

## Reviews

## THE CONSUMER—HIS NATURE AND HIS CHANGING HABITS.

By Walter B. Pitkin, McGraw-Hill Book Company, Inc., New York and London, 1932, pages xiii, 421. (\$4.00)

One of the most interesting and constructive developments in business thinking during the past ten years has been the rise of the consideration of the consumer. In the course of these years the arts of production and of marketing have been forced to give up their place of first importance to the study and understanding of the wants and the needs of consumers. Business executives are coming to the recognition of the fact that every type of business depends for its very existence upon the extent and changes of ultimate consumer demand. This shift of emphasis from production to consumption has been accompanied by several attempts at analysis in periodicals and books, of which Professor Pitkin's is the latest.

It has not been easy, as students in the field of consumption have discovered, to reduce the motives of consumption to simple, orderly, quantitative analysis. It has not been possible to generalize in simple terms. On the other hand, there is ample evidence that consumption is governed by rules and reason. Caprice may be, and undoubtedly is, a factor, but not really a very important factor. To dismiss the facts of consumption, as some have done, by asserting that they are governed by caprice is giving up the problem before it is studied. Consumption is, indeed, complex, the resultant of many forces including psychological and social, as well as economic and a book such as this is a welcome addition to our current knowledge.

The chief value of Pitkin's work is that he contributes the psychologist's viewpoint to the study of consumption. He states what he has to say in an interesting way. While not always conclusive his ideas are challenging. The book's chief drawback is that it discusses a very wide range of details concerning consumption and does not sufficiently summarize the main points. Reading it through does not leave one with decisive conclusions or definite courses of action. Finally, while the facts concerning consumers cited in the book may fully warrant the author's somewhat pessimistic outlook, the serious needs of the present are for constructive leadership, in thought as well as in action, that will make something out of the situation. This book is very well worth reading. It presents several phases of the study of consumption much needed both by economists and engineers. It will help to stimulate further search for the principles and theories of consumption.—By PAUL H. NYSTROM, Professor of Marketing, Columbia University, New York.

## CAN BUSINESS BUILD A GREAT AGE? By William Kix Miller, The Macmillan Company, New York, 1933, pages 320. (\$2.50)

This book is a plea for a "bigger and better capitalism." It claims that private enterprise in the quest of profits will produce ever increasing prosperity—provided always the governments keep their hands off business. "Only business, as business, utilizing the discoveries of science, is inherently fitted for the next big push of mankind . . . the giving of work and the fruitifying of man's labor under the magic wand of cooperation in business; the utilization of the incentives and checks and balances of the profit motive . . . The trouble with the world is not *laissez-faire* but too much interference with supply and demand."

Three things are necessary, our author continues, if the business system is to prosper—the cancellation of war debts, the abolition of tariffs and disarmament. With these problems out of the way, business will not only create an abundance of

goods but also it will solve the problem of distribution. "The problem of mass distribution is therefore before us. But this can be solved by a legitimate inflation on the existing gold basis, lasting indefinitely, provided we depend exclusively upon a universal business organism." Although the author regards the gold standard "almost with reverence" he does not hesitate to give allegiance to the idea that "capitalism means continuous expansion and inflation through its own processes (prices running away from costs) for the decades immediately ahead, based upon a constant increase of human confidence."

This book does not clarify one's thinking concerning the workings of business. Business itself is vaguely conceived—one is not sure whether the author means competitive business, cartelized business, or private trustified business. No attention is given to such well-known conflicts between private gain and the public interest as monopoly gains, profits which arise from fraud and misrepresentation, and the creation of spurious wants by certain advertisers. The author has not given a clear-cut account of the workings of private enterprise nor has he dealt satisfactorily with the many charges which critics of private enterprise have made in recent years.

Further, the monetary doctrines in this book lack cogency. Most authorities are of the opinion that "indefinite inflation" and the gold standard are incompatible. Indeed, most people think that one of the principal merits of that standard is that under it indefinite inflation is impossible. Probably some inflation is possible on the gold standard, but if it is to be achieved there will have to be many technical changes in the money market to economize the gold supply. These technical points the author does not adequately consider. Nor has he given deserved attention to the case against inflation—that it robs all kinds of creditors for the benefit of debtors indiscriminately, and that it brings profits to the inefficient as well as the efficient. Do we want continuous inflation, as Mr. Kix Miller asserts, if it will permit the survival of inefficient firms?

The general subject of the ability of business to build a great age is one of paramount importance. Unfortunately, there is little in this volume to strengthen one's faith in the system of private enterprise or to instruct our business leaders in ways better to serve the common good. In these days of the NRA private enterprise needs advocates—better advocates than this book.—By WALTER B. SMITH, Professor of Economics, Williams College, Williamstown, Mass.

## CREDIT AND PEACE—A WAY OUT OF THE CRISIS. By Feliks Mlynarski, George Allen &amp; Unwin Ltd., London, 1933, pages 92. (\$1.25)

In this interesting little book, Professor Mlynarski first undertakes a rapid sketch of what he regards as the special causes responsible for the unprecedented magnitude of the 1929-33 depression and crisis, and then presents his own program of remedies. The causes especially stressed are the amazing post-war growth of long- and short-term indebtedness, especially international; the world-wide increase, since 1913, of over 100 per cent in the aggregate cost of government; the inflexibility of costs of production which these two factors have engendered and the high-tariff policy of the various creditor countries, particularly the United States. His remedies include a universal readjustment of long-term loan contracts to compensate for general price changes since 1929; devaluation of currencies by hard-pressed debtor countries, but to be followed by a return to the gold standard; and a very interesting proposal for a fund, to be provided chiefly by creditor-

country central banks and to be administered by the Bank for International Settlements, for the strengthening of debtor countries and their central banks. The book, despite its brevity, contains many suggestive ideas and is well worth study.—By JAMES W. ANGELL, Professor of Economics, Columbia University, New York.

