

# Reviews of Books and Digests of Leading Articles in Marketing

CLYDE WILLIAM PHELPS, *Editor*

## A.—BOOK REVIEWS

**BUSINESS AND CAPITALISM**, by N. S. B. Gras. New York: F. S. Crofts and Company, 1939, pp. xxii, 408, \$3.50.

Any book by Professor Gras is a contribution to the subject of economic history. Marketing men have learned much from his research of the past, but his work now seems to have a special interest for them for it is emphasizing a particular phase of economic history, viz., the roots of present-day business institutions and practices. The present volume, carrying as it does the sub-title, *An Introduction to Business History*, is a case in point. In it the author traces the history of a number of institutions which have a definite relation to those of the present and are for that reason of particular interest to the student of marketing.

Principal attention is given to the development of the stages of private capitalism, which may be listed as: petty, mercantile, industrial, financial and national. That capitalism as a term must be defined and the stages of its development indicated if progress is to be made in the study of business history is the thesis of the book. Hence the author traces the business enterprises through the ages and shows the relationship between business institutions and the capitalistic organization of each period. After a brief description of the settled village and manorial economy, petty capitalism is shown as the characteristic form of business enterprise in the period when traveling merchants were at their peak.

Here one of the major contributions of this study makes its first appearance, i.e., emphasis on the role of the sedentary as dis-

tinguished from the traveling merchant. Although both were petty capitalists and essential institutions, students of history have underemphasized the contributions to economic development made by the sedentary or non-traveling merchant. One essential difference was that rather than using his energies in moving from place to place he used them for the development of the managerial aspects of his business and hence made important contributions to business administration.

During the middle ages the greatest demand for capital was for conducting the great mercantile operations of the period, many of which were of the sedentary type. In developing this thought the author describes nine functions of the sedentary merchant (marketing functions?) and shows how each was related to and conditioned by the capital needs of the period. The development of joint-stock companies, bookkeeping, metropolitan economy and the great trading companies are all described in an interesting manner. Finally, it is stated that although the sedentary merchant still exists today, his great period of influence ended with the coming of the Industrial Revolution and resulting internal specialization.

Industrial capitalism, in the opinion of Dr. Gras, had its great period of influence between 1790 and 1890, for in those years the corporation and large-scale production and marketing became dominant. Commercial banks began to supply capital drawn from the savings of many. Since distribution was becoming a problem, marketing techniques and institutions were necessarily developed. Comment is given to a history of many of the outstanding mercantile organi-

zations of today with an interesting note on the reasons for the birth and death of the H. B. Claflin Company, a section of especial value to at least the younger men in the marketing field.

Other sections of the book consider the later stages of capitalism, viz., industrial capitalism and financial capitalism, and the reasons which gave birth to these changes. A final chapter, National Capitalism, makes searching comments on the rise of facism, Nazism, and the American New Deal.

In the opinion of the reviewer no careful student of market institutions and policies can view his field as only that of what exists today. We must delve into the past to understand the future. This book makes it possible to gain a quick but stimulating review of many significant aspects of business history. Hence it should be required reading for all students of marketing who hope to rise beyond the limitations of a study of marketing technique, in its narrower interpretations.

H. H. MAYNARD  
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A HISTORY OF COMMERCE, by Clive Day.  
New York: Longmans, Green and Company, 1938, pp. x, 703, \$2.50.

Professor Day's book, now in its fourth edition, is an excellent treatment of the subject of trade from prehistoric times down to the present day. This edition is little changed from the previous one; in fact there has been little change in organization and arrangement of material since the first edition in 1907. As it is a "history" revisions have been mostly in the form of additions to keep pace with historic changes.

The first five parts of the book are identical with those of the third edition and cover respectively, "Ancient Commerce," "Medieval Commerce," "Modern Commerce," "Recent Commerce," and "The United States."

Part VI dealing with commerce since the World War has been completely revised and several new chapters have been added. Particularly noteworthy are the chapters on "Effect of The War on Currency and

Credit," "The Great Depression," and "Britain Since The War." These well-written comments form an excellent background for an understanding of the present economic and political conditions throughout the world. The closing chapter, "The United States Since 1920" is a brief summary of important economic changes in shipping, agriculture, money, etc., since the War.

In a small book the author obviously cannot cover adequately all the important items in the history of commerce, yet his selection of topics is judicious and the wealth of references which he furnishes indicates a great deal of care in the preparation of the material for this book.

ROSS M. TRUMP  
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THE CORPORATE STATE IN ACTION, by Carl T. Schmidt. New York: Oxford University Press, 1939, pp. 173, \$2.25.

The author spent the year 1935 in Italy under a research fellowship of the Social Science Research Council. On the basis of an apparently thorough investigation of the economic life of that nation, he came to the conclusion that "after more than ten years of power, fascism has been unable to solve Italy's economic difficulties." The tragedy of this failure is sharpened for Dr. Schmidt by the social and political tactics of the fascist hierarchy whose ruthlessness shocks him into a cry for action against this, "the first shadow of a black night of Caesarism inevitably descending over the western world." These two quotations rather accurately summarize the book. It is, first, a reasonably careful statement of the inability of fascism to pull Italy out of economic depression. Secondly, it is a passionate indictment of fascists in general and of Mussolini in particular. But, despite its obvious bias, *The Corporate State in Action* is no piece of shallow propaganda. Dr. Schmidt has produced a summary of Italy's recent past that is coherent and factually sound. And his analysis of the weaknesses of fascism is as illuminating as it is frank.

Nonetheless, it is to be regretted that personalities are at times allowed to obscure

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the main issues with which the book is concerned. While it is conceded that personalities are important in any totalitarian state, the failure of fascism could be established on the basis of the record without devoting pages to Mussolini's ego-mania and the arrogant sycophancy of his satellites. At times, too, the importance of the fascists' eccentricities seems a bit overdone. Thus, one wonders whether it is not an oversimplification of fact to say that "a desire to make the lira more valuable than the French franc . . . was the most important consideration" in the stabilization of the Italian currency in 1927. There is certainly some evidence to show that Italy's economic position at the time justified an attempt at stabilization. In fact, contemporary Italian economic literature stresses the anticipated effects of such stabilization on both its foreign and domestic trade. It is, therefore, unfortunate that Dr. Schmidt does not offer some specific justification for his unusual explanation of this incident.

The author pictures socialism as the fountain head of social reform and the champion of the proletariat (pp. 17, 44). The course of events in the Soviet Union does not suggest that a socialist totalitarian state uses methods of suppression essentially different from those employed by the fascists. Indeed Dr. Schmidt concedes that the Italian socialists took their orders from Moscow (p. 27) and resorted to violence when it served their ends so to do (p. 27). But he nevertheless denounces fascist violence and contends that Italy's proletariat lost a friend and champion when the fascists suppressed socialism in the nation. This is said although he admits that the socialists were spellbinders (p. 31) who were incapable of producing an effective social and economic program for the country because of intra-party dissention and bickering (pp. 31, 32, 33, 45, 55). At another place the Fascists are condemned because the labor syndicates are dominated by officials who are not proletarian workers (pp. 63, 77). Yet, according to Dr. Schmidt, while "the ranks of socialism were recruited from among factory workers, farm laborers, and small peasants . . . its leadership was essentially

intellectual and academic, and in important ways remained apart from the workers and peasants." At still another place it is conceded that there was no inconsiderable rejoicing at the suppression of the socialists because "many saw in socialism a serious menace to domestic peace." Certainly some confusion could have been avoided had the implied distinction between the socialists and the fascists been more sharply drawn.

The discussion of the economic condition of Italy at the time Mussolini marched on Rome, and during the succeeding decade, seems unduly brief. In his desire to condemn the fascists, Dr. Schmidt charges them with responsibility for a series of events, such as the depression of the early 1930's, that were international in their incidence and therefore at least partly due to other causes. The author's whole argument in this direction would have been much stronger had he left the fascist record speak for itself without trying to color the picture at all. However, his thesis is reasonably clear. Fascism, with all of its vilification of the muddling democracies, has been no more successful in fighting international depression than have the despised democracies. But the fascist public is worse off than we are because it must endure not only economic depression but social and political regimentation as well.

The book is exceptionally well written and offers the casual reader an effective and dramatic picture of the ruthlessness of the totalitarian state in suppressing the rights and privileges of the individual. The discussion of the unforeseen consequences of the Battle of Wheat provides an excellent example of what can happen when national planning depends on the whim of political opportunists. Equally noteworthy is the appraisal of labor's gains and losses under fascism. No better brief analysis of fascist economics has yet appeared in English.

CHARLES S. WYAND  
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PRICE CONTROL IN FASCIST ITALY, by Henry S. Miller. New York: Columbia University Press, 1938, pp. 146, \$2.00.

In this study Dr. Miller considers the

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circumstances which led to price control in Italy, the purposes and methods, and the price changes that have been instituted under this control. A number of tables and charts present the statistical facts, and a running account carries the reader through a factual review of the period 1935 to early 1938.

Price control which now quite thoroughly permeates the whole economic system of that country was apparently started with the most naive idea of the problems involved. In the desire to place checks on rising prices, the most obvious point of attack was retail prices. Only after some experience did it become clear that the regulation of retail prices necessitated similar regulation of wholesale prices and other cost elements which lay back of (and sometimes far back of) the retail price itself. Thus, proceeding from the desire to keep retail prices consistent with wages viewed as incomes, they were led by steps back to costs of production, an important element of which is the wage which was taken as the point of departure.

Here we have the familiar vicious circle into which one is likely to fall when he tries to maintain the real wages of workers by controlling the prices of the things the workers buy. There is no indication in this study that the Italian leaders have recognized the circular nature of this process, nor does Dr. Miller adequately expose this fallacy. Indeed, throughout the study there is a tendency to confine the discussion to what was done, how it was done, and the statements of the leaders as to why it was done, and what they hoped to accomplish.

This reviewer would have welcomed more criticism of the theories that seem to underlie the policies. These are lengthy quotations from Italian financial writers, but from them one must conclude either that freedom of expression is, as we have been told, seriously repressed or that the art of economic analysis has in recent years sunk to a low level in Italy. Whether this is an unfair comment on the Italian writers is difficult for an American reader to make out, for we are dealing here with an Alice-in-Wonderland sort of reasoning in which the "corporative psy-

chology" and other vague non-economic forces are supposed to make two and two equal something quite better than four.

To the marketing student, it is interesting to note that price control in Italy means keeping prices down whereas in this country with its N.R.A. and fair trade laws and other recent legislation, the desire is to keep them from going down. In that respect, at least, the Italian program is more in the traditional line of price control history than is ours.

The author concludes that the Italian authorities are feeling their way rather than following, as they claim, some ideal plan in the mind of Il Duce for the evolution of the economic structure of Italy. First, there was the problem of keeping prices down during the Ethiopian campaign, then to prevent them rising under the influence of the devaluation of the lira, and now to keep them in check as a protection to the purchasing power of the people. The author concludes further that from the point of view of sheer enforcement, Fascist price control has in its short experience been a success, but implies doubt about its success in a larger sense. With his final observation, one must agree that nothing in economics is more hazardous than tampering with prices unless it be attempted monetary control, which is part of the same process.

C. E. GRIFFIN  
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SOVIET TRADE AND DISTRIBUTION, by L. E. Hubbard. New York: The Macmillan Company, 1938, pp. xiv, 381, \$5.00.

For many years there has been a need for a book that would provide an adequate picture of the system of domestic trade evolved, after many trials and errors, by the Soviet government in its capacity of manufacturer, wholesaler and retailer of all the consumption goods and foodstuffs allotted for distribution among the vast population of the U.S.S.R.

