

dustry is nowhere more palpable than in the spate of research attending the catalytic converter controversy. The "technical findings" and "scientific recommendations" which led to Train's announcement are truly comical. An EPA "Issue Paper," which was released on January 30, 1975, and which summarizes the results of a number of studies the agency commissioned on catalytic converters, states: "A detailed benefit-risk analysis was performed to estimate the trade-offs to public health in using oxidation catalysts by comparing increased sulfuric and exposure dis-benefits [*sic*] to benefits associated with reduced exposures to carbon monoxide and oxidants (unburned hydrocarbons are the key precursors). Although the comparison of health benefits and risks is difficult to precisely quantify, the results of our recent analysis suggest that... the continued use of oxidation catalysts... would result in a net public health risk...." This qualified conclusion is further qualified by a note that it "is based upon assumptions about dose responses and human exposure about which there still remain uncertainties."

Many of those uncertainties are strikingly revealed in "Estimates of the Public Health Benefits and Risks Attributable to Equipping Light Duty Vehicles with Oxidation Catalysts," one of the studies to which the "Issue Paper" refers. Though the authors of the report concede that their "best efforts allow only a rough

approximation" of benefits and risks traceable to catalysts, they urge policymakers to forge ahead with the air pollution control effort anyway. "It is unlikely," they argue, "that major national decisions affecting public health, energy and transportation can wait until our ability to make benefit-risk analysis of motor vehicle emissions is significantly improved." To await such an improvement before attacking environmental problems would "leave a rather large but poorly defined residual of continuing ill health."

Such a sweeping warning arises primarily from concern over air pollution's effects on acute and chronic respiratory disease. On this very subject, however, the report offers us little information that is particularly enlightening. We are told that "laboratory studies in animals indicate that exposure to elevated levels of photochemical oxidants are likely to increase the risk for excess acute respiratory disease in man," but that "existing epidemiologic studies have not yet been able to disentangle oxidant effects from the other major determinants of such illnesses." As for persistent cough, production of sputum, shortness of breath, and other more severe complaints, we learn that "at present there is not a substantial body of laboratory or epidemiologic evidence indicating that either photochemical oxidants or carbon monoxide constitutes a risk factor for chronic respiratory disease. However, responsible scientists

will not be surprised if future studies reveal a contributing role for photochemical oxidants in these disease processes" (*italics mine*). The authors also intimate that they would not be surprised to find photochemical oxidants causing a wider "variety of systemic changes that constitute adverse health effects." Nor would they be surprised by as-yet-undiscovered but "substantial benefits associated with the control of carbon monoxide and hydrocarbons."

And so it goes—best judgments based on tentative assumptions about imprecise and unreliable evidence, which are then denounced by opponents on equally flimsy authority. The muddiness is by no means confined to automotive emissions or even air pollution more generally; it characterizes much of our "knowledge" about the environment. While pollution is undeniably a very great evil, it is not as yet an especially well-defined one.

There is a huge discrepancy between environmental rhetoric, which is deceptively clear, and known environmental fact. The public and policy-makers alike should be aware of this discrepancy and be duly cautious, for as laws are passed, costs escalate—most estimates for the cost of reducing automobile emissions in the late seventies to currently legislated levels hover between five billion and ten billion dollars annually. More than righteous intentions are needed to justify such a great price. □

—Alan Reynolds—

Government Can't Create Jobs

Few government policies enjoy such wide support as does the idea of alleviating unemployment in the private economy by creating public service jobs. Some such scheme has been enthusiastically endorsed in such diverse journals as the *New Republic* and *Fortune*, and by economists as different as the liberal Melville Ulmer and the conservative William Feller. Not one of the various boosters of federal job creation, however, has really grappled with a rather fundamental question: Where is the government going to get the money to pay these people?

Suppose the government payroll is expanded by increasing the taxes paid by individuals. With the higher tax burden, those taxpayers would clearly be unable to spend as much on, say, housing and cars. The inevitable result is less private employment.

