

**THE
EGYPTIANS**

YEAR 1957-1958



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HISTORICAL SKETCH

The Egyptians, "a club for the discussion of scientific, religious, economic, and other topics pertaining to the welfare, culture and happiness of the people," was organized at a meeting of fifteen men held in the home of the late A. S. Caldwell on June 21, 1913. These men had been meeting as an unorganized group since 1911. The fifteen founders were: Charles N. Burch, A. S. Caldwell, J. B. Cannon, Elias Gates, Charles J. Haase, E. M. Markham, C. P. J. Mooney, Sanford Morison, J. Craik Morris, A. B. Pittman, J. W. Rowlett, A. Y. Scott, Bolton Smith, B. F. Turner and J. C. Wilson.

Before the organization was completed, fifteen others were enrolled as charter members, namely: Albert W. Biggs, E. C. Ellett, W. H. Fineshriber, J. R. Flippin, Thomas F. Gailor, Marcus Haase, Herman Katz, James P. Kranz, Walter Malone, R. B. Maury, H. Dent Minor, A. E. Morgan, Israel Peres, Alfred H. Stone and Luke E. Wright.

The name chosen for the organization was proposed by W. H. Fineshriber. The fact that ancient Memphis was in Egypt suggested the name. The by-laws stated that the membership should "consist of not more than thirty-three men of recognized standing, ability and influence in Memphis and Shelby County, Tennessee." It was further stated that members were to present their contributions in the form of papers and that all papers were to be issued in printed form. This clause has resulted in the largest and most significant literary production of a general nature ever made by any group of Memphians.

From the beginning, The Egyptians were guarded against internal friction by a constitutional provision that "no resolution shall ever be passed committing the club as a body to any proposition." The club is unique in the unwritten law that its name is not to appear in the press in any connection.

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ARBITRATION OF UNION-MANAGEMENT DISPUTES

BY RALPH C. HON

Read at meeting of "THE EGYPTIANS," October 17, 1957

One of the major responsibilities of any economic system is to provide some means of determining the compensation which each individual is to receive for his services or for the use of his property. In a free enterprise economy, it is expected that this problem will be solved through the bargaining process. However, in order for this process to work satisfactorily, the bargaining strength of the contracting parties must be reasonably well balanced.

As a result of the increased strength of large corporate employers and the gradual decline in the relative bargaining power of the increasing percentage of unskilled and semi-skilled industrial workers, a large part of the American public reached the conclusion that the bargaining power of labor should be increased. Congress, therefore, adopted a policy, expressed in the Wagner Act of 1935 and continued in the Taft-Hartley Law of 1947, of encouraging collective bargaining between labor unions and management. Unions grew rapidly in membership and strength and it is estimated that there are now in this country more than one hundred thousand collectively bargained agreements between unions and employers.

Collective bargaining is not limited to the negotiation of contracts covering a period of one or more years. Experience indicates that it is not practical, and perhaps not possible, to cover in the written agreement all the issues which may arise between the parties during the life of the contract, and differences of opinion arise as to the application of its terms to questions which it was expected to cover. Machinery must be developed to assure that the agreement is properly interpreted and enforced. This machinery, known as the grievance procedure, is the heart or core of the collective agreement since it is the basic mechanism of collective bargaining during the life of the contract.

Grievances are commonly based on alleged violation of one or more provisions of the collective agreement. The parties to the agreement usually recognize that, if possible, they should settle the dispute themselves and that they have a primary responsibility to do so. Typically, provision is made for a multi-step procedure under which successively higher echelons of management and union representatives undertake to arrange a settlement before the dispute can be appealed to arbitration. The number of steps will vary with the nature and size of the plant and the structure of the company involved. Since grievances have a tendency to wax in importance and become increasingly more difficult to solve as they move upward, each party should make every effort to resolve them at the lowest step possible.

The grievance procedure is potentially a valuable asset to both management and labor. It reveals to management sore spots in plant operations and provides an opportunity to correct them before they fester and cause serious trouble. To the worker and the union, it provides the means of enforcing the contract terms which have been won through collective bargaining. Seldom does a third person understand the issues as clearly as the parties to the dispute and consequently settlements hammered out by the parties tend to be the best obtainable. Furthermore, the experience of successfully resolving grievances contributes to improved working relationships.

However, for one reason or another, the grievance procedure is frequently exhausted without an agreement's being reached. Some provision must be made for breaking the deadlock. To meet this problem of controversies for which the parties themselves have failed to find a mutually acceptable solution, over ninety per cent of the union-management contracts now in existence call for submitting the dispute to an impartial arbitrator. In contrast to a mediator, whose job is to help the parties themselves reach an agreement, the arbitrator is authorized and expected, after hearing the con-

tentions of both sides and appraising them alongside the wording of the contract, to render a final decision and make a binding award.

Arbitration is almost always initiated by the union, since grievances are typically complaints against action which management, in exercising its initiative in the operation of the business, has taken or failed to take. One interesting feature of arbitration is that it gives the grievant the satisfaction of knowing that management is required to account for its conduct before an impartial third person. Since both parties realize that a dispute which is not settled by the grievance procedure will go to arbitration, each side tends to appraise the dispute in its early stages in terms of how its case would appear to an arbitrator. This tends to encourage a more conciliatory attitude with the result that more settlements are reached without going to arbitration.

Without an arbitration clause to serve as the capstone of the grievance procedure, a stalemate means that management's unilateral decision stands. The union, therefore, invariably insists on the right to strike during the life of the contract when the grievance procedure fails to yield an acceptable settlement and no provision is made for arbitration. Without an arbitration clause, therefore, the parties are likely to resort either to economic warfare or to courts of law.

Arbitration has developed primarily as a substitute for strikes. The public, and many of the opposing parties, realize that in almost all cases, work stoppages result in tragic economic waste, personal hardship and financial loss to all concerned. The most effective means that has been developed to incorporate a no-strike clause in a contract, with any assurance that it will work when the parties are at loggerheads, is to provide for an impartial arbitrator to resolve the issues. This procedure provides our best hope of adjusting disputes guided by the terms of the agreement rather than by force or power.

The other alternative, resort to litigation, would not be satisfactory to the parties because of the delay, undesired technicality, and greater expense involved. The regular and normal work of the courts would be greatly impeded if they were required to handle the many thousands of disputes between unions and management that now go to arbitration. In addition, a large percentage of the cases are of a nature that the courts are not equipped to handle.

Perhaps we should draw a distinction between the arbitration of disputes over the interpretation of existing contracts which, as we have indicated, is an every day occurrence, and the use of arbitration to determine the terms of a new contract. Unions and management have shied away from arbitrating new or changed terms of employment with important exceptions such as the building trades and the railroad and urban transit systems, where there is strong public demand for uninterrupted service and the sentiment aroused by strikes is particularly hostile. Unions, management and experienced observers have generally taken the position that in most cases arbitration is not a desirable means of deciding what should go into the contract. The parties of the contract are the ones most familiar with their problems. They are the ones who should decide what the wages, hours and working conditions shall be. An attempt to pass the responsibility for determining the terms of a new contract to a third party is an evasion of responsibility which may prove more costly in the long run than a strike which might result from a determination to work out a direct agreement.

No one knows exactly how many labor arbitrations take place in the United States each year. Perhaps the most widely accepted estimate is that the number is between twelve and fifteen thousand. Over ninety-five per cent involve grievance cases leaving less than five per cent accounted for by new contract provisions.

The collective agreements entered into by some of the larger corporations provide for a certain arbitrator to hear all cases for a definite period or for so long as he is satisfactory to both sides. But approximately two-thirds of the cases are heard by arbitrators selected to rule on a specific dispute. Tripartite arbitration boards were widely used ten years ago but their importance has declined in recent years and over eighty per cent of the awards are now made by single arbitrators.

Ordinarily the parties to the dispute choose their own arbitrator. Since arbitration is resorted to only after the disputants have been unable to attain a settlement and their failure has frequently strained amicable relations, it is not surprising that they spell out the procedure for selecting the arbitrator in some detail. In most cases, there may be little difficulty in selecting and obtaining a qualified person of mutual acceptability. In the event that the parties acting alone cannot make a mutually satisfactory choice, the contract usually provides for recourse to an arbitrator selecting agency such as the American Arbitration Association, a private nonprofit agency devoted to wider use of arbitration in commercial, international and labor disputes, or the Federal Mediation and Conciliation Service, an independent agency created by Congress to make available to employers and employees full and adequate governmental facilities for mediation, conciliation and voluntary arbitration.

The FM&CS meets its responsibility with regard to providing facilities for arbitration by helping the parties find qualified and acceptable arbitrators rather than by providing arbitration service directly. It maintains a roster of approximately four hundred arbitrators located in all sections of the country. Many vocations are represented but lawyers and educators are in the majority. When parties to a union-management dispute report that they have been unable to agree on an arbitrator and ask for assistance in locating one, the Service ordinarily selects a panel of seven names and submits

it to the parties along with a short statement of the background, qualifications and experience of each of the nominees. Two means by which an arbitrator is selected from a panel are: first, the parties alternately strike names until only one remains and secondly, each party separately informs the Service of its order of preference and the Service then determines the choice of the parties. Regardless of the method used, after the selection has been made, the Director of the Service notifies the arbitrator of his appointment and requests that he communicate with the parties and make arrangements for the hearing. When the parties apply to the AAA, it makes the arrangements for the hearings and in approximately seventy-five per cent of the cases is represented there by a tribunal clerk, who relieves the arbitrator of ministerial tasks, thereby permitting him to concentrate on the issues in dispute. Both the AAA and the FM&CS prefer that the parties shoulder their own selection responsibility but they will, at the insistence of the parties, make direct appointments. This procedure is called for in some three to five per cent of the cases. While a few individuals have given up other vocations to devote all of their time to arbitration, most of the men who engage in this work do so only on an occasional basis. Unlike public officials, private arbitrators are employed and paid by the parties who utilize their services.

The arbitrator should be selected primarily for his integrity, fairness and good judgment. If he is familiar with collective bargaining, personnel policies and industrial techniques, he will more readily comprehend the issues and be in a better position to render a practical and workable decision. He must cultivate the judicial virtues of patience and open-mindedness and be careful to reserve judgment until all phases of the dispute have been presented. In many ways, the task of the arbitrator is similar to that of the judge but in some respects his responsibilities are even heavier. Since an arbitrator is just called upon to decide issues which the parties were unable to resolve, it is inevitable that a high percentage

of his decisions will be difficult to make. In addition, he is not only judge but jury as well and usually there is no appeal from his arbitrament.

At the beginning of the hearing, or preferably in advance thereof, the arbitrator would like to have a clear and concise statement of the issue or issues to be settled. One of the most common complaints voiced by arbitrators is that the parties have not formulated the issue and that it sometimes takes the major part of the hearing for the arbitrator to find out what it is. The arbitrator thinks he has a right to expect the parties to know what they are in disagreement about and to be prepared, as the initial move in presenting the case, to communicate that information to him in the form of a written submission agreement. Inability of the parties to state the issue constitutes strong evidence that the case has not been properly processed through the grievance procedure and that it is not really ready for arbitration. The arbitrator's decision can hardly be expected to be superior to the clarity of his understanding of the issue and he is not likely to get a clear picture of it unless the parties first apprehend and then effectively transmit it to him.

At the beginning of the hearing, the complaining party should specify the contract provision which he contends has been violated and the defending party should indicate the provision on which he bases his case. Since the arbitrator is interested in getting all the information he can with regard to the controversy and the position of the parties with respect thereto, he is inclined to be liberal in admitting evidence of questionable relevancy. This practice often results in the presentation of arguments that carry little or no weight, but it does have the advantage of giving each party the feeling that he has been given the opportunity to place before the arbitrator every aspect of the case which he considers important.

The persons presenting the respective sides of the argument should keep in mind continually that the arbitrator is dependent upon them for the information he needs on which

to base a sound decision. If a stenographic record is not being made, they have an additional responsibility to make their presentations clear since the arbitrator must take his own notes and attempt to formulate pertinent questions to bring out the information he needs to acquire a clear understanding of the problem as a means of reaching an informed and intelligent decision. Post-hearing briefs are filed if the parties desire or if the arbitrator feels that they are necessary for a satisfactory understanding of the case.

Arriving at a decision involves both ascertaining the facts and determining the principles which should govern their significance. Usually this is no automatic process but calls for the exercise of the best judgment the arbitrator can muster. Very often the terms of the contract do not provide a ready solution to the problem. Had they done so, the case would in all probability have been decided at one of the steps in the grievance procedure. For example, take a case involving the discharge of workers, one of the most common types with

which the arbitrator has to cope.

The contract will probably state that management has the right to discharge an employee for "reasonable and proper cause." A situation has arisen in which the union and management are in lively and vigorous disagreement as to whether or not there was "reasonable and proper" cause for a discharge. In a sense, such arbitration is a continuation of the collective bargaining process because the arbitrator's award will have the same binding effect upon the parties as if they had negotiated its terms and placed them in the contract. Henceforth the expression "reasonable and proper" will either include or exclude the type of conduct ruled upon.

In connection with the arbitration of discharge cases, it may be worth while to point out that the employee's rights in connection with his job have expanded greatly since the days when he could be fired at will and was entitled only

to receive wages for the hours worked. A job is now a thing of value with rights to holidays and vacations with pay, health and welfare benefits, pensions and perhaps supplementary unemployment benefits. It is not too much to say that the well-being of a man and his entire family depends on what happens with reference to his job. This points up the responsibility which an arbitrator assumes in accepting an assignment to this type of case.

Just as we have traditionally held in this country that a person could not be deprived of other property rights, without due process, the worker now has his guarantee of due process, with reference to his job, through arbitration. On the other hand, the arbitrator must remember that the high standard of living which we enjoy in this country is based on high productivity per person which, in turn, rests largely on the ability of management to exercise its prerogatives and functions, which include the right to maintain a work force composed of individuals who are honest and efficient. The arbitrator, therefore, tends to be hesitant about substituting his judgment for that of management in discharge cases. Actually, what constitutes a "reasonable and proper" cause for discharge will vary considerably with the job, the industry, and the tradition which has developed in the particular enterprise.

In recent years, awards of arbitrators have been compiled and published on such an extensive scale that it has become customary for the parties to cite and the arbitrator to consult the published decisions of other arbitrators. Since many cases are not considered to be of enough general interest to warrant publication and since some companies and some unions are opposed to publication, and decisions are not published without the consent of both parties, the published reports are incomplete in their coverage. However, one major set of published awards covering the past twelve years consists of twenty-seven volumes. One can find there a good cross-section of opinions on most any type of issue

that is likely to come up. Ordinarily an arbitrator does not feel bound by the decisions of other arbitrators but reserves the right and regards it as his duty to decide each case on an individual basis. Arbitrators will naturally differ among themselves with regard to how much weight they place upon previous decisions. If the prior award concerned the same parties and contract terms, it is usually given considerable weight. Under these circumstances it seems best to let the first interpretation stand until the parties annul it by negotiating a new contract provision. The assumption is that, when the parties take a dispute to arbitration, they seek not merely a solution to that particular deadlock but also guidance for similar cases in the future.

Arbitration is now so widely accepted as an instrument for settling differences between unions and management, with reference to what their contracts require, that it is difficult to realize that prior to World War II it was used in only a few industries. Arbitration has, of course, its faults and limitations. To achieve best results, it must have whole-hearted acceptance from the parties and be served by arbitrators of integrity and competence who are neither timid nor overconfident and who feel a sense of responsibility for the success of this vital and constructive force in industrial self-government. It should be recognized as a supplement to, rather than a substitute for, genuine collective bargaining and assiduous processing of grievances. But arbitration has contributed greatly and in the future will doubtless contribute even more to sound administration of collective bargaining agreements and thereby to the smooth functioning of our economic system.

THE PROFIT MOTIVE AND DEEPER MOTIVES

BY DR. M. K. HORNE, JR.

Read at a meeting of "THE EGYPTIANS" Nov. 21, 1957

The first time I ever went to New York, I was a fledgling economist just out of graduate school, and my companion was a young Presbyterian minister. We two country boys emerged in our car on the east side of Holland Tunnel into the most terrifying traffic we had ever seen. We found our fumbling, embarrassed way through the busy streets of New York to a hotel somewhere near Times Square. The bell boy, relishing our obvious bewilderment, reminded us somewhat haughtily that we were now at "the crossroads of the world."

My friend and I walked to the hotel room window and looked down at the shoving, churning pattern of activity on the streets below. After a moment he said:

"I wonder what makes it tick."

I take this as the text of my paper this evening.

What makes us tick?

My preacher friend, looking down from the hotel window, was not thinking merely of the traffic below or of all the overwhelming sights we had seen that day. He was mindful that we had found all this at "the crossroads of the world." He was thinking of it as the symbol of man's shoving, tense pattern of activity everywhere. He was asking, with a suddenly deepened sense of wonderment: From whence comes the push, the drive, the motivation that makes men work and strive as they do?

Being a young economist, I was not much impressed with his question at the time. Young economists have the answer to that question: It is the profit motive which makes mankind tick. The desire for income makes men work, guides business decisions, and fixes the course of the commerce on the streets

and the roads and the high seas. The profit motive leads us as if by an "invisible hand," in Adam Smith's phrase, to choose our work, to make our business decisions, to strive as hard as we strive, and incidentally to serve, perhaps unwittingly, the general good.

My preacher friend has never understood much economics, but he was and is a profound man in some other realms of the mind. Not only was he deeply religious. He was also, for a preacher in those days, extraordinarily interested in the study of psychology. For such a man, the real motivations behind our economic system are far deeper, subtler, and more mixed-up than the simple concept of the profit motive. There was more to his question than I realized.

