, and the fact, that in the penetration of this frontier, and in the extraordinary technological ingenuity, inventiveness and preparation required for these explorations, the fact that the Soviet Union has achieved the successes that it has - as we all know from the events of last weekend - sums up the processes which have given thoughtful Americans a sense of the inadequacy of our own response to the over-riding challenges of the 20th Century.

So, today as Americans peer into the future, the changing configurations of world power, not only the threat of Communism, but the awakening of vast continents new to the world's power balance, all this has seemed to threaten to isolate and beleaguer the West and the United States. And the anxiety generated by these facts is, of course, compounded by the realization that the arms race has equipped mankind with the ultimate power, that is the power to abolish

itself. This is the situation with which America in this century is confronted, and the question for us today is how are we prepared to meet this situation of dark and protracted crisis; what are the characteristics; what is the profile of America in the 1960s, and what sort of confidence does this give us in our capacity to confront this troubled and obscure future.

The first element to be noted is, I think, the size and character of our population. During the depression of the 1930s the fall in the birth rate led demographers to suppose that the population was leveling off. There was the belief then that by 1950 or 1960 the population would stabilize at some figure like 150 or 160 million. The anticipations of the demographers were defeated partly by the return of prosperity in the war years which led to an increase in the birth rate, and partly by the new medical advances, the discovery of penicillin, the antibiotics, the antipolio vaccine, by new surgical techniques, which, at the time that the birth rate was increasing, these medical advances led to a decline in the death rate and the lengthening of life expectancy. Thus, the population of the United States which grew nine million in the 1930s and 19 million in the 1940s, grew nearly 30 million in the 1950s. The total population increase in the 1950s amounted to almost the whole population of the United States a century earlier. In other words, the population increase in the single decade of the 1950s was equal to the entire population of the United States in 1860. And the rate of population increase in the 1950s in the United States took place at about the same rate as in India. In the last year or two there has been a slight decline in the birth rate, nonetheless we can expect about four million new babies each year for some time to

come. Our population is presently over 180 million and we may expect to hit 200 million before the end of this decade.

As for the distribution of this population the greatest regional increase has taken place in the west. The growth rate of the west in the 1950s was almost 40%; it was more than double the national rate. California in this period grew by over five million; in other words, nearly one fifth of the total population increase in the 1950s was concentrated in California. Distribution of the population also has been marked by interesting shifts in where people live. Up until 1920 over 50% of Americans lived on the country-side, but in the 1920s for the first time the census revealed more people living in urban centers than in the country. And this shift to urban centers has continued, but since the war it has been varied by a new shift from the central cities to the suburbs. In the 1950s 85% of the population increase took place in cities of over 50,000 and in their surrounding suburbs, and two thirds of this took place in the suburbs. So, the rise of the suburbs has been a new feature accompanying our population growth.

At the same time extreme mobility continues to mark American life. In 1960, for example, 20% of the population of the country moved from one place to another in the course of the year, a process to which you gentlemen have all made your contribution in recent months.

This, then, is the profile and prospect of the American population, and it is this population which, of course, is committed to the processes of economic production, distribution and consumption which mark our economic rise. Despite a slowdown in economic growth in the 1950s as against the 1940s, the United

States continues to be the richest country known to history.

Our gross national product increased in 1960 prices from about \$360 billion in 1950 to over \$500 billion by 1961, and it will be over \$550 billion this year. The economic structure which produced this continuing if sometimes disappointing economic growth represents one of America's great contributions to the world in this century. We have developed in this country an economic structure which economists call the "mixed economy," an economy structure characterized by the diversification of ownership, by the decentralization of economic decision, and also by the commitment of the government to preserve the conditions which make economic growth possible.

This mixed economy is quite different from the traditional laissez faire economy, of the kind which has never quite existed, but which we approached much more closely to in the second half of the 19th Century. It is quite different from the classical laissez faire as it is also quite different from the classical socialism. Classical laissez faire led to periodic depressions increasing in severity and eventually reaching its climax, of course, in the prolonged depression which began in 1929, and it also led to inequalities in the concentration of wealth and of economic power.

Classical socialism which implies the total ownership - state ownership - of the means of production and distribution has led, wherever applied, to despotism, to tyranny, to the eradication of individual liberties, and at the same time - at least from the viewpoint of the consumer - is an extremely bleak and cheerless existence.

The United States, beginning with President Theodore Roosevelt, developed a new form of economic society in which the national government began to redefine the rules under which the free market would operate and began to enforce these new rules. The passage of the Employment Act of 1946 was the climax to one aspect of the development of this new economy. The Employment Act of 1946 committed the federal government to maintain high levels of employment and established the Council of Economic Advisors to advise the President as to what measures should be taken. At the same time, beginning with Theodore Roosevelt and then with Woodrow Wilson a series of agencies were established in order to preserve the free functioning of the economy, and these, of course, were expanded and supplemented by Franklin D. Roosevelt in the 1930s. So that, after the New Deal the economy was equipped with a collection of so-called "built-in stabilizers" which have the effect of tempering the business cycle and making it extremely difficult for us to get into a depression of the sort that we had in 1929.