It may be objected that those employed by public service jobs will use their higher incomes to buy new houses and cars, or whatever, and workers in the industries that benefit from this spending will spend more too, sending ripples of new income through the economy. The

net addition to the incomes of public service employees (above whatever they were living on before) will indeed increase *their* spending, but only by as much as the spending of taxpayers is reduced. There is no obvious net effect on total demand or employment. Taxpayers are simply buying the services of new government employees (services which were not considered worth their cost in the best of times) rather than buying products and services of their own choice. Moreover, the nature of spending by public employees would probably be quite different from that of the average taxpayer. Because the incomes of public service employees are lower and less permanent than average, relatively more will be spent on nondurables, such as food and clothing, and on used cars. The notion that this spending will somehow "trickle up" toward the depressed markets for costly new houses and consumer durables is not terribly persuasive.

Suppose we instead finance the added public payroll with higher business taxes. If businesses pass the expense along in higher prices, sales and employment will

fall. If the tax is shifted to stockholders, stockholders will have less to spend. If businesses can't shift the added tax, other costs will have to be reduced—namely, investments, purchases, and payrolls. Again, private employment contracts as public employment expands.

Suppose we finance the public service jobs by reducing other spending—perhaps closing a military base, canceling a defense contract, or firing local police and firemen. In these cases, there is a decline in government employment to finance an increase in government employment. The only evident effect is to switch the nature of government employment, or of employment dependent on government purchases, into activities which were previously considered less essential.

Suppose we finance the added public payroll by increasing federal borrowing. As the government peddles more of its Treasury bills and bonds, it causes interest rates to be higher than otherwise. The government has to offer a return that will induce savers to put their money into government securities rather than into stocks, corporate bonds, or savings ac-

counts at banks or savings institutions. The higher real interest rates discourage whatever private credit-financed expenditures would otherwise have been induced by lower rates—including borrowing for capital equipment, mortgages, and auto loans. Private employment that would have been associated with private uses of lendable funds is replaced by public employment financed by public borrowing.

It is true that the higher interest rates resulting from larger federal budget deficits will induce people to hold smaller cash balances, thus increasing velocity (the amount of GNP purchased in some period with a given amount of money). The effect is equivalent to an addition to the money stock, but the evidence indicates that effect of interest rates on velocity is very small. That probably explains why fiscalists are rarely heard advocating high interest rates as an expansionary policy.

Finally, suppose we finance the added public payroll with new money. A sizable increase in the rate of growth of the money supply will generally stimulate employment for a while, when starting from a position of high unemployment. But we don't need an elaborate public employment scheme to increase the money supply, and the stimulus is a result of the monetary policy, not of the public employment program. Given a decision to inflate, it would create more real wealth to put the shot of new money (and new jobs) directly into the private sector, because more resources would then go into building factories and houses rather than into hand-to-mouth consumption.

Trading Jobs for Welfare

Having said all that, it must be admitted that there are some conceivable circumstances in which an increase in government employment might not be *completely* offset by a decline in private employment. The first such circumstance is measured by the degree to which the added government payrolls are matched by a reduction in spending on welfare and unemployment benefits. "If we don't provide jobs," said Senator Schweiker, "the workers will go on welfare or unemployment insurance." Yet this cannot possibly be a dollar-for-dollar trade, if only because people are not likely to accept jobs that offer no higher income, after taxes, than can be obtained without working.

Sar Levitan estimates that the budgetary cost of the 1971 Emergency Employment Act was reduced by about one-third through savings in social welfare expenditures and increased taxes from those employed by the program. But such a figure, even if it were believable, could not be extended to a much larger program, because there are other reasons for collecting welfare or unemployment benefits besides inability to find a job. The odds against drawing more and more public service employees out of the pool of insured unemployed and able-bodied wel-

fare recipients presumably diminishes as the job program grows.

There are several reasons to suspect that very little of the money for a large public service job program will actually come from reduced welfare and unemployment benefits. First of all, the able-bodied portion of the welfare population consists mainly of female-headed households with small children, and these women are often not looking for work because they are not qualified to earn enough, even in public service jobs, to net a sufficiently higher income from work than from welfare, after paying child care expenses. In 1973, about 84% of the mothers receiving AFDC welfare were not employed, and only 11.5%



were actively seeking work. Secondly, those among the unemployed who are covered by unemployment insurance account for only half to two-thirds of the total, and are a relatively elite group who are least apt to be attracted by low-paying, temporary government jobs. The uninsured unemployed are far more likely to apply for such jobs. In a normal year, more than half of the unemployed have either quit their former jobs, have never worked before, or have not worked in some time—none of these people are eligible for unemployment insurance, so putting them in public service jobs would not reduce the cost of unemployment insurance benefits. Moreover, in order to keep people from quitting jobs to apply for public service jobs, a large public employment program can be expected to require a substantial period of unemployment for those applicants who were previously employed, so many might be nearing the exhaustion of their unemployment benefits. There is considerable evidence, from Stephen Marston and others, that when unemployment benefits run out, people miraculously find jobs very quickly.

