

Improving Trade Relations: (1) sane trade practices, (2) eliminating specific practices, (3) machinery for improving practices.

Accelerating the Flow of Money: (1) decentralized bank credit, (2) credit bureaus, (3) credit terms, (4) prompt payments.

The Immediate Program: (1) recommendations, (2) reviewing the program.

The entire work should give the industry a new concept for its production and marketing objectives, against which it can measure its present practice and from which it may develop its plans for improvement. No industry should reconstruct itself without a proper concept. This hardly ever checks with the existing or traditional concept of the business.

In reading this survey, the question as to whether the book industry understands merchandising repeatedly comes to mind. Are not books, at least in so far as the purchaser is concerned, in the mysterious product class? If this is true, to what extent is it the responsibility of the industry?

G. E. SCHULZ<sup>13</sup>

*Policy and Ethics in Business.* By Carl F. Taesch. McGraw-Hill Book Company, Inc., New York and London, 1931, pages xi, 624.

Professor Taesch prefaces his stout volume of more than six hundred pages with the candid statement of his purpose as "the study of the social control of American business and of the evolution in this country of a justifiable system of business ethics." The author at the outset wisely warns the reader that any economic analysis itself, as an adequate explanation in determining business behavior and social control, must be given its appropriate weight.

Starting with a study of the land, the early settlers and their ideas, the author points out such physical and social facts as have contributed to business behavior and demanded desirable social control. Size, diversity and complexity, variations and rapid changes are outstanding characteristics of American economic life. From these characteristics arise many of our most acute ethical problems. Sectional differences between East and West, North and South have brought in their train many perplexing problems.

In his chapter stressing religious and social ideas, the author points out the extraordinarily interesting relations between religion and business. America has been blessed, if one wishes so to regard it, with a large number of highly diversified religious sects. These sects have varied widely in different parts of the country according to type of people and locality. Where there has been conflict between religious behavior and business behavior, there has been no denying the survival of economic and business values.

From the standpoint of business ethics, the author's conclusion of some sixty pages devoted to the Sherman Law is that the most significant feature of this law is its "symptomatic indication of the fact that the law was viewing with apprehension the growing power of business." The law reveals an effort to conserve the political values in society against the encroachment of business. Those who at present advocate

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the repeal of the Sherman Act may be interested to know that the author holds its retention "to be defended solely on the ground that it be a perpetual reminder to business that freedom from the law can best be achieved by proper self-government."

Almost one hundred pages are devoted to the problems arising from the extension of functions, mergers and the management problems arising from intra-company activities and out of inter-company affiliations. Here arise ethical questions emerging from the relations of shareholders' and directors' responsibilities and the relations between competitors and customers. The solution of ethical problems arising from these complicated relationships rests largely with the directors and large shareholders. Great responsibility for ethical conduct of our large corporations rests upon business leaders and the author believes this trusteeship is increasingly being appreciated by men of wealth and the largest stockholders. To see a developing business idealism on the part of those most blessed with worldly goods "is to witness a sign of the ethical soundness of business."

Chapter IX, "Legitimate Trade Channels," is one of the most important chapters of the book. It raises questions that "are pregnant with ethical problems." Ethical problems come up from the very roots of our business structure. Is there a business hierarchy? Is business as an organization analogous to State and Church? What about the relation between ethics and business personnel? Is business taking our best leaders from law, church, politics, science? Is this helping business to become professionalized? What about the ethical problems arising from the relations between banker, bond- and stockholders, directors and executive management? Every chain and integrated industry bristles with ethical problems arising between manufacturer, jobber, wholesaler, retailer and purchaser-consumer. Many business men and trade associations are now struggling with these problems.

The final section of the book takes up the interesting ethical problem of "self-regulation" in American business. Here are presented the urgent ethical problems of advertising, of cancellation of contracts, of limitation of production, of commercial arbitration as parts of the general problem of business ethics.

"The virtues of an abstract, complete and well-organized philosophy of business have been sacrificed to a concrete, inadequate and pluralistic point of view. The pick and shovel work that still remains to be done will be appreciated by all those who are not yet willing to inflict business with Jeremiahs or apostolic blessings, and the clarion call to further work is sounding too loudly to warrant paying much attention to swan songs or paens of praise."

HENRY C. METCAL<sup>14</sup>

*Reducing Seasonal Unemployment.* By Edwin S. Smith, McGraw-Hill Book Company, New York, 1931, pages xvii, 296.

