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"Can't we have both social progress and economic progress?" I have often been asked when discussing the conflict in contemporary America between those who seek a quality-of-life society and those who favor reindustrialization to economic growth with groups ranging from industry and labor union leaders to community college students. Cannot America develop new energy sources, increase productivity, keep consumer products flowing, and use this country's growing wealth to purchase an environment, a workplace, and consumer products that are healthier and safer? Cannot America both keep its economy growing and enhance harmony with others, within self, and with nature?

My thesis is that, for both economic and social-psychic reasons, choose we must. The choice to be made concerns which effort—quality of life or reindustrialization—will be given (or, allowed to gain) first priority over the next ten to fifteen years. After this period, priorities may be reexamined, reaffirmed, or rearranged. Thus, for instance, if first priority is accorded to economic growth, this does not mean sacrificing the vision of a quality-of-life America—but it does entail deliberately deferring many new steps in this direction to a more distant future. Secondly, even during the next decade, the
suggested choice does not require "forgetting" about quality of life (or economic growth, if the priorities are ranked the other way). What is needed is to accord one of the two orientations the status of first, or "top," priority, and the other a clearly secondary priority, and then to make the parallel commitment of resources and dedication.

To put the matter differently, at issue is America's core project. Most societies, especially modern ones, can be fruitfully viewed as actively pursuing one dominant purpose that takes precedence over numerous others, whose realization is also being sought. This is reflected in the way the GNP is generated and spent, in the distribution of the labor force, in the allocation of public expenditures, in the activities people value most, and in the institutions that accumulate the greatest concentration of intrasocietal power.

The Challenges

Since the 1880s and 1890s, America's core project has increasingly been, first, the development of an industrial machinery capable of mass production of goods and services, and later, an ever-growing use of this capacity to generate the material basis of the affluent way of life.

There are significant disagreements regarding the extent to which recent challenges have undermined this core project of modern America, but few would maintain that the legitimacy of the mass-consumption project has not been tested. Beginning in the late 1950s, the challenges have progressed in the form of waves coming on top of each other, with second and third assaults often rising before prior ones have ebbed. The first wave was the demand for greater social justice (favoring reallocation of resources in favor of the underprivileged poor and minorities, even if this violated the achievement principle) and the call for greater investment in nonproducing social services and the public sector (a thesis championed by John K. Galbraith in *The Affluent Society*). The next challenge to the mass-consumption core project was the alternate life-style movement, which questioned all its elements, from the work ethos to the high level of consumption; from the virtue of saving to that of self-discipline. The third wave demanded a healthier and safer environment—encompassing not just nature but also the workplace, and consumer products and services.

Various combinations of these three elements (with an occasional variant, such as preoccupation with the inner-self and with personal relationships) formed a vision of a different core project—the quality-of-life society—which puts social progress above economic. It is impossible to measure precisely the appeal to Americans of the quality-of-life ideal because the answers to public opinion polls vary a great deal. Nevertheless, a crude approximation is possible.

In a national poll, teaching people to live with basic essentials was rated by a large majority (79%) as more important than reaching higher standards of living. Of those sampled, three-fourths preferred to draw pleasure from nonmaterial experiences, rather than to satisfy the desire for more goods and services; and 66% chose breaking things up and returning to more humanized living over developing bigger, more efficient ways of doing things. Asked about four presidential candidates, 43% of a national sample of Americans preferred a quality-of-life candidate over a liberal (17%), a conservative (15%), and a moderate (13%). A 1978 poll that directly rated the two ideals, or core projects, against each other found that 30% of Americans were "progrowth," 31% "antigrowth," and 39% highly ambivalent.

Behavioral data also provide a measure of the quality of life in society's appeal. There is a significant increase in the number of male Americans who retire before required to do so, i.e., who sacrifice salary and future pension income for more leisure. The proportion of males aged 55 to 64 not in the labor force grew from 871,000 in 1950 to 2,232,000 by 1975, a growth in that category of the labor force from 13.1% to 24.4%. While some who retire early do so for health reasons, an estimated 30% do so because they favor having more years for nonincome-producing purposes or for more fulfilling jobs. There seem to be no nationwide data on Americans who have opted for "second careers" (careers that are less lucrative, but which are viewed as more self-actualizing), but their numbers are estimated to be in the millions.

