

GENERAL OBJECTIVES

The following general objectives are fundamental in planning sound business developments:

1. Maintenance of Established Standards of Living

The belief that there is danger of a general over-production of wealth, that technical development necessarily involves unemployment, or that standards of living cannot be indefinitely increased is an economic fallacy. American business should not yield to it in any of the policies it

pursues. Rather it must protect and preserve our economic standards and social traditions by maintaining high purchasing power and regularity of employment and dividend disbursements, based on more stabilized methods of management and financing made possible by long-term planning.

RECOMMENDATION: Conserve and add to the gains achieved in the past ten years through technical advance, improved forms of industrial organization and methods of management, and new devices for financing industrial and market expansion. Increase efficiency in the economic production and distribution of goods and services so as to facilitate their widest possible consumption and thereby raise the standard of living of the American people.

2. Stabilization of Future Business Growth

So long as there are wide fluctuations in business and in price levels, the gains to some groups are cancelled by losses to others and there is no net gain to the country as a whole. The interests of the speculative and creditor groups should be subordinated to the interests of those concerned with the production and distribution of goods and services. The latter should have a larger measure of leadership in business policy to insure sound and lasting prosperity.

This leadership can be exercised only by a more deliberate process of long term planning and

organization for the direction and development of business operations. Such effort involves market analysis, sales control, product development, modernization of factory and office methods, foresight in purchasing, long-term financing of fixed capital requirements and a stimulated program of capital investment in 1931 for the restoration of business volume. All this must be supported by broader policies of coordination within the industry or trade, cooperation with labor and participation in the organized development of regional and national resources.

RECOMMENDATION: Direct individual and organized effort to check excessive and unbalanced industrial and financial expansion, and prevent wide changes in price levels. This will remove the incentive to speculative gain, avoid conflict of creditor and debtor groups, and promote confidence in long-term investment and borrowing. It will also encourage productive and commercial enterprise, maintain a steady increase in consumer purchasing power and stabilize business progress.

3. Promotion of International Business Cooperation

The world is economically interdependent. Though the United States is the dominant factor in world prosperity, she cannot maintain or increase her own prosperity indefinitely without sharing it with the world, nor can her business system survive unless, by sharing its benefits, the other nations of the world can preserve their faith in it. This calls for a more active policy of interna-

tional cooperation on the part of American business to assist in the gradual reduction or removal of unnecessary trade barriers that interfere with the natural exchange of goods and services between peoples, the development of a more stabilized international mechanism for the movement of capital and control of credit, and the revision of war debts and reparations.

RECOMMENDATION: Support individual or organized effort to promote cooperation among business and financial interests of the United States and other countries, in order to facilitate the normal international movement of goods, services and capital, and thereby enhance economic stability at home and elevate standards of living abroad.

4. Encouragement of Private Initiative and Responsibility vs. Extension of Governmental Activity

American business should encourage self-government. It has already shifted enough of its responsibility and thereby yielded enough of its initiative to government and must stand its ground against further extension of governmental action in matters in which it can assume responsibility itself.

The essential function of government is to keep clear the field of economic activity for private business initiative and to assure a basis of fair and

equal competition in domestic and foreign trade. It should refrain from competing with any kind of business itself. It should facilitate and encourage the development of necessary controls upon business through organized self government. It should safeguard the economic stability of the country by maintaining stability in its own fiscal and international policies. It should reduce to the minimum the number of laws affecting business.

RECOMMENDATION: Oppose governmental regulation, control or expenditure which tends to limit or weaken private individual initiative or cooperative effort, or to diminish the responsibility of the individual business concern or organized industry, for the accomplishment of the objectives stated above.



RESPONSIBILITY FOR ACTION

This course of action for (1) the maintenance and elevation of American standards of living, (2) the stable development of American business, (3) the promotion of international cooperation and (4) the restriction of governmental encroachment

upon private initiative and cooperative effort cannot be carried out without the earnest participation of individuals and organized groups representing all types of business and industrial activity.

*Upon the following major groups the main
burden of responsibility rests:*

A. Industrial and Business Management: A few thousand business concerns in this country employ the bulk of the wage-earners, originate most of the consumer income, and produce the chief part of the goods and services that determine the standard of living. Upon the management of these concerns therefore rests the main responsibility for action that will:

- (1) Formulate long-term plans for research, production, distribution, purchasing and financing.
- (2) Support cooperative effort through industrial, trade and commercial organizations.
- (3) Maintain wage scales that permit a high standard of living and purchasing power.
- (4) Maintain and equalize employment by adjustment of working hours.
- (5) Establish a reserve to protect the security of employment in times of reduced production.
- (6) Establish and maintain stable prices.
- (7) Maintain reasonable, stable dividends, conserving surplus accumulated in periods of prosperity for such use in slack times.

