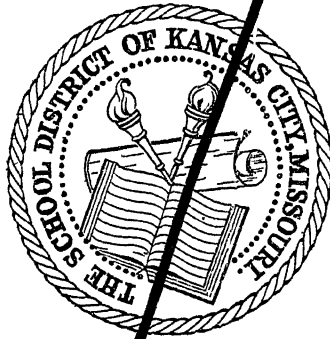


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Intercollegiate Debates

(Volume XI)

THE YEAR BOOK OF COLLEGE DEBATING

WISCONSIN — INDIANA — WASHINGTON — NORTH-
WESTERN — REDLANDS UNIVERSITIES — BETHANY — FRANK-
LIN — LAWRENCE — WASHINGTON STATE COLLEGES — LOS
ANGELES JUNIOR COLLEGE — GLENDALE JUNIOR COLLEGE

EDITED BY

EGBERT RAY NICHOLS

*Professor of English Language and Literature,
University of Redlands, California*



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EDITOR'S FOREWORD

VOLUME XI OLD SERIES—VOLUME 4 NEW SERIES

The Editor wishes to take this occasion to thank Mr. Baccus for writing the introduction to this volume and for his kindness in helping with the proof reading. Also the Editor wishes to thank the contributors to the volume for their cooperation and interest in the undertaking. The Intercollegiate Debate Series would not be possible without the generous assistance of the coaches and debaters whose work appears in its pages.

It is the desire of the Editor to make the book annually a representative record of the Intercollegiate debating of the period. To do this all sections of the country must be represented as often as possible, and the subjects of greatest interest and widest acceptance should be included, together with such subjects as are likely to command public interest and attention.

The Editor makes an annual survey in the fall of the year of the subjects that the various colleges are to debate during the ensuing season. This survey is used as a guide to the selection of the subjects for the next volume. He would appreciate the cooperation of all coaches and directors of debate in sending these questionnaires back. Usually the results of such ques-

tionnaires can be published in the magazines of the various forensic societies, as the trend of intercollegiate debating and discussion is always of interest to the members of these organizations. When replying to the questionnaires the coaches and directors of debate often indicate the debates which they might be able to submit. The Editor greatly appreciates this and invites any persons who are interested in contributing debates to write to him at the address given below.

E. R. NICHOLS

814 Campus Ave., Redlands, California

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INTRODUCTION TO VOLUME XI

by

JOSEPH BACCUS, *Assistant-Professor of Speech*
University of Redlands

Another year brings forth another volume of debates. Volume XI presents itself to you for approval. When Professor Nichols asked me if I would write the introduction to this book I accepted for two reasons.

The first was that it gives me opportunity to express my sincere appreciation for the work that Professor E. R. Nichols has done in the field of debate, and in the field of speech as a whole. Not alone because he is a contributor to magazines, editor of these volumes, one of the founders and past-president of Pi Kappa Delta do I wish to pay him tribute. A sure index of a coach and teacher is to be found in the success of his inspiration with his men. And when we see the number of men who have gone out from Professor Nichols' classes and squads and casts and have made good; in the speech field, in dramatics, in law, in business, we get some idea of the measure of the man—Egbert Ray Nichols.

The second reason for accepting was that I wished opportunity to evaluate debating and measure the place

of such a series as this in the literature of debating and speech. To do this I have advanced several personal ideas. These are not written to excite controversy, but merely to explain the background necessary to an understanding of the value of such a collection of debates as this Intercollegiate Debate Series.

If you focus your glasses pretty small, debate interest will appear to be waning. Colleges, here and there, are finding so many interests that they do not have time for this particular brand of academic sport. Students are not interested in putting in the time and effort necessary to prepare and present skilful work in debate. Many earnest students of debate are questioning seriously whether or not debating as it is now carried on is giving value received.

Having recognized these conditions, it is my conviction that there is an increasing value in debate, and that while student re-action to debate is a little different from a few years ago, the interest in the subject continues to mount.

Two years ago it was my privilege to sponsor a high school tournament in the state of Nebraska. Some ninety high schools in that state had debate squads. All of them were invited to attend the tournament. Thirty-four accepted, and thirty actually came, and participated in nine rounds of debates, lasting two days and a half. Regrets were sent in by many schools who could not afford to come because of the distance. The school coming the farthest drove 186 miles to get there, finding it necessary to go through mud and rain.

Last year the national tournament of Pi Kappa

Delta at Wichita marked the peak of intercollegiate Forensic gatherings. Literally hundreds of men and women, round after round, debate after debate, fought and battled with each other in friendly rivalry. And then, after five rounds and two days of intensive debating, results were announced. The eliminated colleges went out; some of the other schools went on, round after round. Oratory and Extempore Speaking went on also. And so did the fun and the fellowship. One point stands out as undisputed. In certain sections of the country at least, and in both high schools and colleges, there is still decided interest in debating.

This point being accepted as fact, there are two fundamental questions left for discussion—is the interest in debate still worth-while? What is the place of a series of debates like this in the literature of speech?

As we consider the questions debated during the past few seasons we can see that at least from the point of view of subjects discussed there is no reason why the debating should not be worth-while. Examine for a moment the table of contents of the present volume. What do you find? *Chain Stores*. It is perhaps a conservative estimate that half the high schools in the country will be debating that subject during this year. That it is a live subject in the outside world can be vouched for by most of us who have seen placards and advertising on the proposition. *Installment Buying*. It is doubtful if there is a single cause for our periods of depression. But the subject of installment buying and selling comes in for a great deal of discussion, par-

ticularly at a time like this, when we are experiencing a great deal of depression and hard times. If the depression is only surface, then a debate on this subject might tend to clarify the issues. *Disarmament*. Little needs to be said concerning the importance of this subject. It is my earnest conviction that every debater in Pi Kappa Delta who debated this subject last year will be a better citizen for the work spent on this all-important subject. *Unemployment Insurance*. There may be social and economic problems of today more pressing than the problem of unemployment, but to my mind this problem is most pressing for solution. Nothing said or done on this subject is wasted. *Government Control of Power*. With the discussion of Muscle Shoals continually cropping up, and with the development of the future inevitably one of electricity, this problem is well worth our serious consideration. *Policies of Mussolini*. If for no other reason than as an expression of student interest in current affairs this debate would be valuable. But it is of more weight than that. It represents a serious consideration by the people of the United States of the problems of other nations, and as such is interesting and worth-while. *The Forty Hour Week*. This question is closely allied to measures for unemployment relief. It is of vital interest to every member of society, whether employer or employee.

