

President's | Message



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Enginomics – Will America Catch On?

A few years ago while a few of us were planning a regional FES conference, we kicked around various topics such as transportation, environmental issues, and young engineer development. I was more inclined to tackle the business of engineering, since there were already early indicators of the impending economic collapse. One thing that we all knew well was that you needed a good catch-phrase or bullet, to entice people to attend a conference. With that in mind, we went about brainstorming until I came up with the term "Enginomics," to blend engineering and economics. I was so proud of myself at the time. And then a quick check of the Internet showed me that I was not so clever after all.

Ludwig Von Mises, a brilliant Austrian economist with an engineering background, had proposed a new economic theory in 1949 based on engineering logic instead of the standard financial analysis that had been used up to that point. Not widely utilized here in the United States, it nevertheless has become a staple of European financial forecasting. Too bad for us. I will not go into details, but you can learn more by going to <http://www.austrianenginomics.com>.

Too bad engineers are not more involved in other areas of our society. Sounds like a broken record, huh? Although a partner in our firm, I am by no means an expert at business. Most of us learn as we go without the benefit of formal economic training. And even with an MBA degree, if we learn the same old fundamentals of business that have been taught for the last 50 years, we may not be learning the right stuff. One thing that I took away from my reading of enginomics is that it employs trends and current market values that are real (hence inflated) as well as those based on natural uninflated rates. The difference between the two is measured and there are indicators as to when the economy cannot sustain itself without government intervention. We must have missed those indicators a few years ago. My point is that this economic theory uses current values with factors and coefficients meant to provide for a more realistic, if not somewhat conservative, reading of economic trends. There is a lot of logical engineering theory in that.

So here we are in a heck of a mess. The government has intervened in a reactive rather than proactive mode, but still is determined to fix the economy. Better late than never. In many countries, they would just throw their hands up and ask the rest of the world for aid like Russia did when the Soviet Union crumbled. The Recovery Act (RA) and the subsequent stimulus packages are out there, and we're all scrambling to get a piece of whatever we can. There are many articles in this month's *FES Journal* that outline some of the government programs that are directed to help stimulate the economy. We as engineers should count our blessings that a lot of the RA funds have been directed to infrastructure and transportation projects. Hopefully those engineers working in government, industry, education, and R&D will see similar stimulus funding as the government continues with other various RA programs.

With the advent of shovel-ready projects, the era of the "team approach" sprang upon us with design-build and mega-projects meant to involve many firms and individuals. It should send a signal to all engineers that we can still strengthen our profession by sharing the opportunities as well as the revenues during this downturn until we get back on the upswing. There are economic indicators that show we have most probably bottomed out; but at the same time, nothing definitive that signals that much anticipated upswing.

That equates to another interesting year in Tallahassee, as the state struggles to balance the budget and find ways to distribute the stimulus money in an equitable manner. Engineers need to make sure that we show up and fight for our share; in part by attending the FES/FICE Professional Engineer Legislative Days scheduled for February 16th and 17th in Tallahassee, and by contacting your local state elected officials and reminding them of just how important engineering is for this state. Make no mistake about it, this is a fight for our professional lives. Every other profession is out there trying to get as much of a piece of the pie as they can, and sometimes that becomes a piece out of ours. At this time, our economy is tied very tightly to our legislature, which means we are not entirely in control of our own destiny. But we will get far less if we do nothing and allow others to get more than their fair share. We need a common voice, and one that is loud enough to be heard in the halls of the House and Senate as well as the Governor's office. They need to know that if one of the world's most accurate economic theories is based on engineering logic, then maybe they will realize that engineers are the ones to lead them out of this mess. See you all in Tallahassee. ■



Economist
Ludwig Von Mises
(1881 – 1973)