

AMERICAN INSTITUTE for ECONOMIC RESEARCH

GREAT BARRINGTON

MASSACHUSETTS

BOOK REVIEW
SUPPLEMENT

February 13

1950

The Population Upsurge in the United States by Joseph S. Davis

Food Research Institute, Stanford University, Calif. (\$1)

What may well prove to be the most important development of the present century, from the viewpoint of long-run influence on economic affairs in the United States, has occurred in the past decade. The economic significance of the population increase since 1940 is already great; and, if the resumption of an earlier growth rate continues for a few more decades, the results will be astounding.

During the 1920's and 1930's students of population trends gave great weight to the declining birth rate that was a marked feature of those years. As a result, the widely used estimates of the Bureau of the Census and those prepared by private agencies showed the population trend for the United States as a curve that rose to a peak between 1960 and 1990 and thereafter turned downward. The maximum population expected varied from 140,000,000 to 170,000,000, depending on the various assumptions made.

Apparently, the population of the United States has reached or will shortly reach 150,000,000. Although many of the experts who had made the predictions mentioned above assumed that the greatly increased birth rate of the 1940's would decrease again a year or two after the end of the war, the high birth rate has continued through the fourth and fifth postwar years with no indication of a substantial decrease, even in the most recent monthly data. The following paragraphs present some of the author's more important conclusions:

"There is now reason to expect (failing a sweeping epidemic) a marked increase in the total school enrollment from its low of 1943-44 to a level at least 40 percent higher before the end of the 1950's, a level which will be at least 25 percent above its previous peak. This is in striking contrast to the confident expectations as late as 1940 that the trend would continue downward and the peak never again be approached. Whether the total enrollment will go on up after 1960, or decline at some rate from this level, will depend mainly on the future course of the birth rate. In predicting this, the experts' opinions have been conspicuously erroneous for over a decade."

* * * *

"The decade of the 1940's was extraordinary in a great variety of ways, all can agree. By the test of that decade, as I interpret the ample evidence, the major population forecasts went signally wrong. This does not mean that the demographers are unscientific, unskilled or deserving condemnation. They have much respectable company—weather forecasters, business and economic forecasters, and election pollsters, for ex-

ample. All have done noteworthy work. But the population forecasting task, though technical and detailed, is not really simple, as many have supposed, and the requisite 'know-how' has not yet been acquired. It is highly important that all 'consumers' of population forecasts should clearly realize these facts.

"If any speculative investor had been led so far astray by forecasters on whom he relied, he would be bankrupt. If any businessman had been so misled by forecasts of business conditions, he would put no further trust in them. Surely the time has come for us to admit that our best population specialists cannot make dependable forecasts of our population for five or ten years ahead. We must quit demanding the impossible of them. Rather we should insist that a competent team or teams of social scientists analyze the reasons for this amazing upsurge, elucidate the errors that led to the false forecasts, and re-examine the whole basis of analysis and forecasting. Meanwhile, all users of population data and forecasts should recognize the radical change in the basis of our thinking that the upsurge has already brought, change their convictions in important respects, and relegate to the shelf of unsettled issues several which had been thought settled."

* * * *

"Barring extreme catastrophes, my own guess is that the smoothed population curve for 1950-2000 will lie somewhere between Projections A and F, and that the population in 2000 will be between 200 and 300 million. But this is only a guess. The range between these projections for the year 2000 is extremely wide; and I believe that no one can yet appraise the factors that will be at work with sufficient accuracy to make a dependable forecast within a range of 50 million. It is often important to realize what we cannot know."

We regard this booklet as one of the most important that has been published in recent years. We strongly recommend that every reader of these bulletins obtain a copy and endeavor to grasp the full implication of the facts and conclusions offered.

Population Analysis by T. Lynn Smith
McGraw-Hill Book Company, Inc., New York (\$4.50)

Mr. Smith has written an introduction to the scientific study of population. His book is not concerned with the economics of population changes nor theories of population problems. In his preface, he does mention in passing that, as far as he is able to judge, "mankind is not at the crossroads" from any "overpopulation" standpoint.

The book is an attempt to summarize what is known about the subject of population and to describe the methods and techniques by means of which this knowledge has been accumulated. The author is concerned

primarily with analyses of population data. Students of social sciences who are not familiar with the work in this field will find the book of great value.