Now, the tax system, particularly the role of the graduated income tax, the Fair Labor Standards Act establishing minimum wages, social security, unemployment compensation, old age pensions, the policy of price supports for agriculture; all these are means by which the economy is stabilized and to some degree protected against the kind of deep economic disorder which afflicted it in earlier years. At the same time the government has played a role in the revitalization of the market to make sure that it works and that it is not clogged by monopolistic restrictions or rigidities. The Anti-Trust Act was passed in 1890 and has, of course, been an old weapon in this effort. The establishment of the Securities

and Exchange Commission in 1934 has brought a measure of sense and rationality to the securities market and we've had a long tradition of rate regulation in fields like communications, railroads, etc., where a natural monopoly is under private ownership.

This, then, is the economic structure toward which we have evolved in our society, and which is the means by which we produce our national wealth. At the same time the years of the New Deal and the war brought important changes in the distribution of that wealth. In 1928 the 1% of Americans with the highest income commanded nearly a fifth of all income after taxes. By 1946 the top 1% - the same top 1% - commanded not 20% but less than 8% of the wealth of the country. In 1928 the top 5% received a third of all income. By 1946 the share of the top 5% had declined to 18%. And between 1941 and 1950, as a result of the full employment of the war years, the bottom 40% on the income ladder enjoyed a 42% increase in income. Of course, the growing importance of insurance and welfare benefits played an important part in this reapportionment of income. The effect of this was to reduce the difference between the classes in our society. Wage earners had begun to make as much money as white collar workers and professional people. In many communities it is notable, for example, that the local plumber is likely to do better than the local school teacher. Also reducing the class differences has been the decline of the so-called blue collar worker as a porportion of the working force. The percentage of white collar workers in the total labor force has more than doubled since 1900 while the percentage of unskilled workers has dropped by half. The reason for this is the increase in the

productivity of machines, and this has become spectacular in the years since the war as a result of the advances in the techniques of production summed up in the word "automation."

As you know, the distinctive element in automation is the introduction of self-regulating devices into the industrial sequence based on the feed-back principle. Feed-back devices are transmitted into the machine and lead to the continuation or correction of its operations and thus far extend the possibilities of automatic control. Electronics have thus become the most dramatic of the post-war industries and in particular the invention of the electric computer has revolutionized every aspect of industry from production to marketing, as it is already, I understand, beginning to revolutionize the operation of the Pentagon. The technological miracles behind automation were made possible by national investment in research by both business and government.

In the mid-1950s the total research and development spending - private and public - came to about \$5 1/2 billion. By 1960 this figure had more than doubled. But automation, it should be understood, is only the present phase of a long continuing process. Economic historians estimate that two thirds of the increase in national output in American economic history have come about as a result of increases in productivity, and increases in productivity are dependent upon the national investment in education and research.

One effect of automation has been to intensify the problem of technological unemployment. No one will know, in the end, how many workers are going to lose their jobs to UNIVAC. Yet, clearly an automatic factory where two or three

people do the work that 500 once did is bound to result in some displacement of employment. Still, as mechanization has reduced the number of jobs in farming and manufacturing there has been at the same time a steady expansion of jobs in services. By 1950 for the first time in American history more people were engaged in services than in industrial production and the trend toward greater employment in the services has steadily continued. Today over 55% of the labor force is engaged in services; that is, in managerial, professional, clerical or sales jobs.

The result of all this, of the continued economic growth, of the decline of unskilled labor, of the increase in services, has been to create what Ambassador Galbraith has called the "affluent society." These economic and technical changes have had the effect of making all the United States take on more and more of the aspects of the middle class. Not only are characteristic middle class occupations expanding faster than any other, but many people who are still wage earners are now able to emulate middle class standards of consumption and behavior. More people than ever before today have white collar incomes, white collar educations and white collar values. This is not entirely true. It should be pointed out that our affluence does not comprehend all our society. The economic changes which I have described have eliminated neither the nation's extreme wealth nor its extreme poverty. Between 1949 and 1956 the share of the total wealth held by the top 1% increased from 21% to 26%. And the 1 1/2% of the adult population who possessed more than \$60,000 of estate tax wealth, this 1 1/2% own at least 80% of our privately-held corporation stock, practically all of the state and local

government bonds, and nearly 90% of the corporate bonds.

And similarly, at the bottom of the income ladder, the Joint Committee, on the economic report told Congress a few days ago that of every ten families in the United States one family still receives a real money income of less than \$1,000 a year and slightly more than two families have a real income of less than \$2,000. Probably about 25 million American families were living on less than \$4,000 a year in 1960 and probably 40 million individuals on less than \$3,000 a year. Most of this poverty in our society is shut from sight; it is in remote rural areas or in pockets of industrial obsolescence like the coal towns of West Virginia or the textile towns of Massachusetts, or it is in urban slums. The terribly poor include particularly men and women over 65 of whom more than a third in 1957 had incomes less than \$36 a week. It includes unskilled workers, especially migratory workers; it includes minority groups - Negroes, Puerto Ricans, Mexicans and Indians.