The factual presentation of the development of Soviet trading and distributing agencies from their early elementary forms, through the period of goods-rationing, to their present coordination into two inclusive

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systems of chain or multiple stores, the State shops in the cities and the cooperative shops in the villages, is accurate and comprehensive, and presented in sufficient detail so that the process of change and growth can be readily followed. The supplying of goods, the financing of trade, wholesale and retail, the character of the functionaries in charge of the work, the forms of government control exercised,—these and many other details are clearly presented. However, in all this careful exposition of what the system is and how it works, one fails to obtain a picture of the actual daily operation of a store, what goods they sell, how large stocks they carry and why, who their customers are, and many other points that inevitably arise in a study of marketing anywhere, and particularly in a country strange to most American readers.

For this lack the author has perhaps excused himself in his preface by acknowledging that his book is mainly a study of the principles, rather than actual operations, of the system he describes. But to a reader desirous of learning how the "Russian Reds" have adapted to their own conditions the customs and forms of a modern goods distribution mechanism such as they have attempted to set up, the volume fails to present a complete and satisfying picture. There is practically no mention of such special factors, for instance, as the pressure of changing and increasing consumer demands; the effect of the introduction of fashions in women's clothing and millinery; the special privileges of the gold prospectors who, besides being freed from certain taxes, are supplied with goods unavailable to the ordinary buyer at a special scale of prices calculated in the weight of the gold-dust or nuggets in which they pay; or finally, the probable, if not yet actual, democratization of the village cooperative shops through the influence of the peasant-stockholders who are coming to demand a greater share in the management of these shops and are pressing for more adequate satisfaction of their wants.

It is obvious that the Soviet government, under pressure of outside world conditions, must for the present continue its policy, as

pointed out in the last chapter, of piling up war stocks, favoring its army, navy, and industrial workers, and maintaining its horde of bureaucrats, all at the expense of short-rationing the peasants clamoring for manufactured goods of every kind. The author seems to expect this condition to be more or less permanent; he is perhaps hopeful of fitting the Soviet trading system into a socialist economy, although he begs the question by expressing the belief that socialism cannot succeed in the Soviet Union.

It seems to the reviewer that the author has made the not uncommon error of studying the *system* of distribution, instead of the *people* who are manufacturing, selling and buying the goods distributed under the system. Any Russian phenomenon, be it economic, political, or philosophical, must be viewed first as Russian, and second in its other aspects. It is the people that make the system, not the system the people; and the Russians have a historical habit of modifying theories to suit their practices, and practices to suit their own folkways.

It seems probable, therefore, as Mr. Hubbard himself acknowledges, that the system he describes "is certain to undergo many important alterations." For the peasants still form over 67 per cent of the population, according to this year's census, and their voice, heard already in the demand for modification of the earlier Soviet agricultural commune into a workable form of collective farm with each member enjoying certain property rights, will undoubtedly be heard again, and plainly, in the alteration, in their interest, of the present marketing system which prevents them from spending the rubles they earn for the kind of goods they want and need.

E. C. ROPES  
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PRICE CONTROL UNDER FAIR TRADE LEGISLATION, by Ewald T. Grether. New York: Oxford University Press, 1939, pp. x, 517, \$5.00.

This book is an admirable example of the type of study which needs to be made of so many present day problems. While the

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author brings to bear on his subject a wealth of information obtained through field investigations in this country and in Great Britain, the argument is based on a far broader base as Professor Grether has made judicious use of theoretical analysis.

The scope of the volume is wider than is indicated by its title. While it centers on resale price maintenance as legalized by the Fair Trade Laws, it also includes "an examination of other allied forms of price control legislation of a *general quality*" (p. 4), for example, loss limitation laws and price discrimination. Also some brief attention is given to *special* control acts for milk, alcoholic beverages, motor vehicles, and so on.

The argument is divided into three parts. Part I contains two chapters tracing the historical and legal background of distributive price control. This discussion makes it clear that in the present move for such price control "the center of the battle has shifted largely from the manufacturers to distributors . . ." (p. 8) and that the legislative success of the movement is clear-cut evidence "of the newfound political strength of small shopkeepers in the United States." (p. 8). Instead of attempting to present in the text a detailed description of all the price control laws, a 65 page appendix contains this valuable material. This leaves the author free to use his chapter on "The Legal Setting" for a discussion of the development of the laws, their general nature, and important court interpretations of them.

Part II consists of five chapters covering the California experience with retail price control. In view of California's more mature experience with price control devices, this emphasis on the experiences of this state is well placed. The legal development is presented in some detail. A full chapter is devoted to the drug field and another to the food field. These two fields are well selected as they present such a contrast. In the drug field resale price maintenance has become relatively important (partly because the retailers have formed organizations strong enough to go to manufacturers and say, "We refuse to handle your merchandise unless you protect your resale price at a *profit*

level") while in the food field it is unimportant, with more attention being given to the loss limitation laws. The author presents a valuable discussion as to the reasons for this contrast.

Part III is made up of seven chapters which represent one half of the entire book. In order, these chapters discuss loss leaders; the diversity of interest among retailers as regards price control; the interests of manufacturers and wholesalers; the effects upon consumers; the actual and potential scope of price control; enforcement procedures and problems; and the interrelations of law, economics, and trade regulations. It is in these chapters that the author shows his competency in the use of theoretical analysis. In the reviewer's opinion, the discussions of loss leaders and of the nature of retail competition deserve special mention as by far the best which have yet appeared (although he is not inclined to accept Professor Grether's definition of a loss leader). These are sections which should be read by every student of monopolistic competition, regardless of whether or not he is interested in marketing as such.

The conclusions of this book are of major interest. While Professor Grether does not feel that loss leader selling results in any significantly lower price level than would exist if it were abolished, he does feel that "the advantages [of such selling] tend to be concentrated more heavily upon lower income groups" (p. 223). However, it is not the slight effect upon the consumer which would result from curbing loss leader selling by legislation which makes him oppose such legislation; rather it is the fact that "it is well nigh impossible to segregate much alleged loss leader selling from other forms of price competition and competitive sales promotion" (p. 223).

Contrary to much opinion, Professor Grether feels that over a period of time "the greatest increment of advantage" from retail price control may accrue to the larger chain store systems, rather than to the small dealers who are sponsoring the legislation. And even if the chains are not aided, the small dealers may achieve no long run gain

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as there may be an increase (1) in the number of retailers, (2) in non-price competition, (3) and in consumers' cooperatives. As far as consumers are concerned, he does not feel that price control will advance the price level very much. Moreover, he estimates that of all consumers' goods not over 20 per cent will ever come under resale price control. But cut-rate store prices will be raised appreciably.

All in all, the author is not favorable to such resale price control as has been developed in this country. As he puts it, this development represents a "departure from sound public policy" (p. 402). And he stresses the need for a well trained, impartial public authority "to hear and sift the demands of those who desire regulation of price competition in the distributive fields" (p. 390). This authority would "weed out illegitimate demands, and would provide a means for coordinating law, economics, and other bodies of knowledge and techniques in formulating flexible and variable standards of evaluation in the public interest" (p. 391).

In addition to the soundness of the analysis, the book has the merit of presenting its argument in logical order and with clarity of thought. The entire volume shows what can be accomplished by one who is careful in carrying out his research, exact in reporting and analyzing his statistical results, and well grounded in the use of the tools of theoretical economic analysis.

CHARLES F. PHILLIPS  
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THE REGULATION OF RETAIL TRADE COMPETITION, by G. A. Dommissé. New York: Colonial Printing Company, 1939, pp. 71, \$1.25.

For some time marketing men have deplored the high mortality rate of independent retailers; their interest has been largely professional. The author of this monograph has a social concern in this same problem. He keenly regrets the loss to society occasioned by the profitless use, in this field, of a continuous flow of capital and labor.

Independent retailers, moreover, cooperate so closely with wholesalers and manu-

facturers that they cannot fulfill their duty to consumers—they promote for their suppliers at the expense of sound selection for their customers. National brands and large-scale retailing are responsible for this, according to Dr. Dommissé, because they intensify the competition between manufacturers and wholesalers for retail outlets.

If this unhealthy condition is to be remedied, three steps must be taken: (1) curb the excess optimism of prospective retailers; (2) educate current retailers along the lines of costs and consumer trends; and (3) make entrance into retailing less easy. To accomplish these three the author recommends for retailers, compulsory examinations built around accounting, commodity knowledge, and finance.

Some extreme views of the author hurt this study. To him, many retailers are mere tools in the hands of big national advertisers, and many manufacturers are entering the field of retailing. For these and other statements, supporting figures are not supplied. There will be slight agreement with the major premise of the work, which is that retailing can be given professional status by examining all prospective retailers.

C. A. KIRKPATRICK  
*University of Maryland*

CHAIN STORES AND LEGISLATION, compiled by Daniel Bloomfield. New York: The H. W. Wilson Company, 1939, pp. ix, 466, \$1.25.

That the controversy between chains and independents is very much alive is evidenced by the fact that before the recent session of congress came to a close, Representative Patman was marshalling his forces for a more effective presentation of his chain store tax bill at the next congressional session. The issue is also far from dead in the various state law making bodies, and just as long as legislatures continue to battle over the chain store issue this book will be a handy volume to have around. It contains speeches, articles and brief excerpts on the pros and cons of limiting the powers of chain stores or destroying them through legislative enactments.

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Articles are grouped under the following headings and in the order here stated: (1) general articles, (2) mortality of retail stores, (3) chain stores and independent stores, (4) supermarkets, (5) voluntary chains, (6) chains and the farmer, (7) the chains and monopoly, (8) the courts and chain stores, (9) the Robinson-Patman Act, (10) the Patman Bill. There are from three to twenty-two articles under each heading with the inclusion of brief excerpts and direct references at the end of the more important divisions. The appendix includes the text of the Robinson-Patman Act, The Patman Bill, a table of state chain store tax laws, and a very lengthy bibliography.

Anyone looking for enlightenment concerning the effect of the fair trade laws on chains will not find that information in this book. Both the state fair trade laws and the Miller-Tydings Act receive scarcely more than incidental mention. One would gather the impression (which is not denoted by the title) that the chains are affected only by discriminatory tax legislation.

As is usually the case, when there are so many contributors, this book suffers from overlapping of subject matter and considerable repetition. In his preface, the editor urges the reader to examine the facts carefully before reaching any conclusions. Yet at least four out of five articles included are decidedly partial to the chain store system. In fact, if Representative Wright Patman had not been allowed to make frequent appearances, the odds would be far more overwhelming. Possibly, this is not a just criticism. It may be that four out of five articles written for publication on this subject are partial to chains, and that a random selection would contain the same proportion on each side of this debatable issue.

If the contributions of students of marketing, (college professors, executives in the government service, and others) who should be without prejudice, are examined, practically the same ratio of articles opposed to chain store legislation is found to exist. The reprint which is included from the *Fortune* Survey shows that as late as February, 1939, 48 per cent of the public favored letting the

chains alone, 37 per cent wanted them taxed extra, and 6 per cent desired that they be put out of business. What is the answer? What do the people think who have no immediate vested interest at stake? It appears that a substantially large number of uninformed neutral parties desire that the powers of chains be curbed, while neutral parties who have spent more time studying our distribution system see a real menace to taxing the chains out of existence. The above conclusion is a natural one to reach after reading *Chain Stores and Legislation*.

ROSWELL P. SNEAD  
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N.R.A. TRADE PRACTICE PROGRAMS, by Charles Albert Pearce. New York: Columbia University Press, 1939, pp. ii, 225, \$2.75.

