

Reviews

BUSINESS UNDER THE RECOVERY ACT. By Lawrence Valenstein and E. B. Weiss, McGraw-Hill Book Company, Inc., New York, 1933, pages xiv, 314. (\$2.50)

The text portion of this timely discussion of business in its relations to the recovery act falls into three principal sections. The first is a discussion of business as it existed at the time the recovery act was passed and the significance of the recovery act as an expression of the revised attitude of the government toward business operations.

In the five chapters in this first portion of the book there is an implied recognition of the fact that there are three parties at interest in the activities represented by the Recovery Act. The first, and fundamentally the most important, consists of the people of the United States whose daily processes of living constitute the reason for the existence of business. The second is composed of the producers and distributors of merchandise who undertake to supply the needs of the people, and the third is the government (which in former times has been confused in many instances as being identical with the people.) These authors do not definitely draw this distinction, but when it is drawn, it helps to clarify many of the points which they bring out as to the state of affairs both in business and government largely responsible for the deadlock which this nominally temporary act is designed to break.

The second section of the book is made up of five chapters which discuss in turn merchandising, selling, advertising, wholesaling and retailing under the new act. In these matters the guess of these authors is as good as any. Price competition has been restricted, for a time; and, when all the returns are in, that is likely to be the net return except shorter hours, higher minimum wages and the correction of other labor abuses. The authors, however, point out some other possibilities.

The third section is made up of three collateral discussions on association advertising, cartels in Germany and industrial bootlegging, respectively.

One of the valuable features of the book is the set of ten appendixes which constitute a useful documentary handbook on the National Industrial Recovery Act and its history through the adoption of the first industry code submitted under it by the Cotton Textile industry.—By PAUL T. CHERINGTON, Consultant on Distribution, New York.

A CALL TO THE TEACHERS OF THE NATION. By The Committee of the Progressive Education Association on Social and Economic Problems, The John Day Company, New York, 1933, pages 31. (\$.25)

This forward-looking pamphlet reviews the evils of our present educational system and advises that teachers "... will have to restate their philosophy of education, reorganize the procedures of the school, and redefine their own position in society." An excellent bibliography on social, economic and political problems is included.

INDUSTRIAL MANAGEMENT IN THIS MACHINE AGE. By Francis A. Westbrook, Thomas Y. Crowell, New York, 1932, pages xvi, 407. (\$3.50)

This is a practical, descriptive treatment of important aspects of industrial management, based largely on a survey of current practices. The book emphasizes the place of research in all phases of management.—By JOHN J. HADER, Rockaway, N. J.

HOW TO BUDGET FOR PROFIT. By Floyd H. Rowland, Harper & Brothers, New York, 1933, pages xvi, 297. (\$4.00)

Mr. Rowland's book assumes a close alliance between budgeting and cost accounting and recommends that budget allowances be based on Standard Cost Accounting standards. It covers a discussion of the various aspects of budgeting, as they are presumed to develop, on this assumption.

A NEW DEAL. By Stuart Chase, The Macmillan Company, New York, 1932, page 257.

This book pleads for a progressive attitude concerning economic control on the part of two groups: first, the conservatives, exhorting them to pull their thoughts out of the grooves in which they have been caught, and second, the liberals, urging them to bestir themselves more energetically to force and direct change.

As in much of his previous writing, Chase starts by vividly exposing the absurdities and wastes of our present system—for those who still need such a demonstration. After summarizing effectively the departures from laissez-faire which make the doctrine an antiquated principle of government, he outlines a program embodying the liberal ideas of the day, such as government ownership of certain industries, reduction of tariffs, control of foreign investments, managed money, redistribution of income, unemployment insurance, public-works programs, economic planning, national and international controls and other desirable measures.

