

National Planning¹

A Discussion of the Outlook for National Planning in the United States

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IT IS peculiarly fitting that a program on planning should begin with a substitute for a part of the plan.

To raise the question, "Is national planning necessary?" appears to be gratuitous in this audience. You would not be here if you did not believe in planning; the Taylor Society is a monument to planning. What we ought to say is that we have had a plan, though some have called it planlessness, of which we have been too dimly conscious. What we need is not so much a plan as an improvement in the one we have—a new and better plan. I should like also to abolish the word "national" before planning. I doubt if any well-read and thinking person believes in national planning with the emphasis on the word "national." I am quite certain that Dean Donham does not, though his book² says that we shall keep our tariff for twenty years at least and solve our problem as a nation first. I am sure he believes that to be only a step in international planning. On the theory that it is better to settle our own problems before telling the world how to settle its problems and, in the well-known American way, to make the parts before assembling them, we should do well to stabilize our national economy before suggesting a tie-in with other national economies and international economics. Perhaps we have become of sufficient importance in world economics so that stabilization of our economy might *ipso facto* result in world stabilization. I am sure that the American people do not appreciate the pull they have economically on the rest of the world. Whether we collect or pay out gold, our influence is very great.

Concerning Dean Donham's book, I am in the embarrassing position of wishing neither to see the reviewers work nor to act as an advance sales

¹Remarks made before a meeting of the Taylor Society, Philadelphia, Pa., May 1, 1931.

²*Business Drift*, New York, Whittlesey House, McGraw-Hill Book Company, 1931.

agent, but I will make two additional statements about it. He makes two novel contributions. The first, borrowed from Professor Whitehead, is that we are in a different world from our grandparents, in that it is a world of more rapid change. Carried through, this means that forecasting is both more difficult and more necessary. On the other hand, it may be that forecasting for shorter periods will be sufficient. His other stimulus to thought is that we have placed too much emphasis on foreign trade as the outlet for our endeavors. I think that is the most difficult part of the book for economists generally to swallow. I think he is emphasizing, with a peace motive, that we run blindly into foreign trade without thinking where it ends. If we are efficient we put the others out, and we must be efficient to stay in and grow. The assumption is that those who have been put out will fight for their markets. If we put our energy into domestic industry and trade, the world's standard of living will not be lowered by our competition abroad. In a second stage, of international co-operation, there will be supervised trading in certain markets. I think Dean Donham personally expects a reciprocity to develop in regard to certain industrial situations which in time may amount to free trade. This cannot conceivably develop within the next twenty years, however.

That much is *his* speech; *mine* is to talk about the problems involved in executing a plan. Any new plan goes through certain stages, the first of which is the academic stage. The next stage is adoption, either through co-operative activity or compulsory statute. The latter means political co-operation and the co-operation of business leaders. The consent of public opinion must also be secured. Back of the enforcement of a statute is the leadership of opinion. And, lastly, we must have sympathy with administration, which requires patience and experimentation.

To illustrate in a field with which I am somewhat familiar, consider the stabilization of money

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values. American economists fought over that for years, persuading themselves that there were some injustices in a shifting price level and certain undesirable dynamic results in the form of business instability. While they do not agree perfectly on all of the details of the academic problem in this development, there is a sufficient agreement to say that that stage has been completed. The thought has not yet been embodied in statutes, but I suspect it has to some extent influenced practice. We do not have public opinion organized in favor of it, and we have not developed sympathy for administration.

Of all the methods of social reform designed to regulate business, we have probably gone as far on this question of money stabilization as on any question of as complicated a nature. There was a bill, known as the Strong Bill, before Congress a year or two ago which endeavored to crystallize all our years of thought and agitation. It was a very simple bill; you could have had no agreement on a plan that was not simple. It provided: "The Federal Reserve System shall use all the powers and authority . . . to promote . . . a more stable purchasing power of the dollar. . . ." Yet that bill was not passed. We have not reached the statutory stage. The Federal Reserve Board, with or without the co-operation of the governors of the foreign central banks, is undoubtedly broadly interested in the stabilization of world prices, but it has never said so. The Federal Reserve Act also is silent on the subject, and has not been amended.

Attention must be directed to our lack of sympathy for administration. The Federal Reserve Board has been experimenting in its field for only ten years and yet to most people, even to some in this audience, it is considered an old, established institution. There is in point the story of a Chinese student who spoke of something that had been tried in China and found wanting. When asked how long it had been tried, he replied, "We tried it for seventy-five years and then found it wouldn't work."

The illustration used points to the conclusion that in national planning we are now in the academic stage, saying: "Something *ought* to be done." There is no single plan in sight, and I think Dean Donham was very clever in omitting a definite plan from his book. It will be a long road to the

statute book because it is a long road to the formulation of public opinion. I doubt if you can get co-operation at an early date on a statute enactment in the United States, though we hope for co-operation among business leaders. That very co-operation would be against the enactment of statutes which would have to be amended frequently and each time with the same lethargy.

This is not an essay in discouragement. We must recognize the fact that the education of the people must precede any large movement or active realization of any possible planning. It may take three years of business depression to crystallize the thought. If we have the patience to work out an articulated, reasonable, and successful plan, no one knows how many years of experimentation it will take. The thing is not going to be done in a year; we *must* study the problem and persevere in the policy.

We have made some progress toward getting recognition of the problem in the official world. Whereas in the field of money stabilization we succeeded in getting some action and no promises, in this field we have had promises and no action. Certainly no one believes that the measures which the federal government has undertaken in the way of responsible, organized, individual action or of stimulation of the government's building program, are of sufficient magnitude even to approach a solution of the problem. The official attitude, however, appears to be sympathetic. Beyond that we have a long period of development before a plan can actually work.

For the benefit of the gentlemen present from abroad, so that they will not be misinformed, it should be said that, by and large, the American business man does not believe in the potentiality of stabilization. Secondly, we do not have statutory endorsement of the idea. And in the third place, no one yet knows what price we should pay for it, granting that it could be brought about. History will have to decide whether or not any planning is worth the price; it would be a little presumptuous for us to assess the value and cost now. We are just rising to the heights of an intellectual discovery and are a long way from action. None of you should go back to Europe with the idea that we have a Five-Year Plan in the United States or that we shall have one next year. While we have

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