It's evident that continued increases in general economic well-being will not necessarily wipe out these pockets of poverty, and irreducible elements of what economists have come to call structural poverty requiring specific and local treatment, and in the meantime remaining as a standing reproach to American affluence.

Nevertheless, with this exception affluence has become a pervading characteristic of our society. Everyone welcomes the democratization of comfort; the fact that so many Americans can aspire today to the amenities which throughout history have been reserved for the wealthy elite.

Some Americans in the past few years have begun to wonder whether the price of affluence has to be a homogenized society in which everyone would grow more and more like everyone else, and people have become particularly concerned in this respect about the role of the large organization. More and more people, it seems, are spending their whole life in organization; their days in great corporations, their nights in great suburban developments, and their ambition is eventual retirement on the company pension plan. Now, in this period togetherness has been proposed as a national aspiration, and the homogenized society has seemed to offer to those who have no rough edges, who eschewed peculiarities and eccentricities, who excited no suspicions, and who played the game strictly according to the rules.

The Monsanto Chemical Company a few years ago had a training film where the sound-track said as the camera panned over men in white coats working in the company laboratory, "There are no geniuses here; just a bunch of average Americans working together." Both corporation and suburb appeared to foster a pervasive, benign, invincible conformity. It had become, as it was said, a case of the bland leading the bland. And it is perhaps notable that the tranquilizer seemed to be the symptomatic drug of the '50s.

The older generation, remembering their "springtime of revolt," whether artistic and cultural in the '20s or political in the '30s, began to condemn the young people of the 1950s as a silent generation composed of careful young men who wanted only a secure job, a home in the suburbs, a membership in the country club and a good company retirement plan. The titles of popular books

of this period expressed the fashion of apprehension - "The Man in the Gray Flannel Suit," "The Status Seekers," "The Organization Man," "The Lonely Crowd." In the Organization Man, William White, an editor of "Fortune," argued that the old Protestant individualistic ethic was giving way before a new collective ethic. This new ethic generated by the spreading democratization of society sanctioned, said White, as morally legitimate, the pressures that society might genially exert against the free wheeler. White identified three major assumptions in the new collective ethic; the group rather than the individual as the source of creativity, belongingness rather than personal fulfillment as the ultimate need of the individual, and the possibility of attaining belongingness through the application of science to human relations.

David Riesman, in the Lonely Crowd, summed up his argument in a striking metaphor. Change, he claimed to see in the structure of the American character, from the inner-directed man to the other-directed man. The inner-directed man was the one whose fulfillment came from the effort to realize goals, standards and values implanted from within. Such character types, Riesman contended, were characteristic of a society dedicated to production. The shift from production to consumption brought about the other-directed man who took his standards from the group in which he aspired to live and who realized himself only as he became identified with what he deemed respectable and enviable in the world outside. Thus, according to Riesman, the inner-directed man felt guilty when he violated his own inner ideals. The other-directed man had no inner ideals to violate; his moral life came not from interior self-direction but from a

compulsion to be in harmony with the crowd. He felt guilty, therefore, when he deviated from the group consensus.

In these terms people tried to explain some of the phenomena of contemporary America. Thus viewed in this perspective, education seemed to have become an agency not to train the mind, but to prepare boys and girls for eventual absorption into society. Schools appeared to have gone all-out on so-called "Life Adjustment" programs. Courses in "Cooking," "Driving," and even "Dating," appeared with increasing frequency on academic curricula, and in some cases were even required for diplomas. Enrollment in Algebra, geometry, physics, and Latin declined. The professional educators, placing their emphasis on method rather than content, requiring their teachers to have courses in education rather than courses in the subjects they were supposed to teach, all contributed further to the softening and dilution of the curricula.

At the same time, the evolution of the mass media was supposed also to be accelerating the tendency toward uniformity. The post-war years saw a steady drop in the number of newspapers and magazines in the United States. In 1916 the United States had 2,500 daily newspapers with competing newspapers in more than half the cities of the country. By 1960, though the population had grown by more than 80 million since 1916, the number of newspapers had declined from 2,500 to 1,750. And only 76 cities in 1960 had competing daily papers. In 95% of American communities newspaper ownership is now a monopoly.

At the same time, leading magazines have begun to disappear. The rise of television is supposed to have carried the process of homogenization even

further. Over 90% of American households now have television sets; more than have running water or indoor toilets. These families, according to surveys, spend an average of five hours a day hypnotized before the tiny screen. According to one survey the average child dedicates one-sixth to one-seventh of his waking hours to television. Advertisers, naturally seeking the widest possible market, have favored programs that would alienate as few people as possible. Thus, the premium on television has tended to be on pleasing the lowest common denominator. As Edward R. Murrow put it, "Television in the main is being used to distract, delude, amuse and insulate."

So too, people have related the increase in crime to the decline of inner moral standards - the inner moral monitor - especially the increase in white collar crime and juvenile delinquency. Criminal statistics are not reliable, but still the number of children under 18 arrested by the police grew from 35,000 in 1940 to nearly 300,000 in 1960. And so too, such phenomena as the "Beat Generation" appeared to represent a desperate, chaotic, and pitiful revolt against a society which failed to imbue some of its young people with a sense of purpose, which made no sense to them and led them to this kind of futile self-dramatized revolt.