Here one familiar with the field cannot restrain the feeling that it is a bit too easy. Mr. Chase's failure to meet the "technicalities," i.e., the crucial social and human difficulties which a more rational system raises, enables him to devote himself to a popularization of the higher things of life. He writes, "Your author fancies himself something of a wayfaring economist," but also asserts that he is the world's worst politician. There is really, however, no such thing as an economic program unrelated to social and individual psychology. If human beings and human society made progress merely by seeing the truth and thus becoming free, a purely rational approach to critical problems would have greater weight than realistic thinking permits. But to the extent that enlightened attitudes are an important force in new patterns of living, Mr. Chase's lively and intelligent analysis should do a lot to win over people to a new way of looking at social needs, and to inculcate some important ideas of economic reconstruction.—By HERMAN FELDMAN, Professor of Industrial Relations, The Amos Tuck School of Administration and Finance, Dartmouth College, Hanover, N. H.

ETHICS AND MODERN BUSINESS. By Henry S. Dennison, Houghton Mifflin Company, Boston and New York, 1932, pages 68. (\$1.00)

Henry Dennison in this presentation at the University of California on the Weinstock Foundation gives tersely, clearly and in a noble spirit the bearings of ethics on modern business. He realizes at the outset that the Golden Rule and the second great Commandment give but a basic aspiration and that we are "practically forced to look within." He starts from "our ethical ideal as progress toward the fullest use and growth of each man's powers in the service of his fellows, and toward the enjoyment of such pleasures as do themselves contribute to the refreshment or enhancement of such powers," and emphasizes "by this definition that no member of the species *homo sapiens* as it has so far evolved can expect to find his full satisfactions or real happiness unless he gives some adequate expression to this solidly founded biological instinct to devote some appropriate parts of his life to the service of his fellows."

Mr. Dennison warns that "In choosing his course in the middle ground of doubtful action, where there are no sharp contrasts," the business man "must realize that he has a deeply inherited ability to 'kid' himself into believing that whatever he finally decides to do is right," and that "The first and great commandment, then, for all who care to make sincere efforts to live up to whatever codes of ethics they may adopt should be, 'Don't fool yourself,' or, rather, since unconsciously and often inevitably you will fool yourself, 'Unfool yourself systematically, persistently, mercilessly.'"

In the new Encyclopedia of the Social Sciences the word "commercialism" carries a certain condemnatory tone. It states that the best antidote to commercialism is public spirit or a governing conception of one's action as valuable mainly because of its effect upon the community. Dennison goes on to urge that the codes of modern business be taken more seriously. He considers them the first attempts of a powerful social group to gain self-respect and the respect of others. Progress will be made if they can be given a more positive tone.

Codes presuppose and eventually may have some influence in cultivating an ability to plan, to look into the future, and guide the present response to immediate impulse in the light of decisions which are made for the future. They assume that man's actions are to be motivated by the wants and desires of his future development, as well as the wants and desires for his present satisfactions.

Coming to grips with the practical problems of today Mr. Dennison reviews in turn the social relationships of a business organization with its stockholders, its employees, its customers, its competitors, and the ethical responsibilities of its directors and executives, with a completeness and an authority which all who are familiar with Henry Dennison's life-long work will appreciate. Backed by such a record of practice and accomplishment this little book can well be taken as a real guide in meeting problems which every clean-cut business is facing day by day and year by year.

Mr. Dennison suggests the four criteria which characterize professional activity as guides to business management in its efforts to achieve higher ethical standards. These criteria are the employment of expert intelligence; the use of the methods of science in research and experience, with the results made public; adherence in letter and spirit to a written or unwritten code and the desire to serve mankind rather than one's self. Until these professional criteria are met business will not be on the way toward a solution of its ethical problems. Everyone in business can help to achieve these ends by refusing to believe them impossible.

"Our determination to fight may be steeled by a need which is nothing less than the need of preserving our whole civilization—of avoiding the utter chaos of its downfall. We can, and should, admit all the difficulties in the way; any mere sentimental idealism is more likely to push us back than on; but we need never admit any final defeat. It is better sportsmanship and a better life to go down fighting for a cause which may lose than to go slacker because we can't be absolutely certain we are going to win."—By DANIEL MOORE BATES, President, Bates Incorporated, Philadelphia.