In short, judging both by Americans' expression of views and
by behavioral changes, the attraction of the quality-of-life society amounts to more than a passing fad or the ideals of a small, deviant social movement.

The mass-consumption core project has also been challenged on the economic front, most dramatically by the quadrupling of the costs of imported oil in 1973. While the issue has often been put in terms of shortages or of running out of a main energy source of the American industrial machinery, the main effect has been to make the mass-consumption project more taxing; each American now has to work four times longer to buy the same amount of propellant as before from other nations. Like the challenges to the legitimacy of the mass-consumption project, the oil-price increase came on top of other challenges: sharply declining productivity; relatively weak investment in capital goods; the leveling off of expenditures on research and development; the bloating of the public sector; growing government intervention and regulation of economic activities; the deterioration of the dollar; and the unwholesome combination of inflation and high unemployment.

To put it differently, a well-founded industrialization—the economic base of the mass-consumption core project—has proceeded through three main stages: (1) the preparation of the infrastructure (finding energy sources, opening transportation and communication routes, removing political hindrances to capital formation and to the movement of capital and labor); (2) mass development of capital goods (new plants and equipment); and (3) mass production of consumer goods and services. (Without proper investment in the infrastructure and capital goods, mass production of goods and services is possible only if it is somehow subsidized, either by foreign aid or by eating up resources accumulated previously.) Americans prepared the infrastructure and capital-goods foundations quite well before shifting to a high level of mass consumption in the late 1920s and, again, to an even higher level after World War II, especially during the 1950s. The subsequent rise in social welfare outlays from $235 billion in 1950 to $331.3 billion in 1976, and the growing public sector ($39.5 billion in 1950, $554 billion in 1977), all amounted to increased consumption combined with a relative neglect of investment in maintenance of the infrastructure and investment in capital goods. These data are discussed in succeeding paragraphs. To put it differently, the high levels of private and public consumption seem to exceed what the industrial machine can provide for and to be made possible largely by eating into the capital stock and “deferred” maintenance and replacement of the infrastructure (the foreign aid received by the United States being rather sparse).

The American industrial machine, with some important exceptions, is run, as it were, like the steel mills, with increases in labor settlements and dividend pay-outs that vastly exceed increases in productivity. These factors, coupled with relatively low investment in new plants and equipment and in research and development, have resulted in an aging technology and an inability to compete with Japan and West Germany, which rebuilt their plants after World War II. (There are additional reasons for the inability to compete that need not concern us here.) A downturn for most American industries has been recorded since 1966, a high peak, with a “worsened” trend as of 1973.

A continued high level of consumption, in the face of a deteriorating infrastructure and capital-goods base, leads to an acceleration in the rate at which these resources are used up, just as a university endowment is used up more rapidly once the increase in expenditures exceeds the income. The more of the endowment used for current expenses, the less it will yield in future years—and the higher will be the proportion that must be consumed if the same (let alone rising) standard of expenses is to be sustained. There are only two options, in the long run, for a nation’s “endowment”: either to invest in rebuilding it, or to settle for a lower standard of living.

The Costs of Redevelopment

An estimate of the amount of the resources needed to restore America’s industrial machine to predeterioration status is essential for the thesis that “choose we must.” If the amounts required were in the range of $15 to $25 billion a year, such investments might be readily combined with expenditures of a similar magnitude on quality-of-life programs. If, on the other
hand, they are in the order of $150 to $250 billion, similar expenditures on quality-of-life efforts may well not be practical. I suggest that the magnitude of the necessary expenditures is in the hundreds—rather than tens—of billions. The following estimates are, by necessity, very crude. There seem to be no hard data on some of the costs involved, while on others the level of desired restoration cannot be fully specified. Fortunately, all we need to establish is the order of the magnitude.