Is debate today as important in community life as debates of the past? As a wielder of public opinion a great many debates have little direct influence today. You simply can't sway public opinion by oratory or

persuasion or logic, no matter how convincing, if the public isn't there. And they aren't there, for many debates. Now and then, when an English team comes through certain sections of the country we have a fairly large audience, but the type of debating done then is not representative of the more earnest type that has some logic and some reasoning beyond the personal opinions of the debaters behind it. To have direct influence on public opinion it is necessary to reach the audience.

This is being done in several ways, when the audience will not come to the debate. The debate goes to the audience. Service clubs will open their doors if the subject has some degree of timeliness. A great many universities and colleges now have radio hours, and debates are broadcasted over the radio. Community groups sometimes sponsor neighboring college teams for discussion on pertinent questions. Some colleges make a practice of debating live topics of the community in order to reach the audiences. All of these indications of a contact between the audience and the debate indicates a shift in method, with not as much decline in power as some critics of debating would have us believe.

When I say shift in method I am not referring to the movement of non-decision debating, which is perhaps gaining in favor in some schools or localities. My feeling is that the splendid type of debating as exemplified in this volume in most instance is either the direct or indirect result of decision debating. Many methods of debating evolved in the last few years are

fine, and should have a place in the college debating year. But my thesis is—if you eliminate decision debating, you kill debating. Your other methods, with their value, will decline and drop away when decision debating is gone, as the upper vine, bearing its fruit, dies when the root is severed.

To summarize—there is an interest in debating; that interest expresses itself by contests and conventions, and also by the timeliness of the subjects discussed, shown by the debates in this volume, and finally, the shift in method does not mean that debating today is not worth-while.

One final point—the place of a collection of debates such as this in the literature of speech. I feel that there are five reasons for such a collection: 1. It marks progress of subjects from year to year. 2. It gives a comprehensive survey of the more important debate subjects for any given year, and for the country over. 3. It forms a starting point for further study on the questions discussed. 4. It gives expression to the kind of debating done in various sections of the country. 5. It takes its place as a source of reference and research work.

Speech is all-important. Debating is a vital part of speech. It has many problems. Believers in its value should take courage at the work being done and set themselves the task of carrying on that work into the future. This volume tends to help in that great effort, and as such a help is valuable.

THE CHAIN STORE SYSTEM

THE CHAIN STORE SYSTEM

UNIVERSITY OF WISCONSIN vs. UNIVERSITY OF INDIANA

One of the popular debate subjects of the 1930 Debate season was the Chain Store discussion. The speeches given here were those of Wisconsin and Indiana, two of the Big Ten Conference of the Middle West Universities. The debate was held at Madison, Wisconsin, and was judged by a single critic judge, Professor C. C. Cunningham, Director of Debate at the School of Speech of Northwestern University, Evanston, Illinois. Mr. Cunningham decided for the Affirmative, his remarks appearing at the end of this debate.

The question was stated: Resolved that the Principle of the Chain Store System is detrimental to the best interests of the American public.

The speeches in this debate were collected and submitted to Intercollegiate Debates by Professor H. L. Ewbank, Director of Debate at the University of Wisconsin.

First Affirmative, Maurice Levine University of Wisconsin

LADIES AND GENTLEMEN: This is the first time in the history of the Wisconsin Intercollegiate Debate Conference that the University of Wisconsin and the University of Indiana are meeting each other in friendly rivalry upon the debating platform. We, of Wisconsin, extend a hearty welcome to the gentlemen from Indiana who join with us in a discussion this eve-

ning of a topic which suffers no inferiority for want of timeliness or importance. Most of us know how rapid the growth of the chain store has been, for, while the idea originated in 1858, it was not until after the decade of the World War that hundreds upon hundreds of chain store organizations sprang up all over the country, until today one can see in almost every large sized community in the United States the red store fronts of the Great Atlantic & Pacific Tea Company, the red of Woolworth's and the flaming scarlet of S. S. Kresge. Many of us have wondered, I suppose, why it is that most chain stores invariably select this particular color to attract trade. We who have studied this question feel that its significance lies in the fact that the community's very blood and vigor is being drained away by this system. Thousands of hard pressed, independent retailers join with us in condemning the principle of the chain store, while hundreds and thousands of American consumers join us in asking the question, "Are we really doing the right thing by patronizing chain stores?"

Now, what do we mean by the chain store principle? What distinguishes it from any other type of business organization? It is true the chain store is an outlet for mass production. It operates upon the policy of large scale buying and large scale selling, but it is not the only form of business that incorporates this policy. It is only one peculiar form of business operating under the scheme of mass production in the field of distribution. Another example of a system which incorporates this principle is the voluntary cooperative buying or-

ganization, which we heartily endorse, but the distinguishing feature of the chain store principle is its central management and central ownership. According to Dr. Paul Nystrom, professor of Marketing at Columbia University, a chain store is an organization of retail stores operating under central management and control. This definition is identical with that given by the 1928 *Encyclopedia Britannica*. In other words, the principle of the chain store is that of centralized ownership and control, based upon the economic policy of mass operation in the field of distribution.

Please do not misunderstand us. Our intention is not to champion the cause of the inefficient retailer who does not adopt modern methods of business. Therefore, this debate tonight is not between the inefficient retailer and the efficient chain, but rather between the up-to-date, modern retailer, who adopts modern methods of business and, thereby, serves the best interests of his community, and the chain with its central ownership and central control. The efficient retailer is the one who belongs to organizations like the International Grocers Alliance, which consists of independent merchants who simply pool their capital and buy collectively, with the result that they are able to offer prices lower to the consumer. Therefore, we must indict the chain store principle because this policy of mass operation and distribution can be equally as well applied to other forms of business, such as the voluntary co-operative organization, which has all the good of the chain store and does not contain all the evils and all the detriments that go with the chain store principle.

There is another truism. The people pay for what they get and they get just about what they pay for. The only real measure of the actual efficiency of the chain store system is its cost of doing business in comparison with the cost through other channels. According to Professor Nystrom, whom we have quoted, the cost of doing business in independent stores is fifteen per cent. of sales. However, we must bear in mind the fact that independent stores grant credit, make deliveries, handle a wider variety of goods, including perishables, and, in most cases, keep open longer hours. The report of the *Domestic Distribution Department of the United States Chamber of Commerce*, page 7, tells us that by imitating the chain and cutting out these costs the independent merchant can cut out seven per cent. of his cost and, therefore, sell actually lower than the chain store.