Economists, of the more mature sort, are too cautious to make many sweeping statements about the profit motive. Nearly every text-book of economic principles devotes a few pages to some hedging on this matter. Somewhere there will be a rather parenthetical statement that this book is merely describing certain tendencies which exist, and that in real life there are extraneous forces which complicate these tendencies. But the great emphasis of virtually every text-book is upon a system of human responses to the omnipresent force of the profit motive. In so far as economics has any systematic body of principles, it is based upon two things: First, the law of supply and demand, which has to do with the way values and prices are determined; and second (the subject of this paper) the profit or income incentive, which is taken to be the real motivator of economic activity. The typical text-book opens with the proposition that all human beings have wants for certain things which are scarce, that these scarce things are economic goods (including services), and that economic life is organized around man's effort to get for himself these wanted goods. This simple theme reaches into many complicated matters as we explore, for example, the way in which a business firm is supposed to "maximize" its profits—but

wherever we look throughout the principles of economics, the assumption is generally accepted that the real motivator is the profit motive. This same assumption is widely accepted by laymen, including business men, as they glibly explain the nature of our economic system. "Money makes the mare go."

And yet, in another sense, all of us know it isn't so simple as this. A deeper knowledge is written in the wisdom of the ages: "Man lives not by bread alone."

There is a deeper knowledge to be found also in the common sense and good judgment of business executives. The very man who talks in principle about the simple guidance of the profit motive often owes his success to the fact that he understands and can handle people. In practice he demonstrates his knowledge of the fact that business decisions are often governed by a lot of things others than the profit motive.

And there is often a deeper knowledge also within our own private thoughts. We may be able to accept the notion that other men respond primarily to the profit motive, but as each of us looks within himself he is likely to find some big qualifications.

There is, in fact, much evidence that the profit motive is not the only motivator of contemporary economic life. Consider, first, the so-called "working man."

Recently I was talking with a personnel man attached to the management of an industrial plant. He said that when his group sits down across the bargaining table from the representatives of the labor union, the people on both sides of the table already know within a small margin of error what the final settlement will be. The economic considerations could be settled promptly. The whole bargaining procedure, which may stretch on for many days, is primarily an exercise in psychology, as he explained it. The big thing is to give the rank and file worker a feeling that he has made the management worry and squirm over the terms on which his services

will be available. This is the one time in the year when the worker can vent his great urge to tell the boss to go to hell. Smart management can allow the worker this psychological lift without having it cost anything.

On the other hand we have known of cases where costly strikes dragged on for a long time because management took the opposite attitude. It offered perhaps more money than it had to, but insisted upon doing so with an attitude which conceded nothing to the right of the workers to be looked upon as human beings with some measure of dignity and self-respect.

Specialists in the field of personnel management have developed a great deal of new light on the subject of worker attitudes in recent years. They have found, among other things, quite a contrast between the way workers say they feel about their jobs and the way some managements think the workers feel. Several hundred employers were asked to rank the importance of certain factors in the morale of their workers. They ranked wages first and job security second. But their employees, several thousand of them, when asked the same questions, gave first place to "credit for work done" and second place to "interesting work." Wages ranked third, and job security was eighth, coming after "understanding and appreciation," "counsel on personal problems," "promotion on merit," and "good physical working conditions."

Any survey of this type may be subject to a lot of criticism. It may not get results that are wholly reliable. But a great many studies of this general nature have been made, and they leave little room for doubt that ordinary factory workers are strongly motivated by such things as the need to be treated with dignity and respect, and the urge to do work that is interesting and worth while, as well as the desire for money.

Let us turn now to consider business people at the higher levels of income and responsibility. Do they make their

decisions and perform their work solely or largely out of the profit motive?

Many of the most successful business men have more money than they could dream of spending upon themselves or upon their families and friends. They are sometimes men who do not even enjoy this world's goods very much. Some of them could not be accused, by any stretch of the imagination, of working primarily for the purpose of making all this money so that they may give it away to some philanthropic cause. Yet, with no apparent use for the money or for what it will buy, they drive themselves and others with great zeal. Is this the profit motive?

Only a small number of the officers of big corporations are in this class. Most of them have incomes which, after taxes, fall far short of providing everything they could wish. What makes these management people tick? Is it income or the hope of income? I would venture to guess that this is only part of the answer at best. There have been some studies which suggest that a vice president of Company A is not nearly so worried about the absolute size of his income as he is about the way it compares with the income of another one of Company A's vice presidents right down the hall. In a group of 30 companies it was found that the research director with the highest salary got five times as much as the research director with the lowest salary. This apparently created no stir. But when one company decided to hire a public relations director and paid him \$2,000 more than it was paying its research director, the sparks quickly began to fly. Any one who has had much to do with salary practices in any organization finds here a familiar ring. A man's or a woman's salary is far more than the means whereby he purchases goods and services. It is also a measure of the esteem in which he is held, of the relative rating which he is given, by the people above him. Cut every one's salary ten per cent, and he will survive well enough. Raise the other salaries and leave his where it is, and you will crush him. Is this the profit motive?

It has long been recognized that one of the most common objectives of corporation managements is to hold their place of market leadership, or to defend or to improve the relative size of their markets, against their competitors. This may be consistent with the profit motive at some times and inconsistent with it at others. There are perhaps many other motivations, besides a cold analysis of profits, which influence corporate decisions. Chester I. Barnard, a former president of the New Jersey Bell Telephone Company, said this:

"My observation in several different well-managed businesses convinces me that business decisions are constantly being made that are not based upon economic motives. This is something that businessmen seldom admit, and of which they are frequently unaware. Prestige, competitive reputation, social philosophy, social standing, philanthropic interests, combativeness, love of intrigue, dislike of friction, technical interest, Napoleonic dreams, love of accomplishing useful things, desire for regard of employees, love of publicity, fear of publicity—a long catalogue of non-economic motives actually condition the management of business and nothing but the balance sheet keeps these non-economic motives from running wild."

When the classical economists were at work in the early 19th century, providing certain ideas which are basic in economic theory to this day, the science of psychology was in a very primitive state indeed. Yet economics then, as now, had to be founded in certain respects upon what was known of psychology. These economists took their psychology mainly from Jeremy Bentham, and their fundamental notion about human motivation was this: that work is a painful experience, and the enjoyment of the goods obtainable through work is a pleasant experience, and man is a calculating creature who carefully weighs the pleasure of consumption against the pain of work, and works precisely as long as the pleasure outweighs the pain. Since this view of psychology was generally

held, we have had the works of Darwin, of William James, of Freud, and many others. We have come to know something of how man is driven by instincts; we have come to know that he is a creature of habit and of emotions (usually well rationalized).

Economic theorists through the years have tried to make some adaptations to this developing knowledge of psychology. Thorstein Veblen, writing in the early part of this century with a real knowledge of anthropology and psychology, tried radically new approaches to the whole subject of economics. I personally do not pose as an adequate student of all these things. I know very little indeed of the science of psychology, and all too little of economic theory. But as a by-stander, occupied mainly with more "practical" things, I cannot help sensing through my limited knowledge something of what these subjects mean for us.

This much seems apparent. Economists have been for a long time, and are today, struggling to get hold of a new body of principles which will make realistic allowance for the true nature of human beings. There is a great probing into the psychology of consumers, of laborers, of management people, and of other economic groups. Some very provocative books are being published in this general field—notably *Psychological Analysis of Economic Behavior* by Katona and *Man, Motives and Money* by Lauterbach. The safest thing which can be said is that the study of the motivations underlying our economic behavior is still in its infancy.

Every person who thinks much about this subject, and gives it even a passing amount of study, is tempted to form his own ideas as to the pattern of motives which animate our economic world. I shall present mine, not with any thought that they approach completeness or finality, but rather in the hope that they will provoke discussion. Also, it seems to me that some of my general conclusions may be somewhere near right, even if my particular list of motives is wrong. I have

the impression that every professional psychologist would be prone to name a longer list of motives, and I have no quarrel at all with this. But to me it seems that there are essentially four big things in human nature which hold the key to economic behavior.

The first is the urge in every living person to be, somehow or other, significant. This urge can find a great range of expressions. People want to be respected. They want to be appreciated. They strive to be important. They have pride. Pride in some form or other (often some very curious form) flares brightly in the soul of every person, high or low. Each wants to feel, in some way or other, that he is an especially noteworthy phenomenon. All this, as I see it, is an expression of man's ego. It is hardly praiseworthy. It can be despicable. But it is one essential part of man's nature. It somehow equates with simply being alive.

The second of the motivators for economic activity is what Veblen called "the instinct of workmanship." Man has a basic craving to be creative in some sphere. He wants to do something that he can feel he does well. Work is not all pain, by any means. If it is the right work, under the right circumstances, we love it—even with a passion. Work has some vital connection with our mental and even our physical health.

All across the map of our economic world, men are using their hands and their minds because, in part at least, they are driven by these two motives: the urge to be important and the instinct of workmanship.

For the third thing, I would recognize that men are motivated *in some part* by the desire for the intrinsic usefulness of the goods and services that they can buy with the money they earn. We do indeed work because we want to buy things. How obvious. Yet we must look more deeply to consider why we want to buy things. To some extent we are responding to the first motive that I have already named:

pride, the desire to be respected, to have status, to be and seem important. We probably convince ourselves that this is not true in our own case, but we can always look at the other fellow and understand that it is true in his case. Often the situation is much subtler than anything like a desire to seem important. It may be a desire to seem modest, refined, and of good tastes. Still it is a desire for status, and to some extent we want to buy things because they give us status.

But in my third point I am talking about the more obvious reason for wanting to buy things. To some extent we want them because of the satisfaction they give us without regard to other people. We like steak better than hamburger. We like a comfortable house because it is comfortable. We may buy a book or a ticket to the opera or to a football game purely because we enjoy it. We may want a big car because we think our family will be safer in it. We surely want to be able to buy the best medical care. And so on. For lack of a better phrase, I shall speak of all this as the desire for creature comforts.

Now we pause to draw some conclusions from these three motives which make us work and strive: the urge to be important, the instinct of workmanship, and the desire for creature comforts.

Making money has something to do with each one of them, but making money is not the whole story with any one of the three. Sometimes the profit motive leads us toward achieving one of these three goals, but sometimes it leads in the opposite direction.

Take, for example, the desire for creature comforts. Money is pretty basic here—but sometimes, by working hard and long to make money, we deprive ourselves of the leisure time to enjoy those comforts, or we injure our health.

Take the instinct of workmanship. It often goes hand in hand with making money—but there are many exceptions. For example, it is a commonplace tragedy for a man, trained

in a profession which he loves, to leave behind him the real work he enjoys in order to accept an administrative position. He usually does this for money, or for prestige, or for both.

Take the desire to be important. Money surely helps. Yet a man's ego may lead him to sacrifice money in order to run for a public office or to accept the presidency of some organization.

We could go on and on with big and little illustrations of the same theme. The theme is essentially this: Beneath the profit motive are deeper motives. Sometimes the profit motive is in harmony with these deeper motives, and sometimes it is in conflict with them. If we want to understand what guides our economic decisions, and what makes us work, we have to recognize that it is no such simple thing as the profit motive. Men are pulled and tugged by a pattern of deeper motives.

Some economic writings suggest that the profit motive is the special province of the business man, and that the non-business man lives outside the province of the profit motive, in another sort of world. This is because economic theorists, reasoning from the assumption of the profit motive, think they can explain the actions of business men, but when they get to school teachers, trained nurses, and missionaries, they are completely stumped. Actually, however, when we get to the deep truth of the matter, we have to recognize that all of us—doctors, lawyers, teachers, engineers, farmers, business men—all of us live in a world of the same deep motivations. We have different talents and different philosophies of life, but every one of us is moved by the urge to be important, *and* by the instinct of workmanship, *and* by the desire for creature comforts. One man will take a low salary because his ambition and his interests lead him into a certain field of work—but he is still awfully sensitive about that salary and about the chances of getting it raised a bit. Another man will make big money in a business position, but he is still a frustrated man unless he finds food for his ego and for his creative instincts.

Let me go on to complete my list of four motivations. The fourth is genuine altruism. Both economics and psychology have been prone to skirt around this side of man's nature, but it is just as real and basic as any other side. A part of what we do is primarily unselfish. Religion is real, and it begets unselfish acts which cannot be explained by any kind of ulterior motive. It is not realistic at all to try to understand our economic world as being purely a function of selfishness. It is also influenced profoundly and constantly by human motivations which are sublimely unselfish. I question whether it could hold together for a week if men were not governed in part by tolerance toward the faults of one another, by a willingness to return good for evil, by submission to a spirit of live-and-let-live, and by a genuine desire to be of service in ways which go completely beyond the reach of the profit motive.

There never has been an economist who took the profit motive more literally and seriously than Karl Marx. Few if any have ever dealt with it more brilliantly. He pursued it to logical conclusions, and he concluded that it wouldn't work—that a society which followed its guidance would destroy itself. His main fault, or one of them, was just the fact that he took too literally the assumption that man is purely a selfish creature, selfishly pursuing his economic advancement. Marx himself was an embittered man, who had observed too little of the kinder side of human nature. He did not realize how profoundly the profit motive can be tempered by man's sense of social responsibility. He failed also to see how far the creative nature of man can reach through and beyond the profit motive.

When we view unselfishness as one part in this four-part pattern of human motivations, we raise some interesting questions as to who are the more unselfish people. Just for example, think of the highest calling, the ministry. A man who goes into the ministry may renounce some creature com-

forts; he may be doing an unselfish thing. Yet if we observe the status of the ministry today, we see much evidence that it provides strong nourishment for the ego. Who is the focal center of more attention than the ordinary preacher? I would suggest that the ministry includes some of the more selfish members of our society, as well as many who meet the highest tests of altruism. The highest calling, rather than setting men apart from the usual pattern of human motivations, perhaps merely puts those men to the highest test. Real unselfishness may be found just as often in the large corporate organizations which have been spawned by modern society—where men are obliged to play on big teams, and few of them get to call the signals. Typically, they have to subordinate their egos and their creative interests to the over-all needs of the team. In the great bureaucracies which are now present everywhere—in business as well as in government—we have a lot of politicians who think mainly of themselves, and we have a lot of dedicated men who think mainly of the team.

There are some other things about this four-part pattern of motivations which I can only mention with a few words for each:

First, we all want security, but the security we want is not something that can be measured in dollars. It reaches deeper. We want security for our pride, for our dignity, for our value to our fellow men, and for our opportunity to be doing something that is creative or interesting.

Second, the four motives which underlie the profit motive are not in harmony with one another. They often pull against one another.

Third, the relative importance of these motivations in our lives is far from constant. They shift about. At one time pride can take the upper hand in a man's decisions, at another time the urge to do something creative, at another time the desire for creature comforts, and at another time the sublime impulse

to do something for other people. Some men, of course, have a far more constant character and philosophy than others.

Fourth, underlying all that I have said, there is another fact which greatly complicates the whole picture: A man does not have these basic motivations for himself alone. He has them for his family, for the organization with which he works, and perhaps for others. He may have these motivations on behalf of his friends, his fellow workers, his students, his customers. He may restrain his personal ambitions in order to bring home a bigger pay check to his family, or he may do just the opposite. As he plays out his role in some organization, he may think mainly of the organization or mainly of himself.

When a man holds a key position in a typical corporation, it is all very well to say that his interest is identical with that of his firm, but actually there is a difference. An individual may rationalize the difference completely out of his own mind, but he cannot keep his fellow workers from seeing it. Sometimes he does things that are good for himself and bad for his firm. Sometimes, if he is a fine character, he does things that are bad for himself but good for his firm.

Finally, a man seldom, if ever, can achieve a completely objective analysis of these four motivations as they function within his own life. From day to day or from year to year, as we shuffle these motivations into place, we do it more by emotion, more by habit, more perhaps by following the examples of others, than by clear, objective observation and reasoning as to the values we wish to serve in life. The power of rationalization is a sinister force in all mankind. One man may be strongly convinced in his own mind that he is quite an altruistic character, when the truth is that his deeds spring mainly from clever plans to serve his ego, and he selfishly devotes a great deal of his energy to persuading himself and others that he is unselfish. Another man may be far more decent and altruistic in his whole scheme of life, and yet for the very reason that he is unselfish he thinks and talks less

about the things that would tend to draw attention to his unselfishness. The only antidote for this universal human tendency is simply to be aware of it and to try to allow for it as we seek to understand our own motivations. The man who is most confident of his own objectivity is likely to be the least objective. The man who seeks most humbly to penetrate the meaning of his rationalizations is likely to be the most objective.

When my preacher friend looked down from the hotel window and asked "What makes it tick?," he opened a question in my mind which is certainly far from answered. I only know with confidence that it is not simply the profit motive. I am sure that the question justifies all the study which it is receiving today. I am sure every man needs to do his objective best to find the answer.

He needs the answer, first, in order that he may understand how to get along with his fellow man.

He needs it, second, in order to understand himself and to get along with himself. As we work and strive from day to day, we are drawn not by one but by a complex group of motives, and they pull against one another and create the tension in our lives. We are driving a team of wild horses. The more we understand them, the better we can control them. As a man plans his life, and as he takes stock of himself from time to time, his judgment will be better if he has a good perspective on the whole list of things that he wants from our economic world.

Finally, we need to know what makes us tick, in order to understand our economic society. It is a good economic society, perhaps the best in history. What has built it to its present eminence? The profit motive is an essential feature; we could not go on without it. But the profit motive could never keep this economic society from going down. It is more in the nature of an essential mechanism than the deep,

vital source of our power. Deep at the source of our power is the tradition of individual freedom, which gives range and scope to the real motives that push man forward to economic achievement.

SOME FOOD FALLACIES

BY HUBERT GARRECHT

Read at a Meeting of "THE EGYPTIANS," December 12, 1957

Man has always been interested in food, and magical properties and beneficial qualities have been attributed to foods, from the earliest days of recorded history. Each era and each nation has discarded some of them, and introduced others equally baseless. The 20th century has its own brands of food misinformation despite the development of the sciences of nutrition and medicine.

Many of the earliest beliefs were founded on benefits to be gained by the living, in health and desirable qualities; and by the departed spirits in tranquility and happiness.

Pliny, naturalist of ancient Rome, wrote that Nero ate leeks to clear his voice, and many of his countrymen ate lettuce to clear their senses. Juice from the hearts of artichokes was used as a tonic to restore the hair.

The Egyptians worshiped garlic, fed it to the laborers building the pyramids to endow them with strength. The Greeks hated garlic. They compelled criminals to eat it to purify themselves of their crimes.