What would be the cost of redevelopment if it were accorded first priority? The transportation of goods is a major element of the infrastructure. Airlines, the sector in relatively best shape, carry a trivial part of the load (0.18%). Railroad tracks, beds, and, to a lesser extent, trains and other equipment, have deteriorated to the point that it is estimated that it would cost $42 billion between 1976 and 1985 to restore them to a level comparable to what they were in the 1940s. In addition to the railroads (35.6% in 1977) and waterways (16.1%), the nation now relies heavily on trucks for transportation of goods (24.1%). What is not widely known, however, is that highways, built with federal funds with little provision for maintenance, are rapidly deteriorating. As of 1975, 42% of all paved highways and 27% of interstate pavements were rated either "fair" or "poor." The Federal Highway Administration estimates that roads and streets are wearing out 50% faster than they are being replaced, and the Department of Transportation estimates that it would take an average of $21.8 billion a year, each year until 1990, simply to maintain highways in their 1975 condition. Actual expenditures are far below these levels. These figures are in 1975 dollars; by 1983 the figure would be $32 billion an average year.

Bridges are similarly falling behind. A bridge is estimated to be "good" for fifty years. Of the country's 564,000 highway bridges, three-fourths were built before 1935 and are due—or overdue—for replacement, or at least for major overhauls. This projection is supported by a recent government survey that found 106,000 bridges to be inadequate or unsafe. The cost of replacing 39,920 of those bridges is estimated at $12 billion. These figures are in 1974 dollars; by 1983 this figure would be $19 billion.

Energy is another main component of the infrastructure. There is no obvious goal here. Very few would hope to provide such an abundance of new sources that energy costs during the next decade could be returned to anywhere near their 1973 levels. The age of cheap energy—very much a part of the first industrialization of America—seems over. Major investments are called for to reduce the threat of foreign boycotts, to find substitutes for oil, and to avoid further pressures resulting from price increases above the general inflation rate. The costs of such an effort were estimated as ranging from $906 to $1,026.4 billion by 1990, for an annual increase of $53 to $60 billion. These annual figures are in 1973 dollars; by 1983 these figures would be $89.3 to $101 billion.

The picture for capital formation and research and development shows fewer signs of deterioration, but points, nevertheless, in the same general direction. While about 10% of the United States' GNP goes into private capital formation, the proportion for West Germany is 15%, and for Japan, 21%. While spending on new plants and equipment continued to rise in recent years, in real terms it has been falling. In 1974 it was nearly $100 billion a year (in 1972 dollars), a level not matched since. If the United States were to increase its expenditures in this sector to 12% of the GNP, as recommended by those committed to reindustrialization, the expenditures in 1983 would be $400 billion.

Similarly, while research and development expenditures—the main source of new products, which in turn help keep the economy growing—have continued to increase, they have fallen from 3% of the GNP in 1964 to 2.3% by 1977. Moreover, in recent years research and development funds are said to be increasingly spent on "defensive" research (for example, on proving that existing chemicals are not carcinogenic) rather than on development of new products. While there is no sacrosanct level at which research and development expenditures "must" be, a return to 3% of the GNP for research and development would entail a projected expenditure of $100 billion by 1983 (assuming a GNP of $3,333 billion).

Less central elements of the infrastructure and capital-goods sector, including dams, and sewer and watermain systems in the large, northeastern cities, are also falling behind. Disregarding
these, the average annual cost of a decade of redevelopment would run to $645 to $656.7 billion per annum, an estimate based on summing up the items detailed above.

Costs of Quality of Life

What would be the cost of further enhancing the quality of life, if we choose that as our first priority? Even a crude estimate is nearly impossible, for reasons which will immediately become evident.

