

Not-for-Profit Segment of Economy Grows as Free Enterprise Shrinks

FREE enterprise usually is interpreted to mean that sector of the economy which uses private capital to provide goods or services to the public at a profit.

Free enterprise, by this definition, is shrinking, while not-for-profit segments are expanding, now accounting for about one out of every three jobs in the country.

This is brought out in an article, "The Pluralistic Economy of the U.S.," by Eli Ginzberg, chairman of the National Commission for Manpower Policy in the December issue of Scientific American magazine.

A study of not-for-profit elements of our economy made by Ginzberg in 1963 has been brought up to date by an associate and used as the basis for the article.

"Few truisms are so firmly implanted in the American consciousness as the notion that our economy is a private-enterprise one," Ginzberg writes. "The fact is that it is not. It is private and public, profit-making and not-for-profit; a pluralistic economy of private enterprise, nonprofit institutions and government."

The cumulative growth of government has permanently altered the structure and the functioning of the economy.

By including workers employed by companies engaged in government contracts, such as building naval vessels or manufacturing missiles, Ginzberg calculates that about one worker in four depends for his job, directly or indirectly, on government.

Nonprofit institutions such as

churches, colleges, voluntary hospitals, labor unions, social organizations and special interest groups add 7.7 per cent to the government's 24.2 per cent of jobs, running the not-for-profit total to 31.9 per cent.

"Thus the not-for-profit sector as a whole is responsible for one out of three, rather than one out of six, American workers," Ginzberg notes.

He also points out that federal government is being outpaced in adding employees. In 1950, total employment of state and local governments was 4.3 million. In 1974, the total was 11.8 million, an increase of 174 per cent. It's bigger now.

A recent estimate by the Advisory Commission on Intergovernmental Relations indicates total public spending by government amounts to 34.2 per cent of the Gross National Product.

Political observers have pointed out repeatedly that the real rulers of America are not the elected officials, but the millions of government employees. They say it is the bureaucracy that sets the pace for others in money and power.

The private, intended-for-profit enterprises and individuals who dig up the tax money and contributions to support the not-for-profit segments of the economy are in the majority, but others seem to be in control.

The trend might be reversed through devices such as zero-base budgeting and "sunset laws," but prospects of getting these devices enacted and working are not strong.

The not-for-profit segments of our economy are the tail that is getting big enough to wag the dog!