B. Industrial, Trade and Commercial Organizations: The power of business units is multiplied and their leadership is strengthened by vigorous, intelligent and far-sighted trade organizations. Through them it is possible to carry the foregoing principles into action on an industry-wide basis, which is necessary to their realization in each industry as a whole and to the even balance among all industries requisite to stable progress. They should cooperate in:

- (1) Collection of data on costs, stocks, production, potential productive capacity and market conditions.
- (2) Interchange of credit information.
- (3) Development of codes of practice.
- (4) Establishment of standards of employment salaries and wages within the industry.
- (5) Development of opportunities for stabilizing business.
- (6) Study of market development.
- (7) Economic development and use of natural resources.

C. Banking and Financial Institutions: Next to the will and intelligence of individual and organized business, the most important factor in achieving the four objectives of this platform is the understanding and cooperation of the banking system in checking excessive inflation in times of prosperity and excessive deflation in times of depression. In the exercise of this function, business itself may well expect banking and financial institutions to:

- (1) Require business management to think in terms of long-time planning where financial assistance is provided.
- (2) Encourage corporations to accumulate substantial reserves in good times to be used in slack times for development and dividends.
- (3) Discourage the extension of excessive credit in periods of unusual prosperity and in like measure facilitate legitimate credit in times of stringency.
- (4) Assist in the promotion of mergers where real benefits can be obtained but oppose the merging of corporations for stock selling purposes.
- (5) Lead in the development of international financial cooperation.

D. Labor: Stability of industrial and business operations requires a sympathy by American workers with the policies expressed in this platform, and a willingness to cooperate in making them effective. Responsibility rests upon labor as well as upon management if the worker is to enjoy the benefits of our business system. To this end labor should actively support these principles:

- (1) That increased wages are dependent upon increased efficiencies in production and distribution.
- (2) That business must be conducted profitably if labor is to enjoy higher standards of living.
- (3) That employers operating on a program of long-time planning provide the maximum stability of employment.
- (4) That labor should demand of their leaders an understanding of sound business principles.
- (5) That the welfare of labor will best be served by recourse to arbitration and the avoidance of industrial strife.
- (6) That the development of international trade is essential to domestic prosperity.
- (7) That the extension of governmental activity hampers business in assuming its social responsibilities.

E. Government: The essential function of government is to keep clear the field of economic activity for private business initiative and to assure a basis of fair and equal competition. It can best promote sound economic development through these policies:

- (1) Refrain from competing with any kind of business itself.
- (2) Encourage the development of the necessary control of business through self-government rather than by legislation.
- (3) Safeguard the economic stability of the country by maintaining stability in its own fiscal and international policies.
- (4) Exercise the greatest economy in public expenditures.
- (5) Reduce to a minimum the number of laws affecting business.
- (6) Cooperate with foreign nations for the fullest development of international trade.



AND IN CONCLUSION

THESE RECOMMENDATIONS can have value only as they are applied in the planning of individual company operations and in the programs of those industrial, commercial, financial and governmental agencies that are responsible for the conduct of our economic affairs. But taken broadly they constitute a platform of economic principles and business policies upon which far sighted management may well make a stand.

New conditions of our modern industrial civilization have laid new social responsibilities upon those men who guide the destinies of business enterprise. The protection of the welfare of workers and their security of employment and the assurance of permanent income to investors have become basic factors in the attitude of public opinion towards industry. And public opinion in the end has the power to preserve or to curtail that freedom of initiative around which the whole philosophy of American life has been organized.

Business management must meet the call of these responsibilities, therefore, if the people of

the world are to be lifted out of the present depression and given assurance of greater stability of earning power in the future. Business leadership itself must strengthen and secure the success of this system of private initiative and cooperative effort upon which the prosperity of this country has been founded and of which it stands today as practically the sole exponent.

This proposed platform is being presented to American business through McGraw-Hill publications reaching into nearly every major industry in the country. It will be developed and interpreted editorially as a guide to the formulation of individual plans and business policies.

AS A FURTHER AID in that direction the reader will find within this supplement a check sheet of practical suggestions. Many of them are known to be practised by successful, well managed business concerns. It is believed that they will be of value and assistance to all American businessmen in planning for future progress and prosperity.