Relatively easy to estimate are the costs of various environmental programs, and of worker and consumer safety. The Council on Environmental Quality estimates that pollution control costs were $40.6 billion in 1977.\(^1\) These figures are in 1976 dollars. By 1983 this figure would be $57 billion. The government General Accounting Office recently estimated the cost of air and water pollution programs to run to $423 billion from 1975 to 1984.\(^2\) Using a wider array of programs, the Council on Environmental Quality estimates annual costs to rise to $75.1 billion a year by 1985, and the projection for 1976 to 1985 is $554.3 billion.\(^3\) A still higher cost estimate has been fashioned by Chase Manhattan Bank; it estimates costs to have exceeded $100 billion a year as of 1977. These figures are in 1977 dollars; by 1983, this figure would be $135.8 billion. (These include $25 billion for business costs in administering the programs; $32 billion for pollution control; $57.5 billion for auto safety and pollution equipment; and $13 billion due to deflection from productive to nonproductive work.)\(^4\)

The Council on Environmental Quality calculations do not include cost estimates due to the Occupational Safety and Health Administration or to various Consumer Product Safety Commission regulations. Cost estimates for these interventions vary greatly, and the scope of regulation is rapidly changing. Even differences in the level of enforcement of single items cause very large cost differences. For example, the Council on Wage and Price Stability estimates that compliance with an occupational noise exposure standard of 90 decibels would cost $10.5 to $13 billion, whereas an 85-decibel regulation would cost $18.5 to $32 billion.\(^5\) A conservative estimate of a high-priority and encompassing—but far from maximal—drive to increase worker and consumer safety would be an average of $30 billion a year for the next ten years, assuming a 5% inflation rate per year. (A 5% inflation projection is included in these figures. Higher estimates are easily arrived at by changing assumptions about the program's scope and standards, the level of compliance, and different inflation rates; however, it is unreasonable to project that a high-priority program would cost significantly less.)

The difficulties in generating even a crude estimate multiply from here on because conceptual differences are added to the problems of cost assessment. Several attempts have been made to define quality of life, or the "social GNP," resulting in a great deal of diversity.\(^6\) For instance, while Terleckyj includes increase in average per capita income, others focus on quite different sources of satisfaction, such as self-actualization, meditation, and beauty.\(^7\) Furthermore, the indirect costs that such satisfaction exacts (e.g., desensitizing people to financial incentive systems) or the indirect benefits that it provides (e.g., reducing absenteeism due to illnesses related to driven behavior) are unclear.\(^8\) It seems relatively safe to suggest, though, that increased expenditures on leisure and culture will tend to compete with the resources available for the infrastructure and for capital goods. These are, therefore, added to our projections. Terleckyj estimated that $127 billion (in 1973 dollars) could be spent over ten years to provide neighborhood recreation facilities alone, and $80 billion to create major parks and facilities.\(^9\) These items alone would add an average of $20.7 billion a year in 1973 dollars. By 1983 this figure would be $30.7 billion. In view of both recent and projected increases in participation in such activities, a rapid rise in these expenditures is not difficult to imagine.\(^10\)

There seems to be no national data on the amount the nation is spending on culture or projections on future trends. Participation both as spectators and performers is rapidly rising and has surpassed that of sports events in 1974. It would be compatible with a quality-of-life core project for investment in culture to continue to rise, not just in absolute terms but also proportionally. A $12 billion annual average addition for the next ten years is a relatively conservative estimate. This figure is in 1978 dollars; by 1983 this figure would be $15.4 billion. It is difficult to place anticipated increased expenditures on
education and health because they both enhance the infrastructure (e.g., by providing a better-prepared and more able labor force) and the quality of life (e.g., liberal arts education humanizes the citizenry, and improved health extends and ameliorates the lives of the elderly who are no longer working).

The same must probably be said about social justice, as measured by the increased transfer of payments to such programs as welfare, and by the indirect costs exacted by Affirmative Action. Some include social justice in their definition of a quality-of-life society, but others see it as directly competing with such a vision (on the grounds that funds spent on various quality-of-life programs are, by and large, funds not available for antipoverty efforts). Therefore, I treat these as background factors and assume, rather simply, that the cost of health, education, and welfare would be the same whether or not redevelopment or quality of life becomes the core project.

