

Just as the New Deal has brought real research problems to the attention of trade associations, so it has also added impetus to the market research work to be done by individual companies. There is little question but that the form of NRA and AAA and the New Deal as a whole will be considerably modified as time goes on, and might even be completely altered by a change in political parties. Nothing, however, can completely eradicate the influences which President Roosevelt's New Deal has had on the thinking of the business community. Many of its effects are permanent. There has been a tremendous impetus to market research coming from NRA and AAA because they are forcing business thinking toward the consideration of the fundamental problems of productive and distributive balance, which cannot be met adequately with the present limited knowledge. Directly through the demand for data and reports, and indirectly through the implications of code provisions regarding business practices, the New Deal will continue to force recognition of the necessity for a greater knowledge of marketing. The meeting at which this paper was presented was arranged by the American Marketing Society.

### Reviews

**PROFITS OR PROSPERITY?** By Henry Pratt Fairchild. Harper & Brothers, New York, 1932, pages vii, 204. (\$2.75)  
 "One may wonder why a book should pose such a question as 'profits or prosperity?' at the present time. Nevertheless, many readers can probably follow Dr. Fairchild's presentation more objectively under present circumstances than they could if the choice were more imminent.

The central thesis of the book, while not new, is ably presented and directs attention to the problems that more and more thinkers are coming to recognize as the crux of our present economic difficulties.

1. We permit our economic society to be governed by an uncontrolled profit incentive. Profits are the recognized reward for business ownership. Business ownership rents land, borrows capital, hires labor and management, and holds title to the goods produced by these combined factors. It does not of itself contribute anything to production, yet it owns the goods produced, and reaps the profits derived from the operation of our economic system.

2. Profits are dependent upon the goods produced being sold at a price in excess of the costs expended as rent, interest, wages and salaries. Prospective profits cannot be realized, however, unless the business owners consume the goods themselves or exchange them with other business owners, because the purchasing power of other classes is limited by the income distributed as costs of production.

3. Credit is generally used, therefore, to enable consumers to buy goods at a profit-yielding price. This only temporarily solves the problem, however, for when the credit-debt is settled, it has to be paid out of purchasing power. The only way that profits can be continuously realized is for business ownership to take its profits in goods or continually expand credit and pile up higher and higher debts.

4. But that is not all. Income is distributed so unevenly that even the interest and rent receivers cannot spend all their income for consumption goods. They have to invest it in plants, machinery and other forms of production facilities.

5. As long as credit is being expanded and incomes in excess of consumption needs are invested, we have the outward appearance of prosperity, although the masses of our people are barely subsisting. There comes a time, however, when the size of our debt accumulations and credit expansion begins to suggest caution to the bankers and money lenders. Furthermore,

machines do not buy goods and we find that our rapid expansion in productive equipment has resulted in a large volume of consumption goods being put on the market than can be purchased. The apparent increase in national income has been going largely into savings and capital investment and not into consumers' purchasing power. Prospects for profits suddenly vanish. The bankers begin to call in their loans and restrict credit and it is suddenly realized that the huge debt accumulations cannot be paid. What follows should be clear to all of us at the present time.

Dr. Fairchild offers several proposals that we should endeavor to follow in the future if we hope to start on the road toward a more real and lasting prosperity. Space does not permit elaboration, but they include: a more even distribution of income, control or limitation of the profit incentive, control of investment, greater emphasis of consumption and less of production, diffusion of ownership, shorter hours and education for leisure, and recognition of social welfare as being superior to personal expediency.—By EMMETT H. WELCH, Industrial Research Department, University of Pennsylvania, Philadelphia.

**VOCATIONAL GUIDANCE IN ENGINEERING LINES.** Elicited and Edited by the American Association of Engineers, The Mask Printing Company, Easton, Pa., 1933, pages xxxiv, 521. (\$2.50)

This volume, altruistically conceived and undertaken, is excellently executed and deserves a place in the library of every American engineering school. Its objects are to encourage the right people to enter the Engineering Profession and to try to prevent a great number of young men from making failures of their lives, and from developing in their minds an inferiority complex because they failed in a technical school.

Some fifty-odd branches of engineering including industrial engineering are covered, the authors being, for the most part, authorities in their respective fields. Although this diversity of authorship might seem to be a handicap at the first glance, we find that each covers the same ground within his subject to some degree—the personal qualifications necessary, the knowledge and schooling required, the rewards and satisfactions to be gained and the hardships and disappointments (although these are sometimes minimized) to be endured, if success is to be achieved by anyone desiring to enter the profession. A history of the particular branch of engineering is usually included with a discussion of the present stage in its development and the opportunities it offers.

The chapter, "Ascertaining of Mental Capacity and Special Talents," by Dr. Harry D. Kitson is addressed to the young man who is entering engineering and is designed to help him help himself in choosing his vocation.

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