Mr. Pearce has analyzed the provisions of several hundred N.R.A. codes in respect to the relations of business concerns to their competitors, omitting those provisions which dealt primarily with labor matters as warranting separate treatment elsewhere.

He classifies the competitive objectives of the codes into two broad groups—those attempting to control *destructive competition*, and those which attempted to prevent *unfair trade practices*. The former results in losses to a substantial number of the members of an industry while other competition merely reduces the volume of profits of one or more business competitors.

The forms which price cutting takes depends upon the ingenuity of each business concern in attempting to conceal its price cutting methods. In some cases, the price cutter so classifies his customers that he can grant each class a separate trade discount. The creation of one or more new classes of customers is another method of evading a rule requiring the filing of prices to all customers by class of customer. Quantity discounts may be varied by means of volume, value, weight or other differential, and over a longer or shorter period of time according to total purchases from one producer or from the entire industry, or, again, according to the location of the buyer. Delivery terms

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may be the item which one manufacturer offers to a customer as his lower price (in effect)—the f.o.b. point being such as to allow the customer the freight; or it may be special terms of payment, special guarantees, sales permitted on consignment, odd lot shipments allowed, or advertising allowances granted.

In an effort to prevent any member of an industry from gaining, by these and other price cutting methods, an advantage over competitors, industries adopted sets of provisions (which Mr. Pearce here calls "programs") intended to prevent such practices. The most direct measures adopted were (a) fixing a minimum price below which competitors agreed not to sell; (b) filing of prices with some central authority; (c) control over certain price practices such as "free deals," "secret rebates," etc; (d) restriction of production or of capacity.

In connection with the fixing of minimum selling prices, selling below cost was prohibited in many instances. This, however, to be effective, had to be accompanied by some plan of uniform accounting, and the approval of the Code Authority was usually required in order to make the selling-below-cost provision effective.

Price filing was widely adopted as an obvious means of preventing destructive competition on the theory that publicity of prices tended in itself to do away with price cutting. To get prices "out into the open" was to do away with representations that lower prices had been granted by another producer, a common method of forcing prices down all along the line. Effective price filing requires, first, filing by *all* the members of an industry and second, that these filed prices be disseminated promptly among all competitors. Product standardization, another method, was required in some instances as a means of making it possible to compare prices.

Devices depending upon control over production operated on the theory that the important factor of supply necessarily affected price, hence production control was authorized or contemplated in some 126 codes. Sometimes this took the form of setting a

quota or amount which each producer might make, or limiting the number of hours during which production equipment could be operated (this particularly in the textile and apparel lines). Inventory control was attempted in three codes, and sharing of business in one—the corrugated and solid fiber container industry. Thirty-two codes restricted the installation of new plants or new equipment.

The control of unfair practices, quite different from destructive price-cutting, was attempted by incorporating in many codes provisions prohibiting misrepresentation of product, particularly such well-known practices as misleading advertising, deceptive labelling, imitating of competitors products and, more specifically, that form of imitation known as piracy of design. In some industries, controls had been set up prior to the N.R.A. for dealing with piracy of design.

In a few codes, an effort was made to eliminate competitive advantages due to economies in production, better distribution machinery, or superior transportation facilities. There was little effort made in general to offset technological improvements.

The conclusion drawn is that price filing was one of the main features relied upon by industry to prevent destructive price competition, price filing provisions being found in 444 codes out of a total of some 700. "Programs to control unfair practices were sponsored both by the economically powerful and by the weak, by both competent and incompetent enterprises. Code controls were sought as substitutes for direct action by the weak and incompetent to prevent a loss of markets, and by their more able rivals to reduce the cost of winning markets. It is not possible to say whether either of these types of sponsorship was dominant. Degrees of competency and power in business cannot be measured readily, and it is seldom possible to distinguish business ability due to competency alone from that arising from superior economic power."

The types of trade rules adopted are listed in summary form in Appendix A, while Appendix B (three pages) calls attention to the fact that wage and hour regulations in

the codes, while not discussed in this volume, had some indirect influence upon competitive practices.

ERNEST S. BRADFORD  
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RETAIL SALES TAXATION, by Neil H. Jacoby.  
Chicago: Commerce Clearing House, 1938,  
pp. xi, 370, \$3.50.

The spectacular rise of retail sales taxation in the state revenue systems is indicated in Professor Jacoby's excellent volume. While general sales taxation was not unknown previously among the states, it sprang into importance during the 1930's as the states found it necessary to raise revenues for relief expenditures in a period of declining property tax collections.

As late as 1933 the retail sales tax was found only in a small number of states and it provided only \$23,000,000 in revenues, but by 1937 it was employed in 27 states, in the District of Columbia, and in some local governments, and returned \$470,000,000, or over one-sixth of the tax revenues of all the states. By this time it ranked second only to the gasoline tax as a source of state tax revenue. Despite the administrative complications of retail sales taxation and the economic objections to it, the author expects it to remain in many of the states because of its productivity.

He concludes, after a survey of the operation of retail sales taxation in the various states, that the retail sales tax is more difficult and costly to administer than many of its proponents have maintained and that its supposed stability of yield has been exaggerated. The long-run incidence of the tax is not necessarily on consumers, but may be on retailers and others. The legal requirements in some of the states that the tax must be included in the prices charged consumers do not guarantee that the tax will always be shifted.

The retail sales tax is found to be very unequal in its burdens on consumers when it is shifted. It is contrary to ability to pay and is regressive. Expenditures for articles of consumption do not provide an equitable basis of taxation. Interesting statistical evidence

is presented to reveal the regressivity of general sales taxes. It is estimated that a general tax on consumers' expenditures at a rate of 2 per cent would, if shifted, be equivalent to 2.5 per cent of the incomes of farm families below \$500, but only 0.59 per cent of incomes between \$9,000 and \$10,000. For nonfarm families, the tax would be equivalent to 2.15 per cent of incomes below \$1,000, only 1.23 per cent of incomes between \$15,000 and \$20,000 and but 0.13 per cent of incomes of \$1,000,000 or over. A retail sales tax tends to be more regressive in rural than in urban communities because of the larger variations of income saved in rural localities.

The regressivity of retail sales taxes is intensified by the practice of bracketing sales and requiring a fixed amount of tax on sales lying within a bracket, since the smaller sales pay the same tax and, therefore, a higher tax rate than the larger. A tax limited to tangible personal property is much more regressive in its effects than a tax on total consumers' expenditures.

Professor Jacoby concludes that retail sales taxation is inequitable and complicated and that it is inferior to progressive personal income taxation because the latter imposes more equal burdens and would not be more complicated or costly to collect if the income tax base were broadened and it were effectively administered.

ALFRED G. BUEHLER  
*University of Pennsylvania*

RETAIL STORE ORGANIZATION AND MANAGEMENT, by O. Preston Robinson and Norris B. Brisco. New York: Prentice-Hall, 1938, pp. xx, 565, \$4.00.

This addition to Prentice-Hall's Retailing Series is the first of the series to treat comprehensively the question of store organization and the problems of store operation as encountered by the store manager. This book does not deal with all the activities or phases of retailing, as the title of the volume broadly interpreted might lead the reader to believe, but rather with the duties and activities of the functional division commonly found in department stores under the store super-

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intendent or store manager.

Although the duties of the store manager vary considerably in different stores, his duties generally "include supervision of the physical operation, upkeep, and maintenance of the store; control over the employment and administration of the personnel; responsibility for the physical handling and care of merchandise, supplies, and equipment; the supervision of service; the control of expenses; and the operation of other nonselling departments and activities essential to the profitable management of the business."

In discussing store management from the point of view of the above duties, the major effort made by the authors "is to visualize management activities in detail and to present and discuss procedures of operation that have been found effective in successfully operated stores." A few general and related topics, such as store organization and store location and layout, which are not specifically the problems of the store manager, are discussed because they offer a logical introduction to the subject and "make possible a clearer and more easily understood description of detailed operating procedures."

After an introductory chapter in which the meaning and scope of store management are indicated, the authors devote four chapters to a discussion of retail store organization. This section should be of particular interest to students of retailing because of the increasing attention given during the past two years or more to the possible need for revamping the organization setup of retail stores, particularly in the department store field. The authors suggest two definite plans, one for large and one for small stores. A study (previously made by one of the authors) of the organization structures of over 200 department stores is used as the basis for drawing conclusions regarding the changes that are being made.

Five chapters are devoted to a discussion of customer services, including selling (the physical handling of sales and packing and wrapping), retail deliveries, customer complaints, and the handling of mail and telephone orders. Other chapters cover store location and layout, store expenses, the pay-

roll budget, personnel management, wage payment methods, store receiving procedure, and store protection and maintenance.

An interesting feature of the book to the reviewer is the "Operations Check List for the Store Manager" presented in the Appendix. It represents the plan set up by one store manager for inspecting personally over a stated period of time each of the responsibilities under his supervision. An examination of it brings out forcibly the many and varied activities and responsibilities of the store manager.

In the treatment of the various store management procedures, the emphasis seems to be largely upon the *how* of the operation. Liberal use is made of exhibits and figures to aid in clarifying the procedures and operations discussed.

The book is probably too specialized to be used widely as a text as few schools have courses dealing only with the *store operating* phase of retailing (in the limited sense in which the term has been explained above). However, to the teacher of retailing the book should prove of real value as a source of reference material on many store operations and procedures which are treated only briefly, if at all, in more general retailing texts. The volume brings together in a well organized form much material of value which, at least to the knowledge of the reviewer, has not previously been readily available to the student of retailing. It is likely that the book will find wide acceptance among retailing executives engaged in various phases of store management.

IRA D. ANDERSON  
*Northwestern University*

RETAIL ACCOUNTING, by Cecil K. Lyans and Norris A. Brisco. New York: Prentice-Hall, 1934, pp. xxii, 590, \$5.00.

According to the preface, "This book is the outgrowth of several years' teaching of Retail Accounting to college classes. Its purpose is to fill the need for a usable text for such classes; and to present a detailed description of good accounting practice as it is found in retail stores, for the use of all those interested in this phase of the techniques of

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retailing." The authors indicate that it would probably be advisable for the book to be used "for a course extending throughout the school year."

There are as many fields of applied accounting as there are types of business enterprises and the successful business man today realizes the necessity of having appropriate accounting records for the particular type of business in which he is engaged. This book does not develop new theories of accounting, but merely adapts sound accounting principles to the particular field of retailing. With its more than 600 pages and 87 forms, the volume gives detailed information that can be applied to any size business for those interested in this special field of accounting.

A study of retail accounting must be mainly a study of problems originating in three main groups—sales and returned sales, merchandise purchases, and expense transactions. These three, according to an estimate by the authors, account for about 99 per cent of all transactions, the first two named accounting for approximately 95 per cent. It is only natural, then, to expect such topics as the following to receive considerable attention: store system on sales and returned sales transactions; accounts receivable—charge and installment accounts; C.O.D. accounts receivable; merchandise inventory; accounts payable; the sales audit; and cost of sales. Of these items, C.O.D. sales have been given considerable space and mentioned frequently in various parts of the book.

Since there are more than a million and a half retail stores in the United States with over five million employees, there seems to be a definite need for such a book as *Retail Accounting*. It is worth the careful study of those who are interested in records for retail stores.

R. R. RICHARDS

*Eastern Kentucky State Teachers College*

DISPLAYING MERCHANDISE FOR PROFIT, by A. E. Hurst. New York: Prentice-Hall, Inc., 1939, pp. xi, 433, \$3.75.