We are here tonight to indict the chain store principle upon three counts: first, that it takes more from and gives less to the community than the independently operated store; secondly, that it tends toward monopoly in the field of distribution, and third, that the chain store principle ultimately means economic feudalism. Consider the first charge, that the chain store takes more from and gives less to the community than the independently operated store. Picture for yourself a gigantic telephone system with one central switchboard, and you have the exact concept of chain store control. Now visualize each telephone line as a hollow tube through which millions of dollars are poured each day into the great central coffer located in some large city,

and you have an exact picture of what happens at the end of the day's business when profits are sent out of the community instead of being poured back into the community. They are sent away, and instead of creating more wealth they are sent to some large city like New York or Chicago. Well, what of it? Let us substantiate our contention that this money actually does leave the community by the testimony of the president of the American Bankers Association, Mr. Hazelwood, who in an address before the National Chain Store Association, said:

"The local independent business man is the one who lives and grows with the community, while the chain store system is merely a conduit through which goods flow in and money flows out, leaving the community more barren for its existence."

What serious results precipitate when these profits are shipped from the community. Messrs. Foster and Catching, two of our country's leading economists, best summarize the disastrous effect as follows in their book entitled *Profits*. "Since money leaves the local community, the circuit flow of money is slackened, which means that consumers' purchasing power is forestalled; therefore, the demand for commodities falls off, production is curtailed, which means that men are unemployed, and before we know it another period of depression has set in."

Furthermore, this outward flow of money means that this system is extending its talons toward the independent banking system of America.

It is true that chain stores pay some rent, some local

taxes, and wages, but that is just about where their community expenditures end. Do they contribute to charity? Do they contribute to civic donations? Let our testimony speak for itself. In preparation for this debate, questionnaires were sent to the Chambers of Commerce of ten Wisconsin cities with populations of over 11,000. One of the questions asked was, "To what extent do chain stores contribute to charity or to community funds?" Here is the answer. Eight of the ten cities replied that most chain stores do not give as liberally as independents, most of them giving little or nothing at all. The writer of one letter concluded by saying that the same trouble was being experienced in two hundred American cities where community funds of a similar nature were being raised. I have in my hand two letters, both of them from prominent Milwaukee business men. The writer of one letter is secretary of the Milwaukee County Community Fund. He states that while there are over two hundred sixty-five chain stores operating in the city of Milwaukee, only five chain stores have contributed to charity or to community funds. Another writer, the president of the Mitchell Street Advancement Association, states as follows: "As many times as we have asked for contributions on this street, the chain stores invariably refuse to come in on anything in the neighborhood. From this you will note that all they are in business for is to get the profit off the street without contributing anything for it."

Now how can the advocates of the chain store principle support a system which drains the profits from the

community and which leaves it more barren for its existence? How can the advocates of the chain store principle support a system which invariably turns a deaf ear to the community's plea to keep its poor, a deaf ear to the community's plea for civic contributions? How can the advocates of the chain store principle uphold a system which is an unnecessary evil, unnecessary because the policy of mass operation and distribution can be effectively applied through other channels, the cooperative buying organization as we have mentioned, without all the detrimental effects of the chain store system? We submit, Ladies and Gentlemen, that unless they present sufficient contrary evidence, our indictment of the chain store stands.

First Negative, Bernard Frick
University of Indiana

FRIENDS: Indiana appreciates the welcome that has been extended to it this evening. We are glad to be here with you partaking of the welcome you have shown us, but we have one objection, or rather one sorrow, and that is that we must disagree with our host. However, we are compelled to do so. Thus it is, we do not feel this evening that the principle of the chain store organization is detrimental to the best interests of the United States' public. We have based our arguments upon three fundamental propositions: first, that the chain store is a result of a normal growth and that it today represents a distinct social saving to the American public; second, that it is economically sound; and third,

that the principle of chain store organization represents a distinct saving to the American people.

Now, the speaker of the opposition who just preceded me indicted the chain store system, asserting that it was taking the very life blood from American communities. That, indeed, is a very serious indictment. Thus it is, we of the negative desire to ask the speaker of the opposition whether or not he favors the abolition of the chain store system. Then, too, he made the remark that the principle of chain store organization does not leave any room for community welfare. He has quoted for you numerous authorities, authorities from the United States Chamber of Commerce. However, the United States Chamber of Commerce has this to say on May 17 of this year: "Evidence was presented before that body by Mr. Arthur P. Smith, speaking for Pennsylvania, that the chain store system did its share in helping the local community reach its goal of social betterment." In establishing his point he made the assertion that the chain store at all times was willing to contribute to the cause of the community and the city.

Let us come down to Madison, for example. In the course of our investigation we find that Montgomery Ward, which is intending to open a store in Madison, has already obtained three memberships in the local Chamber of Commerce. Furthermore, we find that this same Chamber of Commerce, assisted by the chain store, tonight is feasting your football team. We do not doubt that it deserves to be feasted, but we would merely point out that the chain stores, together with

the Chamber of Commerce, are doing their share to give the Wisconsin football team the praise that it deserves.

It is our belief this evening that the United States, during recent years, has undergone many social and economic changes. We are ready to agree that changes have taken place. No longer do our people live in communities widely scattered. They are now living in communities where with improved means of transportation and communication we have an inter-relationship between these communities. Thus it is that the people, or should we say the American buying public, demand the application of scientific methods to their problems of retail merchandise. The chain store came into existence in order to meet that need. Let us quote Colonel William L. Donovan, former Assistant Attorney General of the United States, when he made the assertion, "The chain store reached its greatest growth at the time when the American public was beginning to realize the advantage of fair and honest competition." The chain store worked in accord with this tendency and not against it. Furthermore, the negative this evening does not assert that society has no place for the independent retailer. We are not opposed to the independent retailer; we are merely opposed to the dependent retailer, who, by using the methods of yesterday in solving the problems of today, is proving himself detrimental to society.

Dr. Julius Klein, Assistant Secretary of Commerce, had this to say: "For many retail merchants there is scant economic justification. They represent hope,

faith, but poor judgment." Then, too, according to the United States Department of Commerce, which has been quoted before in this debate, we find that only three and one tenth per cent. of all business failures in 1928 were caused by incompetence, whereas over seventy-five per cent. were caused by competition. Incompetency, then, was the sole factor in only three and one tenth per cent. of all business failures. We are reaching the definite issue for the debate. The gentleman of the opposition admitted he has no brief to hold for the inefficient independent retailer. However, he has made the assertion that chain stores are proving detrimental to the efficient merchant as well as the inefficient. Thus it is we come to the issue in this debate.