All this began to make some people begin to despair of American society. Yet, at the same time various counter-pressures had begun to be felt; counter-pressures which indicate, in my judgment, that the United States is not in quite as powerless a shape as this picture would seem to indicate.

The first hopeful sign, of course, is the very existence of this process of self-appraisal and self-criticism. While on the surface in recent years there

has been a mood, apparently, of acquiescence, even complacency, underneath the surface there has been a considerable amount of questioning, of self-criticism and of ferment. The existence of books like those of Galbraith, of White, Riesman and the others, by identifying the problem, have begun to generate the desire for improvement. This, of course, has always been the American way. The first step toward every improvement that has ever taken place in our society has always been a rigorous, often exaggerated, sometimes hysterical exposure of what seems to be wrong. Criticism in an open society is one of the vital engines of change. Take the field of education for example. There in the last decade we have been undertaking a remorseless reappraisal of our educational system. In the course of this reappraisal we have often made our system, which is clearly the best in the world, out to be much worse than it really is. Yet this is all part of the process.

The result of this ferment has been a new look at our schools, a new emphasis on excellence as an educational objective, a beginning toward the restoration of intellectual discipline as the heart of the curriculum, and, in general, a new and fertilizing impulse to educational reform.

So too with the mass media; the new criticism of television which has found a particularly articulate and persuasive spokesman in Mr. Minnow, the new Chairman of the FCC, all this is beginning to produce an awareness of the potentialities of television, a new sense of responsibility, and a new desire for excellence in programs. And other tendencies can be noted. If the mass media in certain respects have had the effect of standardizing and prefabricating experience, in

other respects they have enlarged the range of cultural possibilities and enriched the experience of the individual, with such things as the long-playing record, the paperback book, the artistic reproductions. All this has made it possible to bring the wisdom and the art of the ages into everyone's home. In the 1950s America spent more money on concerts than on baseball games. 30 million Americans today are playing musical instruments. By 1960 books for the first time in history had become a billion dollar business.

So, all this self-criticism which, on the one hand has had the effect of making us look with some dismay at ourselves, has also had the effect of stimulating and releasing the energies necessary for improvement.

A second factor which has contributed to the change has been an increasingly stringent sense of Soviet competition, which, again, can be illustrated in the field of education. President Eisenhower reported in 1957 that when a Russian graduated from high school he had had five years of physics, five of biology, four of chemistry, ten of mathematics, and five of a foreign language. And this at a time when the disciplinary subjects were playing a declining role in the American curriculum. Soviet society today, of course, turns out many more engineers and scientists than our society does. The awareness of all this has helped to slough off the life adjustment nonsense in our curricula and to stimulate a return to a more basic curricula. It has also produced a new effort to rescue the gifted child and stop the national wastage of brain power.

A third factor which I think is helping produce a new mood in America is part of the cyclical rhythm of American life. If one were to go back through the years

of the century one could discover a kind of rhythm in our national affairs beginning in 1901 or thereabouts with the accession of Theodore Roosevelt to the Presidency. There came the so-called "Progressive Period," a period of revival of the sense of public purpose and the release of national energy, a period which came after nearly 40 years of stagnation in the field of public policy. This mood extended through Roosevelt's terms and with an interruption through the administrations of Woodrow Wilson, with the new freedom, the great burst of domestic reform during Wilson's first term, and finally the discharge of American idealism overseas in the effort to make the world safe for democracy.

So, by 1920 the United States had been through 20 years, so to speak, of crisis; 20 years of positive national leadership; 20 years of concentration on public objectives; and by this time the people were emotionally and intellectually worn out, with a terrific desire for what President Harding called "normalcy." The American people in a sense were spent and exhausted. The capacity for further response to crisis was drained. They were tired of discipline, tired of sacrifice, tired of abstract and intangible objectives, no longer prepared to gird themselves for heroic moral or intellectual effort. The predominant mood was one of a desire to be let off public affairs, to be permitted to resume the private affairs of life, and immerse themselves in family, home and career.

Thus, the decade of the '20s, a period of lull or consolidation. John W. Davis was the defeated candidate for President in 1924 and he put it this way: "The people usually know what they want at a particular time. In 1924 when I was a candidate what they wanted was repose."

The '20s were a decade of repose. But two things happened in this decade as it proceeded; on the one hand problems began to accumulate as a result of the period of public neglect, and on the other, the people's batteries began to recharge with the period of recuperation leading to a renewal of interest in public affairs. The crash of 1929 accelerated this process. So, in the '30s and '40s one had two decades in this country very comparable to the first two decades of the 20th Century, a period of intense internal reform followed by a period of intense international effort, and again, Presidents like Roosevelt and Wilson who saw politics as an educational process, believed in the importance of unremitting public leadership. In these two decades the American people went through the worst depression in our history, the worst hot war in our history, the worst cold war in our history, and in Korea, the worst limited war of our history. The '50s were a predictable result; another time of predominant intellectual and moral exhaustion; another period of passivity, lull and repose.

