

## EDITORIAL

### A Lesson In Economizing

Joseph M. Guilfoyle's article in the Wall Street Journal on G.E.'s penny-pinching on costs, excerpts of which appear on other pages of this magazine, prompted his newspaper to editorialize "it ought to have been a story about a big government."

Said the paper: "The General Electric Company deals in billions, too, although not quite so many as the Federal Government. The General Electric Company, like the government, has found its budget mounting. In 1950 the cost of doing business was \$1.8 billion. In 1951 it was \$2.2 billion. And the stockholders of G.E., like the stockholders of the Government, think something ought to be done about it."

It is at that point, the newspaper points out, that the resemblance ceases. "If you mention the word 'economize' to anyone in the Federal Government, the only reaction you get is a wringing of hands and a wail that the budget is so big nobody can do anything about it. You will be told that the only way you can make any appreciable saving is to knock out essential items—you will be asked disdainfully, for example, if you want to fold up the Air Force, or something equally ridiculous.

"When a business sets out to economize, it sets out to economize. It is not intimidated by the size of its whole

budget—or, if it is, it is not long for business. Nor is it disdainful of small savings on small items. It will tackle its budget item by item, and on each item it will first ask whether the benefits received from this expenditure justify its cost, and if the expenditure is worthwhile, whether the same results can be achieved more economically."

In a business venture, the Journal points out, the savings of a few thousands of dollars a year on a spring clip or on cheaper-than-a-penny steel pins does not seem useless because it seems swallowed in a billion-dollar budget. A business must cut its costs to fit its revenue while the Government, the paper contends, these days thinks all it has to do is raise its revenue to fit its costs.

The great reason why we cannot have economy in government, the Journal finds, is simply that Congress and the rest of us are only allowed to swallow the budget whole; Congress has no machinery for examining the parts of the budget, and the Administration, which has the machinery, doesn't care.

"We have been bamboozled," the paper says, "into paying taxes for the whole without ever thinking that we are really paying taxes for the parts."