It is the contention of the negative that the chain stores render a distinct social service to the community in so far as they have established the doctrine that no merchant has a right to look upon his business solely as a source of profit. It is true he may look upon his business as a means of income but if this merchant expects to receive the continued support of his community he must reciprocate in turn by showing a serious interest in the needs and desires of his fellow citizens. The chain stores, contrary to the opinion of the speaker preceding me, follow out this policy. *Printers Ink* conducted a survey which was published in January, 1928, showing that over eighty per cent. of all chain store managers were members of their respective Chambers of Commerce. Then, too, according to

the same report, we find that such leading chains as Woolworth's, Montgomery Ward, Liggett's, and other retailers in their line, not only demand that their managers belong to the Chamber of Commerce, but at the same time have made provision that a certain percentage of gross receipts of their companies should be given to community welfare. Then too, we have such chains as Woolworth's, Montgomery Ward, and Liggett's, demanding that their managers contribute goods, money, and service to the needs of community welfare.

Woodrow Wilson, in speaking before the United States Chamber of Commerce, in January, 1915, made the assertion, "A man who is fighting for his single hand is fighting against the community and not fighting with the community." That has been recognized to be true. The chain store has seen the worth and value of this policy. Thus it is that today we find them working hand in hand with their fellow citizens toward their common goal of social betterment. Thus it is we find solidarity of community interests, and solidarity of interests that can only prove beneficial to the citizens. Thus it is the chain stores are not proving detrimental to the community, but are proving an incentive to the community, not only beneficial socially, but also beneficial in that they have created competition, which demands that the independent retailer, (we mean the efficient independent retailer), if he is to serve his public, must not put the stress upon profit, but rather upon quality and upon service. Prominent and alert independents have been quick to see the value of such

statements. According to H. L. Sorensen, executive secretary of the National Independent Merchants Association, the chain stores have been the pace makers of our retailers. They are showing us a way to better merchandise and a way to render better service and put more stress upon quality. "The chain store is not only making a better retailer out of the efficient independent, but is also aiding the community." Thus we too believe that the efficient independent is being aided by the chain store. Admittedly, the chain store is not a panacea for economic evils, but it does stand today as a distinct step forward both socially and economically.

It is our belief this evening that for the independent retailer there is a future, but a future which demands that he serve the American public. The chain stores have done this and because of that fact they have received the increasing support of American consumers, and it is our belief that any institution which has grown so rapidly and carried with it such benefits and such profits, is admittedly beneficial to the best interests of the United States. Again let me say that we agree that the gentlemen of the opposition hold no brief for the inefficient independent. They maintain only that the efficient independent is being hurt. However, it has been our contention that the efficient independent, together with the American buying public, to which we all belong, is aided by the principle and by the practices of the chain store system. Much of the success of the chain store system has been based upon the fact that it has benefited by the mistakes of the

past, that it is studying the needs of today, and from the lessons learned by this study is building and preparing for a bigger and better future.

**Second Affirmative, Sidney Leshin
University of Wisconsin**

LADIES AND GENTLEMEN: I am sorry that due to a cold, my voice is rather harsh tonight, but I have come to feel it doesn't take the voice of an orator to support our side of the proposition for this evening. We have heard quite a great deal about how our football team tonight is being fêted partly because a few men in the chain store system are in the Chamber of Commerce. That is just fine. Really it is. We think that the chain store has not done right to the members of the debating team. In the preparation of this program here tonight the members who went about to bring out that program visited every chain store on the square, Woolworth's, Kresge's, Hill's, and a few others that are there, and if you will look on your program you will note that not one chain store gave even a one inch advertisement to help put this debate over.

The first speaker of the opposition based his case on the fact that the chain store is the normal method of growth. In other words, that the chain store is the trend of the times. Now, we are not here to dispute that trend. We know the chain store is the trend. We couldn't stop that trend if we wanted to, and as much as we want to, we can't stop the chain store from growing. But what we are here for is to analyze that trend,

to see if that trend is a good thing for the American people. You will recall that slavery was once the trend of the times in America, but that didn't make slavery a good thing, and we think there may be a connection between slavery and the chain store. We have been told that the chain stores base a good deal of their success on the fact that they are giving great quality to the American people, and that the service is a very good thing. In fact, you go to a Piggly-Wiggly and pick up your own articles. That constitutes service. And another thing, if that gentleman would have continued for two more moments on that point we would have been led to believe the only thing the chain stores are in business for is to give the American people money. We believe it is to make money, not to give money.

The second count on which we indict the chain store here tonight is that its principle tends toward monopoly, especially in the field of distribution. As my colleague pointed out, it is centralized ownership and remote control that underlies the chain store system. The situation reminds one of a puppet performance in which the retail stores are the dolls, which act according to the way the strings are manipulated by the operator, the profit going to the man who pulls the strings. We have been told the chain store idea is really but a little infant in comparison with its possibilities.

Hayward and White, in their book say, "It seems to be a principle of chain store growth that a chain will obtain a certain size and suddenly merge." According to John Flynn, writing in *Colliers* we find the Kroger Grocery within the last three months has absorbed ten

medium-sized chain stores. The proposed merger between J. C. Penney and Sears Roebuck & Co. now practically completed, will bring together two chain store systems which do an annual business of six hundred and twenty-five millions of dollars. Already there is in existence a chain store development corporation whose purpose, according to its own circulars, is the financing, developing, and centralizing of chain store systems. It is with this trend of the times, with this centralizing of control by the merging of chain store systems, that we here tonight are primarily concerned. It is centralized ownership of a number of retail stores throughout the country which enables the chain store to manipulate prices and destroy competition.

The Supreme Court of South Dakota, in the case of *State vs. Central Lumber Company*, reports in 24 S. D. page 126, "The big corporation sets about destroying competition and does so by a method as certain as the passing of time, a method that need bring to it not even an immediate financial loss. It puts the price of the commodity so low at the point where it has competitors in business as to make it impossible for them to meet such a price except at a loss, and to offset whatever loss it suffers at that point, it raises the price at another point, a method which has tended in its natural result to place monopoly in the hands of the store." We believe the chain store system is so adapted that it, too, can manipulate prices and destroy competition by cutting prices in one community and raising them in another.

Ida M. Tarbell, in her book on the *History of the*

Standard Oil Company says one of the chief reasons for the success of this corporation, which is a chain store, was its policy of local price cutting. We find just recently the price of gasoline was reduced two cents in the city of Chicago. The very same day the price of gasoline in Madison went up two cents and probably in a hundred communities the size of Madison the price of gasoline was raised to make up for the cut at Chicago.

Other chain stores are employing the same method. According to recent newspaper matter, while Eight O'Clock Coffee was selling at twenty-nine cents in the city of Erie, Pennsylvania, it was selling for thirty-seven cents in Cleveland, Ohio, by the same chain store. We find that while P. & G. soap is sold here in Madison two bars for thirteen cents, in Milwaukee it is sold ten bars for thirty-seven cents, the price in Milwaukee being little more than half that in Madison. We believe these are but illustrations of what chain stores can do and are doing to destroy competition.

