

# CRITERIA FOR JUDGING PUBLIC POLICIES AS THEY AFFECT ECONOMIC PROGRESS AND INTERDEPENDENCE

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## A. Criteria Which Should be Observed in Developing Sound Public Policies and Programs

1. Policies and programs should be developed by means of recognized and accepted methods of economic and social analysis and measure up to our economic and social concepts of the general welfare. They should be consistent with the long run rather than the short run. Then they should be just, reasonable, and result in optimum living standards. Policies and programs should:
  - a. Encourage rather than restrict productivity (observing the limitations of freedom and the rights of the individual). This includes, among other things:
    - (1) Sound natural resource policy. In some cases this may mean exploitation (most likely in early developmental stages) but usually it means conservation.
    - (2) Conservation of human resources.
    - (3) Education and research.
    - (4) Promotion of resource mobility for most efficient resource use.
    - (5) Promotion of production adjustments consistent with the principle of comparative advantage.
    - (6) Promotion of an efficient distribution and exchange system consistent with sound international policy (as well as domestic policy).
      - (a) Encourage free trade rather than trade barriers and restrictionism.
      - (b) Promote price trends which will be in line with general equilibriums normally resulting from the free operation of economic forces.
      - (c) Promote an economically stable but expanding economy.
    - (7) Promotion of gains among all groups which are just and reasonable.
2. Our policies and programs should optimize the rights and freedoms of the individual consistent with the general welfare. In other words, they should insure the rights and freedoms of the individual to the extent that they do not interfere with the rights and freedoms of other individuals. These include:
  - a. Religious freedom.
  - b. Intellectual freedom.
  - c. Political freedom.

d. Economic freedom.

3. Political implications

- a. Our policies and programs should be developed through democratic procedures employed by groups and government. The foregoing criteria emphasizes:
- (1) The importance of using democratic processes by organized groups and government if we are to achieve sound policies and programs which measure up to these criteria.
  - (2) The importance of developing policies and programs which will promulgate a democratic political system which provides a healthy political and social environment encouraging individual initiative. In other words, policies and programs should be designed administratively not only to implement the intended economic and social objectives but to strengthen our democratic processes through their implementation. Some of the principles to be observed are:
    - (a) The right to bring forth opposing viewpoints. This means conflict which per se is one of the essences of democracy. This calls for:
    - (b) Tolerance and understanding of each other's viewpoints.
    - (c) Lack of fear--no fear of being misunderstood, losing status, admitting errors, or expressing differences of opinion.
    - (d) Need to find areas of agreement.
    - (e) Compromise (can be done without sacrificing personal convictions).
    - (f) The right of the majority to decide.
    - (g) The right of the minority to be heard without suppression.
    - (h) The obligation of the minority to comply with the rules determined by the majority.
    - (i) The secret ballot.
    - (j) Representative government.
    - (k) The accountability of representatives of government.
- b. Policies and programs should be formulated through groups and government made up of an enlightened public who have had an opportunity to form opinions through free group discussion conducted in a democratic rather than a dominative atmosphere.

B. Guidelines for Measuring Public Policies

1. Considerations

- a. Labor productivity is basic to higher living standards. The more we produce per man-hour, the more goods and services and leisure we have. This means among other things, better working conditions, better living conditions including food

and housing, better schooling, and more vacations.

- b. Labor productivity is increased by:
  - (1) Simplification of human tasks.
  - (2) Replacing human labor with machines.
  - (3) Power from other sources.
- c. Being a primary industry producing the primary wants--food and fiber--agriculture must increase its productivity as the first step in the economic progress of a nation in order to free manpower to produce the other goods and services which go to make up higher living standards. Increasing productivity, therefore, is a matter of public concern. The general welfare depends on it. Its fruits are passed on to all as improved living standards.
- d. Technological progress creates "technological" unemployment or underemployment in the more primary industries, especially agriculture.

As technology advances hand labor becomes relatively unproductive, characterized by relatively low incomes. Technology is advancing at an ever-increasing tempo. This sharpens the problem. Labor must move from industries where their productivity is low to new industries where it will be higher.

- e. The fruits of increased productivity are theoretically distributed to all society through lower prices. This adjustment takes place in perfect markets in the absence of monopoly tendencies.

Agriculture tends to operate in a more perfect market than industry; hence, the gains of its increased productivity tend to be passed on to all groups through lower prices.

Industry tends to operate in a less perfect market; hence, the gains of its increased productivity are sometimes retained. This may create terms of trade which are adverse to agriculture.

## 2. Criteria and suggestions for improvement

Our public policies and programs must:

- a. Encourage rather than restrict productivity (observing the limitations of freedom and the inalienable rights of the individual).

- (1) Agriculture - Farmers must **continuously** seek new ways to increase output per worker **as rapidly** as do other industries. This calls for:

- (a) Alert and continuous reorganization to:

- i. Adjust to new products as **consumer** demand changes.

ii. Adopt new production and marketing methods.

(b) These adjustments may be aided by:

- i. Research and educational programs.
- ii. Incentive programs to encourage adoption of new farm practices and shifts to new products to meet new demands.
- iii. Adequate and properly directed public and/or private credit programs for acquisition of capital equipment to replace labor.
- iv. Cooperatives to introduce efficiencies into the distribution system in order to increase productivity.
- v. Public programs to encourage movement of technologically underemployed and unemployed rural labor into non-agricultural occupations. Increasing productivity in agriculture creates the need for constant shift of labor from agriculture. Labor may not have the necessary skills to transfer to another job.

(2) Labor - Labor groups should:

- (a) Promote labor productivity by cooperating with management in adoption of labor-saving techniques.
- (b) Assist the technologically displaced to find new employment in new industries and occupations rather than defend "make-work" policies which hold down the worker's productivity (and his wages).

(3) Industry - Industry should:

- (a) Continuously review its cost and revenue schedules to make sure it is not abusing the "low-volume-high-price" policy typical of production in imperfect markets.
- (b) Promote increased productivity by cooperating with labor leadership in adoption of labor direction techniques and labor-saving techniques.

### C. Questions to Evaluate a Public Policy

1. Does the policy conflict with our economic progress?
  - a. Does it interfere with productivity by restricting resource mobility, retard production adjustments, interfere with our distribution and exchange system?
2. Does the program interfere with individual rights or freedoms?
3. Does the program have harmful political implications?
  - a. Was it developed through democratic procedures? Does it reflect the will of the majority? Does it protect the rights of the minority? Can the program be held accountable to the people?

These are some of the questions that should be asked regarding each policy considered. Each policy should be considered in light of its effects upon economic progress, the changes it might make on the interrelationships in our economy, and the possibilities of improving or harming them.

Any policy may be judged on these criteria. The committee has not attempted to take a specific proposal and evaluate it for presentation. They felt their time could best be used in laying out the foundations and framework which would enable extension economists to evaluate programs as they arose. This is what they have attempted to do.