

UNL professor examines economic problems

By Cindy Coglianese

Twenty percent of college students studying economics in the United States come from the "McConnell Economic School of Thought." That is, they were introduced to economics through economics principles textbooks by Campbell R. McConnell.

Campbell R. McConnell is also UNL's own. He is a professor of Economics at the College of Business Administration and the author of the seventh edition of *Economics* (New York: McGraw Hill, 1978). His text has been translated into Spanish, Portuguese, German and French and has been adopted for the Canadian, Indian and Australian economies.

McConnell's latest endeavor is an article on the slowdown of U.S. productivity printed in the March-April edition of the *Harvard Business Review*. In his article, McConnell gives five explanations about a gap between output or production and the hours put into production.

Rate slowed

"The productivity rate growth has slowed down since the mid 60's rate of production," McConnell said from his spacious office in the CBA building.

"The rate used to be above 3 percent in the early 70's.

Now it is 1 percent or less. My article goes into some of the implications, what this means for the economy and some of the consequences."

McConnell's article explores five different views that try to explain the slowdown in terms of mainstream, orthodox economics. To begin with, McConnell states that there is a slowdown in the investment of machinery and equipment.

"In the 70's, the slowdown in the investments in machinery is probably because of uncertainties in the economy caused by inflation and business profits have also been down," McConnell said.

"There is the argument that resources that are conducive to production growth have been channelled into the military sector where it isn't as productive," McConnell said, explaining the second probable cause of productivity slowdown.

Military sector

As an example of this, McConnell compared Japan and the United States. Japan puts a small portion of its total budget into the military sector, whereas the United States puts a much larger chunk of the total budget into defense. Consequently, McConnell said, Japan's rate of productivity increases more than the United States.

The third cause of production slowdown relates to the governmental activities and intervention in the economy, McConnell said.

"Many people say that the government overregulates the economy," McConnell said, adding that the Occupational Safety and Health Administration and the attempts to clean up the pollution problem are causes for the slowdown.

McConnell said another reason for the slowdown could be caused by the work ethic. He said that attitudes toward work have been increasingly negative.

As a consequence of these factors, McConnell said the future economy could see a greater amount of inflation.

Absorb increases

"When production increases it can absorb wage increases. If production slows down, wage increases don't get absorbed," McConnell said. "Wage increases translate into higher prices."

A more fundamental consequence can be looked at in simple terms, McConnell said. Output per person is income per person. Productivity is the same as output per person.

McConnell said that if workers want a higher standard of living and a higher income, the productivity level must also be raised in conjunction with attaining higher standards of living.

"Another possible consequence is the balance of payments. If our unit and labor cost and prices go up because of low productivity, then we are less competitive in the international market.

"In my article I explore these implications," McConnell added. "I am pleased that the article was printed in the *Harvard Business Review*. It is a widely read journal."

Mainstream economist

While McConnell dubs himself a mainstream economist, he said, people are needed in the economics field who are "iconoclastic and dissenters. We need people who are substantially different and have a fresher view of economics."

"While I'm a mainstreamer, I'm very tolerant of different, radical and institutional views," McConnell added.

McConnell and his textbook are not new to UNL. He is proud to have taught in the economics department for 23 years.

"The quality of the department is good. It is a respectable department given our teaching loads, which are quite heavy. We have good teachers and good researchers," McConnell said.



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