The Triumph of American Capitalism by Louis M. Hacker

Columbia University Press, New York (\$4)

Mr. Hacker has undertaken with considerable success to describe the development of American capitalism and evaluate its achievements. In order to do this, he considers its European antecedents, the influences behind the discovery and colonization of America, and the conditions here that fostered the growth of a capitalistic economy. For the purpose of his exposition, he divides capitalism into four stages (mercantile, industrial, financial, and state) and then traces the developments of America's economy through the four stages.

The author contends that the colonial farmer was a capitalist, who added to his capital plant and acquired land, animals and machinery by producing surpluses above his needs and selling them. Colonial economy, however, was intended to function principally to the advantage of the mother country, and Mr. Hacker likens the mercantilist concept of the state to that of present-day totalitarianism. Mercantilism, he believes, was a major cause of the American Revolution.

From 1789 until the 1850's, capitalism was more or less confined to trade; but, by the middle of the nineteenth century, industrial expansion fostered by immigration and the discovery of gold in California brought about the second stage. Conflicts arose between northern industrialists and southern planter capitalists. Mr. Hacker calls the Civil War a revolution because it was a desperate struggle for political power between these groups. He describes the southern economy, its problems, and conditions necessary for its existence, including the importance of slave labor. Not Negro emancipation but the triumph of industrial capitalism was the more important outcome of the Civil War, according to Mr. Hacker.

With the end of reconstruction, Mr. Hacker closes his detailed analysis. The twentieth-century developments of finance and state capitalism is only outlined, although he suggests that the trend toward increasing government intervention is in the nature of a return to mercantilism. Such is his view of the developments that we have elsewhere described as the counterrevolution.

We recommend this book primarily for its graphic portrayal of the economic developments that preceded the industrial revolution abroad and that accompanied industrial development here in the United States. Such a broad perspective should not be expected to be complete and accurate in detail; yet it should be most useful to those who would understand current economic trends.

Freedom Denied by Ernest O. Kooser

Berlin Publishing Company, Berlin, Pennsylvania (\$2.50)

Those who would understand freedom, especially the full implications of economic freedom, should consider not only the condition of freedom itself but its opposite, slavery in some degree, where freedom is denied. Mr. Kooser is one of those numerous Americans who have acute minds and the capacity to range out of the ruts where so many, even of the nation's good minds, seem to be permanently mired.

The Law of Free Enterprise by Lee Loevinger
Funk & Wagnalls Company, New York (\$5)

Probably most businessmen would benefit by a careful reading of this book. The author is an attorney, but he has discussed in layman's language the basic principles of the laws intended to promote free enterprise.

Of even more importance to many readers than the legal aspects will be the author's exposition of the philosophical basis for the laws described. Especially interesting is his comment "There is considerably more doubt as to the wisdom of the so-called 'fair-trade' Acts." Businessmen who sincerely desire to perpetuate the system that has made their activities possible will do well to read this volume.

Analysis of Railroad Operations by Joseph L. White
Simmons-Boardman Publishing Co., New York (\$5)

The accounting methods prescribed for the railroads by the Interstate Commerce Commission and the reasons for particular accounting classifications are discussed in detail. All of the material is interpreted understandably for those not well versed in accounting. Liberal use is made of tables, charts, and pictures. The final chapter enhances the practical value of the book by presenting a detailed comparative analysis of the operations of two railways, accompanied by explanatory comments.

Production in the United States 1860-1914 by Edwin Frickey

Harvard University Press, Cambridge (\$4)

Professor Frickey has made several noteworthy contributions to the knowledge of economic fluctuations that have occurred since the Civil War. This volume presents refinements of two major indexes, that representing manufactured products and that representing transportation and communication; in addition, a combined index, which the author calls his "new index" of industrial and commercial production," is presented.

Although various other indexes of business activity for the period in question have been prepared, Professor Frickey's indexes are unusual with respect to the qualities of continuity and comparability over long periods. As far as we know, his work is the best available and probably is the best that can be hoped for in view of the characteristics of the data available.

One of the interesting features of the exposition is the division of manufactures into durable and nondurable goods respectively. Even more interesting would have been a break-down into producers' and consumers' goods, but this has not been attempted. Probably the inadequacies of the data available would have made such a break-down so inaccurate as to be almost worthless.

A detailed description of the computations is presented in the appendixes. Although this book is somewhat technical, it should be of interest and great value to many of our readers.

The TVA Idea by Dean Russell

The Foundation for Economic Education, Irvington, New York (\$.75)

One of the questions soon to be decided by Congress is the extent to which the TVA idea is to be applied in various parts of the United States. This economic and political appraisal of the TVA therefore is timely as well as readable and interesting. We commend it to all readers who would like to have an expert's appraisal of this highly controversial subject in layman's language.