An American "Guide to Domestic Cookery," published before 1810, had this to say about bread, "It should ripen before it is eaten. It goes through a change similar to that in newly brewed beer . . . not only has one-fifth more nutriment, but imparts a much greater degree of cheerfulness. He that eats old ripe Bread will have a much greater flow of animal spirits than he would were he to eat unripe bread."

Another bit of advice—"Economical people will seldom use preserves except for sickness. They are unhealthy, expensive and useless to those who are well."

However, some of the early beliefs were founded on truth, even though scientific explanations were not available. For

example, potatoes and lemons were known to prevent scurvy, fruits and vegetables were considered health giving, and many herbs still serve the science of medicine.

Food misinformation still exists and fallacies passed from one generation to the next encourage poor eating habits and supply poor nutrition. Medicine men have been replaced by pseudo nutritionists selling products ranging from miracle reducing pills to overrated special foods.

Some fairly popular beliefs include—

Fallacy: Home-ground flour is vastly superior to that which is commercially ground.

Fact: Home-ground flour has the same food values as whole wheat flour ground in a commercial mill. There is no more justification today for grinding one's own flour at home than there is for going back to the pioneer spinning wheel and loom, to weave the cloth for all of the family's clothing.

Fallacy: Rice, plus regular diet, cures high blood pressure.

Fact: The restriction of sodium and calories are the two factors known to be effective in reducing blood pressure in certain cases.

The Kempner rice diet which is very low in sodium has been used to lower blood pressure; however, this diet is very monotonous and far from what is commonly called a "regular" diet. Rice plus a regular diet does not have the property of a cure for high blood pressure.

Fallacy: Raw potatoes cause pinworms.

Fact: The source of pinworm infection is contaminated food. Pinworms can occur in any food handled in an unsanitary manner. Raw potatoes do not cause pinworms.

Fallacy: White rice, spaghetti, and macaroni have the same food value as white potatoes.

Fact: All of these foods are high in starch, but vary in vitamin and mineral content. Potatoes provide a fair amount of vitamin C, while the other foods do not contain this vitamin. White rice, spaghetti, and macaroni contain small quantities of the B vitamins, calcium, and iron. Potatoes contain more of these nutrients than do the other three products.

Fallacy: "De-starched" potato chips do not have calories.

Fact: All the starch in potatoes cannot be removed, and, therefore, the term "de-starched" is not an accurate one. Even so-called "de-starched" or "low-calorie" potato chips have calories because of the remaining starch and because of the fat used in frying the chips. Actually, the fat contributes more calories than the starch does.

Fallacy: Sugar with lemon juice added to it can be allowed on a diabetic diet.

Fact: Lemon juice does not reduce the caloric value of sugar even though it helps to lessen the sweet taste.

Fallacy: White eggs are more nutritious than brown.

Fact: The nutritive value of an egg is not related to the color of the shell. Shell color varies from white to deep brown. Color is determined by the breed of hen.

Fallacy: Raw eggs are more nutritious than cooked.

Fact: The extent to which cooking influences the digestibility of the egg has been the subject of much investigation. The method of cooking eggs influences the rate of digestion, but only slightly affects their total utilization.

Fallacy: Gelatin is one of the best sources of protein.

Fact: This statement implies that gelatin could be used as the only source of protein in the diet. This is not true because gelatin does not contain all of the amino acids needed for growth, repair, and maintenance.

nance of the body.

Fallacy: Large amounts of gelatin dissolved in water and taken as a food supplement will strengthen fingernails.

Fact: Fingernail formation apparently is influenced by a number of factors including the state of nutrition, endocrine state, disease, and environment. Gelatin is a pure protein. Whether protein of itself, in any form, will improve fingernail condition is questionable.

Fallacy: Fish and celery are brain foods.

Fact: Special foods do not build special tissues. Possibly this belief arose from the fact that nerve tissue, which comprises a part of our brains, is rich in phosphorus, and fish provides phosphorus-containing compounds. But meat, poultry, eggs, and milk are also rich in phosphorus. It is a mystery how celery, which contains little phosphorus, became known as a brain food.

Fallacy: Oysters, raw eggs, lean meat, and olives increase sexual potency.

Fact: These foods, as well as all others, contribute toward health and well-being, but do not have special properties which increase sexual potency.

Fallacy: Adequate protein may be obtained from fruits and vegetables.

Fact: Because people usually consume a limited variety and quantity of fruits and vegetables, it is difficult to obtain adequate protein from these sources. Vegetarians, in addition to eating fruits and vegetables, usually eat a variety of grains, legumes, and nuts which contribute toward adequate protein in the diet. Other people who exclude meat from their diet derive proteins from milk, cheese, and eggs. Dried beans are one of the best plant sources of pro-

tein; but even when two portions (2 cups of cooked beans) are used in a day, one would still need to eat 12 to 15 servings of other fruits and vegetables such as potatoes, oranges, peas, and squash in order to get enough protein. Therefore, most persons prefer to use meat, eggs, cheese, and milk to obtain the proteins they need every day.

Fallacy: The nutritive value of foods raised on "depleted" soil is poor. The nutritive value of milk or meat from cattle raised on foods from inferior land is poor.

Fact: The quality of the soil influences the quantity of the crop raised more than the nutritive value of the crop. Slight variations in the nutritive value of crops can be related to soil fertility. Experiments have shown that the nutritive value of a given crop, such as wheat, is influenced more by the kind of seed planted than by the fertility of the soil. The important nutrients in milk and meat are not influenced by the feed of the animal. However, the quantity of animal products is related to the quality and quantity of food eaten by the animal.

Fallacy: Additional food is needed for mental activity.

Fact: Additional food is not needed for mental activity. Three meals, equally distributed through the day, will support optimum work efficiency.

At the University of Minnesota in the Laboratory of Physiological Hygiene, a study was conducted on a group of twelve normal young men who went without food for four and a half days on two different occasions, separated by a period of six months. Psychological tests and direct observations indicated that the subjects were not affected intellectually by the stress of starvation. The intelligence tests showed little or no change.

Fallacy: Meat burns its own calories.

Fact: This belief is not based on fact. The calories from meat are utilized by the body just as those of other foods used. It is the purpose of high protein foods, such as meat, to build and maintain tissues and provide body warmth and energy.

Fallacy: Breakfast may be omitted by an adult.

Fact: Breakfast is important to everyone because it supplies energy which promotes work efficiency. A well-balanced breakfast which includes some proteins helps keep a person from getting too hungry and over-eating at lunch.

Fallacy: Oysters and beer are a poisonous combination.

Fact: If oysters have not been contaminated by disease bacteria and if they are fresh, they should not cause distress. The combination of oysters and beer is not harmful. Excess beer would be harmful, even if served alone, because of alcoholic content.

Fallacy: Proteins and starches should not be eaten during the same meal.

Fact: Proteins and starches can be safely eaten together. In fact, many foods are a combination of protein and carbohydrate. The digestive juices in the stomach and intestines act upon the proteins. The efficient action of intestinal enzymes can be depended upon to digest any starch which escapes digestion in the mouth and stomach. It is important to chew starchy foods thoroughly.

Fallacy: Vegetable-fat frozen desserts are low in calories.

Fact: Vegetable fats contain as many calories as other fats do. This fallacy may have started from the theory that food stuffs from animal sources are more completely utilized by the body than those from vegetable sources. Contrary to popular opinion, all fats are equally well digested.

Fallacy: Margarine contains fewer calories than butter does.

Fact: This is not true. The caloric content is the same in butter and margarine.

Fallacy: Frozen orange juice has less nutritive value than fresh.

Fact: The major contribution of orange juice to the diet is vitamin C. These two products are remarkably similar in their vitamin C content.

Fallacy: Ripe and sweet cherries destroy worn-out tissue in the body.

Fact: No food destroys body tissue, hence cherries cannot do so. The best way for older people to keep their bodies in good condition nutritionally is to eat daily a diet which contains in sufficient quantity all of the nutrients which the body needs. As people grow older and are less active than they were in younger years, they need the same variety of foods as they did, but in smaller amounts.

Fallacy: Vegetable juices are more nutritious than the vegetables themselves.

Fact: The nutritive values of vegetable juices and vegetables are approximately the same. Whole vegetables are an important source of bulk in the diet.

Fallacy: All fruits and vegetables should be eaten raw.

Fact: The origin of this idea probably lies in the theory that foods should be eaten in their natural state. However, vegetables are cooked for two reasons: to soften the cellulose so that they will be more easily digested and, in some instances, to make them more acceptable to the taste. Overcooking may cause excessive loss of minerals and vitamins.

Fallacy: Canned vegetable products have less nutritive value than fresh, cooked vegetables.

Fact: No such general statement should be made. The nutritive values of the canned and the freshly cooked

product are dependent upon the nutritive value of the original food and the method by which it has been prepared.

Fallacy: Green glass jars keep food from spoiling.

Fact: "Keeping" qualities of food are dependent on the sterilization of the product and the container rather than on the color of the glass. The fact that clear glass jars are in common use today suggests that they are satisfactory.

Fallacy: Beets are beneficial as a cleansing food.

Fact: Beets do not have a special property, such as that of cleansing. They, like most vegetables, provide some of the minerals and vitamins needed by the body.

Fallacy: In cooking "poke" or other greens, it is necessary to change the water three times.

Fact: It is not a good practice to change the water when cooking green, leafy vegetables. All greens should be thoroughly washed before being cooked. The least amount of water used in cooking green, leafy vegetables permits the greatest saving of vitamins and minerals.

Fallacy: It is dangerous to leave food in a can that has been opened.

Fact: The United States Department of Agriculture has released the following information: It is safe to keep the food in the original can after it has been opened. It is important to cover the can and to keep the food cool. A few acid foods may dissolve a little iron from the can, but this is not harmful or dangerous to health. Cans and foods are sterilized in the processing. Another container might have bacteria on it, which could cause food to spoil.

Fallacy: Vegetables of the cabbage and onion families, as well as cucumbers and radishes, are indigestible.

Fact: Such a generalization cannot be made. Personal idiosyncracies will explain many instances in which

a food is digested with apparent difficulty. It must be assumed that many persons are peculiarly sensitive to some chemical substances contained in an offending food.

Fallacy: Sour cream contains fewer calories than sweet cream.

Fact: The calories in sour and sweet cream depend on the percentage of fat in each of them. Commercial sour cream and coffee cream usually contain 18% fat. Consequently, one ounce of sour cream would have the same number of calories as one ounce of sweet cream.

Fallacy: Only young children need milk.

Fact: It is very difficult to plan menus for older children and adults which are adequate in calcium and riboflavin if milk and milk products are not included. One quart of milk each day is recommended to meet the needs of growing children and one pint daily for adults.

Fallacy: Adults need no milk.

Fact: While it is possible to plan an adequate diet without milk, it is neither practical nor economical in this country.

Fallacy: Milk should not be included in a weight reduction diet.

Fact: Because of its high content of protein, calcium, and riboflavin, whole or skim milk usually should be included in any diet, reducing or otherwise.

Fallacy: Milk is constipating.

Fact: The statement that milk is constipating is not based on fact. The only objection to milk is that the patient who takes it in large quantities is less likely to eat other foods in amounts sufficient to give him the necessary bulk. It is proper to give milk to the constipated patient, provided he obtains sufficient crude fiber from his other foods.

Fallacy: Eat "Wonder Foods," such as yogurt and blackstrap molasses, to keep young and fit.

Fact: These so-called wonder foods do not contain unusually nutritious properties. For example, crude molasses has more vitamin B and iron, along with impurities, than refined molasses has, but the average person does not use enough molasses to add appreciable amounts of iron or the B vitamins to his diet.

Fallacy: These combinations are poisonous or harmful:

Milk and oysters	Milk and lemons
Milk and fish	Milk and tomatoes
Ice cream and oysters	Milk and cherries
Milk and chili	Milk and cucumbers
Milk and spinach	Milk and oranges
Milk and lettuce	Buttermilk and cabbage

Fact: No experimental or clinical evidence indicates that combinations of natural foodstuffs such as those listed above are poisonous. Years of human experience with combinations of foods disprove the statements. Illness of persons from any food normally tolerated by man is due either to some cause outside the food, contamination of the food, or to an individual food allergy.

The statement that the combination of fish and milk is poisonous no doubt originated in the days before refrigeration, when, by coincidence, people who were eating fish that was not strictly fresh also happened to be drinking milk at the same meal. People who refuse to eat fish and drink milk today probably never think of it as inconsistent when they eat fish chowder or oyster stew made with milk, or fish with cream sauce. If two foods can be eaten separately, they can also be used in combination without harm. Spinach, spinach souffle, and creamed spinach also are commonly eaten with no evidence of harmful effect.

Fallacy: Water is fattening.

Fact: This is not true. Water is calorie free and therefore cannot be converted to body fat. Roughly two-thirds of the total body weight is made up of water. Changing one's intake of table salt is one way to change the concentration of water in the body. If the salt intake is reduced, the amount of water held in the body is reduced. This in no way changes the fat content of the individual person.

Fallacy: Drinking ice water causes heart trouble.

Fact: Drinking ice water will not cause heart disease. Some patients with arteriosclerotic heart disease may experience pain in the chest from different kinds of stimuli, such as the drinking of ice water.

Fallacy: Huckleberry tea will cure diabetes.

Fact: To date, there is no known cure for diabetes. Treatment for diabetes comprises dietary management, insulin, exercise, and general care, all of which should be well understood by the patient.

Fallacy: Uncolored soda-pop contains no calories.

Fact: Analysis of carbonated beverages shows that they contain 80 to 105 calories per cup. Color is no guide to the number of calories a beverage contains. Sugar dissolved in water forms a colorless liquid.

Fallacy: Sassafras tea thins the blood.

Fact: The idea that sassafras thins the blood appears as a part of American folklore. No scientific or technical references can be found which give a clue to the basis for this belief.

Fallacy: Coffee with cream is more harmful than black coffee.

Fact: Coffee without cream and sugar contains no calories. The addition of cream increases the caloric value but does not change the effect of the stimulating property of coffee on the body.

Fallacy: A grape juice diet is a cure for cancer and other diseases.

Fact: There is no experimental or clinical evidence that grape juice cures cancer or any other disease.

Fallacy: Wine makes blood.

Fact: There is no single food which is responsible for making blood.

Fallacy: Obesity is due entirely to heredity.

Fact: Obesity is caused primarily by overeating. More calories are taken into the body than are used and, as a result, fat is stored. Too many calories in the daily family meals may be responsible for all of the members of the family being overweight. While heredity may play a part in obesity, weight can be controlled by a limitation of calories.

Fallacy: Meal skipping is a good way to lose weight.

Fact: Meal skipping is a poor way to lose weight. It actually may increase appetite for the next meal or for between meal snacks, which results in increased food intake. Skipping of meals is likely to lead to the choice of unbalanced diets. Actually, several small and regular meals each day may provide greater satisfaction to the person on a reducing diet than the normal three-meal pattern.

Fallacy: Toast has fewer calories than bread.

Fact: Toast is bread that has been dried and browned. The water content is decreased, but this does not change the caloric content because water has no caloric value.

Fallacy: One must not drink water when trying to lose weight.

Fact: Water is essential to health at all times, and restriction of water intake should not be practiced except under careful medical supervision. When trying to

lose weight, it is desirable to drink water between meals because it often will relieve hunger pangs.

Fallacy: Sugar is not as fattening as starch.

Fact: Weight for weight, sugar and starch have essentially the same caloric value.

Fallacy: High protein foods and fruit have no calories.

Fact: This is incorrect. Both high protein foods and fruits provide calories in varying amounts.

Fallacy: Eat all you want until 4 p.m.—You'll lose weight.

Fact: Overweight is the result of a greater intake of calories in food than is needed by the body. The important point is what you eat, not when you eat it. Dividing the day's caloric intake into three or more meals is the best means of insuring the inclusion of all of the essential nutrients in a reduction diet.

Fallacy: Gelatin dessert is nonfattening.

Fact: There is no such thing as a fattening or nonfattening food. All the foods contribute calories in varying amounts. Simple gelatin desserts provide fewer calories than do cakes and pastries.

Fallacy: Grapefruit will reduce one.

Fact: No single food has weight reduction properties. Limitation of the diet to one food will no doubt enable one to lose weight, but the body's nutritional health could not be maintained on any one food.

Fallacy: Meat is fattening.

Fact: No single food is fattening. Calories from one food are exactly like the calories from any other food. On a weight for weight basis, fat meat has a higher caloric content than lean meat. If caloric intake exceeds energy expenditure, excess calories are stored as fat, no matter what type of foodstuff was the original source.

Fallacy: Exercise is the best way to reduce.

Fact: You would have to walk 36 miles to lose a single pound. Sawing wood steadily for a half-hour uses up only 200 calories. Your weight will remain steady

when you eat just enough to supply the energy you use. Excess calories are stored as fat. Cutting down 500 calories a day will reduce your weight a pound a week.

Fat has been condemned currently as a major cause of coronary heart or artery disease and has been the subject of articles in several popular magazines with a flair for "scare stories." Because heart disease is widely recognized as the "number one killer," great interest has been aroused.

Atherosclerosis refers to a spotty accumulation within the blood vessels of various fatty substances and scar tissue which progressively interferes with blood flow through the vessels. A blood clot superimposed on the spotty accumulation of mushy deposits inside the artery causes a thrombosis, blocking the flow of blood—a condition referred to as a coronary occlusion or a heart attack. This clotting of blood indicates to Dr. Paul J. Sanazaro of the University of California Medical Center at San Francisco, the likelihood of a disorder of blood coagulation locally, which is of equal significance with the thickening of the arteries.

Cholesterol is a large molecule present in all animal fats and oils, bile, gallstones, nerve tissue, egg yolk and blood. It is manufactured by the body and is found in the blood, and is among the fatty substances accumulated in the scar tissue inside the artery walls in atherosclerosis.

During the War, when dietary fat was restricted, a reduction in mortality from coronary disease in Europe was noted, though it did not coincide exactly with the changes in fat restriction, and there were comparable reductions in mortality from diabetes, cancer, tuberculosis and childbirth complications. Children had fewer tooth cavities. Certainly all of this can not be credited to fat restriction.