Mr. Smith's book is the well compiled result of a timely study of the causes of seasonal fluctuations in business and

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of possible corrective steps suggested by the experience of a large number of leading industrial concerns who co-operated in the study. The study was instigated by a group of New England business men brought together by A. Lincoln Filene, chairman of the board of William Filene's Sons Company, Boston. The others were Henry S. Denison, John H. Fahey, Henry P. Kendall and J. Franklin McElwain. The group called itself a "Committee to Study Methods of Reducing Seasonal Business Slumps." They delegated Mr. Smith, who is in the employ of Mr. Filene, to record their proceedings and summarize the results of the study, a task which apparently he has very ably accomplished.

No definite formula or guaranteed cure is prescribed, but the fact that "hundreds of men of good sense and good-will have turned their attention to the great problem of unemployment and are willing to have published in this book some record of their successes and failures in this first natural field of experiment—the mitigation of seasonal irregularity—emphasizes that those responsible for industrial progress and economic stability are confronted by a task which can be 'neglected only at a peril not happy to contemplate.'" The humanitarian side of unemployment, tragically symbolized by soup kitchens, bread lines, family want, regarding which much has been said elsewhere—dramatically if not constructively—is not emphasized. Unhappy effects are subordinated to the search for underlying causes and practical remedial measures. The author contends that "unemployment is an expensive luxury in which modern business simply cannot afford to indulge." Business loses money by unemployment. When this fact is fully and generally realized by the heads of industrial plants, ways will be found to stop it and the humanitarian side of the picture will be brightened automatically.

The author estimates that of the 375,000 to 400,000 American industrial workers who annually face a period of seasonal unemployment of greater or less extent, very few are absorbed by other industries. Authentic charts are presented showing the seasonality of production and employment in a large number of industries.

The committee sent out 585 letters of inquiry and received 195 usable replies in addition to the data secured by interviews from 40 concerns. Their effort was to learn (1) why they have seasonal depressions, (2) what kind of losses they suffer, (3) whether the losses are sufficient to prompt remedial measures, (4) what remedial measures have been applied, and (5) with what success.

Three fourths, or more, of the book is an enumeration of specific cases, logically classified according to causes and the principal remedial measures. There is more or less discussion of the principal causes such as: effect of crop seasonality on food industries; climate and consumer demand; style; hand-to-mouth buying; tradition; effect of one industry on another; the summer slump; lack of dealer aggressiveness; etc.

Corrective measures that have been applied with more or less success by specific companies include: pushing sales in dull seasons by sales contests, new models, increased advertising, price concessions, etc.; creating out-of-season uses for seasonal products; diversifying the market, including

export to South America, where seasons are the reverse of ours; diversifying the product with the attendant risks that the new product may not be as readily sold or economically manufactured as anticipated, may develop peaks of its own or be subject to the ups and downs of consumer approval; advance ordering by retailers, from both the manufacturer's and the retailer's points of view, simplifying the line; budgeting of sales and production on a seasonal basis; manufacturing ahead of orders.

Attempts toward stabilization of employment for the individual worker are summed up in (1) training of versatile workers permitting transfer from less active to more active operations, (2) reluctance of worker to transfer, (3) maintenance of usual earnings when on temporary job, (4) transferring between industries to meet seasonal peaks that do not occur at the same time, (5) part-time employment, (6) shortening working hours.

The author concludes that the problem is reduced to two general aspects—seasonality of sales and seasonality of production. That something is being done to level out these irregularities is evident from the numerous instances where manufacturers in a wide variety of industries are successfully applying intelligence and imagination to their own individual businesses. Much worthwhile work for seasonal regularization has been done; vastly more remains to be done. We are getting somewhere if the author is correct in his closing assertion that "unemployment is coming to be more and more thought of as a preventable evil."

S. M. LOWRY<sup>15</sup>

*Seasonal Variations in Employment in Manufacturing Industries.* By J. Parker Bursk, University of Pennsylvania Press, Philadelphia, 1931, pages xiii, 197.

This careful and painstaking study by Mr. Bursk should be of great value to many business executives. It reveals many important facts and contributes a wealth of information concerning seasonality in industry. The data were taken from the reports of the Biennial Census of Manufactures of the United States Department of Commerce for the years 1904, 1909, 1914, 1919, 1921, 1923 and 1925. Earlier years were not included because of the lack of comparable data, and no tabulations of monthly employment for 1927 and 1929 were available. Detailed analyses are made of 99 industries, grouped under the census designation: food, tobacco, textiles, leather, rubber, iron and steel, machinery, transportation equipment, non-ferrous metals, stone, glass, clay, lumber, chemicals, paper, printing and a number of others.

Mr. Bursk spends little time in discussing the statistical methods of measuring seasonal variations. The major emphasis is placed upon the annals of seasonal variations—a study of the actual seasonal fluctuations in industry. No extended analysis is made of the causes of seasonal variations. Where causes are mentioned it is largely for purposes of suggestion. The two most important causes given are climate and custom.

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