For years, teachers and practitioners of display have been awaiting a satisfactory

book covering both interior and show window display adequately. This has arrived in the form of Hurst's *Displaying Merchandise for Profit*. The author is president and founder of Display Creators. During his thirty-seven years of experience he has produced and published various advertising services for retailers, publishers, printers and sales organizations.

The volume is divided into six parts headed (1) display value, (2) the selling idea behind the display, (3) the physical make-up of the display, (4) display in the retailing program, (5) manufacturers' advertising and display and (6) special display suggestions for the retailer.

At first glance, the reader may react unfavorably toward the liberal use of statistics in the book. A more careful examination is apt to lead to the conviction that the statistics not only are pertinent, but that they give definiteness and solidarity to a subject that tends to be a mass of vague generalizations. The reviewer asked a display expert to check the text for accuracy. His verdict is that it conforms to the best current practice, although there is room for difference of opinion on points of minor importance.

The abundance of concrete suggestions and illustrations will appeal to display men. The philosophic explanations of "why" as well as the practical aspects of "how" make the book a suitable text for teaching purposes. In addition, the readability of the copy and the attractive format are meritorious.

E. O. SCHALLER

*New York University*

CONSUMER MARKET DATA HANDBOOK, 1939 Edition, by Haynes and Smith. Washington: United States Government Printing Office, 1939, pp. xxi, 464.

The purpose of this handbook "is to present in convenient form the principal consumer market statistics available on small geographic areas," and the scope "is limited to the markets for consumer goods—all those goods destined for use by individual, ultimate consumers. . . . A companion volume to be issued by the Bureau will cover

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the markets for industrial goods."

The type of material included points toward that which will assist in determining the willingness and ability of consumers to buy. The data are arranged, as nearly as possible, to answer one or more of the following questions 1. How many purchasing units are within the community? 2. What is the type or character of the community? 3. How much income does the community have? 4. How does the community spend its retail dollar? 5. In the absence of complete information on income, what factors are available to indicate purchasing power?

The limitations to the use of the data are apparent in terms of the objectives one may have in their use. Information of this type cannot be collected for universal use to cover all situations. Hence, a judicious use of the data is desirable with a full appreciation that they were not collected for a specific purpose or problem.

The 1939 issue represents a definite improvement over previous editions of the handbook in that additional series have been included and the series generally appear to be more complete.

HUGH G. WALES

*Northwest Missouri State Teachers  
College*

THE CONSUMER AND THE ECONOMIC ORDER,  
by Warren C. Waite and Ralph Cassady,  
Jr. New York: McGraw-Hill, 1939, pp. x,  
389, \$3.50.

Although similar in objective and plan to Warren C. Waite's *Economics of Consumption* published in 1928, the present volume is much more complete and finished than was its predecessor.

The authors state that in most consumer texts "the production character of consumer problems has not been sufficiently shown." They attempt to overcome this defect by relating consumer problems to the more fundamental and comprehensive problems of economics generally. The economics of consumption they define as "the science that deals with the administration of resources in the satisfaction of human wants, insofar as this administration involves consideration of

price and money." But since "goods must be produced to be consumed the study of consumption naturally begins with the production and distribution as the point of departure."

Furthermore, as they view it, consumption is a social rather than an individual problem. From this standpoint the subject logically divides itself into three major problems around which the book is organized: (1) the status of the consumer in the existing economic order; (2) the manner in which goods are chosen and the economic results of those choices; (3) the relation of human welfare to wealth. A final chapter gives a critique of consumption.

The philosophy of the book is definitely eclecticism. The individual exchange-cooperative system, they assume, usually produces those goods and services that consumers desire and generally protects consumers in the exercise of their market franchise. Occasionally, of course, monopoly, fraudulent practices, and lack of buying information interfere with the smooth operation of the system, in which case specific social action should be taken in behalf of the consumer. However, governmental interference with the economic order is frowned upon, because activities upon the price front, efforts to distribute consumer income more equitably, and attempts to apportion human resources more effectively are more likely to curtail production and raise costs than to aid consumers. Naturally, the outlook of the book is optimistic. The authors are not unduly perturbed about the possible decadence of society due to the excessive reproduction of the lower strata or the impending decline in national productivity because of the operation of the law of diminishing returns.

Finally, they set up as guides to national policy standards for production and for consumption (pages 344-348). The former, termed the "largest surplus relative to consumption standard" will insure the maximum product for consumption purposes and also provide an abundant supply of capital equipment. The consumption standard is definitely an efficiency standard. The attainment of "a level of life" which will make for

high individual productivity, thereby insuring us security both in the home market and in the markets of the world, is vastly more desirable than a "comfort level" which they envisage as wasteful of our resources.

This book gives the consumer a comprehensive picture of the operation of the economic system as it affects him in clear and understandable language. There is an abundance of factual material, particularly statistical data, dealing with all phases of income, distribution, family expenditure, demand and consumption factors, and coefficients.

The discussions of many topics are excellent, especially those dealing with investments and insurance, the economics of advertising, and consumer purchasing habits in relation to the marketing system. The marketing student will appreciate particularly the discussion of the application of elasticity of demand to the problems of demand, agricultural marketing policy, etc. Furthermore, chapters 19 and 20, which consider the population problem and consumption as a matter of national policy, are especially original and provocative. Lastly, the objective attitude taken by the authors toward their subject is most commendable. By this approach the data of consumption have been stripped of their emotional coloring and evaluated upon their merits. Also, they have made an attempt to unify and integrate this mass of information into the body of economic principles. In both respects they have performed a most needed service.

The reviewer, as one who is interested in the nebulous and confusing problems of the market place, had hoped this volume might synthesize the materials of this field into well defined patterns and tools for ready use. Instead, Waite and Cassidy make few excursions off the beaten paths. Even the subjects of elasticity of demand and variation of consumption, which Waite emphasized in his earlier work, do not show marked development. Moreover, the treatment strikes one as being factual and didactic rather than analytical, synthetic and interpretative. The authors do not seem to come to actual grips with their factual materials—they present them but they fail to

reveal their significance or weld them into principles, trends, or tendencies. The data presenting family expenditure and variations in consumption are left dangling in the air.

But the most serious weakness of the book is the way in which it proceeds to erect an economics of consumption upon the assumptions and postulates of general economics with only the most casual discussion of the mechanics of choice and with little consideration of the patterns of consumer buying behavior and how this behavior determines the type, quality and price of goods produced.

The subject of choice is treated in the short span of fourteen pages. Without even considering the recent contributions relative to the rational, emotional and sociological bases of choice, the authors conclude that "it is difficult to say whether choice is natural or acquired" but somehow "in a more or less haphazard manner the individual builds up a scale of commodities which he consumes." But since the authors are not concerned with the individual consumers and their reactions and buying habits, they practically disregard the problem of translating individual buying habits into group buying patterns and effective market demand. They do say the latter is a summation of individual demands. While they are rather critical of modern advertising, the authors do not seriously question the responsiveness of the production and marketing mechanism to consumer desire despite the "round-aboutness" of our modern economic order.

This last criticism is unjustified if the book is not intended as an economics of consumption. However, it follows the plan of Waite's *Economics of Consumption* and apparently the authors set out to examine that "economy of consumption" which is "as important from the standpoint of human welfare as the economy of production."

W. W. LEIGH  
University of Akron

ECONOMICS FOR CONSUMERS, by Leland J. Gordon. New York: American Book Company, 1939, pp. x, 638, \$3.00.

In the preface, the author states that the

distinctive feature of this book is that "it works through established economic principles, always from the consumer point of view." The central theme is consumer welfare. The dominant fact is "prevalence of waste in current consuming practices." The main objective is to "discover and point the way toward wiser consuming practices calculated to promote human welfare . . . to present principles as a guide to action."

Literature on the consumer and related subjects consists of many books, articles and pamphlets. An important contribution of this volume is that it gathers together many loose threads of highly specialized discussions and weaves them into a definite pattern. As a matter of fact, however, if one distinguishes between economic principles for the consumer and principles of buymanship this book deals with both subjects and not solely with the former. Parts I and II seem to belong under the former subject and Part III under the latter.

Part I, *Do Consumers Control Production*, is composed of three chapters. It attempts to lead the student on from "customary courses in economics to a study of economics from the consumer viewpoint." Part II, *Restrictions on Consumer Control*, systematically discusses the forces back of consumer demand. Its eleven chapters cover the following subjects: Freedom of Choice, Custom-made Wants (two chapters), Choosing Goods for Display, Fashion-made Wants, Imitative Wants, Producer-made Wants, Advertising (two chapters), The Profitable Practice of Fraud, Price Appeal, and Installment Selling. The thirteen chapters in Part III embrace the general subject, Making Consumer Control Effective, which the author subtitles *A Technology of Consumption*. The chapter headings in this section are: Consumer Education, Budgeting, Intelligent Buying, Co-operative Buying (two chapters), Principles of Insurance, Insurance Practices, Buying Shelter, Buying Investments, Producer Aids to Consumers, Standards for Consumers, and Governmental Aids to Consumers (two chapters).

The book is written in a vigorous and at times caustic style and it may occasionally

lead the reader astray with its unsupported and somewhat biased statements. For example, in his discussion of consumer education the author points out that "youthful consumers should be taught to pay as they go. One of the most valuable lessons which parents can teach their children is to pay cash for whatever they buy, or go without." No attempt is made to justify such a bold statement.

The questions for discussion as well as the problems and projects at the end of each chapter are ones which have been used by Professor Gordon in his course at Denison. On the whole, they are well chosen and provide an excellent vehicle for emphasizing chapter material. Many of them, however, are limited to use in small classes. This is particularly true of the projects. There is no bibliography per se, fragmentary use of footnotes and assignments at the close of the chapters being relied upon to refer to the literature in the field.

Professor Gordon's treatment of the material is more descriptive than analytical and his references to the tenets of economic theory while frequent are brief and incomplete. In other words, it seems to the present reviewer that he has pointed the way toward what he considers "wiser consuming practices" much more adequately than he has presented "principles as a guide to action."

Although the author believes that this book can be used by students who have had no previous training in economics (as well as by those who have), the reviewer suggests that the most fruitful use of the text would be in a course following a general one in Principles of Economics.

HELEN G. CANOYER  
*University of Minnesota*

CONSUMER GOODS, by Edward Reich and Carlton John Siegler. New York: American Book Company, 1937, pp. xii, 525, \$1.96.

This textbook, written for the high school level of instruction, provides an opportunity for young people who are about to become independent consumers to study the materials in everyday use around them. The

authors hope that more intelligent and efficient use of goods may keep the rate of consumption in pace with modern production methods, and at the same time provide greater satisfaction to the individual consumers. It is important (and should be furthered by increasing consumption consciousness) for people to recognize that the real purpose of production is the provision of goods for consumption—and not merely the creation of employment. This basic concept of economists is unfortunately not always accepted from the “workingman’s point of view.” A consumer course at the high school level reaching all kinds of future workmen should prove a most useful mechanism for instilling a sound viewpoint in this area. Such a course may also offer useful initial training for future employees in distributive occupations.

The discussion is organized around “The Material Foundations of our Modern Civilization.” Individual chapters are devoted to textiles, cotton, linen, wool, silk, rayon, minor fibres, care of textiles, fur, leather, wood, paper, rubber, glass, china, metals, gold, silver and platinum, gems, oils, paints and varnishes, cosmetics and foods. Each product chapter is prefaced by interesting story material concerning the early development and history of the product. The discussion of each product typically covers such matters as raw materials, points of origin and methods of handling these, the manufacturing process and the uses and characteristics of the finished product, as well as simple tests and buying guides.

