

February 1968

Published by CEES

Center for Economic and Social Studies

Guatemala

Economist Wanted

Word has it that in a few days an ad will run in the classifieds requesting the services of a professional economist.

To get a head start, and as a service to readers who may be interested, the idea is that this economist will help the political and economic administration of a new country being forged in a place that used to be covered by part of the Pacific Ocean, where the climate conditions and geographic location hopefully will favor rapid economic development and a high standard of living.

It is a place with no long-standing, rigid customs or organizations that will impede progress. This presents a rare opportunity for reason to prevail, as opposed to other places where anachronistic systems constitute a drag on society.

An economist and a lawyer will be sought to deal with the following:

Problem

Establish the rule of law to allow persons to act and plan, confident that the results of their actions will be respected. Such a regime will allow the issues enumerated below to be resolved (in one way or the other they must be resolved) with the understanding that no system is perfect and, although in a free economy problems are resolved through the market and the price system, the results sometimes cause discontent.

The system must be highly flexible in order to correct errors and adapt to the ever-changing conditions of social progress. It also must be inflexible (stable) as far as its norms are concerned, that is, as far as the legal regime is concerned. This must be founded on fair, impersonal norms generally applied to all.

List of issues to resolve:

-How to determine what products each person needs in relation to what he already has, his possibilities, state of health, family commitments, level of education, and any other factors that will need to be taken into consideration.

-How to judge the quality—the degree of perfection—with which every asset (good, commodity, service) will be produced. How to assign a value to the many levels of quality involved in each and every part that goes into the making of the different assets.

- How to decide what process and combination of methods to use in the production of each asset and in each aspect that enters into play.
- How to determine when to allow people to experiment with combinations of production and methods that differ from those established, so discoveries that lead to progress are possible.
- How to determine what products are necessary and how many to produce.
- How to determine when a product should no longer be produced.
- How to decide what each person should purchase rather than produce.
- How to avoid the greatest amount of waste possible.
- How to determine the daily reordering of priorities required by changes in a dynamic economy.
- How to determine what resources to leave temporarily idle and for how long.
- How to determine the relative scarcity of each resource—quantitatively and qualitatively—taking into account all of the factors that, due to their location and condition, affect their relative availability.
- How to determine which assets and what parts of each asset the country will produce and which it will import.
- How to establish a method for choosing among multiple production alternatives.
- How to determine which investments are better than other alternatives, and by how much.
- How to determine the location of each commercial establishment and the type, amount, and quality of each product to be sold there.
- How to decide which areas on each farm are to be used and for what purposes.
- How to decide the optimal amount of fertilizer to use in each area of each farm and region.
- How to decide what work should be carried out by hand versus what should be mechanized for each farming area or industrial task.
- How to establish a system that will communicate information that affects the value of resources to all participants in the process, summarized according to what is pertinent to the individual plans of each person or company.
- How to determine how many jobs or professionals are needed (how many bricklayers, dentists, violinists, etc).

- How to assign jobs or professions according to the current and potential ability of each person, with descriptions of the day-to-day tasks and changes in each.
- How to provide incentives or punishment impersonally for actions that others (society) economically desire or do not desire.
- How to determine each person's remuneration:
 - a) Criteria will be needed to establish differences in remuneration (for example, between bricklayers and lawyers).
 - b) Using an impersonal method, assign a value to each person's contribution to the general welfare and not according to the value the person assigns to his own contribution.
- How to establish the degree of admissible inequality, and how constantly to change the status quo in order to adapt to changing circumstances.
- How to determine, without creating disorder in the process, how much time each person will dedicate to rest and recreation, while taking into consideration the preferences, health limitations, and productivity of each individual, including all of the available alternatives.
- How to determine how to modify the above, day after day, to adapt to varying circumstances.
- How to determine how much each person should save, according to size of family, assets already owned, and the age, health, and other needs of each family member.
- How to establish a system so that each individual is able to organize his own priorities according to his own possibilities, comparing their relative value.
- How to establish a system so that each individual is able to choose among the multiple alternatives and combinations of resources for each of his daily acts of individual consumption.
- How to establish a system to select those who will manage the scarce capital that society has and how much of that capital each will manage.
- How to decide who will enforce the above decisions.

Final note

According to reliable sources, all persons interested in this economist position and in making these decisions will be disqualified immediately, because it will be obvious they don't understand the problem.

Translated from the original Spanish

Ayau, Manuel F. "Se necesita economista". Serie *Tópicos de Actualidad*. Año 9, n.º 168. Guatemala: Centro de Estudios Económico-Sociales (CEES), 15 de febrero de 1968.