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A Challenge to Economic Discussion: Money to Grow On

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A question that haunts the reader throughout is how the text could have passed the Office of Research Coordination, of the state university, no less—without any signs of editing. Fernando Zobel's name takes on a "Jr." Victor Oteyza assumes a dual guise: Oteyza on p. 135 and Oteyza in the index. The foreign terms continually flaunted are, alas, not recognizable: *nouveau(x) riches*, *Academia de Debujos*, *aficionados*, *Jugenstill* for *Jugendstil*. The abundance of grammatical errors: "... things had left indelible scars to their sensibilities," (p. 131); "...a side street which intersect Calle Mabini," (p. 134) would make a high school student shudder for his academic standing. Frequently the prose soars to the heights of a wreath-laying speech: "Now when at last war ended, a particular class of people found therapeutic outlet to their repressions in art."

One mourns the amount of time both the reader and the author could have saved had the photographs been printed without the misguidance of the text.

Unfortunately the photographs do not provide much relief either. One could forgive the splotchy reproductions in view of the level of local printing. But why must one be forced to meet on a single spread, sights as unrelated as the Lyceum, the Baroque facade of Morong, a luscious pagan girl offering gifts to her *anitos*? (figs. 140, 141, 142). Why should the Jai-Alai night club keep an old mansion and a profusely decorated church portal company? (figs. 134, 135, 136).

A final question: how could a reputed critic like Alfredo Roces quote the "tiny feet characteristic of high class Chinese women" that Castañeda saw in a church panel as proof of the latter's observant eye?

FERNANDO N. ZIALCITA

A CHALLENGE TO ECONOMIC DISCUSSION

MONEY TO GROW ON. By Stuart Chase. New York: Harper & Row Publishers, 1964. 171 pp.

It is very seldom that a doctor prescribes medicine to a healthy person. But it becomes necessary if the person likes to stay healthy and strong. Such is this book, *Money To Grow On*; for indeed, this is a prescription for a healthy economy and an affluent society not only to maintain its health and affluence but to explore ways for the expansion of its growth and the optimal use of the social wealth.

Mr. Chase succinctly portrays the ills and defects of the American economy, the challenges of an expanding population and the social revolution of automation. He outlines briefly the social costs of a sluggish growth, touching on the social effects of a stunted growth and bringing the result to an international sphere where the American leadership may be questioned.

The author points out the concept of potential economic growth and that for as long as this is not reached, the economy is losing and society is wasting some of its resources. He contends that inflation is not any cause for alarm for as long as there is a gap between the actual growth and the growth potential. He further advocates that when the economy is below potential, injections of new money would be necessary if the economy is to grow. If the private sector finds it difficult to do, then the government must initiate or undertake such primary monetary injection. This is exactly what the prosperous countries in Europe have done and this is just what happened in the United States right after the bombing of Pearl Harbor.

The lower-than-potential growth of the United States during the decade 1950-1960 was primarily due to the misconception of money and its uses in the modern sense. Mr. Chase believes that the more modern concept of money is dependent on the ability of the economy to produce goods and services. He suggests that a better management of money in terms of its modern use can improve its services and functions to society. He claims that money can be used to reach potential, to hold the economy steady at potential, and to increase the rate of growth of man-power training and technology, thus uplifting the economic well-being of the whole community. The author points out the two diametrically opposed economic situations in the United States, the depression of the 1930's (debacle) and the economic behavior during the early years of the war (super-activity). These were great lessons in life that exhibit clearly and explicitly the definite behavior of money.

The author lists down some misconceptions about money which many Americans entertain and a number of which emanate from the misunderstanding of fiscal policy. If only to put his claims in their correct perspective, the author goes back asking for the meaning of money, traces monetary development in the United States, and discusses the advent of bank money and its present significance in the economic system of the country. It seems paradoxical, but indeed true, that previously, when people relied heavily on bags of gold or rolls of bills as money, the United States was characterized by heavy unemployment; with the advent of more bank money, economic well-being has improved tremendously in terms of lessened unemployment and better distribution of income and wealth.

