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**ECONOMICS, LABOR, & BUSINESS**


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### *Looking Again At the 1970s*

"The Myth of America's Economic Decline" by John E. Schwarz and Thomas J. Volgy, in *Harvard Business Review* (Oct. 1985), Harvard Univ. Graduate School of Business Administration, Boston, Mass. 02163.

According to the conventional wisdom, America's economy slumped during the 1970s: Falling prey to high rates of interest, unemployment, and inflation, American industries stagnated.

Not quite, say Schwarz and Volgy, political scientists at the University of Arizona. They argue that America's troubles were "misdiagnosed," that "we confused the symptoms of an economy hard at work with those of an economy gravely ill."

Absorbing a surge of nearly 25 million entrants into the labor force and a near quadrupling of oil prices in 10 years, the U.S. economy performed well. In contrast to the "much admired" 1950s, the 1970s saw the creation of twice as many new jobs (26 percent versus 13 percent) and higher growth in real per capita income (22 percent versus 16 percent). Investment drew a greater percentage of the gross national product from 1970 to 1980 (16.1 percent) than from 1950 to 1960 (15.8 percent). U.S. manufacturing productivity during the 1970s grew faster than during the 1950s.

In short, Schwarz and Volgy maintain, during the Nixon-Ford-Carter era America was in the midst of a "marathon," not a "heart attack."

Moreover, even in recession, the United States kept pace with other nations throughout the 1970s. While Japan led with a 43.4 percent expansion of industry, America followed with 41.5 percent. France, West Germany, and the United Kingdom all lagged behind, with growth rates of 34.2 percent, 24.5 percent, and 18.5 percent, respectively.

Thus, say the authors, the Reagan administration's claim that it saved the economy in 1981-84 should not be swallowed whole. After adjusting for the oil price hikes of 1973 and 1979, the authors find that annual inflation during the past decade would have been roughly the same as it is now (3.2 percent). Moreover, the number of people entering the labor force today is 25 percent lower than it was 10 years ago. If today's economy were forced to absorb a work force growing at a 1970s' clip, the current unemployment rate, now around 7.1 percent, would "certainly exceed eight percent."

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**SOCIETY**


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### *Value in Virtue*

"The Rediscovery of Character: Private Virtue and Public Policy" by James Q. Wilson, in *The Public Interest* (Fall 1985), 10 East 53rd St., New York, N.Y. 10022.

Exactly what role government social programs should play in American society has never been wholly resolved. Wilson, a Harvard sociologist, contends that many Americans would like those programs to help develop