

National Planning¹

The View of a Merchandising Executive

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THIS subject seems innocent enough on its face and one that could be discussed after a review of one's experience. But unfortunately, this is not true—it is not simple. It is an involved subject and one that few speakers dare to discuss authoritatively. In this day courage is necessary, however, and it takes a good deal of courage to stand before the Taylor Society and make a contribution to this discussion. Any observation that I make tonight I hope you will take as coming from a humble executive in the business life of our community. It would not be fair to my auditors if I did not tell them that when I accepted this assignment to speak to you I did not realize that I should have to do a considerable research job to discover the various economic theories which have been advanced on the problems of depression and planning.

The discussion this evening is the result of circumstances in the nation growing out of the depression through which we are passing. The effects are many and with some, which I shall give, you are undoubtedly familiar; such as, involuntary unemployment, shortage of purchasing power, reduction in consumption, loss of trade, forced lowering of prices, business failures and bankruptcies, depreciation of securities, calling of loans by banks, lowering of wage scales, talk of higher taxes, fear, and the further problems created by one and all of these.

Now it seems to me that before any definite program is outlined as to what is the cure for the effects above stated, a study as to the cause or causes leading up to the depression and its effects is quite logical. I have looked to a number of economic writers for information and I wish to tell you of some of their theories for the cause of our present business situation. The books and papers I examined have advanced reasons for the causes, reviewed the effects and offered solutions for the prevention of possible future depressions. May I suggest the following books for light reading of an evening:

¹Address delivered before a meeting of the Taylor Society, New York, December 4, 1931.

"The Way Out of Depression" by Herman F. Arandtz, A. M., Ph. D.

"Forecasting Business Cycles" by Warren M. Persons, Consulting Economist, New York, formerly, Professor of Economics, Harvard University.

"A Program for America" by Will Durant, Author.
"The Work, Wealth and Happiness of Mankind" by H. G. Wells, Author and Historian.

"Business Adrift" by Wallace Brett Donham, Graduate School of Business Administration, George F. Baker Foundation, Harvard University.

"Successful Living in this Machine Age" by Edward A. Filene, Merchant.

"The Way to Recovery" by Sir George Paish (British), Authority on Political and Economic Matters.

"The World Economic Crisis" by Paul Einzig (French), Author.

I have also listened to radio addresses on the subject and yesterday read the comments of Mr. Charles E. Mitchell, Chairman of the Board of Directors of the National City Bank. From these studies I have selected some of these men's reasons, which I shall enumerate, for past and present depressions: (1) excessive speculation, (2) periodic crises (business cycles supposedly recurring each seven or eight years), (3) shortage in the output of gold, (4) necessity to return to the pre-war level, (5) general decline in the level of commodity prices, (6) under-consumption, (7) monetary causes, (8) moral factors, (9) coincidence of a number of independent factors, (10) general overproduction, (11) the machine age.

I am not going to comment on any of these except to select one of the causes, namely, the machine age. Looking back one hundred years for discussion on this subject, I find in the debate of Daniel Webster before the Congress of the United States on the Treasury Bill a most illuminating discussion on this subject. Mr. Webster made this observation:

Man has found new allies and auxiliaries in the power of nature, and in the inventions of mechanism.

The general doctrine of political economy is that wealth con-

sists in whatever is useful or convenient to man, and that labor is the producing cause of all this wealth. This is very true. But then, what is labor? In the sense of political writers, and in common language, it means human industry; but in a philosophical view it may receive a much more comprehensive meaning. It is not in that view, human toil only; the mere action of sinews; but it is an active agency which, working upon the materials with which the world is supplied, brings forth products useful or convenient to man. The materials of wealth are in the earth, the seas, and in their natural and unaided productions. Labor obtains them, works upon them, and fashions them to human use. Now, it has been the object of scientific art, or of the application of science to art, to increase this human agency, to augment its power by creating millions of workers in the form of automatic machines, all to be diligently employed, and kept at work by the force of natural powers. To this end these natural powers, principally those of steam and falling water, are subsidized and taken into employment. Spinning machines, power looms, and all the mechanical devices, acting, among other operatives in the factories and workshops are but so many laborers. They are usually denominated *labor-saving machines* but it would be more just to call them *labor-doing machines*. They are made to be active agents, to have motions; and to produce effect, and though without intelligence they are guided by those laws of science which are exact and perfect, and they produce results, therefore, in general, more accurate than the human hand is capable of producing. When we look upon one of these we behold a mute fellow laborer of immense power, of mathematical exactness, and of ever-enduring and unwearied effort. And while he is thus a most skillful and productive laborer, he is a non-consumer, at least, beyond the wants of his mechanical being.

He is not clamorous for food, raiment, or shelter, and makes no demands for the expenses of education. The eating and drinking, the reading and writing and clothes-wearing world are benefited by the labors of these co-operatives in the same way as if Providence had provided for their service millions of beings, like ourselves in external appearance, able to labor and to toil, and yet requiring little or nothing for their own consumption or subsistence; or rather, as if God had created a race of giants, each of whom, demanding no more for his support and consumption than a common laborer, should yet be able to perform the work of a hundred.

My purpose in quoting Daniel Webster is to point out to you that the shadow of the *machine age* had already crossed the United States a hundred years ago. And it seems that in Mr. Webster's day, as today, there were just as many for as against the introduction of machinery. Machinery has been blamed for many things: unemployment, the lessened physical vigor of our people, the standardization of modern life. On the other hand we cannot deny the various benefits which come to us from machinery. These add to the interest, and variety of modern life, with its splendid

educational advantages and increased leisure. I do not propose to stress this phase of the subject we are discussing this evening except to impress upon you that it always has been controversial. Opinions have differed about it in the past and probably always will.

I have found the following to be some of the opinions of noted authorities on the prevention and cure of present and future depressions: involuntary unemployment insurance; the six-hour working day; the five-day week; further restriction on immigration by selection of silver as primary money with gold—bimetallism; compensated money; nothing possible to do; repeal of the prohibition law; control of production through supervision by government; maintenance of employment without cutting wages; appeals to the public to spend more money; abandonment of the system of private enterprise and the substitution of a communistic system; political action brought into line with economic necessity; closer co-operation between all sections of economic forces all over the world; development of a more scientific plan of production.

In a review of eight economic stabilization plans, the following excerpts have been extracted with the purpose in mind of either preventing or minimizing depressions and their effects on society. The methods of obtaining the desired preventions or cures for economic ills are:

1. *Swope Plan*. Trade Associations, membership in which is compulsory after three years for companies with fifty or more employees; rulings mandatory.

2. *U. S. Chamber of Commerce Plan*. National Economic Council; power not mandatory, but suggestive.

3. *American Federation of Labor Plan*. National Economic Council; power not mandatory, but suggestive; development of more scientific plan of production.

4. *"Forum" Plan (Jay Franklin)*. "U. S. Incorporated"; 5 per cent of corporation and partnership control of stock of all business to be turned over to Government for five years; key industries to be grouped into regional or national monopolies; dividends to citizens later issued in form of consumption goods at cost.

5. *Stuart Chase's Plan*. "Peace Industries Board"; revival of War Industries Board for ten-year plan; seven members, using coercive, mandatory power; confined to twenty or thirty basic, necessary industries.

6. *Matthew Woll-James W. Gerard Plan for National Civic Federation*. "Business Congress" of all existing industrial organizations, in continuous session;