But there again the same thing happened as in the '20s; the rise to urgency, of problems that had thrived under neglect, and the recharging of national batteries. So that, if this rhythm in our national affairs continues, the '60s, like the first decade in this century, like the decade of the '30s, should mark a resumption by the American nation of its capacity for public purpose, of its capacity to concentrate its energies for objectives beyond the individual.

All these things - the process of self-appraisal, the intensity of the Soviet competition, the rhythmic character of the cyclical rhythm in our national affairs - offer us legitimate hope for the years ahead and make the somewhat jaundiced

analysis of the American scene to be found in influential writers in the past few years, inadequate. Let us say that there will be nothing easy about these years; yet there is increasing evidence - some of which I'm sure Mr. Rostow set forth to you this morning - that Communism is faltering in its efforts to deal with its problems; that the Communist effort to impose a monolithic world order is doomed to increasing frustrations; and at the same time evidence that the traditional values of American society, the values of pluralism, of freedom, the combination of individual liberty and public purpose, are far more in the grain of history than the totalitarian dogmatism and fanaticism of the Communists. I think that everything that has happened in recent years suggests that history is on the side of diversity and of freedom, and this is shown most spectacularly by what has recently happened within the Communist Bloc itself.

There is nothing automatic about salvation; nonetheless, the American society as it confronts the tasks of the next generation has a strong economy, an economy which has proved itself continuously effective in innovation and invention. It has a good educational system. It has a wide distribution of income. It has infinite natural resources in its people. It has all the latent capacity to meet these problems which confront us. As I say, there is nothing automatic about any of this. In the end what happens depends upon our leadership, and above all, upon ourselves.

Speaking for myself, I have full confidence in the capacity of the American people to continue their course of social and political progress and to meet with steadfastness, courage and faith, the menacing problems of the future; that the

ideals of 1776, the torch of freedom which was lit by the Founding Fathers of this Republic has not been extinguished; and my own belief is that it will continue to illuminate the way for mankind for many generations to come.

Thank you.

QUESTION: We as Americans are vitally interested in the educational system of this country, but on the other hand we find that the wages of American teachers today in many cases are not comparable to those of a plumber - skilled or unskilled labor. Do you see any possible solution to this basic problem.

MR. SCHLESINGER: Your question is, of course, quite right. One of the problems of getting good people into the educational system is the fact that everybody wants to be able to support himself, raise a family, and take good care of them, and often the salary of a teacher does not seem adequate to do that. So, people who might otherwise go into teaching do not go into teaching and those who go into teaching are, in some cases, not the people best qualified for it. The answer to that is finding some means of steering more of our natural resources into the educational system.

In the Soviet Union, for example, about twice the share of the gross national product each year goes into education, as it does in the United States. One way of dealing with this is to supplement education which is primarily - and properly primarily - a local matter, by federal aid of some sort; aid to be given to the states, to be distributed by the states according to their patterns and procedures.

The attempt to get a federal aid to education bill has gotten into trouble in

the last session of Congress because of the controversy of whether aid should be given to parochial schools. But I think the effort to continue to work out a formula for federal aid will continue, and in my judgment this is a necessity in order to bring about the improvement in the quality of the personnel in our educational system. I would add that simply steering more resources into our educational system is not by itself enough. We also have to pay attention to the quality of the teaching and to the content of the curriculum. But as I suggested earlier, I think people have been thinking hard about that for the last few years for the first time in a long time, and I think there has been a reorientation in the curricula toward the restoration of intellectual discipline. If this could be accompanied by means which would attract strong and effective people into the teaching system and make them feel that they weren't sacrificing the welfare of their children etc., by going into a low-wage profession, then I think our system would be in much better shape if, in addition, we build enough class rooms to accommodate the 4 million boys and girls who are being born every year.

QUESTION: You indicated a disappointment on the part of many in the rate of our economic growth. Would you explain that a little further, please?

MR. SCHLESINGER: The proper rate of economic growth is, of course, a matter of the balancing of values. But there has been a general assumption which is expressed, for example, in a report of the Rockefeller brothers' fund in 1960, and, I believe, in President Eisenhower's commission on national goals, and it has also been expressed by President Kennedy that our rate of national growth ought to be in the neighborhood of 4% a year. We did have economic growth at

this rate from, roughly, 1948 to 1952. In the '50s, until the end of the decade, our economic growth rate fell to about 2%. This contrasts with the increase in Soviet industrial production in these years which was something in the order of 8% or 9% a year, and it contrasts even more markedly, perhaps, with the rate of growth in Western Europe. The Common Market countries with a free economy in the 1950s - the countries of France, Italy, West Germany, etc., grew at the rate of 5% or 6% a year. Japan also, with a free economy, has been growing at the rate of about 6% a year.

The short fall between the rate of 2% and 4% means that there are available to American society 20 to 30 billion dollars a year of income which might be applied to a number of purposes - to our educational system, to the building of missiles, or to private consumption. And the disappointment, therefore, lies in the fact that our growth has not only been beneath our capacity - I mean that only about 60% of our capacity in steel at present is being currently employed - but if we could achieve a 4% growth rate then we would have many more resources available for our domestic needs and for improving the living standard of our people. Therefore, 4% seems a sensible objective; a growth rate which we can achieve without running the problem of stoking the boiler so hot that there is a danger of an inflationary explosion.