In short, the notion that public service jobs could merely replace spending on welfare and unemployment benefits is mostly an illusion. Of those who had been employed under the Public Employment Program as of February 1973, 39 percent were under 21 years of age, and 44 percent had been unemployed for more than 15 weeks. Few people in these categories were likely to have been eligible for much in the way of welfare or unemployment benefits. Only 29 percent of the PEP employees were women, the major recipients of AFDC welfare, and only 11 percent had been recipients of public as-

sistance. Though the program claimed to help the disadvantaged, the PEP employees had considerably more schooling, on the average, than did the unemployed as a whole. There is little conclusive evidence that the earnings of PEP employees were improved after participation in the program.

A second way that public employment might make a net addition to total employment is by shifting the national payroll from high wage to low wage jobs (e.g., Arthur Burns suggests exempting the *public* sector from minimum wage laws). If one million \$20,000-a-year jobs are lost as a result of the taxes, borrowing, or inflation used to hire more government employees, the proceeds could then be used to finance two million \$10,000-a-year government jobs (if the Civil Service didn't mind). With unemployment benefits available, however, it would not be a simple matter to get the displaced \$20,000 workers to accept the \$10,000 jobs. Skilled auto and construction workers are not apt to line up for such jobs as school and park aides, so serious unemployment problems would remain. In any case, the idea of public job creation loses much of its sex appeal when presented as a plan to increase employment by lowering wage rates.

Guaranteed Employment

All of the past and present public employment programs have been inherently unfair, because they have been available to only a tiny fraction of the unemployed. The \$6.1 billion bill passed by the Senate in April, for example, did not even pretend to create jobs for more than a tenth of those who claim to be looking for work (and pretend is the right word). If such jobs are attractive, they must be rationed according to the whim of some bureaucrat or politician. If the jobs are not attractive, then they are superfluous. There is never a shortage of low-paying, unpleasant jobs.

Such considerations have given rise to an appealing but empty slogan: "A guaranteed job for everyone willing and able to work." The government should be, as Michael Harrington put it, "the employer of *first* resort." Yet the willingness to work is not an absolute, of course, but depends on the type of work offered, the location, and the pay and benefits. And it depends on the relative after-tax rewards available for *not* working. The 1975 report of the Council of Economic Advisers, for example, estimated that the increased unemployment benefits in January "would induce an increase in the unemployment rate by about 0.7 per cent."

If the government employed all those who are seeking work at terms they would voluntarily accept, then many who are discontent with their present jobs would quit or arrange to get fired in order to switch to public jobs. Private employers who couldn't pass on a comparable labor cost would go out of business, because of inability to compete with the government for labor. The government, unlike private

employers, can force consumers to buy its services, and thus cover any and all labor costs. But with guaranteed jobs available in each community, we would run into problems of how to induce people to move to areas, or to train for occupations, where workers are needed. Since the stated objective, in slogan form, is nothing less than zero unemployment, it presumably must be made illegal to quit a job, or to refuse one.

Communist countries generally solve such problems by assigning people to places and jobs, whether they like it or not, paying no unemployment benefits, and putting the unemployed in jail for "parasitism." Some American commentators, afflicted with an unemployment fetish, do not shrink from adopting a similar "cure." Terrence McCarthy, an editor of *Ramparts*, considers it "necessary that work be made compulsory for all adults in good health." Pete Hamill said much the same in the *Village Voice*. And it can't just be compulsory to take a job of your choice, since we might all choose to be editors of *Ramparts*. In a zero unem-

ployment society, government would have to assign people to do the tasks that need to be done. A government with such total control over the fate of individuals could not possibly be controlled by them. Any semblance of individual choice, freedom, rights, or democracy would have to go.