Many devices are used to make the subject matter real and interesting to the student. Pictures of raw materials in their natural setting, of manufacturing processes, both old and present, of the product in use, and microphotographs of product detail as well as process and organization charts are freely used. Some illustrative material comprises part of almost every text page. At the end of each chapter is given a list of questions, a comprehensive glossary, and a list of readings.

In their references to other source material the authors have maintained a nice balance

in calling the attention of the student to the constructive promotional materials of business firms as well as to the publications of Consumers’ Research, Consumers’ Union and similar groups.

Because the aims of this book are undoubtedly sound, final judgment of it must depend upon whether the writers have presented useful material in such a manner as to stimulate the interest and attention of the average high school student. On the whole this task has been satisfactorily accomplished, though some of the discussions of product uses will fail to carry the average student beyond his present range of knowledge. The first chapter could have been considerably strengthened by more careful writing. For instance, on page 14 the discussion of the factory system implies that effects of the system to date have been largely harmful.

For a consumer course to be of maximum use to the student, discussions of products contained in this book should undoubtedly be supplemented by discussions of the economics of consumption, consumer incomes, and the place of the consumer in the market.

GERALD B. TALLMAN  
*Massachusetts Institute  
of Technology*

BEHIND THE LABEL, by Margaret Dana.  
Boston: Little, Brown and Company,  
1939, pp. 255, \$2.00.

This book is labeled “A Guide to Intelligent Buying.” The 16 chapters of content include some good basic information regarding wool, silk, linen, cotton and rayon. The reader is informed, through “Quick Memos for Shoppers” at the close of each chapter that virgin wool is the only fiber whose insulation is continuous over long periods of time, and is therefore the warmest in use, that silk is the strongest textile fiber known, linen is next highest in tensile strength, cotton is low in tensile strength but in long fibers can be spun into high tensile strength, and that rayon has a tensile strength one-third to one-half that of silk fiber.

The rest of the memorandum on wool, as

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quoted, is fairly representative of the kind of information given to shoppers through the summaries designated "Quick memos": "Virgin wool, because of peculiar elasticity and resilience, resists wrinkles and creases more than any other fiber. It absorbs more moisture than any fiber except silk and feels warmer when wet than any other fiber. It shrinks instantly in hot water. It is an insulator against heat as well as cold. Reclaimed wool should be identified, for the characteristic qualities of virgin wool have been reduced in its reclaiming. It is rarely used in worsteds. Worsteds are made of substantially paralleled (often longer) wool fibers. They are hard-finished, durable. Woolens are made of shorter wool fibers arranged at random. They are soft, warm and may be very strong."

Each chapter is rich in lightly told anecdotes that aptly bear upon the subject matter. The author's opinions are clearly presented but in many instances her intended statements of fact seem inconsistent with other statements. For example, reference is made on page 24 to "wool's inherent warmth," while on the next page it is stated that "inherently no fiber has a greater warmth property than any other." Without a clearer explanation than is given, this might seem to be in direct contradiction with the statement on page 35 that "wool fibers . . . are soft, warm and may be very strong," and with the statement on page 25, that "Since, after all, the majority of wool fiber is bought for the sake of one or both of its two major characteristics, great tensile strength and durability after felting, and for the unique ability to keep the human body warm, it becomes sufficiently important to know what fibers you are actually buying when you buy a supposedly 'all wool' fabric and what kind of wool you are buying, for only good virgin wool has all of wool fiber's valuable characteristics to the highest degree."

The chapter on Advertising is optimistically headed "The End of Blind Buying." The author offers the suggestion that there are three major factors which every consumer should check against an advertisement

in order to judge its trustworthiness and practical service. "First, which of the two important consumer-relationship policies activated it—the desire to provide you with useful facts, or the desire to utilize your weaknesses? Secondly, how much does it actually tell about the product? And last, what acceptable proof does it offer that its facts are accurate?" Among examples of the kind of advertising that is needed by consumers, the author includes "institutional advertising." She commends institutional advertising of designated companies although facts about the product itself are not especially featured in the advertising she commends.

"Behind the Label" should prove of interest to many readers despite its weaknesses and partly because of them. It dwells less on what to buy than on what not to buy and reasons why it is difficult to buy intelligently. The author is frankly campaigning for the attention of consumers and the promotion of popular phases of consumer-interest activities. Generally speaking, she is courageously combative and openly biased in her handling of the general subject.

Characteristics in zestful presentation are fairly illustrated by quoting some of the sub-headings used, such as "Familiar Facts and Unfamiliar Scandals," "The Anthropologist's Joke on Consumers," and "Queen Elizabeth Guessed Wrong." There is a surprising deficiency by way of references to supporting data, and little evidence of serious effort to present all sides of important subjects introduced. Unless the reader already has a good background of information on these subjects, he might find it difficult to distinguish between facts and the author's personal opinion. On the other hand, the book is entertaining and thought-provoking. In the opinion of this reviewer, it offers much material worthy of careful consideration by informed readers who might be inclined to question its claims as a guide to intelligent buying but also inclined to look with open-mindedness at its revelations regarding possible consumer points of view.

ADA LILLIAN BUSH  
Washington, D. C.

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*It's An Art*, by Helen Woodward. New York: Harcourt, Brace and Company, 1938, pp. 405 and appendices, \$2.75.

The inside story, the behind the scenes picture of advertising, is presented in a fascinating manner by Helen Woodward in *It's An Art*. Since it is written by one who herself was successful in advertising, it is a penetrating analysis of the way in which the public is enthused and also befuddled by words. After reading the book you might easily look upon advertising as the glamour boy of business.

The author begins her book with a statement concerning the enormous sums spent on advertising, the cost of space in different leading publications, and the number of possible customers which may be expected on the basis of the circulation of these publications. The data set forth are well known to students of advertising, but will be new and interesting information to the general reader.

The text credits the advertiser with raising standards in certain directions and with introducing products which facilitate in "making both people and their houses cleaner," and indicates how advertising may do still more in the promotion of health, sanitation, and happiness. On the other hand, material is presented which shows the high pressure methods which are used to sell products and services and to bias public opinion unfavorably toward legislation which is aimed at products or institutions.

In taking one behind the scenes the book shows in an interesting manner what goes on there. It peels the veneer off the words and phrases used in copy and enables the reader to see how an idea may be built up until it carries with it a fascinating appeal which almost compels him to purchase a product or work for a cause irrespective of its worth. Many of the facts presented point out the half-truths and the falsification which may be discovered if one closely scrutinizes much of the advertising copy which is put forth to the public. Examples given cite the action of the Federal Government in requiring certain advertisers to modify their state-

ments concerning certain products in order to eliminate phraseology which is misleading to the consumer.

Anyone who is interested in seeing beneath the glamour of words and phrases often used in advertising should read the book. It could be read with profit also by those who look forward to entering the advertising business.

CHARLES A. DICKINSON  
*University of Maine*

*SELLING TO THE CONSUMER*, by Edward Reich. New York: American Book Company, 1938, pp. xvi, 509, \$1.96.

This study of retail selling is presented in nine sections. Unit I sets forth the consumer philosophy to which the author adheres throughout. He emphasizes the idea that salesmanship and advertising should hinge upon the satisfaction of both buyer and seller. If courses in selling are taught from this angle, the conflict between the buyer and seller will largely fade away. The mutual interest of buyer and seller is, then, made the proper approach for courses in selling.

A study of the salesperson, the consumption goods he sells, and the consumer is presented in Units II, III, and IV. The salesman's job is analyzed, his personality discussed and ways to improve it pointed out. A knowledge of consumption goods, their characteristics and uses, is made one of the foundation stones for successful selling; and a knowledge of the consumer's needs, wants and desires is made another stone in that foundation.

Service selling, goods selling, and selling techniques suggested by manufacturers and retail organizations are dealt with in Units V, VI and VII. Greetings, approaches, substitutions, sales obstacles, and closing sales are discussed. Practical techniques in selling such articles as shoes, handbags, gloves, toys and woolen goods are also given.

Unit VIII, called "The Retail Store as a Functioning Economic Unit," treats store organization, location, layout, policies, records, buying, merchandising arithmetic, displays, advertising, credit and services.

The last Unit tells how to get selling jobs,

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discusses the salesperson as an employee, and gives "a composite of questions used to determine continuance in a selling position." Practical projects, questions on the text, and a few readings are interwoven through the book.

On the whole, this book is ably written and well organized. Unit VIII, the material of which more properly belongs to a book on store management than to a volume on selling, might have been left out without damaging the volume. Instead, additional subject matter on sales obstacles and closing sales could have been added to better advantage. Also the volume would be more useful if more references were given.

But as it is, this book deserves wide reading and use. It is especially adapted to high school courses in selling, and to courses in selling offered by teachers working under the George-Deen Act. Moreover, every high school student who expects to go into retailing should read and study this volume. Every consumer seeking light on how salespeople can assist him in the difficult task of buying should become acquainted with this book. It shows how effective selling saves the time, energy and money of the consumer, and how this process can be made more pleasant for both the buyer and the seller.

N. H. COMISH  
University of Oregon

AMERICAN SHIPPING POLICY, by Paul Maxwell Zeis. Princeton University Press, 1938, pp. vii, 254, \$3.00.

Professor Zeis' monograph on American shipping policy was originally written as a doctoral dissertation for the Department of Politics of Princeton University and was subsequently published by the Princeton University Press. In his effort to discover whether or not the United States ever had a shipping policy, he deals with one of the most persistent issues in American politics. In his analysis to determine whether our shipping laws have been of benefit to the nation, he presents material of paramount interest to the American marketing agents, students of the development of our foreign coastwise trade, and statesmen.

The treatise under consideration deals with a subject of which no former comprehensive study has been made. There are a number of books on the American Merchant Marine but most of them are sheer propaganda, biased and controversial. Probably the most outstanding volumes in this field are: W. J. Abbot, *The Story of our Merchant Marine*, published in 1919; W. L. Marvin, *The American Merchant Marine*, in 1902; John R. Spears, *The Story of the American Merchant Marine*, in 1910; and J. R. Soley, "The Maritime Industries of America," Volume I, of N. S. Shaler, *The United States of America*, published in 1894. Royal Meeker, *History of Shipping Subsidies*, published in 1905, is still considered the standard work dealing with the economic effect of ship subsidies. Finally, there is the Department of Commerce study by J. E. Saugstad on *Shipping and Shipbuilding Subsidies*, which merely relates the history of the subject without comprehensive analysis of motives.

American shipping policy, if we can call it such, like most national policies is a resultant of a conflict of several industrial and economic interests. Its entire history has been one of conflict between many powerful groups which have frequently changed their alignment. The chief pressure groups engaged in this activity were the shipbuilders and shipowners; later, manufacturers, exporters, officers of the Navy, the seamen's union, and the traveling public began exerting every effort to secure laws designed to benefit themselves. "In no field of lawmaking," the author writes, "have pressure groups been more active than in that relating to the merchant marine." The desire of these interests to promote American commerce was definitely subordinated to the desire of the groups to harvest profits at the expense of that commerce.

Only brief mention is given to the golden period of American shipping when the wooden vessels of our young country won world renown. The antithesis of interests was not so marked at that time and "the need for what might be called a merchant marine policy did not exist." Still the builders of wooden ships had secured laws

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requiring all ships of American registry to be built in this country and coastal trade was reserved exclusively for Americans. The introduction of metal ships ushered in the decline of our merchant marine and a grave controversy between shipbuilder and shipowner. Since metal vessels could not be built in this country as cheaply as abroad, the American shipowners wanted the old policy requiring vessels of American registry to be built in this country repealed for a *free ship* policy, or the right to purchase foreign ships. Exporters who hoped for low rates also favored the latter policy, but the free ship policy and certain attempts to secure subsidies all perished in the tariff storm in the latter part of the nineteenth century.