QUESTION: In your discussion of organizations you intimated that the organization, as such, might have a deleterious effect on society - or on American society. Being part of a highly organized organization most of us here would wonder what is the alternative to organization-mindedness.

MR. SCHLESINGER: I meant not to express my own views about organization but to report influential views which have been expressed as part of this process of self-appraisal. I agree with the questioner that in a modern, high-technology society there is no alternative to organization. I think the notion that we can roll back and reverse the tendencies in our economy, for example, and break down great corporations into small freely competing units is, in most cases, a fantasy. I think that big size responds to necessities of technological development, and therefore I see no alternative to running most of the kind of modern high-technology society that we have - I see no way by which this can be effectively run except through large organizations.

I think, on the other hand, that one can temper the control, the so to speak mystique of the large organization. I think the usefulness of a book like White's book "The Organization Man" - and White wrote this book after having reported on the workings of many corporations, for Fortune Magazine - is to call alert people to the dangers in the total identification of themselves and their lives with the corporation and to remind them that the individual has a life outside the organization. I think that in this way one can use the organization and not be used by it. And remember, organizations are there to serve people and not people to serve organizations. But functionally, it seems to me, the large organization is inescapable in contemporary society.

QUESTION: Sir, in your talk you mentioned a reposed virility cycle or whatever you might call it. I have just come back from several years overseas and I find a great deal of emphasis here in the states on what I would call a "credit

binge" and status-seeking to keep up with the Joneses in the way of housing, consumer goods, etc. Is that symptomatic of what you would call the virile portion of the cycle?

MR. SCHLESINGER: I would not regard it as so. What I had in mind in this activist phase of the cycle was more a kind of positive purpose in public affairs. I think that indeed life on the installment plan has been, in the first place, very continuous, and it's also very necessary from the point of view of the workings of our system. In the main it becomes more intense when the mood of self-indulgence becomes more prominent, when the private goals appear more important than the public goals. So, I would not regard this as a symptom of the activist phase of the cycle.

QUESTION: Sir, do you recognize a growth in the relative importance of the judiciary of the 20th Century as related to the Executive and the Legislative Branch of the government?

MR. SCHLESINGER: That tends to be a fluctuating thing. The Supreme Court, ever since the case of Marberry versus Madison in 1800, has had the power to veto and declare unconstitutional acts of the Congress and acts of the Executive. I think one respect in which - and at times it has exercised that power more freely than it has at other times. For example, in the 1930s, the Supreme Court in a few years threw out half a dozen laws of Congress, and indeed in a short period nullified more Acts of Congress than the Supreme Court had done during the whole of American history preceding.

The policy of the Supreme Court seemed so discordant from the policy of

that the American electorate and the Executive and Legislative Branches desired, that it led to Roosevelt's abortive attempt to enlarge the Supreme Court. And although Roosevelt lost that battle, nonetheless the Supreme Court, as Mr. Dooley put it in 1904, "The Supreme Court follows the election returns," so the Supreme Court then moderated its course of opposition to those policies.

I think one new thing is the fact that in recent years the court has played a role in the execution of their own decisions. This is not entirely new. For example, in anti-trust cases the Federal Courts have often carried through the implication of anti-trust decisions. But in the Supreme Court case the fact that the responsibility for the execution of the Supreme Court's decision when desegregation was placed upon the District Courts gave emphasis to the new role of the judiciary.

I think the judiciary's role is one of expanding until it encounters some collision with public sentiment, at which point it tends to retreat. And it continues in this way rather than a unilinear increase in power.

QUESTION: I'm fascinated by your cycle theory. I wonder is there any correlation that you have detected between the experience of vigorous activities when either of the two major parties were in power?

MR. SCHLESINGER: I prefer to leave the deduction in your hands. In order to avoid any semblance of partisanship I'd rather not comment on that. It should be pointed out, though, that the cycle in this century began with a Republican President, Theodore Roosevelt, though I suppose a peasant could point out that President Roosevelt was expelled from the Republican Party in 1912.

QUESTION: You indicated that because of the built-in safety factors we are

unlikely to have another depression like the '30s. However, we are still prey to these periodic recessions in business cycles. I wonder if you'd discuss this.

MR. SCHLESINGER: If the built-in stabilizers are capable of dealing with a great depression they are obviously thus far incapable of dealing with recessions and minor ebbs and flows in business activity. Is the time foreseeable when we will be able to control that and have a steady rather than a fitful process of steady economic growth?

I would like to think that there would be such a time. The problem of economic forecasting, though, has always been a difficult one. I think that in the free economy one must always expect a certain margin for error, and my own guess would be that while I believe that through a proper policy we could have a faster rate of economic growth than we have now, whereas we probably could get a 4% rate of growth, I doubt whether we're going to have a control over sufficient decisions to have us continue without occasional dips in business activity. I'm not optimistic, therefore, about the total solution of the economic problem. But I think that we can do better on it than we have been doing.