George Soule, an economist writing in the *New Republic*, April, 1928, says: "Chain stores have grown because through special sales they have temporarily sold some goods at ruinously low prices to drive out their competition and attract trade from independents with small resources." We know the independent merchant, too, has been guilty of price cutting and similar practices, but the damage that the independent merchant can do is nothing as compared to what a chain store can do. As Arthur Eddy points out in *New Competition*, "What the independent merchant may have done vi-

ciously, the large corporation does systematically." For the corporation it becomes a system to cut prices.

There is another angle to this chain store practice which we should consider here tonight. We believe that the chain store is little more than a parasite. It pays exorbitant rents, if necessary, in order to get as close to an independent merchant as possible, and then attracts the trade which the independent merchant has established by cutting prices on nationally advertised brands, brands for which the manufacturer has spent millions of dollars to create and maintain a good will. It is only on the nationally advertised brands that the chain store cuts prices and so attracts the trade.

Frank Gates of Tyler and Simpson Corporation of Oklahoma, writing in the *Salesmanager's Magazine*, December 22, 1928, tells the following story: a nationally known variety store operating in that community filled its window with a nationally advertised soap. For one week it kept soap in the window and advertised it to be sold at a certain date at one-half price. The manufacturer of that soap had spent thousands of dollars in that territory to establish a price and create a good will, and the chain store, by having a few orders of ten cases for each store, was able to cash in on the money spent by the manufacturers for advertising. The independent merchant will only sell nationally advertised products as long as he can make a profit, and if he can't sell at the regular price he can not sell it because by comparison with the chain store the American public is led to believe he is making a huge profit.

The cut price of the chain store is going to attract

trade only so long as there is an independent merchant next door selling the very same goods at the regular price. When the independent merchant takes that brand and throws it out of his business, then the chain store will have the manufacturer of that article at their disposal, and he will have to accept the terms laid down by the chain store. And another thing that will happen is that when the independent merchant no longer uses that brand the chain store will find no use for it either, and that is the exact situation in which the Ingersoll watches find themselves today.

We are not here today to condemn as scoundrels all the men connected with the chain store system. What we want to point out is merely the power they have to do wrong, how the power is growing by the merging of chain systems and that the temptation on the part of the chains to do wrong is a great one. We believe that it is unwise that any small group of men shall have in their hands the power to monopolize the very necessities of every day life. Since the trend of the times is in the direction of chain stores, as our opposition pointed out, since this trend means further centralized ownership and control, since the chain store is so constructed that it can cut prices in one community and make up for it in another community where competition is weak, and since the chain stores have found it profitable to do this very thing in the past, and are finding it profitable to do it at the present time, we believe that the principle of the chain store tends toward monopoly in the field of distribution, and that is the second ground on which we indict the chain here tonight.

Second Negative, Herman King
University of Indiana

MR. CHAIRMAN AND LADIES AND GENTLEMEN: It seems desirable at this point to clear the smoke screen which the gentlemen of the opposition have placed over the issue this evening. For instance, they appear to be arguing the case in the future. They talk about the possibilities. We would advise them that the question is worded in the present tense, "Is the chain store detrimental to the best interests of the American public?" Also we find that the first speaker of the opposition has told you that the chain store perhaps has as its motto these flaming colors on the fronts of the stores. However, he draws for his analysis later on certain other retail organizations that, we would remind the gentlemen, employ the same policy. Perhaps for you certain authorities, Mr. Hazelwood, for one, he is familiar with the Rainbow Store in Toledo, the Royal Blue Store in Chicago, a nation-wide store which operates 10,000 units. They go on and quote in attempting to point out to you that the chain store takes money out of the community, and since it takes money out of the community in fact, it has absolutely no benefit to this community. How have they quoted this gentleman? It is interesting to read the entire sentence, instead of picking out a particular phrase. "If the chain store is going to assume that all it needs to do is provide values at a price"—then the statement—"and its opponents are going to assume that the chain store is simply a conduit through which money

flows out of a town"—then the following statement, "We have about reached the position of stalemate."

Now, you see, the gentlemen of the opposition have attempted to bring before you a highly fantastic idea and attempted to appeal to your emotion in pointing out that the chain store takes money out of this community with absolutely no return to the community. However, we would remind the gentlemen of the opposition that all the aluminum the Kresge Stores sell throughout the United States is purchased right here in the state of Wisconsin. We, of Indiana, every time we buy a piece of aluminum, pay the cost of the production of that aluminum to the state of Wisconsin. Thus there is a reciprocal relationship between taking money out of the community and placing it back in that community. The same thing is true in a number of cases where we find a large corporation, for instance, that has a central office in New York City. Owing to the fact that the gentleman has drawn that conclusion, he believes that all profits go straight to New York City and never come back to Wisconsin. However, perhaps the gentleman may have further gone on to point out that these profits build up purchasing power in the east. For instance, that large building draws coal and all those productive things from this region right through here. Perhaps these large institutions buy coal from this community. Thus we may assume that his argument, as he has pointed out that it takes money out of the community, is only a hypothetical situation, and he has misquoted his authority, Mr. Hazelwood.

Let us go on and further use the gentleman's authority and see what he says about the situation of the chain store. Mr. Hazelwood states what the most careful students of the subject agree upon, that the chain store performs an important economic function. It increases directness, economy, and distribution. Thus the speaker's authority seems to disagree with his fundamental facts this evening. Furthermore Mr. Hazelwood states this: "It has passed its pioneer stage, survived its test, and it is here to stay."

We find also that the gentlemen of the opposition have made the statement that the chain store is a detriment because of centralized management. But now the burden of proof this evening is for the gentlemen of the opposition to point out that centralized management is detrimental, and through any industry which we have had in the past they have not pointed out any specific instance that centralized management is detrimental. As you remember they quoted another authority. Let us use the same authority this evening, John T. Flynn, writing in *Collier's*, September 28, 1929. They have attempted to bring out that Mr. Flynn in certain arguments says that the independent merchant is successful. However, we would continue with his argument. He says that it is a powerful combination known as the I. G. A., the Independent Grocers Association. He further points out that the wholesalers, who are the substantial heads of this organization, furnish specials, and supervise store management, this very phase to which the gentlemen are so much opposed this evening.

However, they point out they are not here this evening to justify the inefficient retailer. They are here for the efficient retailers. Thus they seem to have the idea, as they have stated to you, that the independent stays open longer and gives more service, but now why does the independent stay open longer? Perhaps you have realized and noticed how the managers of chain stores stay in their stores, but what does the independent do? The independent probably plays golf all afternoon. Thus, isn't it simple enough that the chain store man sticks to his business, thus his economy. Furthermore, they have pointed out that there is no opportunity for the chain store owing to the fact that they believe it is going to result in undue monopoly. However, Dr. Julius Klein, who is Assistant Secretary of Commerce, states that the vast majority of independent American business men possessing a reasonable margin of capital, with native ability and willingness to work and utilize new methods, and take advantage of new conditions, have as great an opportunity for success today as ever in the past; in fact a greater opportunity owing to greater buying and purchasing power of the United States public.