## THE DEVELOPMENT OF AMERICAN INDUSTRIES. By John George Glover and William Bouck Cornell, Prentice-Hall, Inc., New York, 1932, pages xxiii, 932. (\$5.00)

The book is a compilation of forty-one chapters. Each chapter is an historically descriptive monograph covering an industry or an institution (such as organized labor or trade associations). Among the chapter subheadings are "Early History," "Modern Methods," "Important Companies," "Manufacturing Processes," "Marketing Methods," "Economic Importance of the Industry," "Persons Employed," "Capital Invested," "Geographical Location," "Legislation Affecting the Industry," "The Future of the Industry."

Authorship for each chapter rests with the secretary or president of an industry's trade association or some other person (or persons) whose knowledge of the subject is first-hand. Propinquity of the authors to currents of action in modern industrial life gives the book vividness. William Green, President of the American Federation of Labor, lays down the tenets of that important institution; the American power industry is described by a mechanical engineer, and Will Hays presents his ideas of motion picture making.

Painstaking work by the editors and co-operation between authors and editors have ironed out many of the inequalities, duplications and inconsistencies which so often mar the continuity of books with a multitude of authors.

Few persons are familiar with the technically specialized world in which they live and little do they realize the rates of acceleration at which industries are borne by tides of invention and change. A hundred years ago the steam locomotive was a novelty; fifty years ago the telephone was in its infancy and thirty years ago there were few automobiles and no movie theaters in these United States. Messrs. Glover and Cornell have succeeded in bringing together a body of information that causes the industrial development of the United States to unfold like a magic stairway. Starting from a flat and monotonous plain of existence in the dim and distant past, Western civilization has evolved a complicated industrial system; this system, the book in question undertakes to describe. The central theme of the book is evolution of United States industries during the last century.

Interest in economic planning and a need for new policies along which to steer the fortunes of old industries, if they are to continue prosperous, has created a growing demand for the kind of encyclopedic information, industry by industry, which *The Development of American Industries* provides.—By HUGH B. KILLOUGH, Professor of Economics, Brown University, Providence, R. I.

## THE VALUE THEORY AND BUSINESS CYCLES. By H. L. McCracken, Ph.D., Falcon Press Inc., New York, 1933. (\$4.00)

To the business man who once in college learned something about economic theory and various economic doctrines bearing on business cycles, but who has lost his memory of details and probably of the salient characteristics of individual schools of thought and would like to brush up, this volume is to be highly recommended. It devotes an average of fifteen pages to each of about fifteen leaders of economic thought, beginning with

Ricardo, Sismondi and Marx and concluding with Foster and Catchings, Fisher and Keynes. Each is treated descriptively and analytically with a concluding critique by the author of this book. He very wisely gives exceptional attention to the Malthusian system of thought. The style is simple and readable and the content sufficient for the purpose.

One cannot express the same satisfaction with the author's contribution concerning avoidable causes of instability in the concluding chapters. He seems to be on the right track in a chapter devoted to the problem of business equilibration and the relation thereto of the loss of mobility and fluidity in a frozen price structure, and then he contents himself with the suggestion that the only practicably avoidable major causes of business instability are the tariff, war and unstable money. As though these, which from one point of view are causes, are not likewise results of numerous business institutions which must be modified or removed before those which interest the author can be handled as practicably avoidable causes!—By H. S. PERSON, Managing Director, The Taylor Society, Inc., New York.

## WAS JEDER VOM ORGANISIEREN WISSEN MUSS (What Everybody Should Know About Organization). By I. M. Witte, R. Oldenbourg, Munich and Berlin, 1932, pages ix, 94.

The author has taken the following as a motto for the preparation of this little treatise on what may perhaps best be referred to as the scientific attitude toward one's work.

"Arbeit ist da, um auf die zur Zeit mögliche beste Art erledigt zu werden." (Work is imposed that it may be done in the best manner possible under the conditions prevailing at the time.)

On this motto as a foundation and in an attractive and impressive manner the subject matter is dealt with so as fully to justify what its title implies, namely, that it might well be read and pondered over with profit and satisfaction by anybody not previously conversant with the subject, no matter what his or her position in life. There is no pretention at dealing with the subject other than in a fundamental and elementary manner; but this is done in a way that should not fail to stimulate the reader to think seriously and analytically about whatever kind of work he or she may be engaged in. This should make work more enjoyable, less fatiguing and time-consuming, and thereby free more time and energy for the cultivation of the higher aims in life and the enjoyment of its higher pleasures.

The author reveals throughout an attitude toward work, which, if generally adopted would soon drive out of the world every remnant of the old notion that work was imposed upon man as a punishment for the original sin committed by our alleged first human ancestors.—By CARL G. BARTH, Consulting Engineer (retired), Philadelphia.

## MERCHANDISING OF COTTON TEXTILES, METHODS AND ORGANIZATION. By Melvin T. Copeland and Edmund P. Learned, Harvard University, Graduate School of Business Administration, Bureau of Business Research, Soldiers Field, Boston, March, 1933, pages 92.

In general, I think that the main conclusions of the report are sound. There is a great deal of evidence in the industry as brought out by the report of the importance of specialization of merchandising and selling activities either by function, by type of product, or by trade outlet. I do not fully agree, however, with the Business School in the weight they place upon the importance of the separation of merchandising and selling