

BUSINESS AS THE AGENT OF SOCIAL PROGRESS

Book

Author(s): Filene, Edward A.

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In this selection, Boston, Massachusetts, department store owner Edward A. Filene (1860-1937) writes in 1926 about the role American business can play in promoting social progress. Contrary to the claims of social critic Samuel Strauss, Filene argues that industrial machinery not only can increase productivity but also can provide for improvement in the quality of life through better food, clothing, and shelter. Note that Filene draws on Americans' fear of radicalism by assuming that any criticism of the role of business must stem from an ideological faith in communism. Unlike many other business leaders of the time, however, Filene had an impressive record of reform leadership from the Progressive Era (1900-1917), in terms of labor policies at his own business and work with such social-reform groups as the American Association for Labor Legislation (AALL) that sought social insurance reforms. Like some other progressive business managers in the 1920s, Filene argues that good business will have plenty of room to support good social policies. He calls on the emerging field of business management to develop socially useful policies that will allow for cooperation between business and labor. Like Secretary of Commerce Herbert Hoover (1874-1964), Filene proposes a voluntary method of making social policy, led by private-sector business managers who are the dominant group within the modern United States.

Although business leaders like Filene were not so common as he hoped, historians find that they were more common than previously assumed. Filene's fellow Boston business leader Henry S. Dennison (1877-1952) worked with Hoover, faculty members at the Harvard Graduate School of Business Administration, and social scientists to promote ideas similar to those expressed in this 1926 book. Many of these New Era (1920s) business activists worked with the trade association movement, which served as the advocate of industrial self-government plans that became the basis for the National Recovery Administration in the early New Deal, between 1933 and 1935. Some of these people also worked with the Business Advisory and Planning Council in the 1930s, the seed-bed for the post-World War II (1941-1945) Committee for Economic Development, which promoted a conservative brand of commercial economic thinking through tax cuts rather than deficit spending to promote economic growth.

PRIMARY SOURCE DOCUMENT

Excerpt of *The Way Out*, by Edward A. Filene

I believe that the modern business system, despised and derided by innumerable reformers, will be both the inspiration and the instrument of the social progress of the future. Such a statement cannot go far without encountering vigorous dispute. The air is filled with voices asserting that the modern business system stands squarely across the path that leads to a decent social order. On all hands there are men who contend that we can assure social progress only by destroying the business system and reorganizing our life upon a communistic or near communistic basis. And multiplied thousands of men and women who are far from being communists indict the modern business system as the tyrant rather than the tool of mankind.

Now, I am under no delusion about the social efficiency of our industrial civilization. Despite the fact that science is daily making life more livable and interesting, daily devising ways and means for shifting burdens from the backs of men to the backs of machines, daily widening the range of men's interests by rapid transportation and communication, and broadening the scope of existence generally, the time of the majority of mankind is still occupied almost entirely in the business of providing food, clothing, and shelter, with little time or training for lifting life to a higher level—even if the means were at hand. This is plainly indefensible, if it is to be accepted as the inevitable result of the business system; ... yet I am convinced that the social progress of the future will be achieved not by the destruction of the business system but by its further and finer development. The modern business system is at present more or less lawless, but the pressure of necessity during the next ten or twenty years will enforce its reform. Unless I wholly misinterpret the signs of the time, we are now in the morning hours of a period in which business men, in order to survive and succeed, will be compelled to adopt the sort of policies that will give us an increasingly better social order. During the next ten or twenty years we shall come to see from practical experience that there is nothing necessarily contradictory between successful business and social progress. Success in both will demand the same principles and the same practices. Commercial success and social welfare, in the days ahead, will stem from the same root.

The average man and the average student of social conditions too often start with the premise that business by its very nature is anti-social. Certainly conspicuous business success has been so regarded. And we are obliged to admit that much of it in the past has been. But the point I want to make is that business must henceforth function in a changed world—a world in which good business policies will be found to be good social policies.