Now, what advantage does the chain store have over the independent? We find that the chain store is economically sound; economically sound, because it has not been and is not a beneficiary of political favor. The chain store has absolutely nothing at its command which is not available to every independent merchant in Madison. The chain store has been

obliged to obey every economic law that affects every other retail merchant. Thus the chain store has attained its business not by political favoritism, but by superior efficiency and those economies that result from large operation, and thus, we find that the chain store is serving the United States public.

They have quoted for you a great number of authorities, but when you press the situation down to the United States public they have pointed out that the chain store has brought about an unnatural and abnormal growth. In 1920 the chain store sold six per cent. of the retail merchandise. Also we find in 1928 it sold sixteen per cent. Does this indicate that the people of this country are not in favor of the situation? In fact, it shows increasing popular opinion and confidence in the chain store. However, they have advanced another argument. The second speaker of the opposition said that the chain store cuts prices, and thus people are led to believe they are receiving a great and enormous value. However, we would have you know that the people of the United States certainly are not deceived by low prices, for certainly in a country such as ours which has the principle of democracy, such a people have the ability to know when they are receiving value.

He has further drawn an illustration that the chain store cuts prices and has pointed out also that the chain store is not efficient. However, we would point out the fact that R. T. Flynn, quoted before, has said in the statement I read to you that these large wholesalers provide specials for their independent system

and the system which they have proposed. However, the opposition this evening has not answered our question as to whether they believe the chain store is a detriment to such an extent that it should be abolished. We wish that they would answer this question in order to clear up matters for you this evening, to obtain their absolute position, whether they are taking a technical attitude toward the question or whether they are realizing that the chain store is entirely detrimental and should be abolished.

Furthermore, we find that the chain store is economically sound because these independent merchants have recognized the principle of the chain store. They have recognized the principle of the chain store and are attempting to become more efficient because they are employing some of the principles of the chain store. Thus, is it unreasonable to believe that under the system which the gentlemen of the opposition have pointed out a situation of the I. G. A., where it is practically possible for all independents to cooperate and form another powerful union, and as R. T. Flynn, whom the gentlemen of the opposition have quoted stated, "This great chain store"—he calls it a chain—therefore proving again that the authorities which the gentlemen of the opposition have advanced are not in agreement with the point of view which they have presented.

Now, in summing up the argument so far, we have pointed out that the chain store is a social benefit. Further, we believe that the chain store is not a menace to the United States public, but that if it is a

menace, it is a menace only against waste, a menace only against incompetency, and a menace only against inefficiency.

Third Affirmative, Walter Graunke
University of Wisconsin

LADIES AND GENTLEMEN: The speaker who just left the floor told you that we have the burden of proof. Now that isn't anything to be surprised about. We knew that before we entered on this platform this evening. In regard to the question of whether we favor the abolition of the chain store system here this evening, if you want the chain store abolished you will have to have Mr. Reis¹ introduce a bill. That is his job. Our job is to condemn that institution here this evening. It is a tendency of the times. It would be a good thing if it could be abolished, but the tendency of the times will go on regardless of what we of the affirmative and negative say. That is a legislative matter. It would be as ridiculous for us to try to stop the chain store system as it would to try to keep out the Atlantic Ocean with a broom. The opposition have told you about this glorious future that the independent has under the chain store system operating alongside of it. Yes, statistics reveal that he has a splendid future facing him in the bankruptcy courts in the United States today. They told you about how the independent, if he is awake, can profit and make more money. Why, if the gentleman had gone on a little

¹ *Note*—The Chairman of the debate.

longer he would have told you that if you had an A & P store on either side and above you, and across the alley, you would do a rushing business. It doesn't work out that way here in Madison, independent retailers tell us.

Now, thus far in this debate my colleagues have indicted the chain store system on two grounds, first, because it takes more from the community than it gives in return, and second, because it will result in monopoly. In concluding the constructive argument for the affirmative this evening, I shall endeavor to show you that the chain store system is detrimental because it tends toward economic feudalism, for it is helping to bring about the hired man status and the concentration of wealth, which is detrimental to the American public. The world has just recently emerged from political feudalism, and we are now gradually merging into economic feudalism. Mr. Nahem, Kentucky banker and member of the American Bankers Association and Economics Commission, had this to say about the tendency of the chain store system.

"We are drifting into middle age feudalism where we will be economic vassals of a few big corporations that do not know us and whom we may never see." This statement comes from an official of the American Bankers Association and not from a soap box orator. There are many people who believe that the chain store is all right, economic feudalism is all right, the hired man status is all right, as long as everybody has all the luxuries and happiness they want. But we should remember that Rome, just before her downfall,

enjoyed more luxuries than she did ever before in her history. Can you gauge the well-being of a people by the number of automobiles and the number of radio sets and luxuries that they buy on the installment plan? There is only one way to gauge the prosperity and well-being of the people. You can gauge well-being only by finding out what the status of the great middle class is, the small business man, if you please, and what is the situation in the United States today? We have heard much about the so-called era of prosperity that big business corporations have given us. Do you know that within the past five years 110,000 going industrial concerns, with liabilities of over two and one-half billions of dollars, have been forced into bankruptcy, and do you know that a study of the income tax returns for 1925 reveals that ninety-five big corporations in their respective fields of endeavor made nearly fifty per cent. of all the profits that were made in the United States? And do you know that the investigation of our Federal Trade Commission has revealed that thirteen per cent. of the people in the United States own ninety per cent. of all our national wealth, and you and I, the great body politic, the so-called backbone of the nation, own only the small change—ten per cent. of our wealth?

Now, my friends, we of the affirmative indict the chain store system because it is aiding in this tendency of the times, the elimination of the small business man and the concentration of profits and wealth, and that means power in the hands of a few. Congressman Kelly, of Pennsylvania, on the floor of the House of

Representatives, quoted these statistics from the *Bureau of Census Report*: "At least," he says, "three hundred thousand independent dealers have gone down before chain store competition in the last eight years. A survey of retailing by the Bureau of Census reveals that 500,000 independent retailers are on their way out of business." Their place is to be filled by units of nation wide chain combinations. There are, roughly speaking, one and one-half million independent merchants in this country. These statistics reveal that one-third of that number are on their way out of business as a result of chain store competition.