QUESTION: In your answer to the improvement of the economic situation for teachers you mentioned federal aid as a possible source. Federal aid in support of economic measures in large matters seems to be the answer now to all large problems. Are there any other ways that these might be approached?

MR. SCHLESINGER: I think the question of federal aid for schools is the result of a very particular and concrete situation. That is, schools are generally financed locally from the property tax. And the property tax has been pushed in

many communities about as far as it can go. The federal revenues are derived partially from the personal income tax and this is a more equitable form of taxation. Therefore, it's easier to get resources from the income tax than it is from the property tax. An alternative would be state sales taxes. Professor Galbraith, in the "Affluent Society," has argued that when the standard of living becomes high enough the state ought to pass sales taxes as a means of diverting resources from private consumption to matters of public need like schools. So, I think that within the state, the sales tax is about the only form of taxation for schools, and we all know how popular sales taxes are with the voters. And although we may commend other states for adopting them there is never any great excitement about having them in one's own state. So, I think that if the states aren't going to pass sales taxes, then the federal income tax appears to be the best source of revenue for education.

About the general problem, obviously it seems that the resort to the federal government ought to be the last recourse and should only be taken when private and voluntary initiatives are inadequate to do the job and when state and local governments prove inadequate to do the job. I think that the more we can decentralize all the elements of responsibility and assistance, the better. On the other hand I also think it's an error to regard, as some impression has gone forth across the land, the federal government as somehow the enemy of the people or somehow a less efficient disperser of the people's funds than the local governments. It may be that I am prejudiced because I am a citizen of Massachusetts. But in my impression I would infinitely prefer to entrust funds for distribution by

government, to the national government, than I would to the state government.

QUESTION: I believe I understood you to say, sir, that our investment of our gross national product in education and research led to greater productivity than automation per se. Would you care to expand on that?

MR. SCHLESINGER: No; what I meant to say was that automation was simply the latest form, the latest expression of the investment in education and research. Automation is developed by education and research, the expression of it. I didn't mean to contrast the two.

QUESTION: I believe that Western Europe is expanding now under economic systems that more closely approximate a laissez faire economy than ours does. Is it possible that in achieving our mixed economy with the resulting federal controls that we have not only smoothed out the valleys, but we have knocked off the humps? In other words, some of our decline in growth can be attributed to that?

MR. SCHLESINGER: As a matter of fact, I think if you will examine the economic systems in Western Europe from country to country, two of the countries which have a notably large growth - that is, France and Italy - you will find that they have a much higher degree of national planning than there is in the United States. Under the Monet Plan beginning in 1947 - the Monet Plan set a serious of guidelines of objectives. The government gets together with the heads of the leading industries and they agree on certain production targets and meet them. And this thing is reviewed every year. It's voluntary, as distinct from a compulsory system of economic planning. But very distinctly, economic planning involves business and government collaboration on economic objectives.

In Italy the government and business are mixed up a great deal in their economic enterprises and they have a form of economic planning there.

The French economic planning has been so successful that the Conservative Government of England is now setting up a new planning board which is modeled on the John Monet system of planning in France.

West Germany also does not have a system of central planning and has also had a large amount of economic growth, but West Germany has diverged from the classical laissez faire system because one of its great stimuli to economic growth has been the running of budget deficits. In West Germany they have used the budgetary deficit quite purposely as a means of stimulating economic growth. So, though the systems diverge I would say that the use of the deficit and the use of economic planning, if they have not been responsible for, they have at least accompanied this quite remarkable growth in Western Europe.

QUESTION: According to your opinion what is the effect on our rate of growth in our military expenditures and our aid programs?

MR. SCHLESINGER: Our military expenditures amount to some 50 billion dollars a year, and our aid program is another 4 billion dollars or so, a great deal of which is spent in the United States. It's clear that if the government were tomorrow to cease spending this 55 or so billion dollars, that this would have a marked effect on our economy. On the other hand I wouldn't exaggerate the indispensability to economic affluence of these matters.

Between 1945 and 1946, in the year after the war with the cutback in defense spending, the government's purchases of goods and services in the American

economy declined in a year from about \$125 billion a year to about \$35 billion. It declined about \$90 billion, and it declined at a time when we were running a gross national product of only about \$200 billion. In other words, the decline in federal purchases of goods and services amounted to about a third of our gross national product. Many economists anticipating this decline assumed that this would plunge the country into a depression. In point of fact it did not. The American economy showed enough resilience to survive this extraordinary decrease in public spending and it was able to do so, of course, in great part because of the backlog of deferred consumer purchases which had been bottled up during the war.

Today if we were to stop all of our defense and foreign aid spending it would amount to a much smaller share of the gross national product, nearer one twelfth than a third. And if we could survive a decline of one third in '46 and '47 we could doubtless survive a decline of one twelfth now. And though there isn't the backlog of deferred consumer needs there is an increasingly deferred backlog of public needs because we have not expanded our public facilities - roads, schools, hospitals, national parks, etc., in a way to keep up with the pace of population growth.

