

Profit Motive Of Economic Freedom

Editor's note—This is the last in a series of articles begun last spring by F. B. Clark, head of the Department of Economics, discussing economic freedom and post war planning.

A widespread error prevails regarding the motive, or impulse of productive activity in an order of economic freedom. It is almost invariably spoken of as the profit motive.

Careful attention given by leading economists to the nature of

profits has resulted in the rejection by them of the assumption that the pursuit of profits is the moving impulse of productive activity. In their less guarded moments the most careful of them will sometimes employ the expression, profit motive. They do it, however, usually because they may thus better make themselves understood. When engaged in exact analysis they would almost invariably employ the less objectionable expression, self interest.

In one way or another everyone who participates in any productive activity is moved by self interest. We do not mean by this that the impulse is always, nor even mostly, selfish. In this instance the word self embraces many urges other than those directly relating to the particular individual.

An enumeration of everything

that might logically be included in the expression self interest as the moving impulse of productive activity would amount to calling attention to the obvious. We may wish for a higher motive. Possibly some day mankind may attain to a higher plane, and mutual aid, as dreamed of by the anarchists, may supplant self interest as the motive. But as human beings are now constituted it is just about as illogical to speak of abolishing the profit motive, which has been shown should correctly be thought of as self interest, as the urge to productive activity as it would be to eliminate the sexual urge as the moving cause of the growth of population.

We cannot even accurately speak of the aim of business activity as being that of making profits. When we remember that each participant in the productive process, in economic analysis, has a share attributed to it, and when we remember that none of these shares is profits, we are forced to conclude that profits are entirely unnecessary. Over long periods of time, few business ventures actually realize profits. Whenever, therefore, profits have any part in including productive activity, they represent a hope rather than an aim.

Whether one is a business man or a laborer, one is inspired by identical impulses. For the lack of a better term we may think of it as making a living. The one thing, above all else that inspires the business man is that of "making ends meet,"—keeping the accounts balanced. In making ends meet, however, all participants in the productive processes have to be taken into account. It is just as certainly necessary that the one who operates the enterprise have a return commensurate with the value of his services as it is that

the "laborer is worthy of his hire." A legitimate income to the business man carries no presumption of profits as such.

Production for the Market

In one way or another, the market phenomenon makes its appearance in each of the other social orders except anarchy. Even in an anarchistic economy the market phenomenon would appear unless all goods and services actually did become superabundant and hence lose all value. In an anarchistic arrangement the law of supply and demand, for those goods which did not become free goods, would make its appearance much as it does under economic freedom. The very existence of the order of economic freedom, however, is dependent on an open market.

The most effective way to usher in one of the other orders is to render inoperative the open market. By inoperative we mean legally inoperative. It is not likely that we shall ever have perfect competition in all of its aspects. There is a great deal of difference between having the power to do a thing and having the legal right to do it. I may not have the power to undersell my competitors in an order of economic freedom, but I certainly have the right to do it. If, however, my competitors are allowed to invoke the courts to inhibit my making the attempt then neither the right nor the power exists. In an order of economic freedom the right is protected by the courts of justice with the hope that wherever the power exists it will become a reality.

It may well be that under conditions of free competition goods of the same quality and kind will bring uniform prices. Uniformity in prices, however, exists because of the operation of the great economic law of supply and demand. Variations from uniformity of prices of identical articles on the same market is evidence of the absence of open and free competition. Uniformity of prices is not enough, however, to assure the existence of the open market. Price uniformity may exist because of a conscious agreement among traders but it does not have the sanction of law in an order of economic freedom, except in narrowly limited fields where monopoly may be defended as necessary or desirable.

(To Be Continued)

Cancer kills about 160,000 people every year in America.

—PRESIDENT—

(Continued from page 1)

continue to be worn after the above-mentioned date."

This order was released by Col. M. D. Welty, commandant, and Lt. Col. A. J. Bennett, CAC, executive officer. The order will be distributed to the organizations as soon as possible.

Seniors requested Gilchrist to permit the wearing of senior boots some three weeks ago and at that time he said he would take the matter under consideration with an open mind. The announcement came at the end of a series of conferences which began last Wednesday morning, August 9. Another meeting was held Saturday afternoon, August 12, with Col. M. C. Welty and Gilchrist.

Tentative approval for the boots was made at that time and discussion included the draft of the order

suspending the order banning boots. After he had given approval for the boots Gilchrist requested that the men who are eligible to wear senior boots endeavor to buy the boots second-hand. He further asked that those planning to wear boots off the campus give the matter careful consideration before deciding to do so and if they did decide to do so to exhibit discretion. He expressed the viewpoint that some elements would not approve of A. & M. Cadets wearing boots off the campus.

At the present time there are 21 men who have boots, 21 who have boots ordered, and about 45 who have asserted that they can obtain boots. This constitutes the majority of the commissioned cadet officers and seniors.

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