COMMENT

F. Taylor Ostrander

Mr Ostrander pointed out that all four papers were iconoclastic in challenging prevailing developmental concepts. Professor Kemp's exciting paper was full of truths. He had stressed that some people always saved and created new capital. However, Professor Kemp did not point out that inequality of income was usually a prerequisite to such capital formation. Egalitarian incomes would eliminate this source of capital formation.

Mr Ostrander agreed with Professor Kemp that huge projects such as the dams in Zambia and Ghana might not be conducive to as much growth in the right place as comparable sums spent (effectively) to improve Africa's agricultural and rural life. He added that in Zambia the fear that the government would take over 51 per cent control of an organisation as soon as it reached significant size also retarded growth.

He queried Professor Arkin's income ratio of 20 to 1 in mining incomes. Account had not been taken of non-cash incomes, and wage income which excluded food and lodging was hardly an adequate measure of *earnings*. The fringe benefits on European wages would not exceed 20 per cent if they bore the same ratio as in the United States; this was not sufficient to offset the difference between 20 to 1 and 10 to 1, which was the more accurate figure for a correct comparison of European and African wages in mining in South Africa.

Mr Ostrander drew attention to Professor Bauer's emphasis on the need for adequate economic incentives to which economic man would respond.

He agreed with Professor Pejovich that bureaucrats could not decide how much innovation there would be, nor were they effective in taking the risks of exploration for oil or minerals.