

American Myopia*

John Maynard Keynes, in his Tract on Monetary Reform, responded to the argument of the eventual adjustment power of the gold standard by declaring that, "In the long run we are all dead." He chided those who believe in the long run self-adjusting power of the gold standard by stating that it is too easy "...if in tempestuous seasons they can only tell us that when the storm is long past the ocean is flat again." Deservedly or not this phrase has become symptomatic of much of American ideology and practice towards long run goals.

As a whole, Americans tend to be impatient, insisting on "instantness"—instant success, instant gratification, instant service, and instant satisfaction. Television and other media reflect this desire through advertisements for fast food, instant coffee, photos on demand, and instant relief of everything from headaches to hemorrhoids and from acne to athlete's foot. Patients want an immediate cure, victims swift justice, customers speedy service, business a fast buck and government a quick fix.

The desire to achieve a solution or a goal at the earliest possible time is not, in itself, undesirable. Quite frequently, however, solutions are achieved and goals accomplished only after long periods of time and hard work. When the least amount of time required to accomplish a given goal is underestimated, people often become frustrated. As long as some short-term relief is expected, this frustration often forces speed to be substituted for longer term considerations.

This phenomenon can be observed at traffic intersections where there is no light to guide vehicles from side streets onto or across a main thoroughfare. When the driver first approaches the intersection, a great deal of care is taken to allow sufficient room in the cross traffic to pull out safely. If, however, cross traffic is heavy and a considerable wait is required, the driver will often pull out between vehicles with less safety margin than was allowed when first approaching the intersection. In a similar vein, college students many times prefer rote or memory learning to a basic comprehension of the concepts even though they may intuitively know "that which is quickly learned is quickly forgotten." This behavior is consistent with the short-term goal of a desire grade and quick completion of their studies as opposed to a long-term understanding of the material. Former K. L. Block, chairman of A. T. Kearney, once reflected on the attitudes in business concerning the conflict between short and long term goals: "The simple fact is that growth eats up cash and diminishes short-term profits. Today's management and the bright, young men and women who will become tomorrow's management are not patient. They do not have a long term commitment to growth that permits delayed gratification."

The attitude of business represented by this and other similar observations is indicative of the myopia afflicting the vision of Americans in general. Critics of space exploration wonder, "Why tackle the problems of space when there are so many problems on earth remaining to be solved?" The implication is that the benefits of space exploration are long term, which poverty, inadequate housing, poor diet and the common cold are here and now. What American Myopia hides is the fact that problems of today are, in the main, due to yesterday's inadequate planning and preparation. It is simply too late to solve many of today's problems. The only hope is to plan and prepare for anticipated problems of tomorrow because they are the ones that we have a reasonable chance of solving. The decision to reallocate resources towards longer-term goals is not an easy one because the costs are immediate and the benefits are protracted. The proverb, "To feed a man for a day give him a fish; to feed him for a life time teach him how to fish," exemplifies the choices involved in short versus long term considerations. It is far easier to give the fish than to take the time to teach the art of fishing.

Aside from being a portion of the total fabric of American society, business myopia may also result from the internal processes of business itself. Top managers are often those with long term demonstrated skill and experience—that is, older managers. Because only a few years remain in the manager's worklife, judgments of this success or failure in his present capacity will, more often than not, be based on his performance over this same period. Long term successes or failure may not be evident until manager is dead. Posterity is insufficient reward for those desiring instant gratification.

Such expressions as, “now generation” and “me decade” reflect American impatience and self-centeredness. These attitudes are manifested in the business world by demands for immediate earning per share and dividends that often impede long term productivity. The payback method of capital budgeting decisions was once thought to have survived as a decision tool because it was easy to calculate and understand. Perhaps, a more important reason is that it is consistent with demands for immediate results.

Business attitudes cannot be reasonably expected to change until the attitudes of Americans in general change. What is needed are attitudinal bifocals that allow Americans to focus simultaneously on both the long and short run consequences of public and private policy decisions. Unfortunately, this attitudinal change may come only with cultural maturity. Europe and Japan seem more patient and painstaking in their approach to problem solving and goal accomplishment. For example, labor in America is primarily thought of and treated as an item to be expensed on an income statement. To the Japanese, labor is thought of treated as an item to be capitalized on the balance sheet. The Japanese, in this light, think of labor more as a potential investment in human capital whose benefits may accrue over a number of years in the future. Expenditure for health care, education, diet, exercise and recreation are regarded as investment in human capital and not expenses for fringe benefits.

Attitudes change slowly and patience must be practiced even in this regard. Very little change in this sense can be reasonably expected anytime soon. What is reasonable is to expect a greater emphasis on long-term planning and recognition of the importance of patience through the realization that care, planning, hard work and progress toward longer term goals carry their own rewards.

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