Total Costs and Discretionary GNP

A high-power redevelopment drive could, hence, cost between $645 and $656.7 billion in an average year for the next ten years (Exhibit 1). In 1983, such expenditures would be 18.9% to 19.7% of the GNP, while the cost of a high-priority quality-of-life commitment would be approximately $145.4 to $211.9 billion, or 4.36% to 6.35% of the GNP. The cost of either program would be less in the earlier years, more in the latter, both due to inflation and to the need to gradually unfold such massive programs. This would be on a backdrop of increased health, education, and welfare expenditures of an estimated $376 to $536 billion per annum.

The answer to the question, Can we afford both? depends on the total size of the GNP, and on the extent to which it is committed to items which, for legal reasons (payment on the national debt), because of base needs (food), and for political practicalities (support of veterans and farmers), cannot be ignored. Terleckyj, for instance, whose figures cover the period 1974 to 1983, calculates that such resources would average $101 billion for the first four years and rise to $400 billion by the tenth. He assumes, though, an average GNP growth rate of 4.8%, which was not achieved during the first five years of the period and is not projected for the near future. Moreover, even by these optimistic assumptions, neither core project could be funded fully for the first five years. And, if the one given second priority is initiated in the second five years, just dealing with the accumulating maintenance gap—or neglect of quality of life—would vastly exceed the costs of a high-priority program. In short, it seems reasonable to conclude that both projects cannot be advanced on a high-priority basis, even under quite optimistic assumptions about GNP growth; the size of discretionary funds; and how much is used up by increased expenditures on health, education, welfare, and defense.

What about mixing them? Can we not dedicate, say, an additional $50 billion to each? It must first be noted that some of this—say $4 billion (out of $100 billion)—would cover increased costs due to inflation in the first year, and more thereafter. Another sizeable chunk would be used by the almost-inevitable increase in costs of items such as welfare and defense. The remaining funds, if divided equally between the
two projects, would allow significant incremental improvement in the quality of life, with presumably larger improvement in more remote years; but such an allocation would not suffice to close the maintenance gap and to service the infrastructure and capital-goods sector. This, in turn, would lead to a cumulative weakening of the economy and would pose mounting problems to later programs—including the GNP’s ability to grow at a rate of even 3.7% a year.

Hence, to accord quality of life coequal status with redevelopment implies, in effect, an acceptance of underdevelopment. Since it is already on a downward path, as most clearly reflected in the productivity decline and in GNP declining growth rates, a decision not to grant redevelopment a high priority is, essentially, a decision for a slow-growth society—although one can, of course, lean in this direction in varying degrees. Practically speaking, the choice is for a high-power redevelopment drive and a rather thin quality-of-life program for the next decade—or for a quite effective quality-of-life program with growing underdevelopment.

Social-Psychic Strains

A relatively clear choice is necessary also because mixing is psychologically less compelling. The thesis that “choose America must” for social-psychic reasons may at first seem abstract, but it has clear, practical implications. Each society has one or more sets of values and meanings that indicate which patterns of behavior are approved and disapproved and, among those approved, which are most desired. These, in turn, are actively promoted by schools, churches, and the media, and serve as guidelines for what the courts and police punish.

Societies vary a great deal as to how active or effective they are in these endeavors. Some express few expectations for their members, others articulate numerous demands, and still others have several subsets of expectations (aside from a core, or dominant, set) among which members can freely choose. Nevertheless, all societies have some mechanisms for the continual formulation and promotion of values and meanings that provide one main source of the purposes the members seek to accomplish in their own lives, and around which they build their self-view as well as their expectations of others. The mark of decomposition of a social order is precisely when most members do not heed what their society prescribes and when the society’s voice promotes incompatible main themes (as distinct from subculture variants). It is then that schools have difficulty deciding what to teach; parents, what values to pass on to their children; and police, which laws to enforce rigorously. The result is a mixing of signals that in turn promotes deviation, withdrawal, uncertainty, and ambivalence.