Despite Republican determination to fight for subsidy legislation and a new alignment of interests, *laissez faire* was still predominant up to the time of the World War. Gradually the foreign trade fleet sank into insignificance and at the outbreak of the war the merchant marine operated up to nearly 90 per cent under the protection afforded coastal trade which was reserved for American ships. It is not entirely true, however, to say that the marked antagonism between interests and the lack of a definite government policy alone caused this decline. One must remember that the United States was very slow in developing iron-steam driven ships, that the Civil War had disastrous effects on our foreign trade fleet and, more important, the fact that more profitable investments in internal transportation and the exploitation of raw materials in the great industrial age which followed the Civil War drew capital away from the ocean. The lack of government aid only helped complete the downfall.

Approximately two-thirds of the book deals with the World War and post-War period. This part of the study includes a careful analysis of the policy and activities of the United States Shipping Board and an unbiased account of the extravagance and inefficiency of its action, for which emergency was the only apology. The \$3,000,000,000 fleet Dr. Zeis considers one of the biggest political pork barrels ever created by Con-

gress. The Shipping Board's program did not demonstrate the failure of government enterprise for the government neither built nor operated its ships. The Board's apathy toward governmental operation was a direct result of its subservience to private shipping which appears to have dominated the Board.

Finally, the author shows the relationship between American shipping policy and the larger issues of national defense and general trade promotion. In this relation Professor Zeis asserts: "Yet not one subsidy which has been granted from the Civil War to the present time has had any significant effect in promoting either of these objectives, and in most cases the net result of the grants has been merely to transfer public funds to private hands. In view of the history of American subsidy legislation, in view of the persistent record of private enterprise in placing profit before public advantage, in view of the demoralized condition of the merchant marine at the present time (1938) it is fair to suggest that, in attempting to retain the subsidy principle in any form, President Roosevelt and his administration have continued a policy which has a record of seventy years of failure."

Although the foreign trade fleet has been a subject of issue for more than seventy years, Professor Zeis states that at practically no time has Congress considered whether the United States needs a merchant fleet. Since transportation service is an important exportable item, it is a question whether a creditor nation like the United States should undertake to finance carriers. Thus under normal times there is no justification for government subsidies as far as the general public is concerned. At the same time the author feels that it is unfair to measure its war time value in national defense until a national defense policy is clearly stated.

*American Shipping Policy* is a well written, thoroughly documented study of a timely issue. Its factual presentation gives thorough justification for Professor Zeis' analysis of motives and forces which is the true value of his work.

JAMES W. LIVINGOOD  
University of Chattanooga

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COMMODITY YEAR BOOK 1939. New York: Commodity Research Bureau, Inc., 1939, pp. 616, \$7.50.

The ancient and honorable designation of "Vade Mecum" is not one to be lightly applied, but the *Commodity Year Book 1939* is a volume that has rightly earned such a title, at least for those marketing specialists who follow the ebb and flow of prices in the markets of the world.

This volume is designed to be a comprehensive, up-to-date reference book on commodities, and provides exact and specific information on all farm products, metals, tropical products, etc. Although there are in existence many excellent publications that cover one or two commodities, or even groups of commodities, there has been a long-felt need for an all-inclusive publication to embrace all the important commodities about which factual information is constantly sought, not only by commodity brokers, but by industrial purchasing agents, advertising agencies, market research organizations, university research bureaus, and the like. The volume was compiled by the staff of the Commodity Research Bureau of New York, and in addition to its wealth of statistical tables, contains a number of fact-finding studies on commodities in general.

The book is divided into a number of sections: Grains; Textiles; Tropical Products; Industrial Products (non-textile); Fats, Oils and Oil Seeds; Livestock, Dairy Products and Potatoes; and Metals. Each section is divided into an appropriate number of chapters, each of which treats of a specific commodity under such standard headings as "History and Background," "Review of 1938," "1938 Chronology," and "Statistics," which cover production, wholesale prices, sales, consumption, and import and export figures for the past decade. The volume contains 125 comparative price charts for the various commodities for which studies were made; many of these charts go back 100 years or more, a feature of no little value to the economic historian.

A chapter that should be of some current interest to economists is the one devoted to "War and Commodities," in which the effect

of wars on commodity prices in this country is painstakingly traced on a master chart from 1720 to the present day, through the periods of the War for Independence, the War of 1812, the Civil War and the World War, respectively. Other noteworthy chapters concern themselves with "Per Capita Consumption and Population Trends," "International Control of Commodities," "Weather and its Effects on Supply and Demand," etc.

An entire section is devoted to the subject of commodity futures trading, and the various rules, regulations and trade customs of the various commodity exchanges are fully and completely treated. A glossary of commodity terms and a table of weights and measures and conversion factors are also included. A very complete cross-index gives the book added value as a handbook of information. It is planned to issue the second annual edition early in 1940.

DAVID S. MOSESSON

*College of the City of New York*

THE SALMON CANNING INDUSTRY, by Daniel B. DeLoach. Corvallis, Oregon: Oregon State College, 1939, pp. 118, \$0.50.

This monograph, a revision of Professor DeLoach's dissertation, is a material addition to the sparse stock of economic surveys of our fisheries. Important historical background is supplied in the first chapter and historical notes are scattered throughout the main text. The biological aspects of the subject are discussed in order to explain the bases of standardization, methods of grading, and problems of supply.

In the chapter on the enforcement of standards, Dr. DeLoach gives a detailed treatment of the effect of the pure food laws and legal decisions on the quality of the canned product. This is followed by a discussion concerning the factors affecting supply. The author describes the shift to new fishing grounds necessitated by excessive working of the old grounds. In explaining the production process, the author delineates the types of business organizations operating salmon canneries, their investment, and their methods of financing. A

short section is devoted to labor conditions in the salmon canning industry.

The last four chapters are concerned with the marketing aspects of the industry. The broad geographical locations of both the domestic and foreign markets are given. The author is forced to analyze demand factors and pricing policies in the light of the few general factors at hand, since little has been done by the industry in the way of sales promotion. The middlemen engaged in marketing the product, their functions, and their practices are described in Chapter IX. It is here that the author shows the trend toward integration and combination. The remaining two chapters are concerned with sales promotion and pricing respectively.

The monograph is well annotated. Seafood market researchers will find some valuable leads to source material in the footnotes. Because of the absence of satisfactory information concerning the domestic market, the author is unable to present facts concerning consumer buying habits, the extent of the demand in specific localities, the specific influence of certain factors on the demand schedule, and such statistical data which would aid one in the industry to plan his campaign. He has been thorough, however, and presents all available statistical data.

In the reviewer's opinion, the failure to include at least a selected bibliography renders the study cumbersome for the investigator who is compiling a list of references in this field of marketing. Although the author has made use of tables and graphs throughout his report, he would have clarified the section describing the types of business organizations had he shown the relationship between overhead organizations and canneries by means of some form of graphic presentation. His section on marketing would have been much more vivid had he included flow charts.

GEORGE H. SEFEROVICH  
*Loyola University*

**HIRE PURCHASE**, by Aylmer Vallance. New York: Thomas Nelson & Sons, 1939, pp. xi, 171, \$0.60.

This small volume is one of a series of

discussion books designed for reading groups or adult education classes interested in economic questions.

The author traces the development of installment selling in England and presents arguments both for and against it, which are thoroughly familiar to those interested in this type of credit sales. His conclusions are that from the consumer's point of view hire purchase has not proved to be either an encouragement to thrift or a stimulant to earning capacity, and that the system as operated in the British Isles prior to the Hire Purchase Act of 1938 was a social crime.

To support these conclusions a large portion of the book is devoted to the abuses of the installment credit system as reflected in many actual cases. It is thoroughly apparent that injustices were practiced on consumer purchasers, that sellers ruthlessly exploited the customers, and that the unfortunate who signed a hire purchase contract was entirely without protection of the courts.

The struggle between the hire purchase interests and those opposed to "misery by installments" before the Act was adopted by Parliament is interestingly described. The full text of the Act is given along with a number of hints for those about to enter hire purchase contracts. The strength and weaknesses of this legislation are pointed out and the book closes on a negative note, namely, that in the opinion of the author, hire purchase for the average individual is more of a curse than a blessing.

THOMAS V. MORTON  
*Rutgers University*

**A MANUAL OF ADVERTISING TYPOGRAPHY**, by Thomas B. Stanley. New York: Prentice-Hall, 1935, pp. 28, \$2.00.

This work is a combination reference book, note book, and selective bibliography. It covers the development, classification, and methods of recognizing type faces and also the application of type to the preparation of advertising layouts. Although this manual is not intended to be used without supplementary materials, the 18 part or full pages of type specimens contained in it are ade-

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quate as a guide for judging and selecting type for advertising copy.

According to the author, "Advertising typography is not a body of information; it is a field for study." Inasmuch as the ultimate test of productive advertising depends upon the reaction of the reader, the one who applies typographical principles must exercise independent judgment in the selection of the best type faces. On the page devoted to legibility of type, the role typography plays is especially stressed. Even a layout should do more than attract attention through artistic qualities, and therefore a type face should be used which will not divert the reader from the message to be conveyed.

Although the manual is condensed into a brief outline, it is of particular value as a work book in the class room and laboratory, or it may serve equally well as a source book for anyone interested in the preparation of advertising layout.

E. G. RASMUSSEN  
*Vanderbilt University*

ADVERTISING CAREERS FOR WOMEN, edited by Blanche Clair and Dorothy Dignam. New York: Harper and Brothers, 1939, pp. xxi, 268, \$2.50.

Since 1867 when Matilda C. Weil entered the advertising business in New York, a business in which she remained active almost to the time of her death in 1903, more and more women have entered advertising. In the gay nineties a score of women were filling advertising positions; in 1911 about two hundred women throughout the country were engaged in advertising. Today, according to Mrs. Christine Frederick, "there must be two thousand."

In the future it is to be expected that an increasingly large number of women will assume important posts in advertising and selling. This is inevitable, as pointed out by Mary Northrop, Fashion Coordinator for Displays, Strawbridge and Clothier, Philadelphia, because "a woman is better equipped by instinct, background, and common interests to understand what will appeal to other women."

Up to the present time there has been a dearth of material on the place of women in advertising. There has been little information about the branches of advertising in which women have been, and are likely to be, most successful. With the object of providing information about what women can do in advertising, the Philadelphia Club of Advertising Women gave in the Fall of 1938 an advanced training course called "Advertising Beckons Women." On these twenty-two lectures *Advertising Careers for Women* is based. In this book twenty-two prominent women review fifteen of the leading fields of advertising and sales promotion in which women are conspicuously successful. Each writer, in addition to giving a general view of her own particular job, surveys the opportunities in advertising in her branch of business. Each writer suggests means of getting into, and of getting ahead in, her branch of advertising work.

For this reason, the volume should be avidly read by several groups: by those who aspire to careers in advertising; by those, already in the business, who seek advancement; and by those, such as vocational counselors and deans, who advise other women in choosing careers. Even experienced, successful business women will find that the book gives them many new slants on their own jobs or offers hints about other fields that they may adapt to their own use. Certainly there is much to be learned from a book that deals with advertising work in many different types of organizations, such as advertising agencies, broadcasting studios, department stores, and specialty shops; and in many different lines of merchandise, such as cosmetics, foods, home equipment, insurance, and publications.

Perhaps the most serious shortcoming of the book is the necessarily brief treatment of each subject. Depending upon their own special interests, readers will wish that fuller discussions of certain topics were possible. Such expansions are out of the question, however, for each chapter is intended only to survey one particular field.