What I mean concretely is this: Social progress demands cooperation, the modification or—to borrow a word from the psychoanalyst—the sublimation of the class struggle, the access of every man, woman, and child to a

decently adequate supply of the necessities of life, and the release of the individual from the things that prevent his living a creative and contented life. In the past, successful business has often blocked the way to a realization of these socially necessary ends. But coming conditions are going to compel business men to make changes in policy and in action that will result in just these things. The business policies that will enable men to make the big business successes of the next ten or twenty years will produce these things as by-products. . . .

In times past, business could be successful despite many anti-social policies and practices, because society was not in the tight corner it is in today. The business man of the past was in very much the same position as the pioneer who could afford to be recklessly wasteful in a virgin land. Business, until now, has been on what might be called a pioneering spree. Only lately have economy and the wisest possible handling of men and material become absolute essentials to business success.

As H. G. Wells makes a character in one of his later novels say, "In the days before the war it was different. A little grabbing or cornering was all to the good. All to the good. It prevented things being used up too fast. And the world was running by habit; the inertia was tremendous. You could take all sorts of liberties. But all this is altered. We're living in a different world."

We are, indeed, living in a different world. In place of abundance we have shortage in most nations. Instead of a simple world with lots of elbow room we have a world complicated and crowded. In place of dominant captains of industry and docile labourers we have captains of industry in insecure seats and a labour mass become articulate and conscious of its political and economic power. In short, we are now living in a world in which the reckless and wasteful methods of the exploiter are a social menace and the creative methods of the scientific, socially minded business man a social necessity. . . .

The wise business man, seeing that we have passed the time when reckless, wasteful, exploitative, and anti-social methods could be made profitable, will, as I have suggested, turn to the scientific development of business. He will do this not merely because a new social conscience constrains him but primarily because sound business intelligence and competition force him to do it. When the character in Mr. Wells's novel said that we were living in a new world, he went on to say, "It's a new public. It's—wild. It'll smash up the show if we go too far." Now, I am not suggesting that the business man will or should base all his policies upon the fear of social revolution. I am saying only that the new economic and social conditions that have come as a result of the increasing industrialism, the increasing complexity, and the increasing interdependence of society, that the particular economic muddle of transition into which the war plunged the world, and especially the newly awakened mind of labour, all mean that the business of the future cannot be commercially successful unless it is socially sound. . . .

But the one thing that makes business predominantly the instrument for social progress—if we only use it wisely—is the fact that business men control the progress of this country. They control the progress of the country not because they are either geniuses or pirates or because they have joined in any dark plot to capture and loot the common people. They are neither more grasping nor more public spirited than other men. They control the progress of the country simply because this is an industrial nation and their hands happen to be on the levers of power.

Whether they are blundering or brilliant, whether they are actuated by sinister motives or by social vision, they still control the processes of production, distribution, and consumption. And these three processes touch our lives at more points and oftener than all the torch-light processions, congressional debates, and reform movements that have taken place since the first politician mounted the stump and the first reformer challenged the status quo. What business men think and do about production, distribution, and consumption is therefore the most important single factor to be considered in any study of the possible arrest or advancement of social progress. It is not so much the attitude of business men toward "public questions" as it is their attitude toward "business questions" that counts in the history of social advance. . . .

The successful businesses of the future will be the businesses that improve the processes and reduce the costs of production, rid distribution of its present indefensible wastes, bring the price of the necessities of life lower and lower, shorten the hours of labour and enlarge the margin of leisure, eliminate periodic depressions and recurrent unemployment, limit the area of the industrial battlefield and enlarge the floor space of the council chamber, create better and better working conditions, pay higher real wages, and increase the comfort and prosperity of both their employees and their customers.

These are the things that the facts prove will be not optional but obligatory upon the business man who wants to succeed in a big way during the next ten or twenty years. And these are the things that will give us decent social progress.