A study by Alan Fechter, published by the American Enterprise Institute, figures that the usual job-creation program creates 12,500 to 50,000 jobs per \$1 billion devoted to the purpose. As is typical of such studies, the author simply avoids the main question of whether or not an increase in government employment is offset by a decrease in private employment: "The question of program financing," says Fechter, "is not examined in this study." When we are talking about providing permanent jobs for something like eight million unemployed plus another million who stopped looking for work (but presumably did not stop eating) due to discouragement, the question of financing can hardly be blinked away. Taking a midpoint between Fechter's estimates—

say, 30,000 jobs per billion dollars—nine million jobs would cost \$300 billion. By the most pessimistic estimate, it would cost \$720 billion. And such figures are still ignoring any displacement of private employment as a result of competition for labor, or as a result of the taxes, borrowing, or inflation used to finance more government jobs. The estimated number of jobs needed, nine million, also ignores the increase in the number of job seekers (especially housewives and teenagers) that would surely arise in response to such a guarantee of employment on terms sufficiently pleasant and lucrative to induce everyone to work.

At this point, we are off to see the Wizard of Oz, caught up in the fairytale quality of the whole enterprise. We are considering using hundreds of billions of dollars, never asking where the money came from, to employ anyone who wants to produce low-priority services on whatever terms are necessary to induce all job seekers to accept the jobs. What is absurd in the extreme does not become brilliant by being adopted in part. □

Book Review/John R. Coyne, Jr.

For God, for Country & for Peanut Butter

Most of the columns and articles reprinted here were written between 1972 and 1975, three years which seemed several decades long and left America reeling.

Emotions were intense during those years, each week rolling in with a new shock wave. And then suddenly it was all over and now the emotions have totally subsided, and perhaps just because it was so intense and so often incredible it's hard to believe that it all really happened.

Richard Nixon? Spiro Agnew? Tapes? Watergate? Even for those of us who were in some way very personally involved, it all has a ghostly, far-off quality, and some of us find ourselves getting together occasionally over drinks just to remind ourselves that things did indeed happen as we remember them—and only a couple of years ago.

All of which is a roundabout way of saying that many of the pieces here—especially the Watergate material—are dated, the subject matter often giving off the ring of ancient history.

That is not, however, necessarily a flaw. Many of us are eventually going to have to make up our minds about what happened and why it happened. Historians and political scientists will be pawing over the Nixon Administration for years, and there will undoubtedly be enough Ph.D. dissertations ground out on Watergate minutiae to fill one wing of the Library of Congress.

But these analyses will be retrospec-

tive, and the buzz and the hum of the period in which events occurred will not be recaptured. And that is why it is valuable to have between a set of hard covers the observations of a man who commented on the events as they were unfolding.

And such a collection is especially valuable, of course, when the observer is Wil-

Execution Eve: And Other Contemporary Ballads

by William F. Buckley, Jr.
Putnam's \$9.95

liam Buckley, who can pack more into a short column than most of us can get into ten chapters.

It's about as much fun to probe back into that dismal period as it is to suddenly discover a new cavity. But Buckley's pieces are surprisingly painless. Time has proved most of his positions to have been correct: he believed Nixon should have destroyed the tapes; he was one of the first to advise Nixon to resign with grace, while he had the chance; and he correctly analyzed the flaws in Nixon's character which would not allow him to do so.

Yet these are in no way *emotional* pieces. Buckley is, of course, a committed

conservative partisan, and did at one time see in Nixon the best hope for conservative Republicanism. But he did not, as so many of us did, allow himself to see either Nixon or Agnew as the ultimate personifications of his ideals. Such personification, he believes, is the fatal flaw in American politics. "The tendency to anthropomorphize our ideals is an American habit that can get us, indeed has just now gotten us, into deep trouble." And it's a tendency that will continue to get us into trouble, he predicts, as he tries to warn us that the amiability that characterizes Gerald Ford as a man has nothing whatsoever to do with the policies of his Administration.

Another example: Richard Nixon's China trip, which Buckley, almost alone among commentators, viewed with reserve and detachment. Most of us will have already seen the material, in slightly different form, on that trip, an event that now seems just as wildly implausible and unhinged as the other events of that period.

Yet a re-reading of that material is instructive—at least it is for me. I recall that in the review of *Inveighing We Will Go* I wrote for *The Alternative* a few years ago (when I was working for the Nixon Administration, incidentally), I chided Buckley for not realizing that Nixon's trip helped bring about, among other things, the end of the Vietnam war.

Perhaps it did, but today I can't say how, and I don't even have a clue as to