So, I think there are alternative outlets for spending which would maintain a high degree of economic activity, though this would, of course - the eradication of defense spending - work great trouble in localities like San Diego or Hartford which are peculiarly dependent on it. This is not a problem that we'll likely have to face in the near future, but it is a problem that for the long term deserves very serious consideration because I could think of no greater reproach to our

wisdom and ingenuity if the only way we could figure out to keep the American economy steadily expanding and providing comforts and opportunities for everybody was through a large military budget. I'm confident that there are other ways and though a lot of the theme of our economy comes, as Mr. Knight suggests, from this stimulus, I do believe that alternative forms of stimuli can be found.

QUESTION: There seems to be continual controversy that the federal government continues to get larger at the expense of state and local governments. Now, would you care to comment on that, sir?

MR. SCHLESINGER: I think there has been obviously, over the last half century, a steady redistribution of certain functions and powers from the state governments to the federal government. I think a large part of this has been functionally necessary. President Eisenhower felt keenly about this point and appointed a commission on inter-governmental relations which was designed to study the whole range of functions and decide which functions could be usefully returned from the federal government to the state governments. And after some years of examination and meetings they came up with a program or recommendation which involved the devolution to the states of one or two small programs amounting to something like \$100 million a year. They were unable to recommend anything else.

The reason for extending the power of the national government is that as long as problems are predominantly state problems or local problems they could be handled predominantly by state and local authorities. But with the whole scientific and technological revolution there has come about an economic revolution. Most economic problems, for example, are still across state lines; they

are interstate problems, and as interstate problems they are Constitutionally under the jurisdiction of the Commerce power and of the national government. And in many cases the only way to insure uniformity as from one state to another in dealing with these problems is through a national solution. Take something like wages and hours. It is argued that wages and hours ought to be done by the states rather than by the national government. If this were done it would mean that there would be different standards from state to state; that there would be constant competition among states; and the states which had better regulations from the point of view of wages and hours would be competitively disadvantaged, whereas the states which allowed sweatshops to exist, etc., would have competitive advantages from the point of view of attracting capital and business. So, the best way to do this is not to penalize the responsible or enlightened employer, but to have a national system. And similarly in something like social security, how much more economical and efficient it is to have a single national social security system than to have 50 state social security systems each with its own organization, its own bureaucracy, its own standards, etc. But, in general, the fact that the national government, for better or for worse attracts more qualified personnel than state governments are able to do, remains. And, as I say, coming from Massachusetts I may be particularly prejudiced on these points.

QUESTION: Mr. Galbraith, in his book "The Affluent Society" which you referred to, seemed to me to decry in several of the chapters the significance of the term "The Gross National Product" as being an indicator of one's strength viz-a-viz another country, or as an indicator of the real affluence of a country. Do you

agree with him that this term "The Gross National Product" as now figured by our country is erroneous? And are we working on better ways to show our real potential and real economic capability?

MR. SCHLESINGER: Mr. Galbraith was skeptical of the term "The Gross National Product" as a measure of national strength, and he was for a good reason because the gross national product is simply a crude measurement of national output and it does not speak as to the quality of the output, if the production of a \$100 billion of lipstick or the production of \$100 billion of guided missiles count the same in the gross national product. So that, when we talk about Soviet gross national product being 45% or whatever it is of our own we may take undue consolation from this discrepancy unless we begin to break down and discover the composition of the gross national product.

And when the gross national product of the Soviet Union has over twice as much of the proportion going to armament and over twice as large to education, we can see that their allocation of their resources is different from ours and it is an allocation which may be better designed to produce an increased national strength.

Our gross national product, although impressive in crude gross measurement, \$560 billion or whatever it is, becomes less impressive, perhaps, when we see how much of that is devoted to consumer goods of various sorts which may increase the fun and variety of life but which do not contribute necessarily to our national strength. I think that Mr. Galbraith's point was that production per se isn't the test of national power or of national wisdom, the question is, what is produced, and the resources per se aren't the answer, the question is, how do we allocate

them? And one of the values of his book was to make it harder to be content with just the fact that our gross national product was so much greater than was that of the Russians, and to fasten attention on what is an equally important product question which is the allocation of resources. It's not only important to have wealth, it's important on how we use it. And how we use it may be more important than simply aimlessly increasing the production of lipsticks etc. I think this is of the utmost value, and one of the most difficult problems for a free society to do is to approach the question of the allocation of resources.

A totalitarian society can allocate resources by directive and can say how much it wants produced; it can withhold resources from less essential production; and it can direct labor into fields which are most important from the point of view of increasing national power. We are committed essentially to the market system as the means of the allocation of resources because we believe that that system is the most compatible with individual freedom. And yet, we've never wholly trusted the market system, and the whole institution of taxation is a qualification of the market system. Taxation is essentially a means of diverting resources to objectives that are considered a public necessity.

What we have to do in the years to come is to resolve the problem of the allocation of resources in a way that will not destroy the freedom of the market or destroy individual freedom, but will still make sure that our unprecedented national wealth is applied to the purposes which will most effectively build the long-run strength of the nations of our society.

Thank you.

CAPTAIN BOGLEY: Mr. Schlesinger, on behalf of the Commandant, thank
you very much.

MR. SCHLESINGER: Thank you.