Equally adding to the "evidence" against fat was the varying incidence of coronary disease in different countries, appar-

ently in direct proportion to the amount of dietary fat. In Japan and Italy where the daily fat intake amounted to 50 grams or less than two ounces, the disease incidence and blood levels of cholesterol were low. Conversely, in the US and north European countries where the fat intake is over 50 grams a day, the incidence is high and cholesterol blood levels are high.

The tempting conclusion therefore is that excessive fat intake causes excessive blood levels of cholesterol which in turn cause coronary artery disease. The data, however, are fragmentary and not valid. The disease incidence correlates equally well with the total number of automobiles in each country; with the daily intake of refined sugar, animal protein—in short, with the per capita income.

Dr. Sanazaro feels that the preoccupation with cholesterol is largely an accident because it happens to be a substance for which there is a simple test. If tests for other related compounds had been available, an interest in their relationship to atherosclerosis might have developed. In man cholesterol feeding has no effect on the blood levels because the body manufactures its own cholesterol: when intake is reduced, the body produces more. Conversely, excessive amounts fed bring about a drop in body production. However, feeding of unsaturated fatty acids will reduce the level and saturated fats cause a prompt return to original levels. Cholesterol level is lowered by female sex hormones and certain plant sterols as long as they are taken. Brisk exercise also makes the level fall.

Considerable research has been done toward the concept that cholesterol may cause atherosclerosis and in many experimental animals artificial diets containing fats and cholesterol do induce a form of arterial disease which superficially resembles atherosclerosis with two important differences: the disease is not spotty as in humans, and it is not associated with the tendency to thrombosis. Similar lesions to those induced by feeding cholesterol to animals and fowl can be produced in

many ways unrelated to diet. Any type of injury to the wall of an artery, whether by cautery, X-ray, interference with its own blood supply or mechanical abrasion is followed by a healing process which closely resembles atherosclerosis. Certain induced vitamin deficiencies in the monkey are associated with arterial disease which closely simulates the early stages of the human disease. The vitamin deficiency lowers the blood cholesterol.

Dr. Douglas B. Frost of Abbott Laboratories, Chicago, told the meeting of the American Chemical Society in New York recently that he had caused atherosclerosis in rabbits by feeding them a diet in which hydrogenated coconut oil was the only fat. Non-hydrogenated oil from the safflower fed under similar conditions to another group of rabbits produced no thickening of the artery walls.

Hydrogenated or saturated fats are used in the manufacture of shortening and margarine. There is considerable evidence that unsaturated fats reduce cholesterol but as Dr. Sanazaro has pointed out, "cholesterol feeding has no effect on blood levels because the body adjusts its production of the substance to the intake."

Dr. I. S. Botwinick of New York gave a report which was said to be the first precise list of cholesterol content of foods commonly used in America. One pat of butter contains 12.6 mgs. of cholesterol; an egg contains 64.5; a teaspoon of mayonnaise 17.3; 4 ounces of lean sirloin steak 94.8; cherry pie 80; vanilla ice cream 21.6.

"Evidence and experiments have developed a confusing mass of information. There is no proof that lowering of the cholesterol level will prevent atherosclerosis. Similarly, there is no proof that it prolongs life in those who have overt heart disease resulting from atherosclerosis. The only effective treatment to date which has proven its worth is that directed at preventing the occurrence of thrombosis at the sites of atherosclerosis," says Dr. Sanazaro.

"Drastic changes in the amount or type of fats consumed by the general public cannot be justified as a means of reducing the incidence of heart attacks or strokes. . . . Existing evidence does not justify a rigid stand on the relationship between what people eat—especially the fat content of the diet—and hardening of the arteries (atherosclerosis), the condition underlying most heart attacks and strokes." That is the crux of a special report issued to the nation's press last August by the Nutrition Committee of the American Heart Association which includes eminent members of the profession: Drs. Herbert Pollack and Charles F. Wilkinson, Jr., of the Dept. of Medicine, New York University Graduate Medical School; Dr. Frederick J. Stare, Dept. of Nutrition, Harvard School of Public Health and others.

"This sums up the attitude of the majority of physicians who must interpret the evidence for their patients and make appropriate dietary recommendations," says Dr. Sanazaro. "The American Heart Association has also issued advice regarding 'nutritional common sense': overweight is a health hazard to be avoided by restricting caloric intake to our needs. Diets that provide up to 30% of calories from fats are palatable and should include the proper balance of protein from all sources, grains, fruits and vegetables."

"Finally, we should realize that there is no startling increase in the death rate from coronary disease. Many factors have combined to make it seem so," he continues. "And the slight rise cannot be attributed to increase in fat consumption, for there is no documentation that such an increase has occurred. There is no indication at the present time to alter our diets except when so advised by our physician who, by an analysis of *all* known factors relating to atherosclerosis, can best interpret our individual needs. On the large scale, there is need for more controlled and purposeful research and less preoccupation with fats as such," he concludes.

THE LEWIS AND CLARK EXPEDITION

By MARSHALL WINGFIELD

(Read before THE EGYPTIANS, January 16, 1958)

In November 1802, President Jefferson asked the Spanish minister, Yrujo, if the rulers of his country would be offended if the United States should send a small party to explore the course of the Missouri River, which then lay in the Spanish territory of Louisiana. Such an expedition, he said, would have no other view than the advancement of geography. Louisiana would not be Spanish much longer anyway. It was to be returned to France under the Treaty of San Ildefonso, which had been signed in October 1800. But the transfer had not been made. However, Yrujo told the President that "an expedition of this nature could not fail to give umbrage to our Government."

It is clear that Yrujo hoped this would be the end of the proposed exploration. He ended his dispatch with this comment: "The President has been all his life a man of letters, very speculative and a lover of glory, and it would be possible he might attempt to perpetuate the fame of his administration not only by the measures of frugality and economy which characterize him, but also by discovering or at least attempting to discover the way by which the Americans may some day extend their population and their influence up to the coasts of the South Sea."

On January 31, 1803, Yrujo reported to his Government that President Jefferson "has communicated his design to the Senate, which has already taken a step toward its execution." Jefferson had sent a secret message to Congress which reversed his assurance to Yrujo. He asked for an appropriation of \$2500 to cover the cost of an expedition up the Missouri River to its source, thence to the Pacific Ocean. He suggested that it be made "for the purpose of extending the external commerce of the United States." These words were

so general that, as the title of a bill, they would not attract attention. He would present the expedition to Spain as "a literary pursuit." That should be sufficient for a Government whose claim on the area was about to expire. There were Indian tribes in the Missouri country who were known to "furnish great supplies of furs to the trade of another nation." A route which would bring this trade down the Missouri to its mouth and then send it across the United States would be so superior that the established route could "bear no competition with it." The nation Mr. Jefferson referred to but did not name was Canada. Commerce was the principal purpose of the Lewis and Clark expedition so far as President Jefferson was concerned.

The area called Louisiana was the western half of the drainage basin of the Mississippi River, except such parts of it as were acknowledged to have been Spanish before 1762. Jefferson believed that if any portions of the Missouri drainage basin extended north of 49° they were part of Louisiana. Whatever the exact boundaries were, France had ceded Louisiana to Spain in 1762 for a twofold purpose: to win Spain's assent to a peace treaty following the Seven Year's War by compensating her for losses suffered: and to make sure that Great Britain could not acquire Louisiana as well as Canada at the peace conference.

Louisiana had been a Spanish possession during the American Revolution and down to 1800. In October 1800 Napoleon forced Spain to "retrocede" it to France. This was a step in Napoleon's effort to restore the French Empire in North America. In continuation of that effort he assembled two armies and sent one to San Domingo in January 1802. The other was intended for Louisiana but never sailed.

Spain's cession of Louisiana to France created a situation of great danger to the United States. It established on the western boundary, instead of the weak government of Spain, the great military power of France. Jefferson was so dis-

turbed by the cession, that he wrote, "We must now marry ourselves to the British fleet and nation." The immediate urgency created by the cession was a domestic crisis. The Spanish Intendant withdrew "the right of deposit" at New Orleans, and free navigation of the Mississippi. These were economic necessities to the American West since transport by way of the Ohio River system and the Mississippi gave the trans-Alleghany region its only practicable trade outlet.

President Jefferson believed that he could without war settle both the international and the domestic crises to the advantage of the United States. When he learned that Louisiana was to be ceded to France he directed the American minister to France, Robert R. Livingston, to open negotiations for the purchase of New Orleans. Livingston discussed the purchase of an area larger than the United States at that time. The Louisiana Purchase was an important event in world history. It doubled the area of the United States. It added to our wealth, resources of incalculable value. It provided a potential that would soon make us a great power. It made certain that we would expand beyond the Rockies to the Pacific. It secured us against foreign foes on any scale then conceivable. It also provided the unifying force that would hold the nation together against disruptive forces from within. Many historians hold that the Civil War was inevitable. Nearly all historians hold that the Louisiana Purchase made the failure of secession inevitable.

Many hold that the acquisition of all Louisiana was a surprise to Jefferson. It is no doubt true that he did not expect to gain all Louisiana at that time. But to hold that he did not expect the extension of American settlement across Louisiana is to be ignorant of President Jefferson and his administration. Both as Secretary of State and as President, Jefferson repeatedly declared that in the event of war the United States must seize Louisiana. There was this weightier fact: if war meant American possession, peace meant it also. Every chancellor in Europe knew that the United States was certain to cross

the Mississippi and to advance far beyond it. Mr. Jefferson had acted on that knowledge. The reason for his secret message to Congress was not that the expedition was to be concealed from the three powers, but its true purpose was to be concealed. Before Monroe sailed to join Livingston in negotiating for the mouth of the Mississippi, Jefferson had moved to acquire all of Louisiana.

The exploration of the Louisiana Territory was to be commanded by Captain Meriwether Lewis. Jefferson had offered him the position in February 1801, a month before his inauguration. Lewis was uniquely qualified for this project. Jefferson took him into his personal and official household to bring about that qualification. Two years as secretary to the President and member of his official family served, as Mr. Jefferson said in his instructions, to familiarize Lewis with "the objects of my confidential message of January 18, 1803, to the Congress."

By mid-June 1803, news of Livingston's and Monroe's amazing success reached Washington. The acquisition of Louisiana provided additional duties for the expedition that was to have crossed it as foreign soil. Any facts about its far northern fringe would now be welcome. It was now important to learn as much as possible about the southwestern fringe. All the Indian tribes which the expedition would encounter must be notified that this was now the land of the Great White Father in Washington. The British traders must be notified of their accountability under United States jurisdiction. The expedition must try to induce Indian tribes to make binding treaties with one another.

Meriwether Lewis was 29 when he was commissioned leader of the expedition. He had joined the militia at the time of the Whiskey Rebellion and at its end he had transferred to the regular army and remained in service. For a brief period he had been an ensign in a rifle company commanded by Captain William Clark. It was in this company

that their fine friendship began. Four years older than Captain Lewis, he was the youngest brother of George Rogers Clark who led in the actions that saved the trans-Alleghany West for the United States during the Revolution. Like Lewis, William Clark had militia service before becoming a regular. Unlike Lewis, he had experienced able Indian fighting. Clark was the choice of Lewis to share the expedition. Lewis promised him, on Jefferson's authority, equality of command and a captain's commission.

By personality and temperament Lewis was a natural commander. The two men agreed and worked together with a mutuality rare in history, if not unique. Their roles in the expedition are made evident by the journals. Lewis was the diplomat, Clark the negotiator. Lewis who had training in botany, zoology, and celestial navigation, was the scientific thinker, Clark was the engineer and geographer and wise in the ways of the frontier. Lewis acknowledged that Clark had greater skill as a riverman and left the management of the boats to him. Clark had the greater gift for dealing with the Indians. Yet Lewis was alone in two critical encounters with the Snakes and the Blackfeet, and handled both with skill.

Lewis was better educated than Clark. The abstract ideas and philosophical remarks in the journals are his. He was an introvert and mercurial. Clark was an extrovert and even-tempered. Both were men of great intelligence. The history of North American exploration does not hold their intellectual equals. They were masters of every situation. They managed every emergency successfully.

The men under their command were selected with good judgment and physically hardened and well disciplined by six months of camp life on the Illinois shore, opposite the mouth of the Missouri in 1803-4. Only a few infractions of discipline are recorded in the journals. Moses Reed deserted. John Newman was dropped from the party and sent back from the Mandan villages in punishment of an outburst of

insubordination. Military organization and discipline added effectiveness to the craft of the wilderness. Sergeant Charles Floyd was the only man lost to the expedition by death and his death according to his symptoms, was due to a ruptured appendix. There was only one serious accident—Cruzatte's wounding of Lewis while they were hunting in the brush.

The few untoward occurrences stand out because they are against a background of wilderness travel so well conducted that it seemed commonplace. Except on the upper stages of the Jefferson River and on the crossing of the Bitterroots where food failed, it seems easy. Yet most of it was difficult and portions of it were dangerous. Nearly all of it was in country foreign to the experiences of the men in the expedition. The Rocky Mountains and their rivers, the Cascade Mountains, the high plains, the overwhelming waters of the Columbia, the great forests of the Northwest, and the sodden winter climate at Fort Clatsop all added up to a strangeness for which nothing in their previous frontier culture was a preparation. The one momentary lapse in the company morale was when food failed in the Bitterroots. Running the Columbia rapids in cottonwood dugouts required both skill and courage. The confidence of Lewis and Clark in the presence of the unknown can be seen in their decision to strike for the Nez Perce trail when they learned at Lemhi Pass that they could not go down either the Salmon or its shores.

The expedition's success required a blend of open-mindedness and skepticism. The men had to be capable of adjusting their old ideas and practices to new conditions. It also required both an analytical and an intuitive understanding of geography. Both Lewis and Clark had repeatedly to amend their assumptions about the country. The discovery that the Missouri forked at a place where they were not expecting a tributary shocked them. At once they determined that the northern fork, the Marias, was not the Missouri proper. This determination was an act of thought unsurpassed in the his-

tory of exploration. Yet this analysis of fact, appearance, and evidence, and the demonstration that proved it right, merely confirmed conclusions that both Lewis and Clark reached in the first hour. Clark knew at once on reaching the main stream of the Clearwater River, that it was a part of the same river system as the Salmon River, from whose impassable canyon they had turned back. Lewis ranks with Thompson and Mackenzie as a geographer but Clark had geographical genius.

The geographical genius of Clark and the resourcefulness of both Lewis and Clark are so continuous that the reader may not even notice them. The portage round the Great Falls was a remarkable achievement. Beyond all expectations was the management of the Indians they met. In personal dealings with them they seemed to make no mistakes. With the Sioux they were firm and could not be scared or bluffed. They were amiable or defiant to the right degree at the right moments. With the village tribes farther up the river, as with those farther west, they were unawed and unafraid. They were also friendly and fair, honest and interested, understanding and respectful.

Rare as honesty and fairness were in the white man's dealings with Indians, they were commoner than respect. Lewis and Clark respected the Indians' personal dignity, their rituals and their taboos. The fact was they both, and Clark especially, liked Indians. They had no trouble with most tribes. After the Sioux they had no trouble till they reached the decadent Indians on the lower Columbia who had been corrupted and diseased by the maritime traders. They won the Nez Perces and the Flatheads to the United States permanently. The Flatheads never committed a hostile act of any consequence. When one of the most flagrant land-steals in the history of many Indian land-steals was perpetrated, they submitted without violence. The Nez Perces bore great indignities a long time. At last an extremely atrocious injustice moved their great Chief Joseph to lead an exodus

and a running fight toward Canada. Chief Joseph said that up to that time the Nez Perces had never hurt any white man.

The Plains and Northwest tribes knew Clark as "the Red-Headed-Chief." They depended on his friendship. They said of him, "His tongue is straight. He is our elder brother." Miracles were expected of him and he did what he could to procure humane treatment for them. When a delegation of Indians went to St. Louis, it sought out Clark first of all. When a fur company sent its men up the Missouri, or into the mountains, the men carried a passport in the form of greetings from Clark. When the United States government had to send an embassy to the Indian country Clark was usually asked to accompany it. When he consented he was always able to get better treatment for the tribes and from them. Historians generally are agreed that he helped the Indians more than any other one man in western history.

One great achievement of the expedition was the demonstration that the last area of North America which might contain a water route to the Pacific had no such channel. It ended the search for the Northwest Passage which began with the first voyage of Columbus. Lewis' reluctance to accept the fact which his journey had demonstrated illustrates the intensity of the ancient hope.

To secure the Oregon country for the United States was one of Jefferson's great purposes. The expedition served that purpose decisively by making Robert Gray's claim for the United States, by reason of his discovery, not only prior but paramount and permanent. The journey of Lewis and Clark gave the American people a conviction that Oregon was theirs and this conviction, historians remind us, was more important than the claim. The route of the expedition was to remain an important route to the West, the Rockies, and the Northwest, till the steamboat age came to an end. The railroads which ended that age on the Missouri, would follow its valleys, and beyond them, the trail of Lewis and Clark to the Pacific Northwest.

The untimely death of Lewis in 1809 prolonged the already over-long delay in publication of a detailed official history of the expedition. Lewis was in a better position to write the story than Biddle, who certainly wrote the best one we have. The voluminous notes of Lewis on the Indian tribes encountered were sent to the War Department from the Mandan villages in 1805, codified, tabulated and published under the title, "A Statistical View of the Indian Nations Inhabiting the Territory of Louisiana . . ." This report was the first survey of the trans-Mississippi Indians and will ever be of great value. The carefully assembled Indian vocabularies by Lewis were lost but Biddle worked into his history much of the information about Indians which the journals contained.

The Lewis and Clark expedition lifted a vast wilderness expanse, more than twice the size of the United States at that time, and five times the size of France, from a blank in man's thought as well as on his maps. An area of fancy and fantasy had been crossed by men who returned to tell in reliable detail of the land and its fauna, flora and men. No other expedition of modern history has meant so much to so many people.

THE AMERICAN TRADE ASSOCIATION

BY JOHN F. MOLONEY

Read at a meeting of "THE EGYPTIANS," Feb. 20, 1958

The concept of business organizations is as old as business itself. The Scriptures tell of organizations of goldsmiths, apothecaries and spice merchants; Greek and Roman histories refer to associations of merchants and tradesmen in both domestic and foreign trade; and the guild system of the Middle Ages was one of the most significant chapters in the economic history of men.

