

may remain steady. Stable prices make for stable production, stable employment and prosperous prosperity.

Norman Lombard.* As Dr. Meeker said, prosperity has never been very prosperous in a period of falling prices. Following the Napoleonic Wars we had a period of falling prices which continued until the discovery of gold in 1848. During this period every life insurance company in the United States, except one, either failed or changed the nature of its business. Then we had a period of rising prices during which over three hundred new life insurance companies were formed. Following the Civil War we had a period of falling prices which continued until the discovery of the cyanide process and of new gold fields. During this period every railroad in the United States, with one exception, was reorganized and there were the greenback and free silver campaigns and other manifestations of social, economic, financial and political unrest. Then followed a period of rising prices and increased cost of living to 1920; then followed a most disastrous period of falling prices, with millions of men out of work.

I think the economic thought of the day is in favor of a stable general price level, which means a stable purchasing power of money. If the prices of certain products, which can be produced with increasing cheapness, are lowered, then there should be an increase somewhere else, so that the general price level will remain stable. If the price of one product goes down, that means, provided the volume of money remains the same, that money will be freed to purchase other things, and these other things will be increased in price by the new demand. A depression in the one spot will be compensated for by a rise in some other.

H. V. R. Scheel.⁷ It seems to me that there is another factor in the equalizing process just referred to. Money freed by lower prices may go into the purchase of more goods at the lower prices instead of into the purchase of other products at higher prices.

And there should be some mention made of the psychological aspects of the problem. There is a class of people that does not change its buying

habits easily in response to changes in wages and prices. Savings may be considered potential purchasing power, and influences, such as advertising, that affect the habits of people, are important.

Edward Eyre Hunt, Chairman.⁸ I think one of the most interesting outcomes of the "Report of the Committee on Recent Economic Changes" is just this type of meeting. There has been an extraordinary amount of public interest shown in the report. In spite of its miscellaneous character and the fact that it is published in two volumes and sells for seven dollars and a half—a formidable price—it is already in its third printing, and an abridgment of 50,000 words is to come out about the first of February. Almost every time there has been any public discussion of economic changes since the report appeared it has been mentioned. We might almost be misled into believing that economics has become news in the United States!

Of course it is no news to the Taylor Society, which devoted a session to the "Report on Waste in Industry" in 1921, and is now only following its own fine tradition in discussing the "Report of the Committee on Recent Economic Changes" in 1929.

In connection with the doctrine of high wages which has been discussed here, I should like to say that summaries are prepared each day for President Hoover showing the editorial comment on any matter which is interesting to the White House. He is now getting not only these summaries but the actual editorials from more than a thousand newspapers. Nothing in the recent White House conferences has caused so much favorable editorial comment as the President's efforts to maintain wages and purchasing power. To me, at least, this has been a revelation of the change in the public attitude toward a vital subject. After the World War, when the best economic brains were mobilized in Washington, one of the foremost economists of the country was called upon for advice. The first thing that he proposed was a wage cut. That was current economic doctrine at the end of the World War. When the Conference on Unemployment was called in 1921, the first thing which Mr. Hoover tried to do, through that conference, was to maintain wages. And of course the first thing which the

President did when he brought the leaders of American industry together in November, 1929, was to get a unanimous agreement from the employers represented that they were going to maintain wages. These three incidents are, I think, worth remembering in connection with the current doctrine of high wages.

I should like to bring the meeting to a close by trying to trace the evolution of an idea which has not been stressed in this discussion, namely, unemployment. The study on "Recent Economic Changes" grew out of the President's Conference on Unemployment, and it is not the first which has its roots in that conference. The primary moral purpose of the recent study, in contrast to its purely economic purpose, is a reduction of unemployment. To get its background we have to go back at least as far as the report on "Waste in Industry" in 1921. That report, in discussing the primary wastes in industry, said that the greatest wastes are human, and listed unemployment as a major waste in our economic system. The greater part of the work on the report on "Waste in Industry" happened to be done in the period before there was any substantial margin of unemployment. In that respect it set the pattern for the latest of these reports, the one on "Recent Economic Changes." Yet both found a large margin of unemployment, even in the best of times, and pointed to it as one of the fundamental weaknesses of our economic system.

Following the report on "Waste in Industry" came the Conference on Unemployment in September and October, 1921, and following that came the analysis of "Business Cycles and Unemployment" in 1923. Then followed "Seasonal Operation in the Construction Industries," a study of seasonal unemployment in 1924. The study of "Recent Economic Changes" is an analysis of the prosperous period since the recovery from the depression of 1920 and 1921. I think these committees and conferences have done us a real service in taking unemployment as their major problem. We might add this topic to the list which Mr. Burgess presented in his very able paper. Among the matters of primary interest to business managers should be a definite assumption of responsibility for employment and an exploration of ways and means to stabilize it. On this note I close the meeting.

(A record of the complete discussion is on file in the office of the Taylor Society for any who may wish to consult it.)

Resolution of the Taylor Society

On December 5 there assembled in Washington a National Business Survey Conference of industrial leaders summoned by President Hoover to consider problems created by the recent collapse in the stock market. Inspired by the discussions at its meeting, the Taylor Society on the same day adopted the following resolution:

WHEREAS, the President of the United States has called a conference of business leaders for the purpose of making plans to promote business stability and prevent unemployment;

BE IT RESOLVED, by the members of the Taylor Society in annual meeting assembled, that the following recommendations be forwarded to the President's Conference:

FIRST: Since a fundamental factor essential to industrial equilibrium and prosperity is the prevention of wide-fluctuations in the general level of commodity prices, we recommend that the Conference express its appreciation of the actions already taken by the Federal Reserve System to this end, and that the Conference recommend to the Federal Reserve Board that, as a means of reassuring business, they make open avowal of their intention to observe this policy in the future, so far as possible.

SECOND: Since the government is in possession of much valuable data, contained in the archives of the Treasury Department, the Department of Commerce and elsewhere, which would be of inestimable value to business, if analyzed and summarized and the results made public, we recommend that the Conference propose a plan whereby this information shall be made available to business in such form as not to violate the confidential character of the constituent data.

THIRD: Since many industries are suffering from unbalanced production and other maladjustments which are harmful to all concerned, including capital and labor, producers and consumers; and since the Department of Commerce, through the Bureau of Standards and the Division of Simplified Practice, has already pointed the way to a form of co-ordination within each industry which preserves to the public the benefits of competition; we recommend that the Conference evolve plans whereby such co-ordination may be extended into other fields and phases of business and industry.

*Stable Money Association, New York.

⁷Vice President, Botany Consolidated Mills, Inc., New York.

⁸Secretary, President's Conference on Unemployment, Washington, D. C.