

FOUNDATIONS  
OF  
POLITICAL ECONOMY AND ECONOMIC IDEAS

6 September 1963

COLONEL BERGAMYER: Yesterday, Dr. Heller kicked off the economics phase of Unit I with Rosebowl sophistication. Today, we're going to start over with the fundamentals. ICAF's chief economist will begin the elaboration on some economic principles which should help us understand how Dr. Heller and the Council arrive at some of their judgment decisions.

Now, those of you who are not familiar with economics might feel that that which you are about to hear from Dr. Poppe might sound like Greek. But, I will assure you, gentlemen, that it is really Dutch. Janus?

DR. POPPE: Admiral Rose; Gentlemen:

We may draw an analogy from the joke I just told, pertaining to many words in economics. Economics has its own vocabulary and the same words may have a different meaning to different people, and in different context. For instance, in modern economics theory investment to the economist means expenditure for new plant and equipment. To most of you it means the purchase of common stock. It will change during the year, but right now you speak about the purchase of common stock when you invest. And, believe it or not, to my wife it means the purchase of a new hat. She came home a couple of days ago and said, "Look at the wonderful investment I made." And I really have a large number of diversified investments in my home, I can tell you.

The first observation about economics is that it has its own vocabulary, and that before we can understand the words we must carefully look at the definition of each word before we can intelligently discuss the subject. Economics have been