ORIGINS

The national trade association, as it now operates in the United States, is of relatively recent origin. Local organizations of business men have existed in this country since colonial times. Membership in such groups was sharply limited geographically. The development of associations national in scope quite naturally came about only with the expansion of industry and markets on a similar scale. A number of the early national associations developed from such local groups.

In 1853, a number of brass mills in Connecticut set up an organization which later became the American Brass Association. In 1854, the Hampton County Spinners Association was established. In 1865, this group evolved into the New England Cotton Manufacturers Association and, still later, it developed into the National Association of Cotton Manufacturers. In 1855, the American Iron Association was organized in Philadelphia. Nine years later, it became the American Iron and Steel Association and is active today as the American Iron and Steel Institute. The period 1860 to 1890 saw the establishment of a number of national associations including:

Writing Paper Manufacturers Association (1861).

United States Brewers Association (1862).

National Association of Wool Manufacturers (1864).

American Bankers Association (1875).

American Pulp and Paper Association (1878).

American Newspaper Publishers Association (1887).

EARLY DEVELOPMENT

These early associations were established during a period that saw the development of "big business" in this country. It was a period marked by efforts on the part of businessmen to control production, markets and prices. A characteristic form of business organization during these years was the "trust" which involved the merger or consolidation of a number of business units for purposes of market and price control. Where consolidation was not practicable, efforts to control markets and prices were often made through the trade associations. These parallel activities—trusts and associations—aroused widespread public opposition which culminated, in 1890, in the Sherman Anti-Trust Act. That Act, which is very broad in scope, declares that any contract, combination or conspiracy designed to restrain trade or to create a monopoly is illegal.

When the Act was first enacted, it was widely predicted that most trade associations would cease to exist. This did not prove to be the case. Actually, the Act proved to be a milestone in the growth of the trade association. By outlawing what was probably the major association activity prior to its passage, it encouraged the associations to develop and to concentrate their resources upon constructive activities of benefit to both their members and the general public. The number of associations continued to increase. Among organizations founded in the decade following passage of the Sherman Act were:

Association of American Railroads (1891)

National Retail Grocers Association (1896)

National Cottonseed Products Association (1897)

National Metal Trades Association (1898)

Rubber Manufacturers Association of America (1900)

In the 20 years following passage of the Sherman Act, association activity was concentrated on efforts to eliminate or at least moderate the effects of "unfair" and uninformed competition. Such efforts were characterized by the adoption of Codes of Ethics or Fair Trade Practice Codes. The collection and dissemination of statistical and other business information was also an expanding activity during that period. Various methods were employed by some associations in an effort to enforce compliance with these codes and participation in reporting systems. None of these were particularly successful. Even in those cases where members of an association complied with all of their obligations, there were always some non-members who would not cooperate. Out of these circumstances, there developed a widespread belief that government would have to help enforce rules of fair competition. This viewpoint maintained a strong hold on much business thinking for several decades and, to a degree, may be found in some of the provisions of the Clayton Act and the Federal Trade Commission Act, both adopted in 1914.

The latter Act provides that "unfair methods of competition in commerce are hereby declared unlawful." The Commission is directed to prevent persons, partnerships and corporations "from using unfair methods of competition." The Clayton Act spells out a number of practices that are declared to be illegal because of their tendency to lessen competition or to create a monopoly. Among such practices is discrimination in price between different purchasers. It is in the Clayton Act, incidentally, that we find the provisions on which labor unions have based their claim of exemption from the anti-trust laws.

GROWTH and PROBLEMS

The period of World War I saw a sharp rise in the number of trade associations. It is estimated that the number increased from around 800 in 1914 to about 2,000 in 1919. This growth was a direct consequence of industrial mobilization during the period of preparedness and combat. The

Federal Government was faced with the problem of directing, into certain courses of action, entire industries, each made up of many individual units. In many cases, the desired course was quite foreign to an industry's peacetime practices. Actually, the only effective way that government could reach all members of an industry was through the trade association. Where none existed, government agencies encouraged their formation. Associations made a highly important contribution to the industrial and business mobilization which was essential to the prosecution of the war.

Immediately following the war, there was a series of investigations of association activity by the Department of Justice and the Federal Trade Commission. Out of this came two cases that resulted in Supreme Court decisions—one involving an association of lumber manufacturers in 1921 and the other a group of linseed oil manufacturers in 1923. In each case, the court held that the exchange of detailed reports on sales, production, shipments, stocks, prices, etc.—as conducted by these particular groups—was in violation of the anti-trust laws.

These two decisions, as well as the position taken by the Department of Justice, caused considerable confusion regarding the legal status of association activities. The Attorney General even took the position that associations might legally collect statistical information "provided it be strictly guarded and the association be prohibited from distributing it among its membership." This extreme policy was written into a couple of consent decrees entered into between the Department and associations.

This anti-association policy encountered sharp disagreement from some of the leadership of associations and of the bar. These leaders found a strong supporter in the Secretary of Commerce; namely, Herbert Hoover. The Commerce Department had, for several years, been cooperating with associations along various lines, especially in the collection and publication of statistics. Many of the series of data published

in the Department's *Survey of Current Business*, initiated in 1921, were supplied by associations. Mr. Hoover repeatedly urged upon the Justice Department a reasonable attitude toward associations, pointing out that "their lawful field of endeavor is large and their activities work for the promotion and advancement of the public welfare and for progressive economic organization."

It was this latter viewpoint that finally prevailed. In 1925, the Supreme Court rendered two decisions involving associations of maple flooring and cement manufacturers. In these decisions, the Court ruled that associations, which openly and fairly gather and distribute information on costs, volume of production, prices in past transactions, stocks and transportation costs and whose members meet and discuss such information without agreeing or attempting to agree on prices, production or restraining competition, are not engaging in unlawful activities. With this clarification of their legal status, associations were in a position to expand and improve their services to members and to the public.

Such an expansion and improvement took place during the next several years. The minor role of pricing during that period is indicated by a Federal Trade Commission investigation which found that sales price activities were a major function of only 12 of the 974 associations surveyed. The depression years, with the declines in prices and volume of business and the increasing intensity of competition, brought a revival of interest in controlling "unfair" competition. Franklin D. Roosevelt gave support to this revival when he said: "Our industrial plant is built . . . our last frontier has long since been reached . . . Our task is not the discovery or exploitation of natural resources or necessarily producing more goods. It is the soberer, less dramatic business of administering resources and plants already in hand." The National Recovery Act and the Agricultural Adjustment Act were logical implementations of this age-old doctrine of the "mature" economy in which there is no place for progress.

SIDETRACK

The NRA proposed to replace overnight the American economic system, based upon individual freedom and competition, with a pattern of national socialism involving control of markets, prices, wages and most business practices. After more than three years of depression, the philosophy found much support among members of the business community. In many cases, existing associations provided the framework for setting up the "authorities" provided by law. In other instances, associations were hastily formed for this purpose. The NRA period was one of intense association activity.

This type of activity was, by no means, unanimously approved by association leadership. There were many association executives who were strongly opposed to the whole NRA-type of philosophy and a number of associations kept themselves clear of any involvement with the code authorities. Illustrative of this viewpoint is the following comment made by one association executive after the NRA was declared unconstitutional: "We made an unholy bargain under NRA. We traded to organized labor the recognition of their right to bargain collectively and in return were to get for the associations the right to fix prices. But it did not work. We traded to labor something that was already theirs, in exchange for something we never received and could not have used had we got it. It was a healthy day for American business when the NRA was found unconstitutional."

CHARACTERISTICS

With the demise of the blue eagle, the American trade association really came of age. At this point, a definition of the modern trade association seems in order. A number of such definitions have been drafted. For the most part, their differences are a matter of wording. Today's trade association is a voluntary, non-profit organization of competitive business units engaged in a single line of business. The objective

of such an organization is to promote by all legal means the progress of the group it serves. While the association is, in itself, not organized for profit, it is certainly intended that its activities shall make its members' operations more profitable.

One distinguishing characteristic of the association is that membership is strictly voluntary—in contrast to that of many labor unions and of business organizations in some parts of the world. Membership is open to any bona fide member of the industry represented by the association and a firm may join or withdraw largely at will. In joining, the member must usually agree to abide by the charter, by-laws and other rules of the association and to pay dues at the established rates. Failure to perform such obligations may be ground for expulsion. This does not mean that a member relinquishes his right to express himself or to act contrary to policies that may be adopted by the association. The American business executive is too much of an individualist to accept any such restriction.

Policy-making authority in an association is normally vested in a Board of Directors, elected from and by the membership. Commonly, association by-laws contain provisions which assure the distribution of directors geographically and by type of membership. Some associations elect directors annually; others have longer terms of office; and some stagger elections so that the board of directors always has some newly-elected members along with some who have had one or more years of experience. Where the board of directors is large and meets infrequently, an executive committee of the board often makes policy decisions. Most associations have annual meetings or conventions of the general membership.

An important feature in the operation of most associations is the committee. The typical association committee is composed of a limited number of members who are assigned the responsibility for a particular activity. Presumably, committee members are especially qualified in the activity assigned to the group. Committees may be established on either a per-

manent or temporary basis. In either case, the primary function of the committee is that of policy-making rather than administration. A well-functioning committee will carry on a continuing review of developments in the field assigned to it and will develop recommendations for action by the association. An effective committee program is an indication of a well-operated association.

FINANCING

Associations obtain their revenues primarily from membership dues. Among the early-established associations, dues were commonly set at a uniform rate for all members. Today, most associations base their dues upon some measure of business volume, such as sales, number of employees, units of production, wages paid, units of raw material processed, etc. Some associations have minimum dues; others have a maximum; some have both. Dues collection practices vary widely, with some organizations providing for monthly payments, some annual payments and others for quarterly or semi-annual payments. Some associations use different dues bases and payment periods for different classes of membership.

Some associations derive a significant proportion of their income from sources other than dues. Such sources include conventions and trade shows, publications, educational and training courses, sale of supplies and special service charges. Dependence upon such special sources of income has been declining in recent years.

Most association budgets are relatively small. In a survey conducted by the Chamber of Commerce of the United States, 90 per cent of the 370 associations reporting had total incomes of less than \$200,000-annually. Only 4 per cent had incomes over \$500,000-a year. By way of comparison, a number of the national unions have annual incomes in excess of \$10,000,000—and the United Mine Workers, on a recent date, had accumulated a welfare fund of \$157 million.

Despite this disparity in resources, it is not uncommon to find members who feel that their association is not doing an efficient job if it loses a legislative bout with one of the big unions. It should certainly not be inferred that financial resources are the only factor involved in legislation; but there is no denying the fact that they can be applied in ways that have significant effects.

SERVICES

With their generally limited budgets, trade associations today are performing for their members a wide variety of important services and, generally, they are doing so with a high degree of efficiency. A complete list of association services would probably run into the hundreds and, in itself, would be of limited value. However, a brief review of some of the services performed most frequently is necessary for a proper evaluation of the association in the modern business structure. In a survey of some 330 associations, the Chamber of Commerce of the United States found the following activities most frequently carried on by associations: conventions and meetings, information service, governmental relations, promotion of good trade practices, statistics, public relations, labor relations, research, product standardization, accounting, and commercial arbitration.

Conventions. The convention is a highly important activity common to most associations. It provides an opportunity for the members of an industry—and frequently their suppliers and customers—to meet and exchange ideas and information on a personal basis. This exchange of know-how contributes to industrial and business efficiency and enables industry to better serve the public. The personal contact made at association conventions and other meetings has brought definite improvement in business ethics. This, too, is in the public interest.

Information Service. All associations serve, in greater or lesser degree, as centers of industry information. The most frequently used medium for providing members with factual

material of specialized interest is the news bulletin. This is usually issued on a weekly basis, although some associations publish less frequently and some issue daily bulletins. Publications of this type carry news of current developments that affect members' business. Economic information, government action, research developments and association activities are the subjects most-frequently reported. Many of these publications are well written and edited and constitute a creditable form of specialized journalism.

Some associations publish regular trade journals which operate on a commercial basis. Usually, however, the trade journal is published by an agency separate from the association. In some instances, associations lend support to the journals by subscribing for all of their members.

Governmental Relations. In this era of big government, there are few—if any—national associations that do not devote considerable time and effort to the relations of their members with government. Association activity in this area is two-directional. The association communicates to government—legislative and administrative—the problems and views of its members. It advises its members of the actions, regulations and policies of governmental agencies. Both functions are highly important.

The United States government could not have accomplished its economic mobilization program of World War II without the assistance of American trade associations. A few of the administrators attempted to do so and quickly found their error. The trade associations took the mass of regulations emanating from Washington, translated it into English, condensed and simplified it and distributed it to their members. Each individual firm—especially the small firm—could not possibly have done this job and still carried on its business. The same kind of service, on a reduced scale, is carried on regularly today by most associations.

In the other direction, the associations inform government agencies of members' views and of the problems of practical business operation. It is only through this presentation of information that many government programs are made workable. In the legislative field, this presentation of industry views is frequently called "lobbying," a term that carries an anti-social implication. As conducted by most associations, such activity is definitely not contrary to the public interest. Accurate information and advice is the only basis for sound and equitable legislation. Legislators welcome and often request this type of service and the trade association is especially qualified to furnish it.

Trade Practices. The encouragement of sound and the discouragement of unsound business practices is a part of most association programs. Such activity may involve the adoption of codes of ethics, meetings and conferences, the preparation of publications and a number of other approaches to the problem. Such efforts are voluntary and educational in nature. They have, over the years, brought about a significant improvement in business ethics and management practices which has benefited owners, employees and customers.

Statistics. As was pointed out previously, the collection and distribution of statistical information was one of the earliest association activities. It is still a most important one. Statistics compiled by associations are of two general types (1) those collected from members and (2) those compiled from sources outside the industry. The former involve data on production, sales, inventories, costs, wages, employment, etc., within the industry. In many cases, the association is the only source of this type of data since there are many firms which, in the absence of legal requirements, will not furnish such information to government. Association statistics are usually of more significance to business management than are those published by the government because they are published more promptly. Statistics collected from outside the industry commonly include such items as the general business indices,

agricultural production, imports and exports and other data originating with government and other associations.

Association statistics provide the intelligence on which members can establish sound operating policies involving especially the adjustment to shifting economic conditions. Such policies are, of course, in the public interest.

Public Relations. Furnishing information about industry and its products is a primary function of most associations. Releases for press and radio, feature articles for magazines and trade and professional journals, advertising of the institutional type, special publications, films, correspondence and personal contacts are the means most often used by associations to provide such information. A great many association publications are so well accepted by educators that they are used to supplement school and college texts in such subjects as science, economic geography, agriculture and the industrial arts. The purpose of such activity is, of course, to create a favorable public impression and acceptance of industry and its products. The association is in a better position than the individual firm to perform such services.

Labor Relations. With the great expansion in labor union activity during the past 20 years, associations have entered more and more into the field of labor relations. Association services in this area range all the way from the furnishing of information to bargaining for their members. Only a small number of associations engage in actual bargaining—and mostly on a local basis. Most associations provide an information service, the extent of which varies with the needs and desires of members. Types of information furnished include regulations, interpretations and court decisions on labor law, data on wage rates, hours and employment, provisions of union contracts (both within and outside the industry), cost of living, etc. Information services of this nature are of inestimable value to members—especially small firms.

Standardization. The establishment of standards of products and trade practices has been one of the outstanding contributions made by trade associations to American industrial progress. Standardization of sizes and grades of products has reduced production costs; it has eliminated unnecessary investment in inventories by the manufacturer, the distributor and the consumer; it has greatly simplified trade in the standardized products; and it has substantially reduced costs at every level of the economic system. The establishment of uniform trade practices, as exemplified in the trading rules maintained by a number of associations, has eliminated much of the paper work and the misunderstandings involved in business transactions.

Accounting. In many industries, associations have developed accounting systems for use by their members. Such a system is of direct value to the individual firm by making available the information necessary for intelligent planning and effective cost control. Where an accounting system is adopted by all or most of the members of an industry, it facilitates the collection of financial statistics that are directly comparable and saves time and money in the preparation of certain government reports, including tax returns. Associations have, in many industries, been responsible for a material improvement in accounting practices.

Arbitration. The arbitration of trade disputes among members is a service performed by a number of associations. Some groups merely provide for the referral of such disputes to the American Arbitration Association. Others have their own procedure, including arbitration committees drawn from the membership. Such arbitration facilities greatly reduce the costs and delays involved when such disputes are taken to the courts.

Research. A significant part of today's extensive program of industrial research is conducted by trade associations. A number of larger associations maintain their own research laboratories. However, most association-supported research is

carried on in established research facilities—colleges, experiment stations and some of the research institutes. While many of today's large business firms carry on extensive research programs, the small firm is in no position to engage in such activity. Even the large firm is primarily interested in discoveries that are patentable rather than in fundamental or basic research. The association is especially suited to conducting a program of research, the results of which can be used by all members of an industry to improve the quality and efficiency of the products and services they are offering to the public. Outstanding research programs are being carried on by many associations today and activity in this area is expanding.

THE ASSOCIATION EXECUTIVE

The American trade association has advanced a long way from its limited and uncertain beginnings about a century ago. Simultaneous with this advance—in fact, a part of it—has been a marked improvement in the caliber of the association executive. Most association executives today are university graduates. A large number of them have had specialized training in association management which is offered by several universities in cooperation with the U. S. Chamber of Commerce and the American Society of Association Executives. The latter organization, founded in 1920, has made a notable contribution to the improvement of the standards and efficiency of association management and is currently engaged in the development of professional standards for associational executives comparable to those of the medical, legal and other professions.

Today's trade association is characteristic of the free market system in which it has developed. The association does not order or coerce its members; it advises and seeks to persuade them, on the basis of the best available information, to follow business policies and practices that will be profitable and in the public interest. Today's association is one of the strongest bulwarks of freedom in the market place, the basic foundation of the American private enterprise economy.

