

no limitations or restrictions; full and complete power, even to fix prices or combine; ten-year plan.

7. *Prof. Charles A. Beard's Plan.* "National Economic Council," authorized by Congress, to co-ordinate the highly concentrated industries in finance, operation, distribution, on the basis that business is public service enterprise. Also "Board of Strategy and Planning"; each industry governed by subsidiary syndicates.

8. *Associated General Contractors of America Plan.* Grant by Congress of greater power to Federal Reserve Board; bond issues to be authorized for Revolving Fund for specific construction and improvements; bond issues also for increasing public and semi-public construction; Federal Reserve to guarantee solvency of banks and force hoarded capital to circulate; public debt retirement to be deferred.

A review shows we are still without any unanimity of opinion on *national planning*. There are those of us in business who believe that the success of the modern manufacturing and commercial organization is due to intelligent planning. There is an old adage which can be applied to business with much success: "Plan your work and work your plan." Most industrial and business leaders believe in this theory as far as it affects their own industry or business. They have shown no desire, however, to go a step farther and apply it to the business and industry of the nation. *National planning* immediately assumes such gigantic proportions that the mind can scarcely comprehend the magnitude of such a task. Most of these same leaders believe in highly specialized organizations. They also believe that from our business experience many creative measures in planning may be adopted. Yet they are unwilling to tackle the bigger job of national planning with which we are now confronted. Early in the year, before the convention of the Advertising Federation of America, your speaker offered the observation that if *labor* could organize effectively in the United States *business* could do likewise, and recommended the formation of an American Federation of Business to parallel the American Federation of Labor.

At that time I did not go into any details with respect to the plan. For the purposes of our discussions this evening I make the following observation as to how such a plan could be formulated. The starting point for a national plan could be an organization representing the business and industrial interests of the nation, which might very properly be described as a National Economic Council of the American Federation of Business. Such a National Economic Council composed

of outstanding leaders in industry and commerce would in the first instance be a *fact-finding authority*.

Its primary purpose would be to ascertain the fundamental factors underlying any industrial or commercial problems considered by it, such as the stabilization of a particular industry and its employment, and then, through the other phase of its work, to provide for the industry affected this authoritative information from which the official Trade Association for the industry concerned would be required by law to operate.

Let us take as an example a determination on the part of the National Council of the American Federation of Business that the nation's yearly consumption is estimated to be one billion units of a particular commodity. This conclusion could only have been arrived at by the National Economic Council after ascertaining all the basic facts underlying the production, consumption and markets affecting this particular commodity.

The National Economic Council's decision would be passed on to the official trade association of the industry which in turn would be required to work out its own problems through its members. The result of such a plan would eliminate flooding the market with a particular commodity in an amount that the people of the nation could not consume. It would definitely stabilize employment in the particular industry affected; it would eliminate destructive competition and economic waste.

The *fact findings* of the National Economic Council should be final and mandatory, and have the full force of governmental authority back of them. By this I do not mean that we need any more government in business than we have today. On the contrary, we need less. The commerce and industry of the country should be placed solidly in the hands of our business and industrial leaders with a minimum of governmental supervision. The plan proposed does not mean any further inroads on business by government, except where business itself finds the need of it. This method of operation would prevent flooded markets. It would be a scientific method of meeting the law of supply and demand. Our ways of meeting the inroads which this law makes on our industry today are most haphazard. Our only answer to it today is the survival of the fittest. The Economic Council of the American Federation of Business—call it what you will—could also authoritatively point out to the Congress of the United States the detrimental effect of the Sherman Anti-Trust Law on modern business. It could point

out that modern business is functioning under the control of a vehicle constructed forty years ago to correct at that particular time the abuses that resulted from some special corporate privileges. Today that condition has been remedied through the medium of competition. But business is faced with the necessity of continuing practices which have been found unnecessary and harmful in modern business.

But our Congress cannot be expected to pick from the air a new vehicle which might more properly express modern business necessities. To whom should our law-makers look for expert advice? The sugges-

tion which I make to you tonight is that *national planning* is possible. Perhaps the method I have sketched to you is not the right approach. But the great need of the moment is for our industrial and business leaders to meet and discuss seriously with the intention of correcting our business evils.

*A final word.* The Taylor Society, organized as an international group to promote the science and the art of administration and management, could make no finer contribution to our nation than to take the leadership in bringing about the adoption of a forward-looking *national industrial plan*.

MASS production, then, must engage in social planning.

All business has had to plan; but when the masses had almost no buying power, business men planned their business with reference to the market as it was. If the market was good, they increased production. If the market went wrong, they shut down. This made the market worse, but they didn't know that, and there seemed to be nothing that they could do about it anyway. Business had not yet become the way in which the masses got their living; they took chances with the market, and the market was supposed to be beyond anybody's control. Each business was a private matter. Social planning, if undertaken at all, must then have been undertaken by some social agency, particularly by the political government.

With the coming of scientific management, however, business had to do some different planning. Frederick Taylor and the other engineers who followed him pointed out the necessity of synchronizing the various departments of a factory so that each department, instead of merely making a record for itself, should work with reference to every other department. They called this planning "industrial co-ordination." It was, however, only a beginning. It increased production, and lowered production costs; but it was soon discovered that this was not particularly profitable unless more goods were sold. So business undertook to plan

sales, instead of merely producing goods according to market demands.

The first sales plans, however, were not all that had been hoped for them. By adding to the sales force, by putting more dominant and more high-salaried experts in charge—in a word, by "high-pressure salesmanship"—it was soon found that sales could be expanded to meet the increased production. But the process was not always profitable; for while the cost of production might be lower than ever, the cost of *production and distribution* might be higher than before.

Such plans were not social plans, for they did not take society into consideration. They did not result immediately in mass production; for, while they sought to sell to the masses, they did not give the masses more than the masses might have got without all this new high-power management. Another way was eventually found, however, to increase sales and profits, too. That was to lower the price and thus to obtain more sales per unit of sales force. This was highly successful, and because it was successful, business could never be the same again.

Successful business then, whether it realized what it was doing or not, did engage in social planning. It was not likely to be called that. (Edward A. Filene, *Successful Living in This Machine Age*, Simon and Schuster, pages 271-272.)