Mr. Chase chooses a simple "Econoplay" model to trace the flow of money in the economy. He emphasizes that in the end, "the federal

government is responsible for balancing the flow." Indeed, the high level economic activity of Europe and Japan in the recent past has been due to a high level of demand, sustained when necessary by the action of the government. For an economy to grow, money must flow into the monetary stream faster than it is taken out of the system. Then the multiplier effect of the original monetary injection must be considered from the view point of public policy. This implies a system of priority in the financing of public projects, concentrating the initial out-lay on those projects which are essential to the needs of the community. Together with this consideration, he cautions against the disastrous effect of the monetary multiplier if the injection resulted in the additional production of goods and services which are already in abundant supply. The stabilizing effect of additional injections into the flow should likewise be considered. In this instance the absolute amount of monetary units added into the stream may increase, but the rate of the increase may slow down. It is the latter that becomes more significant in order to reach the potential growth. Mr. Chase comes up with the following bold estimates: "Beginning early 1964 about \$18,000,000,000 of growth money needs to be allocated for the 18 months to bring the U.S. economy up to potential.

"After that some \$6,000,000,000 per year will be needed to hold the economy at potential."

The author proposes the creation of an agency for economic growth in the United States, to represent the American counterpart of similar institutions in Europe. He appreciates the difficulties of and opposition to this proposition, recalling the discussions and debates when the Federal Reserve System was first conceived. He goes further and forewarns that for this financial institution to work effectively, that is, to produce money to grow on, a great deal of hard thinking and astute political leadership will be necessary.

The Federal agency for economic growth will be primarily responsible for the injection of new money into the monetary stream in order that it reach potential. The areas for investment of the new monetary injection will have to be well defined and rated on a priority basis so as to reach potential without serious dislocations in the economy. Among the investment areas recommended by the author are:

1. Eradication or abolition of poverty in the United States. It has been observed that about 40% of the American population are now close to or below the poverty line. The author proposes, together with this investment, a tax reduction in this income group. This is primarily an investment on the non-affluent members of the American Society.

2. Investment in training and education of the lower income group of the American society. The first two investments are designed for the development of the human capital. Recent studies of American

society reveal that the lower income group are short of education, of skills, of health services, and of opportunity for advancement in life. Investments in such undertakings would therefore rate a higher priority compared to other fields of investment.

3. Urban renewal and investment in physical capital.

4. International field.

These investments may be financed through the issuance of growth certificates by the Federal Agency, something akin to the British Consols and the French *Rentes Perpetuales*.

The author recommends that the fear of falling into debt should not be misconstrued for as long as such debt produces investments. Moreover, differentiation of the concept of a government debt from a private debt should always be remembered. The author states that while the United States government debt has been rising, yet it has declined as a relative portion of the gross national product. The author believes that even with the advent of disarmament the growth certificates can be made effective in other alternative areas for investment such as space exploration, tropic nutrition and medicine, birth control research, climate control and other projects.

The book is a very good challenge to economic thinking and discussion in the United States. It is a plan for promoting the advancement of American society and toward improving the pervasive benefits of a sustained growth of an affluent nation.

EUGENIO NIERRAS, JR.

AN APPROACH TO SHIFTING CULTIVATION

EL ESTUDIO DEL CULTIVO DE ROZA/THE STUDY OF SHIFTING CULTIVATION. By Harold C. Conklin. Estudios y monografías, XI/Studies and Monographs, VI; Washington, D.C.: Unión Panamericana, 1963. iii, 185 pp.

By the author's definition, shifting cultivation is "any continuous agricultural system in which impermanent clearings are cropped for shorter periods in years than they are fallowed" (p. 1). In the Philippines, the phrase most commonly applied to such a system is "kaingin farming," and it is with this kind of farming that Conklin's paper concerns itself.

After a brief discussion (pp. 1-9) of some of the problems involved in the study of shifting cultivation, the author presents a