INFLATION—ITS PRICE AND TERMS OF PAYMENT

By W. A. WOOTEN

Read at a meeting of "THE EGYPTIANS," March 20, 1958

Last month Congress increased the national debt limit temporarily by \$5,000,000,000 to \$280,000,000,000. Shortly after its passage, Sen. Byrd of Virginia stated:

"I feel that raising the debt limit will open the door to another era of deficit spending and will result in starting again the inflationary spiral. The value of the dollar has already declined more than 50% since 1939."

The next day it was reported that the dollar declined further as the cost of living advanced to a new high—to 122.3% of the 1947-49 base—3.5% higher than a year ago. There has been an increase in twenty out of the past twenty-four months.

Inflation is rather intangible, yet it is one of the most persistent problems that has troubled mankind since money was invented. There is scarcely a nation that has not, at some time, suffered from its ill effects. There is no universally accepted definition of inflation. Until about twenty-five years ago it was usually defined as a situation in which there was a very large increase in the supply of money without a corresponding increase in the supply of goods and services, resulting in a sharp advance in the price level. In the mind of the man in the street, inflation is the high cost of living.

In recent years, economists have been more specific in their definition of inflation, and the following types are now recognized:

CLASSIC INFLATION is the kind we usually have during wars when new money and credit are created in large quantities to finance the war, while production of civilian goods is cut sharply. It has been described as too much money chasing too few goods.

HIDDEN INFLATION is when prices are not changed, but the product is of a poorer quality.

CREEPING INFLATION describes a gradual but constantly upward climb in prices such as we have experienced during the past few years.

WAGE-PUSH INFLATION is the term management uses to describe situations where rising wage scales push prices up.

PROFIT-PUSH INFLATION is the manner in which labor describes the same situation, meaning that the desire for greater profits is the cause of the increase in prices.

Influenced by Mr. John Maynard Keynes in the 1930's, there has been a tendency among many not to place emphasis on the quantity of money as the major factor. Instead, the attitude of the public as to whether it spends freely or saves is of the utmost importance. However, if prices continue to show an upward tendency, the incentive to save will not likely be as pronounced.

Practically every major war has been accompanied by a period of inflation—usually a “boom” followed by a “bust.” This was true of the Civil War, World War I, and to some extent, World War II and the Korean conflict. Likewise, the same situation developed in a more pronounced form during the Revolutionary War when money became worthless, giving rise to the expression “not worth a continental.” This is due, of course, to the fact that so much material and manpower are diverted from civilian needs to the war efforts that shortages soon appear.

Following the end of World War I in 1918, prices of nearly all commodities advanced sharply because of actual shortages and, to some extent, as a result of speculative inventory buying. Some commodities reached abnormal heights. For instance, sugar, which ordinarily retails for between five and seven cents a lb., advanced to more than thirty cents a lb. because of a reported shortage. However, after the bubble burst in 1920, it developed that there was a surplus of sugar instead of a shortage. This was true of many other items. Hence, the mental attitude of the public plays an important part in the economy.

The productive capacity of the country increased very rapidly following World War I and it was not long before the pent up demand was satisfied. Another significant factor was that shortly after the war our armies were rapidly disbanded, accompanied by a drastic reduction in military

expenses. As is often the case, World War I was financed to a considerable extent through the sale of government obligations to commercial banks, which increased rapidly the supply of money, (including bank deposits). The gross public debt of the United States rose from \$1,282,000,000 on March 1, 1917 to \$26,597,000,000 as of August 1, 1919, which was the peak. The debt service rose from \$24,700,000 in 1917 to \$1,024,000,000 in 1920, hence the decline in prices which occurred in the early '20's increased very materially the debt burden expressed in goods and services.

Our experience since the termination of World War II has been unique in that with the exception of an occasional letdown such as we are experiencing now, we have enjoyed what is generally considered a very prosperous period. This period has been marked by innumerable wage increases. For instance, hourly wages in manufacturing industries rose from \$1.09 per hour in 1946 to \$2.07 in June, 1957. The productivity of labor did not keep pace with the increased wage rates, hence higher prices and inflation resulted. Also, this period has been characterized by heavy spending—both private and public—resulting in a substantial increase in debt—particularly that of consumer—which rose from about \$5,300,000,000 in 1945 to approximately \$41,000,000,000 in 1957. The national debt rose about \$20,000,000,000, but much of the governmental expenditures were paid from current tax receipts at very high rates. From 1946 through 1956, the total net public and private debt increased from \$397,400,000,000 to \$683,800,000,000.

During World War II the government imposed severe restrictions on the economy in the form of wage, price control, and rationing of goods. The ration coupon, therefore, rather than money, determined to a great extent the distribution of scarce goods. As a result, during the war, the consumer price index rose only moderately. However, when the controls were removed, wages and prices advanced rapidly, and there was a repetition of the inflationary process.

Another government program which has played an important role is the Employment Act of 1946, which obligates the Federal Government to utilize its vast powers to provide an economic environment conducive to full employment. It is in keeping with Keynes' thesis that public spending and

investment must be on a large scale to avoid deflation and unemployment.

While World War II has ended as far as hostilities are concerned, the cold war has increased defense expenditures of the United States Government. The Korean conflict revealed the intent of the Soviet Union to subdue as many free countries as possible. This policy has been the source of almost constant political tension which has served to intensify and expand our defense efforts.

Since the war, our economy has expanded very rapidly. The increase in population was considerably more than had been expected and, in addition, there has been a material increase in the living standard of the people.

Farm commodities usually advance for a period after the termination of hostilities and then experience rather drastic declines when production increases and the demand is satisfied. The farm support programs of the government so far have prevented any severe decline in prices despite huge surpluses of most of the important commodities. In addition, stock-piling and the employment of subsidies, etc., so far have been helpful in stabilizing prices, but at an enormous cost to the taxpayers.

Since the termination of hostilities, there have been very large expenditures by companies for modern equipment and plant expansion. It is estimated that around \$275,000,000,000 has been spent for these purposes. When the war ended, most of the large corporations in this country had substantial holdings of cash and government securities; therefore, much of the expense incident to modernization of equipment and plant expansion was paid for out of their own funds. However, during the past three or four years, many companies, in order to keep abreast of the times by research and to provide labor saving devices to combat the continued rise in the wage scale, have found it necessary to borrow funds. It is the view of many economists that these and other borrowings have been considerably in excess of savings, which has aggravated the problem of inflation.

While the consumer price index has increased about 23% between the stable period 1947-49 and mid-1957; during much of this time there was no longer a shortage of goods,

but in some instances, surpluses, while prices advanced. This is attributed to:

- a. Higher rate of turnover of money
- b. Upward adjustment in rent
- c. Advance in wages without a corresponding increase in productivity.

Also, as stated above, the Government's farm policy supports the price of commodities at rather high levels.

Under investigation now is another cause attributed to inflation known as "administered prices." Under this theory, it is contended that prices are set by agreement among large manufacturers, irrespective of the law of supply and demand. In this category are steel, automobiles, aluminum, etc.

While inflation appears to help debtors, it has a very detrimental effect on a large portion of the population—especially those on wages and salaries, people who are living on fixed income, and those whose savings are expressed in dollar claims, annuities, and pensions. As a result of the Government's farm policy during recent years and the rapid shift to farm mechanization, there has been a very large movement of people from the country to the city, increasing very materially those working for salaries and wages. The problem of inflation, therefore, is more serious now than it ever has been.

Although in some instances there has been a liberalization in the investment policy in recent years, inflation adversely affects privately endowed colleges, universities, hospitals, and all types of charitable institutions. While some wage groups have escalator clauses in their contracts which tie their wages to the cost of living, the vast majority of laborers and salaried workers do not have this protection. Holders of common stock have usually fared well, whereas bondholders have not. A constant decline in the purchasing power of the dollar also hurts many business firms, both large and small, because the depreciation allowed under the income tax law is usually inadequate to replace worn equipment and buildings. As a result, many firms find it necessary to borrow funds or attempt price increases in order to replace old facilities. In many industries, the discovery of a new process may make a plant obsolete long before it is worn out. It was recently estimated that plant and equipment expenditures by the chemical and allied products industry over the past twelve to fifteen years

aggregated around \$13,000,000,000. It was also estimated that replacement of these facilities would cost over \$17,000,000,000 today—an increase of about 33%—or over \$4,000,000,000 more than allowed by income tax schedule.

The continued growth in the activities of the Federal Government accompanied by increasing expenditures is one of the principal sources of inflation. When testifying at the Senate Finance Committee hearing last year, the then Secretary of the Treasury, Mr. George M. Humphrey, stated:

“Government expenditures are inflationary, particularly when the economy is at a high level of output and employment. Taxes divert to Government spending some funds which, in the hands of the taxpayer, would have gone into savings. Furthermore, some Government expenditures go into payrolls to produce goods and services (especially military equipment and services) which neither contribute to the nation’s capital account nor become available for private consumption. Yet this additional purchasing power competes for the existing supply of both goods and services.”

The Government’s purchases of goods and services rose from \$36,600,000,000 in 1948 to about \$85,000,000,000 in 1953, after the termination of the Korean conflict. They declined to \$77,000,000,000 in 1954 and went up to slightly over \$80,000,000,000 in 1956.

When inflation appears to be getting out of hand and action is taken by the Government to employ restraining influences, such as increasing interest rates, tightening up on speculation, open market operations, etc., many fear deflation accompanied by wide scale unemployment will result. For several years, since Government operations have been on such a large scale, many people have felt that inflation is a normal process in our type of economy. They believe that creeping inflation and full employment go hand in hand, particularly if the advance in price is gradual and constant. This is evidenced by the rapid increase in business and individual debt in recent years. In other words, many feel that debt is a hedge against the evil effects of inflation and the solution, of course, is to keep in debt on the theory that it will be eventually paid with a cheaper dollar. This theory is more or less in line with the predictions made by Professor Sumner H. Slichter of Harvard, a few years ago. He thinks that with

occasional interruption, prices will increase from 2% to 3% annually. His reasoning is:

- a. Labor unions are strong enough to force wages up faster than the gains in productivity.
- b. Creeping inflation will not cause a “bust,” because, among other things,
 1. competition will keep price increases near actual rise in cost
 2. advance in technological progress will require that successful firms keep their plants operating efficiently.
- c. Administer the monetary policy so as to block the creation of debt for the purpose of taking advantage of expected decline in the purchasing power of the dollar.

In a speech delivered November 8, 1956, he said:

“It would, of course, be nice if prices would not rise, but the dire predictions that one reads every now and then about the consequences of a slow inflation strike me as ridiculous, particularly when the inflation is initiated by a rise in labor cost to which commodity prices more or less sluggishly adjust themselves. In this imperfect world, we are often compelled to choose between evils, and if the choice is between enough unemployment to halt the rise in labor costs, direct control of wages and prices, and creeping inflation, let us, by all means, have creeping inflation. It is the least of three evils.”

Usually, when the wage-price spiral gains momentum, unless stopped, it will feed upon itself and cause continued cheapening of the monetary unit. Dr. Slichter apparently sees this danger but thinks that, through monetary control, restrictions can be imposed which will prevent people from buying ahead to profit by continued inflation. It is difficult to understand how an effective monetary control could be devised for this purpose. There is only one segment of the money market on which monetary policy bears directly, and that is commercial banking. Other important financial institutions such as life insurance companies, loan associations, et al., more or less operate independently of the Federal Reserve Bank control. Indirectly, of course, the action of the Federal Reserve does affect the entire economy.

The ability of the Federal Reserve Bank to maintain effective control on the monetary system through reserve requirements, changes in the discount rate, and open market operations, depends to a considerable extent on the character of the economic environment at the time. Generally speaking, its acts are soon felt. However, under no conditions should inflation of any kind be encouraged because of the harmful effects which have been referred to. It not only discourages savings but impairs business efficiency and encourages carrying of larger inventories than are necessary.

What is urgently needed now is hard work and savings with a view of making substantial payments on the public debt. Despite the fact that we have had about twelve years of unprecedented prosperity, we not only have not retired any of the debt, but have actually increased it. This condition cannot prevail indefinitely. So far we have been fortunate in that the American people have not been unduly disturbed and we have not experienced the flight from the dollar which has been the fate of so many countries in the past. For instance, the quantity of money in circulation in Germany increased from about 2 billion marks in 1914 to 5 quintillion in 1923 when inflation reached its peak. At that time, a postage stamp for a local letter cost about 100 billion marks. Just before the collapse, the mark deteriorated so rapidly in value that it was necessary to pay workmen off daily in order for them to obtain bare subsistence. Following World War I, other countries, including Austria, Russia, Poland, et al., suffered from inflation, although not quite to the extent Germany did.

Many European countries have had and are having serious currency problems since the end of World War II. After the end of hostilities, the British Labor Government, in an effort to continue the pound sterling at \$4.00, employed subsidies, rationing, artificially supported prices, etc. However, she decided in 1949 she could no longer ignore economic facts and devalued the pound by 30% to \$2.80. By no means has this solved her problem, as it is a constant strain for her to maintain an adequate reserve in gold and dollars.

The monetary situation in France is even more critical. The devaluation of the franc a few months ago has not restored confidence. She has about exhausted all sources of credit and her reserves have been reduced to a dangerously low level. Other European countries are having similar troubles.

A notable exception is Germany, which has staged an almost unbelievable comeback since the end of the war. She has worked hard, saved, and sacrificed and has held the line against inflation. This is indicated by the fact that the cost of living in Germany has risen only 14% since 1948, as compared with 48% in England and 72% in France. This has enabled German manufacturers to sell goods abroad at a lower price. Germany now has an unusually large reserve and as a result it has attracted large balances out of countries with weaker currencies. Considerable pressure is being applied to have the mark revalued upwards. Germany seems to offer other European countries a good example of what can be accomplished in a relatively short period of time if the people and their Government are willing to pay the price.

As stated, so far we in this country have been most fortunate, yet, somewhere along the line, depending to a great extent on the economic environment at the time, there is a debt limit that will have to be respected. Unless reductions are made in the debt in the near future, we run the risk of confidence being undermined to the extent that we would experience a flight from the dollar, which doubtless would terminate in chaos. Efforts have been made during the past few years to lengthen the maturities of Government obligations, but without much success, thus adding to the problem of managing the debt.

If we are to avoid trouble in the future, we should be more debt conscious. For one reason, it is manifestly unfair to continue to pass on to unborn generations the payments of debts which we incur. Also, it is inherently wrong not to make some reduction, particularly in periods of prosperity such as we have experienced during the past ten years. The way to do it is through sacrifice, the elimination of waste in Government, saving, and the employment of more statesmanship and less demagoguery in the affairs of state. When substantial reductions have been made in the debt, taxes may be reduced, which is so essential in restoring the proper incentive in our system of private enterprise.

An economy substantially supported by government props cannot endure indefinitely. We still have not solved many of the problems we faced in the early '30's, although, in the meantime, the debt structure has increased about tenfold. We have enacted some helpful laws and regulations, but problems such as debt retirement, the farm situation, etc., are still unsolved. Economic laws may be disregarded for a time, but nations, like individuals, cannot live indefinitely beyond income and not pay the penalty. We have the natural resources, the capital, the know-how, and believe that with intelligent governmental cooperation we can establish and maintain a stable and aggressive economy and avoid the wide variations that occur when the economy rests on the shifting sands of inflation.

LIVING TO ENJOY YOUR SOCIAL SECURITY

By W. LIKELY SIMPSON, M.D.

Read at a meeting of "THE EGYPTIANS" on APRIL 17, 1958

The span of life has increased markedly in the last 100 years. The average life expectancy in 1900 was 47 years, while in 1957, it is approximately 70 years. The percentage of the entire population of the U. S. over 65 years of age 100 years ago was 4%, and today, this percentage has risen to over 8% and is expected to rise by 1970 to 10%. The marked rise of the population over 65 years of age has brought about quite a definite change in the economy of the country. A large percentage of both men and women over 65 years of age do not have a continuous, productive vocation, especially since the social security benefits have become available, while before we had social security many of these citizens had gainful productive vocations and because of the increased number of this group over 65 years of age, and due to the fact that they had social security, there is quite a marked drain upon the economy of the nation. A high percentage of all people over 65 years of age are active physically and mentally and should have a continuous productive vocation, as a high percentage of this group is really in a very productive period of their life and should not be deprived of their right to work. Many do not like the idea of becoming parasites upon the economy of their country. It seems to me it might be interesting to discuss some of the activities of life which enables the usual citizen to live to the age three score and ten or more, with good health, also discuss why some do not reach that plateau. This discussion will be carried out under the following headings:

- (1). DAILY ACTIVITIES
- (2). DIET
- (3). BEVERAGES
 - a. Soft drinks
 - b. Alcoholic drinks
- (4). TOBACCO

(5). DRUGS

(1). DAILY ACTIVITIES:

- A. Business hours.
- B. Vacations.
- C. Recreations.
 - a. Travel
 - b. Golf
 - c. Horseback riding
 - d. Tennis
 - e. Hunting
 - f. Fishing
 - g. Chess
 - h. Card playing
- D. Social activities.
- E. Church activities.
- F. Public relations.
 - a. Civic activities and responsibilities
 - b. Clubs
 - c. Home
 - d. School

(1). DAILY ACTIVITIES:

Anyone establishing a new business, even though it is only small, such as a corner grocery store, a small farm, a small factory, has a much more difficult position than the employee. The employer has longer hours, is working out details, reading literature pertaining to the business, etc. The successful farmer, grocery man, factory owner must keep well informed on all information pertaining to his business, which ordinarily would require many hours more than the employee.

If the business does well, the owner must plan for expansion, necessitating many hours of study, planning for financing, soliciting and buying the necessary equipment, etc., while the employee goes along in the usual stride. As an employee takes on extra responsibility and becomes the head of a department,

he automatically goes into somewhat the same position as the owner. In a partnership or corporation, each member of the firm or corporation or head of department must accept responsibility which the mine run employee does not have.

In times of recession or depression, it is the owner and officers which are physically and financially concerned. Of course, the employee is interested in his job, but his concern is primarily with acquiring another job if his firm is liquidated or releases him for any cause.