Mr. Filene, president of Filene & Sons, Inc., department stores of Boston, says that within the next four years ninety per cent. of all independent merchants will be eliminated from business if the chains continue to grow as they have in the past five years.

Now in weighing these so-called trivial economies, questionable economies, you must take into consideration the great loss in human values. Is this mechanization and de-personalization which the chain store system brings about a good thing? That is the question you and I must answer here this evening. Here is what President Hoover thinks about the small business man, here's what he said in his speech of acceptance in Palo Alto, California. "As Secretary of Commerce I have been greatly impressed by the fact that the foundation of American business is the independent business man. He and the public must be protected from unjust competition, from domination and predatory chain store business."

Here's how Justice Brandeis, one of the ablest men who ever ascended to the federal bench, thinks about the chain store system. He sums it up in this terse way: "The social loss is great and there is no economic gain. Chain banking, like the chain store system—its principle is the same—is extending its talons into every community and dragging down the ancient names of our home merchants."

Do you know that today eighteen thousand banks, with resources of fourteen billions of dollars, have been formed into two hundred seventy-two chains. Think of all the potential concentration of wealth and power that exists in the hands of a few men, and its results are exactly the same as the results of the chain store system. My friends, there are many who think that size alone means stability and efficiency. They worship it as a fetish. But do you not recall how the Bankers Trust Company of Atlanta went into bankruptcy and as a result every one of the seventy-eight members of that chain in Georgia and Florida fell like a house of cards, and do you students of money not recall how in 1893 thirteen chain banking systems in Australia, with assets of over four hundred million dollars, went into bankruptcy? And do you not recall how just recently two big chain banking schemes in Canada collapsed and caused considerable hardship?

I can not help recalling this evening how my parents came to this country from Germany more than thirty-five years ago and settled in the wilderness of northern Wisconsin in a little, ramshackle log cabin. Why did those pioneers come to this country? Why

did they turn their backs on all those home ties and friendship ties? They came for but one reason. They came because this was then the land of opportunity, a land in which they and their children might aspire to own their own business in any line of endeavor in which they thought they would be happy. That is why they came to this country, and are we going to defeat the object of our forefathers through the chain store system? That is the question you must answer this evening.

There is a passage in the Bible which reads, "What will it profit a man if he gains the whole world and yet loses his own soul," and I ask you tonight, what will it profit our nation if it reaches the acme of industrial efficiency, yet if in the process of so doing, we grind to death forever what President Hoover terms the backbone of our nation, that great middle class of independent business people. We might well take stock again in Oliver Goldsmith's prophetic words,

*"Ill fares the land, to hastening ills a prey,
Where wealth accumulates and men decay."*

Third Negative, Emmanuel Baugh
University of Indiana

LADIES AND GENTLEMEN: The speaker who has just spoken to you said, "Do you students of money recall a certain incident happening in Australia?" He probably was not speaking of Indiana students. Before going into the constructive argument of the speakers,

let us look at some of the arguments of the gentlemen of the opposition, taking them one at a time. The first speaker tells you the red fronts of the chain store mean they are sucking the blood out of their customers. I would like to ask him, are their customers going into these things blind or with their eyes shut? The first speaker tells us the people get what they pay for and pay for what they get. Now, if the people who trade at the chain store get what they pay for, why do they condemn the chain store. The first speaker quoted Dr. Nystrom two different times in his speech. We have here a personal letter from Dr. Nystrom, as well as forty-four other letters from professors of Marketing all over the United States. Dr. Nystrom certainly does not favor his side of the contention. He says, "Even the independent retailers, who are hardest hit, will probably be benefited in the long run." In answer to the question, "Are the chain stores a benefit or a detriment?" he said, "Benefit." In answer to the question, "Will the chain store lead to monopoly?" he said, "No." In answer to the question, "Are goods what they are represented to be?" he said, "Yes."

Now, the first speaker tells us the efficient merchant is being drawn out of business. Why did he tell you that? Will the facts substantiate such a conclusion? They will not, for this reason. A ratio of business failures in the United States today is no higher than it was forty years ago. The ones that are being driven out, according to Dunn and Bradstreet, are the inefficient merchants, not the efficient ones. Therefore, it just makes for a better business organiza-

tion in driving out the inefficient and leaving in the efficient.

Chain stores do not give credit and deliver, they tell us. This is true. But the point is the people who trade at the chain store do not want credit or delivery. This is seen by the fact that Piggly-Wiggly did an enormous volume of business last year, but, how much does credit and delivery cost? According to the Harvard Bureau of Business Research, credit and delivery cost only two per cent. of the sales. According to the same organization the average independent store sells thirteen per cent. higher than the average chain store. Suppose now they don't give credit and delivery. Take off two per cent. from thirteen per cent. and you still have the average independent store selling for eleven per cent. higher than the chain store. What are they doing with that extra eleven per cent.?

They would have you believe that the chain store sends money out of the community. How much do they send out of the community? The gentlemen answered that question in their speech by saying they send out the net profit. What is the net profit? Only three per cent. of the sales. Now, suppose they do send out three per cent. when they leave in the community ten per cent., isn't the community still better off?

Coming to the speech of the second gentleman of the opposition, his main contention was that the chain stores lead to monopoly. We want to point out at this particular stage of the debate that we are not debating future possibilities. The question tonight is,

“Resolved: That the Principle of the Chain Store System *Is* Detrimental to the Best Interests of the American Public,” not in the future, so even though their contention should be true, it is a future possibility they are debating when we are debating the question in the present tense. But what is more significant, even though it should be true, we cannot believe in that contention if we believe in the American government. Why? Because the American government has passed anti-trust laws, the Sherman act, the Clayton act, all of which prevent monopoly in restraint of trade. Now, if the Government has broken up monopoly in the past, can’t your Government and my Government break up such future monopolies as might ever exist.

The second speaker said we know that the independent as well as the chain stores have cut prices. But note, because the chain store can do it more efficiently they quarrel with the chain store. The second speaker quoted to you the Supreme Court of the state of North Dakota in regard to legislation. He quoted only that one statement, but in seven other states where chain store laws have been passed, they have been declared unconstitutional by the Supreme Courts of those states. Last August the United States Supreme Court handed down a decision in which it stated, “If detriment to the public health has resulted from the chain store, some evidence of it should be forthcoming. So far as we are informed, either by the record or outside of it, none exists.”

They tell you that it is unfair competition to sell for less than cost. What right have they to tell you that when they didn't even give you a definition of unfair competition. It may be unfair competition in their opinion, but in the opinion of the United States Supreme Court, in two hundred and ten U. S. Reports, page 333, in that famous case of *Merrill Company vs. Straus*, they say, "Once goods are sold by a manufacturer he has lost entire control of them. The purchaser must be regarded as the owner. He may therefore sell them at any price he wishes, regardless of what he paid for them." On the one hand we have the opinion of the gentlemen of the opposition, and on the other of the United States Supreme Court.