CHARLES M. EDWARDS, JR.  
*New York University*

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**PRODUCTION AND DIRECTION OF RADIO PROGRAMS**, by John S. Carlile. New York: Prentice-Hall, 1939, pp. xx, 397, \$3.75.

Radio program production today is as specialized a profession as is production in the theater or motion pictures. The programs to which one tunes with the barest flick of the dial result from the cooperation of many highly skilled specialists—writers, musicians, actors, announcers, directors, sound effects experts, engineers and production men—a number of whom tend to further concentrate upon particular phases of their chosen part of the radio field. Mr. Carlile's book deals mainly with the production man, the specialist responsible for bringing the planned and written program to life in the studio and putting it on the air. It therefore is concerned principally with problems of acoustics, microphone placement, timing, the rules and conventions of announcing, and similar considerations.

Within this limited but highly important field, Mr. Carlile's book should be a most valuable reference source for students of the radio art. Questions of acoustics and microphone placement are well handled and are effectively illustrated with diagrams of studio set-ups for leading radio programs. The appendices dealing with sound effects, kinds of microphones and studio construction are especially helpful.

Program direction is one of the most evanescent and intangible phases of radio, much of which is concentrated in the word "showmanship." It is concerned with questions such as pacing and routining the show and wielding it into a unit with a distinct personality. It is extremely difficult to capture in words, and Mr. Carlile has been less successful with regard to this phase of his book. There is not the same development of detail which characterizes the discussion of the various aspects of production proper, and there is some question as to whether enough space has been devoted to the broader questions of program direction. The book also suffers by lack of clarity in organization of the introductory background chapters. Station organization and operation are treated too briefly and the relationship of

the production manager and his staff to the rest of the station organization is not as thoroughly developed as it should be.

HERMAN S. HETTINGER  
*University of Pennsylvania*

**B.—ABSTRACTS OF ARTICLES FROM THE SCIENTIFIC JOURNALS AND NOTES ON PAMPHLET MATERIALS**

By REAVIS COX, *University of Pennsylvania*

**THE FEDERAL TRADE COMMISSION ACT AS AMENDED IN 1938**, by Martin L. Lindahl. From the *Journal of Political Economy*, August, 1939, pp. 497-525.

Under the amendments of 1938, the Federal Trade Commission has assumed new responsibilities and additional authority. These amendments fix upon the Commission responsibility for protecting consumers in matters important enough to warrant governmental action, and it is likely that a larger proportion of the Commission's resources than in the past will be devoted to the elimination of misrepresentation. It would be unfortunate, however, if preoccupation with misrepresentation were to weaken the Commission's more important task of attacking practices designed to eliminate competition.

The procedural changes effected by the amendments should be highly beneficial in expediting proceedings and making controls more effective. Many of the problems which beset the Commission, notably in the existent limitations upon its investigatory powers, were not touched by the amendments.

**THE LIMITATIONS OF STATISTICAL DEMAND CURVES**, by George Stigler. From the *Journal of the American Statistical Association*, September, 1939, pp. 469-481.

Statistical demand curves are still remote from the demand curves of the economic theorist. In the writer's opinion, the gap between the two types of demand curves will never be completely bridged, and any rapprochement is likely to be slow. This is due in part to the extreme complexity of the

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analytical concepts and their empirical implications; it is also due to the fact that, to judge from past history, the economist will turn up new difficulties as rapidly as the statistician disposes of them.

This is not intended as a depreciation of the achievements so far wrung from the obstinate "facts." These achievements are definitely enlightening but they should not be taken as even remotely conclusive. On the other hand, the inconclusiveness of the present statistical demand curves should not be taken as an excuse for lapsing back into the use of "common sense" and "intuition." These are powerful tools, but unless they are tempered by a scientific methodology, their fruits will be few and lacking in nutrition.

THE USE OF THE ANALYSIS OF VARIANCE IN ENUMERATION BY SAMPLING, by W. G. Cochran. From the *Journal of the American Statistical Association*, September, 1939, pp. 492-510.

The results of a properly planned sampling investigation, in addition to providing an estimate of the accuracy of the sample, often provide estimates of the accuracy of the various alternative methods of sampling which might have been used. These estimates are helpful in increasing the efficiency of sampling in future studies of similar material. (Mr. Cochran illustrates the use of the analysis of variance of sampling results for the purposes discussed.)

PRICING POLICIES IN THE AUTOMOBILE INDUSTRY: INCIDENCE OF DEMAND, by Homer B. Vanderblue. From the *Harvard Business Review*, Autumn, 1939, pp. 64-81.

Continuing the discussion he started in the preceding issue of the *Harvard Business Review*, Dean Vanderblue turns to a consideration of the demand aspects of his problem. Here he is concerned with the common statement that automobile prices are "rigid" rather than "flexible" and that this is in some sense undesirable.

Over the long run, he says, real prices have not been rigid despite the fact that nominal prices have changed relatively little,

since the trend of quality at any given money price has been upward. In the short run, prices are not flexible, however, except as flexibility is introduced by variations in the used-car allowance, since prices are set in advance of production and cannot be varied greatly over the period of a model year without endangering the financial stability of the well-organized system of distribution.

Setting prices for automobiles is not a matter of cost accounting alone. An automobile manufacturer has many items of cost which he cannot control, and he cannot control demand. In evaluating demand attention must be paid not so much to *elasticity* as to *intensity* of demand, which is governed by willingness to buy at any practical price and is a function of the state of prosperity in the economy.

#### RUNNING COMMENTS ON OTHER ARTICLES

The November, 1939, issue of *The Annals of the American Academy of Political and Social Science* carries the over-all title "Government Expansion in the Economic Sphere: A Review of the Increasing Economic Functions of Government." Marketing men will find a good deal of useful material scattered through the various articles, especially in the articles "Protection of the Consumer," by Leland J. Gordon, and "Government Control of Prices," by Richard B. Heffebower.

Part 2 of the July, 1939, issue of *The Journal of Business of the University of Chicago*, is an 80-page summary and analysis of chain-store taxes written by Maurice W. Lee under the title "Anti-Chain-Store Tax Legislation." It traces the development of these taxes in the legislatures and courts and considers their incidence and their regulatory effect. Mr. Lee closes with the recommendation that "all chain-store-taxing statutes of whatever type be repealed at the earliest possible moment." His conclusion is based upon the belief with which he emerges from his study that the undesirable activities of corporate chains can be controlled more effectively through other measures and that this method of dealing with them produces more ill effects than good.

Continuing the series of articles in which they are studying the Chicago market for fresh fruits and vegetables, E. A. Duddy and D. A. Revzan describe "Transportation and Marketing Facilities for Fresh Fruits and Vegetables" in *The Journal of Business of the University of Chicago*, July, 1939, pp. 280-297. The article is to be continued in a later issue.

An interesting discussion of the efforts being made to change turkey from a holiday meat to a year-round staple, is offered by Frank G. Chambers, writing under the title, "Expanding the Turkey Season" in the *Harvard Business Review*, Autumn, 1939, pp. 107-115.

#### NOTES ON PAMPHLET MATERIALS

THE STATISTICAL PATTERN OF INSTALMENT DEBT, by R. A. Young and Blanche Bernstein. New York: National Bureau of Economic Research, October 15, 1939.

Using data taken from the schedules of family expenditures obtained in the Survey of Consumer Purchases, the authors of this bulletin compile some statistics which will be of great interest to marketing men. These statistics present a new and informative picture of the use of instalment credit in the United States. Among other things they conclude that at least one-fourth of the non-relief families of the country made use of instalment credit in 1935-1936, that automobiles outranked other commodities as regards dollar volume of instalment borrowing, and that furniture was the item most frequently bought on instalments. The figures show a notable variation among families at different income levels and among families in metropolitan, urban, town, village and rural communities in the extent to which instalment credit is used and the purposes for which it is used.

OPERATING RESULTS OF CONSUMER CO-OPERATIVES IN THE UNITED STATES IN 1937, by Carl N. Schmalz. Boston: Harvard University Bureau of Business Research, March, 1939. \$1.00.

This bulletin analyzes the operating ex-

penses, gross margins, net profits and net gains in 1937 of 42 co-operative retail food stores, 47 co-operative retail general stores, and 160 co-operative organizations handling supplies which are utilized in farm operation, including petroleum products in most instances. These last, strictly speaking, are not consumer co-operatives. The statistical procedures and definitions of terms are about the same as those used in the Harvard reports on chain, department and specialty stores. A rough comparison is made between the results achieved by the co-operatives and those achieved by privately-owned stores as revealed in a number of other studies.

LABELING THE CONSUMER MOVEMENT, by Werner K. Gabler. Washington: American Retail Federation, 1939.

This is the most comprehensive description thus far published of the consumer movement. It defines the term "consumer movement," studies the economic forces lying behind the movement, classifies and describes the types of private and governmental organization active in the movement, lists the more important individual organizations, shows what retailers are doing to meet the "threat" of the movement, and offers some suggestions as to what their policies should be. A detailed description and analysis of all the important individual consumer organizations discussed in the report is available in mimeographed form and may be obtained from the office of the Federation.

THE SUPER MARKET GROWS UP, by M. M. Zimmerman. New York: Super Market Publishing Company, 1939. \$1.00.

Mr. Zimmerman, who is widely known for his earlier studies of chain stores and super markets, here assembles in pamphlet form several articles originally published in *Printer's Ink* and *Super Market Merchandising*. They provide a medley of fact and opinion which will be indispensable to students of the spectacular retail enterprises about which so much has been written in recent years. Topics covered include the number

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and location of super markets, their size, their use of advertising, trends in their merchandising policies, the extent to which chain systems have invaded the field, and some guesses as to what lies ahead.

**EXECUTIVE COMPENSATION PRACTICES OF RETAIL COMPANIES: 1928-1937**, by John Calhoun Baker. Boston: Harvard University Bureau of Business Research, July, 1939.

Mr. Baker makes in this report a detailed analysis of the plans of payment used for executives by 38 large retail companies, 15 of which operate department or specialty stores and 23 chain stores. The data studied were drawn from materials collected by the Federal Trade Commission and the Securities and Exchange Commission. In addition to describing the plans used, the author passes judgment upon them and makes some suggestions concerning the characteristics of desirable methods of compensation.

**PROBLEMS UNDER INFORMATIVE LABELING; IMPROVED METHODS IN PACKING AND SHIPPING; RECENT DEVELOPMENTS IN PACKAGING PROGRESS.** New York: American Management Association, 1939. \$0.50 and \$0.75.

These three pamphlets present twelve of the talks made at the packaging conference held by the American Management Association in New York during March, 1939. As the titles indicate, the speeches cover a fairly wide range of subject matter and will be of interest to a varied audience, including advertising men, retailers, spokesmen for consumers and those active in the physical processes of packing and shipping.

**ELEVENTH BOSTON CONFERENCE ON DISTRIBUTION.** Boston: Retail Trade Board of the Boston Chamber of Commerce.

This volume, like its predecessors in the series, presents an assortment of materials which are extremely useful to students of marketing. As always, the individual papers extend over many subjects; but most of them fall into one or the other of three groups carrying the general titles, "Some Practical

Applications of Science and Invention to Distribution," "Distribution Costs and General Marketing Problems," and "The Regulation of Business Practices."

**REPORT OF THE COMMITTEE ON TAXATION ON . . . PATMAN CHAIN STORE TAX BILL.** New York: Young Men's Board of Trade, 1939.

While professional students of marketing will find in this report little which is new to them, teachers will find it useful for students as a condensed summary of arguments for and against the social utility of chain stores. The bulletin also includes the text of the Patman bill.