I would like to say something of business hours and work-days in the week. It seems to me that anything less than an eight hour day is too little time to be spent daily, as a general thing by groups. Ten or twelve hours is not too much in many activities, such as farming, etc., which may be somewhat seasonal. If the environment and attitude of the individual is satisfactory the number of hours an individual works would seldom be detrimental to health. Uncontrolled coffee breaks and breaks of that kind it seems to me are rather foolish, as well as time consuming, and are not in the best interest of a business.

As to work days in a week, five days is probably the acceptable number. Anything less would be bad for the economy of any business. Five and one-half days it seems to me is basically sound, less than five days each week should carry a penalty of a restriction to one job only. Everyone from the self employed president down to the least of the employees should do their stint with the least worry possible, without undue hurry, but with careful, thoughtful, technique, accomplishing whatever task is being done in an orderly manner.

VACATIONS AND RECREATIONS:

If one does his task every day or week with a good routine of work, recreation, etc., it should not be necessary to take a vacation to ensure good health. The person who goes at high speed, long irregular hours without a definite plan of work, exercise and play is not doing their best to assure good health.

Some recreation, such as golf, horseback riding, tennis, hunting and fishing, chess, card playing, etc., is a basic need for every one and should be taken regularly, in sufficient amounts to insure the individual a good physical condition, but not too much or too vigorous exercise, as this might endanger the individual's health. Regular daily or certainly weekly exercise is much better than too strenuous exercise very irregularly.

SOCIAL ACTIVITIES:

Anyone leading a normal, satisfactory life would be much happier if social activities are carried on in a very moderate way. A very busy person with quite strenuous daily routine should not try, or wish to carry out a very active social calendar if they hope to have satisfactory, good health. It is not too uncommon to find those husbands who work daily to be bored by some of the social activities instituted by his wife. Physically, it may not be possible to carry the load and continue in good health.

CHURCH ACTIVITIES:

It is possible to over-do church work, but usually too little church activity is quite common and for peace of mind and body, considerable work in your church is gratifying.

PUBLIC RELATIONS (CIVIC DUTIES):

It seems to me that everyone owes much to the community in which they live. Everyone should belong to some civic club, as well as having a part in some community activity, such as Little Theatre, Red Cross Drives and school and university activities, etc.

I am firmly convinced though that some of our well informed, key positioned persons are overworked. They do a wonderful job as chairman of a drive, they are sought after for other key positions and pressure is brought to bear upon them and they accept too much responsibility which may endanger their health.

(2). DIET:

In beginning this discussion on diet I want to say that I claim no special knowledge of foods or diet, or biological chemistry; only some of the more common observations and suggestions will be made and much valuable information will be omitted due to lack of time.

It might be well to say now that no one can suggest with a definite degree of accuracy the diet which is the best for any individual. Much work has been done on selecting food for the well and sick individual, as well as, much study of the diet of humans and animals, but there is still much investigating to be done. Many animals, especially rats, guinea pigs, cattle, chickens, etc., as well as man, have been studied from a nutritional standpoint.

The foods which provide in greatest measure the varied needs for the body are often spoken of as "protective foods," or the "basic seven" in the daily diet, and are as follows:

1. One or more serving of leafy, green and yellow vegetables.
2. One or more servings citrus fruit, tomatoes, raw cabbage.
3. Two or more servings potatoes and other vegetables and fruits.
4. Children, three to four cups milk.
Adults, two or more cups milk, cheese, ice cream.
5. One to two servings, meat, poultry, fish, eggs, dried peas or beans. The best meat in their relative importance are liver, fish, chicken and red meats.
6. Bread, flour, cereals, whole grain, enriched or restored, daily.
7. Butter and fortified margarine, some daily.

The usual diet of a large percentage of the population in the United States consists of protein, carbohydrates and fats. Vitamins and minerals are also indispensable. Calcium and iron, sodium, phosphorus, chlorine, iodine and fluorine and

small amounts of the trace elements are necessary for good health. Bromine, magnesium, manganese, copper, cobalt, zinc and small amounts of several other elements have been found in the tissues of animals and man. The final result of nutritious food is the formation of energy and growth for the body. Energy is the formation of body heat and muscular, nervous and glandular activities of the whole body. A large part of the food intake goes for growth and replacement of the body cells. That part of food not used for formation of energy or growth is excreted.

Proteins, minerals and vitamins are indispensable in the body metabolism. Fats and carbohydrates, chiefly sugar and starches are indispensable and if not present in the food then the proteins are used for fuel, etc., the body consuming itself to live.

Daily caloric intake of an adult, weight 160 pounds is about as follows:

	CALORIES
MEN	
Executive	2500-2800
Painter	3500-3700
Brick mason	4500-5000

WOMEN

Would require about 500-1500 less calories, depending mostly upon the type of exercise.

A calorie is the amount of heat which is required to raise 1 k.gram of water one degree centigrade. One ounce of fat, two ounces protein or carbohydrates equals 250 calories. One and one fourth, one and one half ounce of protein or carbohydrates is adequate requirement for one day, for the usual individual, or less, if fat is eaten.

VITAMINES:

Definition

A vitamin is substance in food in small quantity which is distinct from the main component of food, as protein, fats,

carbohydrates and minerals and which are needed for normal nutrition and the absence of which cause a specific deficiency disease.

The chemical formula of many of the vitamins has been isolated and also most of the well known vitamins have been synthesized in the laboratory and the artificial products proved to be identical in properties and physiological effect as the ones found in nature.

No attempt to give a complete list of the important vitamins with food in which they are found, or the diseases caused by their absence will be made, but shall mention a few of the more important vitamins with a very short discussion of their source and some symptoms caused by their absence in food intake.

VITAMIN A:

Vitamin A is found especially in fish and animal livers and in butter, eggs and cheese. Vitamin A deficiency causes defective adaptation to night vision and also some dryness of the cornea of the eye and also, skin lesions are common symptoms.

VITAMIN D:

Vitamin D is the vitamin which protects the body from the deficiency disease, known as Rickets.

This disease can usually be relieved by giving cod-liver oil, or by giving of food such as milk, which has been exposed to ultra violet light, or by exposing the skin of the body to sunlight.

VITAMIN K:

Vitamin K is found in plants and animals, and has to do with the coagulation of blood, and a deficiency of which may cause much blood loss.

VITAMIN B:

The vitamin B group consists of as many as eleven or twelve distinct vitamins or thiamine, riboflavin, nicotinic acid, etc., and several other less known vitamins. These vitamins are needed by all cells of the body and a deficiency of which causes such diseases as pernicious anemia. A thiamine deficiency from eating polished rice may cause Beriberi, a degeneration of the peripheral nerves. A deficiency of nicotinic acid from poor diet may cause pellagra.

VITAMIN C (ASCORBIC ACID):

A deficiency of vitamin C causes scurvy and degeneration of connective tissues and is prevented, or cured, by eating such foods as citrus fruits, tomatoes and green vegetables. Any factor which interferes with digestion, absorption or utilization of nutrients or increases their destruction or excretion, may result in malnutrition, despite the adequacy of diet.

OBESEITY:

It has been said that over eating is the prime form of malnutrition. A food deficiency is bad for the individual, but it seems to me that obesity is worse. Every ounce of food that goes through the mouth and through the wall of the intestine must be used up as energy or acquired as body weight. Over weight is a result of over eating, or too little exercise. The individual who is overweight is told by their physician that their life span will be shortened if the weight is not corrected, and told of the danger to the heart and arteries and only occasionally, the diet is corrected and weight loss for a short time with a lapse into the old habit of overeating again with increase of weight. Only a small percentage of obese individuals correct their diet and weight before danger symptoms arise, and a large group would rather eat than live. Even though it has not been definitely proven that the injection of certain fats bear some relation to atherosclerosis and coronary disease it

may be wise to avoid excessive fat intake both during and after weight reduction. Much more could be said on obesity, but time will not permit.

(3). BEVERAGES:

Coffee.

A very short discussion of coffee will be given, but will say that coffee is not a food and is a marked stimulant and is often used to take the place of food by some who really need food, this is especially so for breakfast. There are many who have a craving for coffee and possibly a headache from not having their coffee, these individuals would be definitely better physically, if they had the correct food instead of coffee.

SOFT DRINKS:

The usual soft drink consists of water, sugar and a stimulant; usually caffeine, and sometimes flavoring and possibly a small amount of fruit juices. The food value of the soft drink is negligible, except for the sugar and possibly the fruit juice. Usually, the individual does not need the sugar and it is often detrimental.

In speaking of dental health the Iowa State Department of Health reminds you that the number one villain in dental health is sugar. In fact, some dental scientists have declared that if America's sweet tooth grows much larger, we may become a nation without teeth.

Nutritionists as well as members of the dental and medical professions are urging that the sale of confections and carbonated beverages on school premises be halted. Too much indulgence in sweets, they say, is not only harmful to dental health but bad for general health. When sweets take the place of more necessary and nutritious foods, the individual's health suffers.

Caffeine is a drug which is seldom indicated.

ALCOHOLIC LIQUORS:

(WHISKEY, WINES, BEER, ETC.)

Alcohol has food value similar to sugar and is a depressant to the brain and not a stimulant. It dulls the senses, reduces muscular control and may eventually lead to coma. Alcohol very often disturbs the digestion, lessens the appetite for food and a food deficiency is a common finding in those individuals using liquor regularly. A food deficiency is not only seen in the individual, but also in the families of the alcoholic, due to lack of the basic food, the family suffers as the finances are depleted in buying the liquor, instead of good food. It is hardly necessary to say that if all the money spent for alcoholic beverages was spent for churches, schools, etc., that this would be a much happier world.

It would seem to me for one to make the statement of a social gathering that some form of liquor is conducive to good fellowship and a more congenial atmosphere, would designate that person as being in a low strata intellectually.

At this time in the discussion, it might be of some interest to make the suggestion that the liquor interest should be required to carry insurance which in a broad sense would compensate for all loss suffered by anyone from all effects of the use of liquor. A few examples will be cited.

- (A). Automobile accidents from driving while intoxicated.
- (B). Families suffering from food deficiency from alcoholic parent, or parents.
- (C). Patients in charity hospitals from effect of liquor.
- (D). Mentally deranged individuals in hospitals and institutions resulting from the use of liquor.

Many others could be cited, however, time does not permit.

A large percentage of the expenses of these individuals is borne by city and state and not by the individual involved. The liquor interest should have insurance which would defray these expenses.

(4). TOBACCO:

The ingredients of tobacco which are especially harmful are nicotine and the tars.

NICOTINE

Nicotine, named after Jean Nicot, is an alkaloid and is exceedingly poisonous.

Nicotine is a transient stimulation of ganglia and of the nervous system and secondarily causes a depression and a subsequent paralysis, and it accelerates the heart beat, resulting in a rise of blood pressure.

Nicotine stimulates the central nervous system and respiration. It causes tremors and convulsions in large doses.

Tobacco also affects the secretory activities of the gastro intestinal tract and is harmful to gastric and intestinal diseases, such as ulcers, etc.

TARS

The tars of tobacco are described as being a marked irritant to the mucous membrane of nose, throat, larynx, trachea and lungs and if a sufficient quantity is deposited is said by many investigators to be a definite etiological factor in the production of cancer in these areas. The larynx and lungs are the more common sites affected. Chronic laryngitis, with hoarseness, thickening of vocal cords and cancer of these organs is seen and described by many laryngologists. Chronic tracheitis and bronchiectasis and lung cancer is often a concomitant of the use of cigarettes and is often thought to be the exciting cause of this disease.

The use of cigars and pipes are not considered by the laryngologist to be so detrimental as cigarettes.

Tobacco is an expensive, time consuming habit. The money spent for acquiring tobacco often deprives others from the necessities of life and certainly this money could be better used for many other items, such as food, clothing, education, etc.

The time lost in smoking is no small item. If the time was only lost by the user it would not be so important, but it is not only the user, but much time of those in contact with the user is also taken and is very objectionable many times.

(5). DRUGS:

Self medication is a very common procedure to relieve severe, as well as minor symptoms, and even imaginary ills.

All types of drugs are taken from the more simple as aspirin, to the more dangerous drugs, such as, morphine and barbiturates, etc. The use of drugs bought over the counter of a drug store, and even in our grocery stores, for the relief of symptoms without a diagnosis is the worst possible procedure for relief of symptoms or cure of a disease.

The use of medicine of any kind without the advice of a physician is not conducive to good health and is often very detrimental.

Sedatives, tranquilizers, etc., should never be taken without the advice of a physician. Many drugs such as barbiturates, morphine, heroin and codeine are habit forming and should be carefully controlled by the physician. Many patients request and often insist on drugs from the physician when they are really not indicated.

There is no good excuse for allowing any patient to become a drug addict, unless the disease for which the drug is given is incurable or malignant.

The new antibiotics are wonderful drugs, but should only be given for the cure or relief of severe infections, and no patient should suggest to their physician, as is frequently done, that they need an injection of penicillin or another antibiotic. An immunity to these drugs is quite readily established and it may be that if a very severe infection occurs that the effect of a given antibiotic might not be efficient.

The cure or relief of diseases of the human body is a wonderful procedure.

There should be a complete understanding and confidence established between the doctor and the patient, so that the skill and knowledge of the physician can be utilized to their utmost.

SUMMARY:

In this short discussion an attempt has been made to suggest some of the rules of life which the individual should observe if good health and long life is to be expected.

If the individual will carry on their daily activities in an orderly manner without undue haste, with careful planning of all of their activities, with reasonable daily physical exercise, eating a good basic diet, good health and life beyond the age of sixty-five years could be expected.

Self medication and tobacco and alcohol in any form decreases both the health and life expectancy.

**SOME COMMENTS ON THE COST OF HIGHER
EDUCATION IN PRIVATELY SUPPORTED
INSTITUTIONS**

By ARTHUR W. MCCAIN

Read at a meeting of "THE EGYPTIANS," MAY 15, 1958

For several years the financial problems of the privately endowed, non-tax supported college and university have been a matter of serious discussion. There seems to be agreement among those interested in higher education that these institutions fill a necessary role in our educational system, and there are many who feel that the privately supported college gives its students a quality of education, an attitude of mind, and an appreciation of cultural values that cannot be attained in equal degree elsewhere.

Some years ago H. L. Mencken wrote "I don't think the boy of lively mind is hurt much by going to college. If he encounters mainly jackasses, then he learns the useful lesson that this is a jackass world." In the fall of 1957 there were a little more than three million students matriculated in our institutions of higher education to learn about this jackass world. Based upon our population and the increasing ratio of young people going to college it is estimated that by 1970 the enrollment will be six million.

It was against such a background that the financial problems of the colleges were being studied. Then the Russians put their sputniks into the sky. At once our whole educational system became the first topic of conversation. Senators, Congressmen, businessmen, and the man on the street pointed out its faults, failures, and short-comings and almost everyone of these individuals had a suggested remedy. And so I feel that I am among a numerous, if not always a wise, company when I offer some comments on meeting the financial needs of the privately supported colleges. I make no claim

to originality in these suggestions but hope that by bringing them before you in a kind of summary it will be easier to consider them and debate them.

At a Southern University Conference on April 12, 1956 Dr. Wilson Compton, President of the Council for Financial Aid to Education asked the question "Why should not college students or their parents pay a much larger share of the costs of college education?"

Well, certainly the first reason is that the colleges do not ask them to do so. There may be various reasons for this.

In the early days of our country a college education was sought principally by those who were going into the ministry or teaching. Since the student would certainly obtain no great monetary reward from these professions but would be giving a life of service, it appeared logical to charge him as little as possible. And even at the present time that same attitude prevails toward the theological student.

The early idea about the charitable nature of higher education has tended to persist even though the character of the student body has undergone a change.

Alongside this development, we have the American ideal of a free public school education for everyone. It is easy to see how in the public mind the notion of a free education could be extended from high school to college.

Then in the 1930's the New Deal came into its own, preaching that everyone was entitled by right to all the good things of earth that he wanted. As a result of these factors we now have built up in the public mind a pretty firm conviction that institutions of higher learning are charitable institutions and should not expect payment for their services.

As to educators and the administrators of colleges themselves, it appears fair to say that they too regard higher education as something they would like to give away. Hard

necessity prevents them from doing it completely but they talk and act as if they wanted each student to get through college without paying if it can possibly be arranged. Their desire not to charge sometimes goes even beyond the student. Most businesses who employ an outside accountant, real-estate appraiser, insurance expert, or consulting engineer expect him to charge not only his costs but a reasonable profit as well. But when our own Southwestern some months ago announced a Research Institute to supply scientific research to business firms it was offered at cost only. There may be a few educators who are wavering about this matter of costs because Miss McIntosh, President of Barnard, in the opening session last fall said, "I do believe that when parents can afford to do so, they should pay a higher proportion than they pay now of their children's education."

The educator's attitude may be the result of his personal sense of values. By his choice of profession he has obviously indicated the greater importance he gives to cultural rather than financial matters. It may be difficult for him, therefore, to conceive of resolving higher educational problems in terms of dollars and cents.

On the other hand, it may simply be a lack of financial and business experience due to his academic life. This want seems apparent in the failure to recognize and take advantage of the increased public demand for higher education. Dr. de Kiewiet, President of the University of Rochester, in referring to the really bad economics of universities, says, "Theirs is the chronic habit of under-pricing their product, rendering more service than they get adequately paid for, draining from salaries and supplies the money upon which morale and efficiency depend. In the 17th. century the English got angry at their shrewd Dutch competitors and complained;

In matters of trade the fault of the Dutch

Is giving too little and asking too much.

Turn this couplet around and see how true it is to say that in matters of education the fault of the colleges is asking too little and giving too much."

Why don't the colleges charge more? Some say the students and their parents can't afford to pay.

Mr. Charles E. Wilson of General Electric Company made numerous speeches appealing to industry to help the privately supported college. In one such speech he said that rising costs of materials, supplies, utilities, labor, and everything that a college uses had increased the cost of operation beyond the college's ability to meet it. Of course, he added, industry had also suffered the same increased costs which it had met by increasing the price of its product, something, he said, the colleges can not do. At that point the soundness of Mr. Wilson's reasoning seems open to question. The same John Smiths, Bill Joneses, and Tim Williams who pay the increased price of General Electric's refrigerators and air-conditioners are the same people who could pay the increased price of college tuition.