These signs of social-psychic disarray are encouraging to those who seek a fundamental change because they indicate that the old core project is no longer compelling, and that the challenge of a new one may have gained to the point that a change of core project is possible. But even those who favor a new core project, and see the costs of transition as well worth the price, must realize that a society is better off when it does not mix its signals as to what the core project is, however tolerant—or even approving—it may be of secondary projects and of related subsets of values and meanings.

The strains resulting from a heavy dose of what might be called “core project ambivalence” are well known, so I refer to them here only briefly to flag the pressures emanating from this core ambivalence, which in the long run tends to promote clearer commitment to either one project or the other.

The character of the individuals who make up a society is first shaped by the family. The contemporary American family is not only weakened, but parents are often unsure about what values, meanings, and behavior to promote: the old virtues of self-discipline, deferred gratification, achievement, and the work ethos; or the “new” virtues of relaxation, openness, and the social ethos; or, to use different terminology, Type A or Type B behavior.

Schools, the second line of education, oscillate and are internally divided between emphasis on specific skills and preparation for the labor force (e.g., acquisition of the three R’s, promotion based on merit) and concern with total personality growth, humanization, self-guided development, and promotion of social justice (e.g., the open classroom movement and automatic, or “social,” promotion).

At work, the tension between an emphasis on efficiency and
productivity competes with demands of work rights, self-actualization, and Affirmative Action. Police and courts are often neutralized by the conflict between pressure from the "up-tight" part of the community to enact the laws (for instance, against marijuana) and the demands of the "untight" parts not to enforce them.

What the resulting strains agitate for is not a neat monolithic pattern—which never existed anyhow, not even at the height of the industrial project—but for prioritization: so young persons can know more clearly what is expected of them, even if many rebel against such expectations for a while (and a few, for a long time); so the community and its leaders know what to extol, even if many never fully live up to these ideals themselves; and so authorities know what standards to uphold.

Thus, both from an economic and social-psychic viewpoint, the present fairly high level of ambivalence and lack of clear priority needs to give way over the next few years either to a decade of rededication to the industrial, mass-consumption society or to a clearer commitment to a slow-growth, quality-of-life society. In the long run, high ambivalence is too stressful for societies to endure.

1. The Harris Poll, April 1977.
3. An August 1978 study by Cambridge Reports, Inc.
4. Data Track, No. 3 (Fall 1976), p. 29.
6. Ibid., p. 247.
8. "A Perspective for Change in the Freight Railroad Industry," Federal Railroad Administration, October 1978, p. 67. These figures have already been adjusted for inflation. In this and all following projections, we use actual inflation figures for the 1978 and preceding year: 1975, 8.8%; 1974, 12.2%; 1975, 7.0%; 1976, 4.8%; 1977, 6.8%; 1978, 9.0%. After 1978, a 4% figure is used to be compatible with GNP projections.
10. Special Bridge Replacement Program, 7th Annual Report of the Secretary of the Department of Transportation to the U.S. Congress, April 1978.
11. Status of Nation's Highways, pp. 8, 80-84.
12. Ibid., p. 88. See also Special Bridge Replacement Program, 6th Annual Report to the Congress by the Secretary of Transportation, May 1977.
20. Ibid., p. 334.
25. For calculations of the benefits of pollution abatement, see John Cremer and Janice Peskin, "Developing Measures of Nonmarket Economic Activity Within the

26. Tetleckyj, *Improvement in Quality of Life*.


28. Tetleckyj, *Improvement in Quality of Life*.

29. Tetleckyj himself uses 37% or more in a recent unpublished calculation. Private communication.

30. The annual productivity increase averaged 2.37% from 1950 to 1967, and slowed to 1.57% from 1967 to 1977. It is lower than that of Britain, Canada, France, or Italy, as well as Japan (6.8%) and West Germany (5.3%) for the same period.