**NEW FACTS ABOUT RETAIL DISTRIBUTION.** Philadelphia: The Curtis Publishing Company, 1938.

Through a special compilation made for it by the Bureau of the Census, the Curtis Publishing Company has obtained figures showing the number, size and sales volume of grocery stores and combination grocery-and-meat stores in towns of various sizes in 1935. The figures are here presented in chart and tabular form. Their effect is to emphasize the importance of small-town stores in the distribution of groceries.

**A Survey by Radio Station WOR:**

The effects of radio and other types of advertising upon all parties actively engaged in the distribution of grocery store products in the metropolitan New York Area are indicated in a series of surveys conducted for WOR by the Grocery Laboratory. Independent grocers and large supermarkets in Greater New York together with New York City food brokers, jobbers, and manufacturers' agents were interviewed. The questionnaire for all parties differentiated between media preference for well-established products and for new products. Grocers and supermarkets were asked whether advertising had ever influenced customer demand enough to cause dealers to stock specific brands or products and the type of advertising involved. They were further questioned regarding the advertising mentioned most

by their customers. During the interview, a special investigation was made to determine the number of stores equipped with radios and the operation of these sets. Summary research findings together with details of the sample and a copy of the questionnaire are contained in WOR's publication *Hand To Mouth*. A copy will be sent without charge by addressing Research Division, WOR, 1440 Broadway, New York.

### C. DIGEST OF SOME LEADING ARTICLES ON MARKETING FROM TRADE JOURNALS

By ROBERT BARTELS, *University of Washington*

STOP GETTING IT WHOLESALE! From *Business Week*, August 19, 1939.

"Stop getting it wholesale" is a demand made by retail associations which is being carried out in a fight against privilege buying.

Discount buying is not a new thing, but at present two conditions make the subject interesting: (1) the growing belief of retailers that "privilege buying" is increasing at a rate that actually menaces our present system of distribution, and (2) the probability that various retailer organizations will soon unite to fight it.

No one knows the real extent of privilege buying by consumers. The *Harvard Business Review* published a study made in the Boston area. This indicated that the percentage of purchases-at-a-discount on various lines may run as high as the following: refrigerators, 20.9; washing machines, 18.3; radios, 20.1; electric toasters, 27.5; builders' supplies, 28.7; electric roasters, 71.4. However, on the other hand, the study showed that automobiles are purchased at a discount only 1.8 per cent of the time, coal and fuel only 2.9 per cent, and services only .5 per cent.

Thus, it is seen that certain kinds of merchandise are especially susceptible to discount buying. The reason for this is that many articles carry a markup large enough to make it worthwhile for the buyer to look around for a deal.

On the basis of studies made, it is con-

cluded that big stores are being used for comparison shopping, with actual purchases often being made at cut prices through some outlying vendor who doesn't perform all the retail functions. The total loss to American retailers through trade diversion is estimated to amount to a billion and a half dollars a year.

The National Retail Furniture Association has made some headway on a program to prevent this diversion. The first phase of the program is to inform the public that often when they buy at wholesale they get merchandise that could be bought cheaper at retail. The second thing being done is to institute action against "phony" wholesalers who are violating unfair practice statutes. The third and most important part is the work that is being done with the executive heads of big corporations. The N.R.F.A. is asking executives not to permit their purchasing departments to be used for individual employee buying. As a result of this activity, 1,500,000 employees are today potential retail customers who last year were potentially the customers of secretive and semi-secretive channels of distribution.

LOOKING AHEAD WITH MARKETING. From *Printers' Ink Monthly*, October, 1939.

Radio is now facing the possibility of censorship, but this has been accepted calmly, for ever since the establishment of the Federal Communications Commission, radio has seen the possibility of censorship looming on the horizon.

The industry itself, through the National Association of Broadcasters has been forced to set up its own censorship. These rules are more or less the result of compulsion, although they are voluntary. The radio industry should be given a great deal of credit for acting before it was too late.

It is especially important that industry be cautious now, for war days are days of quick decisions in which major issues predominate. There is a possibility that war will give certain individuals an opportunity to put into effect certain ideas and recommendations which they may have been advocating for years. Thus, if the United

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States should become involved in a war, these individuals may find little difficulty in putting some of their recommendations into law.

There is a possibility of censorship of advertising next to the censorship of the press, and this censorship may be far more harsh and less reasonable than that which would be put into effect during peace times. Therefore, it is to their advantage that advertisers watch their actions and policies closely if they wish to enjoy freedom.

One of the first things that advertising should do is to guard against violation of ethics, for the more conscious advertisers are of their obligation to consumers, the less likely are the anti-advertising forces in Washington to be able to achieve their radical goals. Advertisers also should consider methods of meeting unfair and unwarranted attacks on their freedom of expression. Advertising would be called upon to do a tremendous job if the United States should get involved in a war. Finally, advertisers should remain keenly conscious that any form of censorship, no matter how delicately exercised, is an indication of what may happen in larger and stricter forms.

**THE CHAINS ADJUST THEMSELVES TO STATE TAXATION**, by Reinhold P. Wolff. From *Dun's Review*, October, 1939.

The chain store tax laws have caused the following changes in the chain store organization forms.

First, the tendency in chain store food retailing has been the concentration of its effort on large scale enterprises such as super markets. Also, self-service stores are being opened, and the expansion of food chain stores in small cities has been curtailed. Some of the food chains have organized a large number of smaller stores under independent management. These are called "associated" stores, and they are supplied from the chains' warehouses in much the same way as members of a voluntary group. For example, the Safeway has organized its California outlets in this manner.

A second consequence of chain taxation,

although less traceable, is departmentalization. For example, cigar chains have been transformed into large store systems with a wide assortment of novelties, books, notions, and other merchandise. Apparel chains have shown the tendency to develop into general stores.

Third, the trend toward establishing branch stores of department stores in suburbs and residential sections has been slowed up.

Fourth, perhaps the strongest effect of chain store taxes is felt by those producers who operate their own store systems. The gasoline refineries were one of the first to be confronted with this issue.

The net result has been that neither chain taxes nor the tax scare which the taxes produced has so far hindered to any great extent the progress of the largest chain store systems.

**HOW TO SPOT QUACK RESEARCH**, by Roy O. Eastman. From *Advertising & Selling*, November, 1939.

In the past twenty years the "research idea" has grown with momentum. A transition has occurred from regarding advertising as clothed in a glamorous, magical atmosphere to regarding it on the basis of charts, statistics, tables and percentages. Now all the publishing houses, advertising agencies, etc., have their research departments. Today the problem before the marketing man is the discrimination between good and bad research, and this is especially important as research is passing through a period of exploitation.

It is recommended not to accept finally any conclusion, formula, or method purporting to be "founded on research," unless there be shown the evidence upon which the conclusion or the research is based. Reports should tell how the research was done. One may also be suspicious of the results of research which conflict with experience or common sense, and distrustful of the conclusion which is reached by some "abstruse, complicated weighing method" when there is no other check as to its accuracy. Another criterion, and a very important one, is the

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quality of the man making the research. Be sceptical at every point.

**DO WE WANT BRITISH INSTALLMENT LAW?**  
by Albert Haring. From *Advertising & Selling*, October, 1939.

The new English Hire-Purchase Act is being carefully examined with the thought of modifying it to meet American conditions. This act is definitely social legislation because it gives special protection to small buyers only. The essential provisions of the act are:

1. The seller must give the buyer separate cash and time prices for merchandise in writing, both before the goods are sold and in the installment contract. Some American firms already do this but others do not; so this law would make it uniform throughout.

2. The written contract must contain a clear statement of all pertinent financial details and be signed by both conditional buyer and seller.

3. Every contract assumes certain "implied warranties," such as the goods being of merchantable quality and fit for use. A buyer can pass clear title to the goods when the contract terms are met.

4. All requests for repossessions must be in writing, and when one-third of the time price has been paid, repossession by court order is the sole remedy of the seller. While this eliminates abuse of repossession, it also increases the opportunity for a buyer to obstruct legitimate repossession.

5. In the case of multiple or add-on contracts, the buyer shall have the right to allocate his payments as he desires between the two or more contracts. American practice is to lump multiple or add-on contracts together.

6. The buyer may at any time terminate the installment agreement by written notice to the seller.

7. When one-third of the time or installment price has been paid, the seller can repossess upon a court order of the county court of the county in which the buyer resides. In such cases, the county court has wide discretion.

8. The general penalty for contracts vio-

lating the new statute is to make them unenforceable. In addition, a notice in regular sized type must call the buyer's attention to his privileges.

Limited repossession is to be the vital security of the contract under this law. High down payments are thus necessary, short time contracts are essential and only the most durable consumer goods can be repossessed without material loss.

From the standpoint of the consumer, the statute gives a new protection.

**DEVELOPING PURCHASING POLICIES TO MEET NEW BUYING CONDITIONS**, by Donald G. Clark. From *The Washington Purchasing Agent and Manufacturer*, June, 1939.

During the last few years several new general factors have arisen which the purchasing agent today must heed. The first is the general condition of unemployment which seems to be a permanent feature of our system. The second is the effect of the unemployment condition which has taken the form of governmental regulation. Third, we have, partly as a result of the two new factors, a new conception on the part of industry as a whole which has caused new types of thinking upon the purchasing agent's part. All of these factors have played an important role to cause the purchasing agent today to change his buying policies and to do an increased amount of thinking.

The following current changes in general purchasing policies have been made as a result. First, there is a definite trend toward conservative buying. The reasons for this seem to be the apparent great uncertainty as to general business conditions, and the lessening of the rewards of speculative buying. Second, there is the presence of an increased sales impulse in purchasing; that is, a tendency seems to be for the purchasing agent to treat visiting salesmen in a more welcome manner in order to create good will for the purchasing department. Third, a change in purchasing policy arises from the need of considering many legal angles which previously did not exist. For example, it is sometimes necessary

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to turn down the lowest price because to accept it may be illegal. Fourth, there is the tendency to weigh more seriously the cash element beyond the actual price of the material bought. The reasons for this seem to be the tax burden on inventories and the increasing importance of fashion. Fifth, there is the disposition to consider the im-

plications of the purchase beyond the immediate transaction. This change may be classed among the changes which are less tangible than those previously mentioned. Today, business needs cooperation so that price advantages must be considered in relation to the security and the welfare of the company.

**STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACTS OF CONGRESS OF AUGUST 24, 1912, AND MARCH 3, 1933**

Of THE JOURNAL OF MARKETING, published Quarterly at Menasha, Wisconsin, for October, 1939.

State of New York } ss.  
County of New York }

Before me, a Notary Public in and for the State and county aforesaid, personally appeared Robert N. King, who, having been duly sworn according to law, deposes and says that he is the Business Manager of the Journal of Marketing and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, as amended by the Act of March 3, 1933, embodied in section 537, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, The American Marketing Association, c/o A. Haring, Indiana University, Bloomington, Indiana; Editor, Roland S. Vallo, University of Minnesota, Minneapolis, Minnesota; Managing Editor, Ewald T. Grebner, University of California, Berkeley, California; Business Manager, Robert N. King, 383 Madison Ave., New York, New York.

2. That the owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding one per cent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a firm, company, or other unincorporated concern, its name and address, as well as those of each individual member, must be given.) Owned by American Marketing Association. Not incorporated. No stockholders.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: (If there are none, so state.) None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the twelve months preceding the date shown above is (This information is required from daily publications only.)

Sworn to and subscribed before me this 25th day of September 1939.

[SEAL]

ROBERT N. KING  
NANCY A. CALLAWAY

(My commission expires March 30, 1940.)