On September 28th., 1957 the Press-Scimitar reported the Fifth Greater Memphis State University banquet. It quoted Dr. Smith, President, as saying, "We need money to do two things. 1. Increase our physical facilities. 2. Expand our faculty while keeping our present fine teachers." It also reported that Mr. Ball called for grants and endowments "by people who can afford them." A special plea went out for scholarships.

Six days later, on October 4th. The Commercial Appeal carried a large head-line, "\$131,250 ALREADY PLEDGED FOR M. S. U. GRID SCHOLARSHIPS."

At Washington and Lee University only upper-classmen are permitted to have cars, so last year there were 780 students eligible for this privilege. According to the dean of students 275 students had them. Yet this same dean is one

who contends the students can't afford to pay the full cost of tuition.

Last September the following item appeared in the press about the University of Buffalo which has an enrollment of about 10,700. "The parking problem at the University of Buffalo has reached the point where students have to pay a 10 cent fee each time they park their cars on the campus lots. There is now room for 3,000 cars. It is hoped that the charge might induce some students to form car pools."

Apparently there is money available to students for some purposes and if it is not available for tuition, in many cases at least, it is simply due to the owner's choice.

Why don't the colleges charge more? One of the reasons given by the college is that it would change the nature of the student body.

Leaving aside for a moment the scholarship students who will be discussed later, the above reason, which may have been valid in times of depression and small enrollments, probably is not now true. Today the college can charge full tuition costs and still pick the students it wants from the steadily increasing number of applicants for admission. Some change may result in the individuals enrolled but there need be no change in the general make-up of the student body.

Amherst has raised its charges for tuition plus room and board from \$1,020 in 1946-47 to \$1,532 in 1957-58. Yet last September it had 1,726 applications for a freshman class of 253. It is hard to believe that they could not pick one out of seven boys who would conform to Amherst atmosphere, or that charging the full cost of tuition would have reduced the number of applicants below such a level.

Washington and Lee raised its tuition from \$300 in 1946-47 to \$550 in 1956-57. In September of 1957 it went to \$650 and in September of 1958 it will go to \$750. At the same time the president's report states that for a freshman class of

300 the applications in 1954 were 698, in 1955, 725, for 1956 were 845, in 1957 in spite of the tuition increase they were 952. Faced with another increased tuition in September of 1958, the dean of students on a recent visit to Memphis says that applications are now being taken at the rate of 1,300. The president also emphasizes that in this period there has been an increasing percentage of applications from public high school graduates.

Can the charge to the student be kept down by reducing college costs? Very definitely it can but it will require the acceptance both on the part of the students and the public of some new ideas about college life.

Vacations long enough practically to force a student to leave the campus are relatively a new development. At one time the Christmas vacation was the only one during which the student went home. Now in addition there is a general four day stretch at Thanksgiving, which usually means a trip, if not home, at least away from the college. Then the mid-term or spring vacation is even longer with dormitories and fraternity houses closing down their services. It is not a sufficient answer to say that a student has the option of remaining on campus, if a general custom at the college has been built up against it.

The greatest reduction in cost could come from cutting the summer vacation. A check of college catalogues shows that the customary academic year is 32 to 34 weeks. If this were lengthened to 44 weeks the student would still have 8 weeks for vacation—more probably than he will ever get after leaving college—and the time required for a bachelor's degree would be reduced from four years to three, a saving of 25%.

In addition and quite apart from the above change, for the outstanding student—about whom now at last there seems great concern—a speed-up in his pace of learning,

traveling as fast as his own capacity permits, may reduce his time and hence his cost of education. The Ford Fund for the Advancement of Education in 1951 began an experiment of early admission to college. The students chosen were in general two years younger than the average freshman and had finished only the tenth or eleventh grade in high school. An evaluation of 1350 students in this program after the graduation of the first two groups indicates with some individual exceptions, general approval of the undertaking by the colleges, the students and the parents, as well as by a team of psychiatrists who checked the social and emotional adjustment of the Early Admission students. To those parents who hesitate about sending their children off to college, Dr. Lowell said some years ago, "If only the dear mothers who are afraid of their boys going to college so early would look over our figures as Harvard, they would see that the temptation to go to the devil increases with age."

Columbia University has adopted the policy of granting up to six academic credits toward a bachelor of arts degree for exceptional work done in secondary school. In the 1957 freshman class of 660, such credits were received by 30.

The Council for the Advancement of Small Colleges at Washington, D. C. states that a survey of non-accredited colleges through the country has shown that sixty of them still have openings for 3,000 more students. The greater number of vacancies is in the Mid-west although Eastern colleges have 335. Not only would it add to the sum total of our country's high quality educational institutions but it would also cost much less to raise the academic standards of these colleges with vacancies than to expand the physical facilities of those accredited schools already crowded.

One other means of lowering costs may be used where circumstances make it feasible. In 1957 the University of Massachusetts, Amherst, Mount Holyoke, and Smith began a co-operative academic program for the exchange of teachers

and students. The plan has started on a small scale with 29 teachers involved but it is hoped to expand it gradually in the future.

Can scholarships and loan funds help materially to meet the costs of higher education? The answer is "Yes" provided they are wisely granted and distributed.

That proviso is most important because present practice leaves much to be desired. One college president in a recent speech characterized the scholarship situation a scandal. On October 23rd, 1957 the Press-Scimitar quoted Dr. Perry Gresham, President of Bethany College in West Virginia as saying, "scholarships have managed to get so far out of hand that a student who pays his own way is one kind of a 'sucker.'"

Eight Ivy League colleges will meet to formulate plans to place competition for scholarships on a sensible and workable basis. Scholarship competition over the nation has reached a no-holds-barred stage with one college trying to out-bid another for the more desirable students. Many making scholarship applications apply to two or more colleges and then wait for the highest offer. The announcement of the plan was made by Dr. Wallace McDonald, Director of Freshman Scholarships at Harvard.

A personal experience may be pertinent. An acquaintance of mine was very anxious to go to his father's alma mater, a big name Eastern university. However his prep school grades were such that he feared he would not be accepted, so he filed applications with four other colleges, one in Virginia. Notwithstanding the boy's prep school record and with no evidence of financial need, the Virginia institution voluntarily offered the boy a scholarship. Happily it was not taken since he was accepted by his father's university where

he cheerfully paid a tuition which was almost double that of the Virginia institution offering the scholarship.

Dr. William C. Fells, Associate Director of the College Entrance Examination Board has announced that the Board is setting up a college scholarship service. The service will attempt to improve the technique of assessing need and administering scholarships more equitably and economically.

The New York Times on November 24th, 1957 reported that the National Science Foundation does not favor a high-priority program of categorical scholarships or a large all-inclusive program.

The Foundation is not impressed by the claim that one half of the upper 25% of high school graduates do not go to college. They cite a survey conducted in Kansas of the top 30% of high school graduates. It indicates there may be several good reasons for the failure to go to college. For example, 21.4% of those who did not go to college were girls who got married; 9% were girls who went to nursing school; 13% were those who went to business or trade school; 3.1% entered the military service.

The Foundation also believes that most of the Government scholarships would be won by students who would be going to college anyway and who would have a good chance of getting non-government scholarships.

Loan funds, although used to a relatively small extent, would appear a reasonable way of paying for a college education. The use of this method seems to be growing, and should be accelerated by proper control of free scholarships.

Dr. Wilson Compton has some interesting things to say about the purely financial value of a college education, in comparing the income of college graduates with non-college men. At age 20 the college student has no income while the non-college person has. At age 25 their incomes are practi-

cally equal. At 30 the college graduates' income is 40% above that of the non-college man. At age 40 the difference rises to 85%, at age 50 to 130%, and at 60 to 150%.

"A college education," Dr. Compton says, "nowadays is worth on the average about \$100,000—some say as low as \$69,000, some as high as \$120,000. The nation, of course, is a general beneficiary of its educated citizenry. The individual, nevertheless, is the principal direct beneficiary. It is the individual who receives the monetary rewards of superior productivity as measured by a life-time of earning power. To be sure he pays taxes on these rewards, and to that extent he returns a portion to the society of whose generosity he has been a beneficiary. But except by the route of voluntary giving little of it goes back to the college itself which paid the rest of the cost."

Mr. Devereux C. Josephs, President of the New York Life Insurance Company points out that on the basis of these figures borrowing the cost of a college education which will yield a \$100,000 return is a good investment.

In spite of this, up to the present the use of loan funds has not been very popular. In a study made by the U. S. Department of Education they found students paying only 1½% of their college costs by loans.

University of California with almost 14,000 undergraduates had 870 on scholarships, while only 333 had borrowed \$45,000. A surplus loan fund was unused.

Stanford with about an 8,000 enrollment had lent only \$100,000 to 500 students with a surplus of \$450,000 going begging.

Part of the reluctance to borrow may have been due to inflexible and unsatisfactory terms. There is a recent trend to set loan conditions more in line with student needs, and where this is being done borrowing seems to become more

popular. Harvard and M.I.T. both report such results. Tuition Plan, Inc., a subsidiary of C.I.T. making student loans, reports rapid growth. In 1956 their loan contracts totaled \$12,000,000. In 1957 they were double this figure, and in 1958 company officials are forecasting a total of \$100,000,000.

The President's Committee on Education Beyond the High School in its second report makes two very significant statements as a result of its studies. First, it says, "The plain fact is that the college teachers of the United States through their inadequate salaries are subsidizing the education of students, and in some cases the luxuries of their families, by an amount which is more than double the grand total of alumni gifts, corporate gifts, and endowment income of all colleges and universities combined. This is tantamount to the largest scholarship program in world history, but certainly not one calculated to advance education."

And then the report says, "The American people must be willing to devote a significantly greater proportion of the nation's rising income to higher education or else colleges and universities will be forced to choose between poorer quality and sharply restricted enrollments."

Getting back then to the question of Dr. Compton quoted at the beginning of this paper, "Why should not college students or their parents pay a much larger share of the cost of a college education?", my answer is that they should. This can be brought about for the individual privately supported college by the following steps:

First, it should use all possible methods consistent with high quality education to reduce its operating costs.

Second, it should raise faculty salaries to such a level that it not only can keep its best teachers but consistently attract new professors of the highest quality.

Third, it should make a policy decision as to what percentage of scholarship students it needs to provide a

well-rounded student body rather than a wealthy class one. This percentage will necessarily vary according to the institution and the purposes of its founders. Berea, Southwestern, Williams, and Princeton might all arrive at different percentages. Vassar, for example, is on record as desiring 25%. Whatever the figure may be, it should be decided upon and fixed.

Fourth, two classes of scholarships should be established: a very few based solely on outstanding scholastic performance with no relation to the recipient's need. These would, like the Nobel Prize, be rewards for noteworthy excellence. A large number of grants would be based on scholarship but given only after satisfactory proof of financial need. The number of these latter scholarships would be sufficiently large to fill the percentage of scholarship students previously fixed.

Fifth, the total annual operating budget should be drawn up for the entire student body including the scholarship students.

Sixth, from the total operating budget there should be deducted donations, gifts, and other amounts of money available solely and expressly for scholarships, but excluding any funds from the general income of the college. The balance would be the college's operating cost that would have to be borne by the non-scholarship students.

Seventh, the balance divided by the number of non-scholarship students would give the annual tuition charge.

Eighth, solicitation of gifts from individuals, corporations, foundations, and others would continue but for capital purposes to provide for an enlarged student body, if

desired, and for an ever higher and better educational product.

A pleasant pipe-dream! many will say. While at the present it is a dream, it is one that can be turned into reality not by a complete, drastic change in one year, but by spreading equally over a four year period the changes in routine and increased charges that the policies outlined would require.

The first result of such a plan might be a slight falling off in the number of non-scholarship students. But this would not last long. The top quality product that such a college would be turning out would quickly be recognized not only in the academic world but in commercial circles as well. The graduates of such an institution would be the most sought after and the highest paid by corporations seeking employees for future executive posts.

As the number of applicants for college increases in the years ahead, the chances of acceptance even for a good student will decrease. Therefore, if a college with an exceptional academic reputation and a tuition plan such as described above were known to have places available, it would not be long before applicants would appear offering both the necessary scholastic requisites and the money.

It is the writer's sincere hope that in the not too distant future he will see this or a similar plan subjected to the hard test of an actual trial.

THE EGYPTIANS

PROGRAM

YEAR 1958-1959

1958

Oct. 16—Toynbee and Religion

FRANK E. FAUX

Nov. 20—Some Fallen Literary Idols

DR. JOHN E. FARRIOR

Dec. 18—Aims of Education

DR. NEUTON S. STERN

1959

Jan. 15—King-Size Contagion

CHAS. G. HENRY

Feb. 19—Memphis in the Air Age

W. W. SCOTT

Mar. 19—Metropolitan Opera

I. L. MYERS

Apr. 16—The World is Mine

WESLEY HALLIBURTON

May 21—The Continuing Liberal Education of Adults

DR. PEYTON N. RHODES

THE EGYPTIANS

OFFICERS AND MEMBERS

YEAR 1957-1958

Officers

W. C. Teague.....President
Thomas F. Turley, Jr.....Vice-President
Hubert GarrechtSecretary-Treasurer

Honorary Members

Rabbi W. H. Fineshriber
Dr. Charles E. Diehl
Major Thomas H. Allen

Members

Walter P. Armstrong, Jr.	Arthur W. McCain
George Awsumb	John F. Moloney
Lucius E. Burch, Jr.	I. L. Myers
Gen. W. A. Danielson	Clark Porteous
Dr. John E. Farrior	Dr. Peyton N. Rhodes
Frank Faux	Gilmer Richardson
Hubert Garrecht	Willard W. Scott
Wesley Halliburton	Dr. W. Likely Simpson
Charles G. Henry	Dr. Neuton S. Stern
Francis G. Hickman	W. C. Teague
Dr. T. S. Hill	Edward F. Thompson
Dr. Ralph C. Hon	Thomas F. Turley, Jr.
Dr. McDonald K. Horne, Jr.	Dr. C. B. Weiss
Dr. W. C. Lassetter	Dr. Marshall Wingfield
Ed Lipscomb	W. A. Wooten

CONSTITUTION AND BY-LAWS

As Amended to May 31, 1958

ARTICLE I.—Objects.

Section 1. The subscribers hereto associate themselves for the purpose of discussing, at stated times and in a social way, such topics as pertain to the welfare, culture and happiness of the people, particularly of our own locality, state or nation. No resolution shall ever be passed committing the club as a body to any proposition.

ARTICLE II.—Name and Membership.

Section 1. This organization shall be known as THE EGYPTIANS, and shall consist of not more than thirty-three regular contributing members, who shall be citizens or residents of Shelby County, Tennessee, of recognized standing, ability and influence in the community, with other associates as provided in Section 2.

Section 2. Honorary membership may be tendered only to non-resident persons distinguished in the walks of education, literature, science or art; and such associates having no votes, shall be exempt from payment of all dues and assessments.

Section 3. Any member may nominate an individual for membership, submitting a brief statement of the candidate's qualifications to the officers of the club. If by majority vote of the officers, the candidate is acceptable, the officers shall circularize these qualifications to the members of the club at least one week prior to the following meeting. A secret ballot shall be cast by mail, with the minimum number of affirmative votes for election equalling at least two-thirds of the total membership, and if not more than two adverse votes be cast by the members, it shall be the duty of the secretary to invite such person to become a member.

ARTICLE III.—Officers.

Section 1. The Officers of the club shall be a President, Vice-President and Secretary-Treasurer, each to be chosen by ballot at the last meeting in May, to serve one year, or until a successor shall be elected.

Section 2. As a compensation for his services, the Secretary-Treasurer shall be exempt from the payment of all dues, charges and assessments.

ARTICLE IV.—Meetings.

Section 1. Regular meetings of the club shall be held at 6:30 p.m., the third Thursday in each month, between October 1st, and June 1st, beginning the third Thursday in October, except as provided in Section 2.

Section 2. The club may, at any session, change the date of a succeeding meeting, or the President, with reason therefor, may change the date of the next meeting or call a special meeting as may be required.

Section 3. In the event of change or call for special meeting, as provided in Section 2, the President shall direct the Secretary to notify members thereof.

Section 4. Any member who shall fail to attend at least three meetings during a season without excuse shall be conclusively presumed to have resigned and such implied resignation shall become effective without action of the club. He shall, however, be sent the publications of the club for the full period for which he has paid dues.

Section 5. The time consumed by any paper shall not exceed thirty minutes and in the discussion which follows, no member shall speak more than once and not exceeding ten minutes, until all other members present shall have had the opportunity of speaking.

ARTICLE V.—Dues and Assessments.

Section 1. The annual dues shall be nine dollars and ninety cents, payable in advance, provided that a member admitted after February 1st shall be required to pay only one half the annual dues for the balance of the year.

Section 2. A special assessment, if necessity arises, may be levied at any regular meeting by an affirmative vote of a majority of all the members of the club.

Section 3. Failure to pay dues or assessments within sixty days of notice shall be considered as forfeit of membership.

ARTICLE VI.—Quorum.

Section 1. Eight members shall constitute a quorum for the transaction of business.

ARTICLE VII.—Amendments.

Section 1. This Constitution and By-Laws may be amended at any regular meeting, provided the proposed change has been announced at the previous meeting and is adopted by an affirmative vote of a majority of those present; and provided, that not less than eight affirmative votes shall be necessary.

Section 2. Article II may be altered or amended only at the annual meeting (last meeting in May), previous notice of proposed change having been given.

ARTICLE VIII.—Papers.

Section 1. Any member of the club who shall fail to present a paper or deliver an address on the date assigned him, without an excuse that shall be satisfactory to the Officers, shall thereupon forfeit his membership. The Secretary shall give each member, to whom a paper or address is assigned, at least three months notice of the date assigned to such member. The subject of any paper or address shall be selected by the writer with the advice of the Officers and the Secretary shall announce topics for discussion not less than two months in advance.

Addendum.

On January 10, 1922, the following rule was, on motion, unanimously adopted and recorded: That out of town guests brought by members of the club be welcome; That members introducing guests who are residents of Memphis, be charged \$2.00 (or such an amount as shall be determined from year to year) per meeting for each guest.