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WANTED: Manager for New Society – Typical Problems to Be Solved

By Manuel F. Ayau

Mr. Ayau is a businessman in Guatemala and a director of the Centro de Estudios Economico-Sociales.

Editor, The Freeman:

Growing numbers of persons are unhappy with prevailing conditions in Guatemala as in many other countries. But they generally are unaware that state socialism lies at the root of their troubles, nor do they understand what corrective measures are appropriate. They dream instead of some New Society, perhaps on a remote Pacific island. And they dream primarily of a managed utopia rather than freedom.

I have tried to set forth below a few of the tasks the manager of such a society would be expected to perform.

MANUEL F. AYAU

- Determine what product or service each person most urgently needs in relation to his present means, his health, his family obligations, his education, and other pertinent factors.
- Determine the quantity and quality of each item to be produced and establish prices for these items and their respective parts.
- Prescribe the production method or methods to be used for each product and part thereof.
- Arrange for discoveries, inventions, new methods, and procedures incidental to progress.
- Decide when to increase, curb, or cease production of any item.
- Devise methods to minimize waste.
- Decide who shall direct the use of capital, and how much each shall control.

- Determine which components a manufacturer is to produce and which ones he is to purchase from outside suppliers.
- Make essential adjustments to the constantly changing needs and priorities of a dynamic economy, allocating resources for production or for consumption as occasion demands.
- Know what quantities and qualities of resources are available in what locations and in what degrees of accessibility at all times.
- Determine which resources are to be used for present purposes and which are to be conserved for future uses.
- Determine whether to produce various items domestically or to import them.
- Specify the location of each industrial plant and of each operation within each plant.
- Protect consumers against misleading advertising, excessive credit charges, deceptive packaging, shoddy merchandise, and other sales devices.
- Precisely locate each wholesale and retail outlet, specify the quantities and qualities of each item to be sold, the inventory to be carried, the service markup to be added, and so forth.
- Decide what is to be grown on each parcel of farm land, with what tools and what amounts of labor and fertilizer and insecticides, depending upon the type of soil, weather conditions, and alternative uses for the farmer's time and other resources.
- Determine the appropriate land-labor-capital combinations for each industrial, commercial, transportation, or agricultural activity.
- Devise a system for prompt transmission to everyone concerned of all information as to changes in demand for and supply of each commodity and service.
- Determine how many persons and which individuals are to be engaged in each particular economic activity, describing how each job is to be performed and at what wage and other working conditions.
- Devise incentives and penalties to assure desirable behavior and discourage the other.
- Determine the rate at which each person shall save and consume, considering family obligations, current net worth, health, and other pertinent factors.
- Arrange for the satisfaction of wants according to personal choice and individual means.
- Arrange for prompt and efficient displacement of any person who fails in any of the foregoing objectives.

It should be clear, of course, that anyone who applies for the position of general manager of society automatically will have disqualified himself. If he had understood the problem, he would have known that there is no alternative to free market pricing as a guide to peaceful economic affairs.

Manuel F. Ayau

Manuel F. Ayau of Guatemala is a community leader in the best sense of the term. Trained as an engineer, he actively manages or participates in the management of several production and marketing enterprises. He has served as a Deputy of the Guatemalan Congress and advisor in political affairs. In 1958 he founded the Center for Economic and Social Studies to disseminate in Guatemala the ideas of the freedom philosophy. He was instrumental in the founding of Francisco Marroquin University in Guatemala City in 1972 and continues, while serving as President of the university, to teach the principles of freedom and market economics to a student body now in excess of 1100.