UNEMPLOYMENT INSURANCE IN BELGIUM. By Constance Kiehel, Industrial Relations Counselors, Inc., New York, 1932, pages 509. (\$3.50)

UNEMPLOYMENT INSURANCE IN SWITZERLAND. By T. G. Spates and G. S. Rabinovitch, Industrial Relations Counselors, Inc., New York, 1931, pages 276. (\$3.00)

These two books on unemployment insurance describe the working of a system of governmental subsidies to voluntary funds in one country and to both voluntary and compulsory systems in the other.

Everyone even remotely acquainted with the history and progress of unemployment insurance has heard of the Ghent system established in the Belgian city of that name in 1901. Not so many are aware of the fact that a plan not very dissimilar went into effect in Berne in Switzerland eight years before the Ghent plan was adopted. And practically no one has realized that in Basle there was a compulsory unemployment insurance scheme in operation for a few years, more than a

hundred years ago. At any rate "unemployment insurance" is what the authors call it, although it was merely a scheme for taking 2 per cent of the wage earners' pay for a fund from which benefits were to be paid at the discretion of the administrators. It would seem to have been compulsory saving rather than insurance.

The book, *Unemployment Insurance in Switzerland*, gives an account of the development of a national system through the medium of Federal subsidies. There is an interesting variety in the Swiss system. The Federal Government has no power to establish compulsory insurance so it both encourages the setting up of plans and secures the recognition of standards approved by the Government, by methods that have been found effective in this country in the promotion of maternity care and vocational education. Nine of the twenty-five cantons have compulsory plans in force. Fourteen subsidize voluntary plans and eight of the latter have authorized municipalities to set up compulsory plans with the result that over half of the insured population are subject to compulsory insurance.

Federal subsidies go to three types of insurance funds: public funds which insure 20 per cent of the insured population, joint funds, contributed to by both employers and workers, which cover 21 per cent, and trade union funds which take care of the remaining 59 per cent. Contributions by employers are optional in most of the funds. The Government encourages joint and public funds by making a larger contribution to them than to the trade-union funds. Altogether, the Government contributes 58 per cent of the income of the funds.

The Swiss plan is interesting and suggestive, even if it is a little difficult to entertain the author's idea that it has special significance for the United States because that country of 3,800,000 population has a government that is, in some respects, like our own.

The Belgian system is based on voluntary action. Beginning with the well known Ghent plan in 1901, there has been, especially since the war, a steady advance both of the insurance system itself and of government control. In 1930, 37 per cent of all industrial workers and 80 per cent of all members of unions were insured.

The basis of the insurance plan is the voluntary society—the trade unions. After 1920 a national system came into being through the requirement of the acceptance of standards laid down by the Government as a condition of the receipt of subsidies. Governmental subsidies are of two kinds. There is a direct subsidy to the societies which amounts to two-thirds of the contributions by members. In addition, there is a National Emergency Fund which pays benefits under certain restrictions to members of societies who have exhausted their rights to benefit, to members of societies which have become insolvent and to new members who have not yet established a right to regular benefit. The fund also is drawn upon for allowances to dependents of members in receipt of regular benefits. The subsidies are distributed by communal insurance societies which are responsible for the maintenance of standards.

The National Emergency Fund is interesting as an attempt to make special provision for relief during prolonged unemployment when the insurance funds are likely to be inadequate. "Its successful operation since 1920," says Miss Kiehel, "is an answer to the assertion often made in America that separate provision for different unemployment risks is impracticable." A further distinctive feature of the Belgian system appears in the regulations respecting strikes. Arbitration is encouraged by the payment of benefits where the strikers are willing and the employer is unwilling to accept adjudication of the dispute by the duly constituted agencies.—By JOHN A. FITCH, The New York School of Social Work, New York.