They tell us we can not keep out the ocean any more than we can drive out the chain store. If the people get what they want, according to the first speaker, and they want the chain store driven out, then why can't they drive it out? His speech also is based upon future possibilities. He says that the chain store is tending toward economic feudalism. He admits that such is not the case today but it may happen in the future. Again I would point out we are not debating a future possibility tonight, we are debating a present tense situation. It is very humorous to note that the gentlemen of the opposition have quoted Chief Justice Brandeis of the United States Supreme Court. We would point out in that decision they quoted a little while ago, Chief Justice Brandeis was of the dissenting opinion. The majority of the court was in favor of the chain store. If the gentlemen want to quote the

justices of the Supreme Court, please quote those in the majority.

They would have you believe that the chain store does not effect a saving to the American people, but, as you have seen, the Harvard Bureau of Research tells us the chain store sells for thirteen per cent. less than the average independent store. Multiply thirteen by two and one-half billion dollars, the amount of business done in the chain groceries alone, and you have a saving of three hundred million dollars to the American public on groceries alone in one year. Is it any wonder that the National Counsel for the I. G. A., Mr. Dunn, who is favored by the gentlemen of the opposition, made that startling declaration, "I believe that the principles of the chain store are economically sound; that in due application they will work progressively for the best interests of the American public."

In a survey that has been made by the Extension Division of Indiana University, we have the opinion of forty-five leading professors of Marketing in colleges and universities throughout the United States. We did not take just two like the first speaker. What do they say?

In answer to the third question, "Are goods what they are represented to be in the chain store?" they replied, "Yes." That is, forty of them; three replied, "As good as in the independent stores." In answer to the second question, "Is there danger of future monopoly?" (the contention of the second speaker) all forty-three of them answered, "No." Now then, the first question, "Is the chain store a detriment or

a benefit?" every one of these professors of Marketing answered, "A benefit."

But perhaps you would be more interested in what the professor of Marketing of Wisconsin thinks about it. In answer to the third question, "Are the goods what they are represented to be?" he says, "Yes." In answer to the second question, "Is there danger of future monopoly?" he says, "No." In answer to the first question, "Is it a benefit or a detriment?" he says "A benefit."

Here are the statements of men who have spent their lives in the study of distribution. They know the faults of the chain store as well as do the gentlemen of the opposition, but nevertheless they say the chain store is a benefit and not a detriment. Therefore, we believe that they are right. Now, what evidence can the gentlemen of the opposition give to offset this array of statements. In conclusion, we of the negative believe that the chain store is not a detriment but is a benefit, because it makes for better business organization, it is economically sound, and it makes great savings possible to the American public.

**First Negative Rebuttal, Bernard Frick
University of Indiana**

LADIES AND GENTLEMEN: Let us briefly consider the arguments set forth by the opposition. The first speaker, for instance, made the assertion that the chain store takes more out of the community than it

puts into it. He has asserted that it has brought about the abolition of the inefficient retailer, but at the same time is proving detrimental to the efficient.

Let us consider those authorities, and from those authorities let us take such quotations as we have from independent retailers. Robert L. Hobart of the National Retail Hardware Association says this in the Ward School of Business Research pamphlet: "To counteract the competition of chain stores, I have found that my merchants have improved the appearance of their stores and have placed stress on quality." Speaking from the standpoint of the farmer, "the farmer also realizes that the coming of the chain store has made a better merchandiser of the individual retailer." But, as L. D. Wells said, "It has been found that the chain stores succeed in capturing only a part of the trade of the community. Properly managed independent stores are able to hold their own." Thus it is the chain stores are of course not driving out the independent, but proving an incentive. They may be bleeding the people to death and not be giving advertisements to your bulletins. However, we would say in seventy-five years existence, if the American people are bleeding to death, they are suffering a long torture.

The second speaker made the assertion the chain stores were tending toward monopoly. William L. Mitchell, Attorney General of the United States, said in October of this year that the chain stores were not tending towards monopoly, and as William L. Donovan said, the Sherman anti-trust law successfully pro-

hibits any attempt toward monopoly on the part of the chains.

Let us come to the assertion of the third speaker. He mentioned the fact that he was pleading for the independent man and for his freedom of spirit. He made the assertion we were coming into economic feudalism. However, we are debating whether or not the chain store is a detriment at the present time and are not concerned with the future. Then, too, he has quoted an interesting list of bank failures, both in this country and in Canada and Australia. However, the question for the debate tonight is, "Resolved, that the principle of the chain store system is detrimental to the best interests of the American public." We are not debating the principle of the chain banks, nor are we discussing the principle of the chain system of transportation. At a later time we would be glad to debate the speakers of the opposition on that question but we will keep to the question of the chain store this evening.

Then, too, he has said the chain store meant de-personalization of the individual. However, according to Dr. Boyle of Harvard University, the chain stores are not de-personalizing the individual. Say what you may about a man being a cog in a machine, he at the same time retains his opportunities to develop individualism. Thus it is that the individual working in the chain store not only has the advantage of learning the system and quality of service in the chain store, but also has the actual experience, and later on he

may take this experience and this knowledge and go into business for himself.

We are merely opposed to the inefficient independent who, as Dr. Klein says, often represents hope, faith, but poor judgment. We believe that the chain store is a distinct social benefit and it is not only in the community but of the community.

**First Affirmative Rebuttal, Maurice Levine
University of Wisconsin**

LADIES AND GENTLEMEN: Now that we have listened to the negative arguments of the past fifteen minutes, let us pause briefly and review the case of the affirmative. You will recall that as first speaker of the affirmative I pointed out that the chain store is detrimental to our best interests because it takes more from and gives less to the community than the independently operated store, while my colleague, the second speaker pointed out that the chain store principle tends toward monopoly in the field of distribution, and thirdly, that the chain store principle, because it is concentrating the wealth of this nation into the hands of a few, and because it is at the present time bringing about the hired man status, ultimately means economic feudalism. Now, it is time to pause, ladies and gentlemen, and consider how our opponents have met our arguments this evening.

It is surprising to notice that all three speakers spent their entire time to evaluate for us all the economic benefits of mass operation and distribution, of

the sound economies of the chain store principle, but they entirely disregarded my statement in my first speech that we are absolutely in favor of efficiency, but we deny that the chain store, with all its detriments, is the only way to achieve these economies, and we maintain that through cooperative buying organizations such as the International Grocers Alliance which contains 10,000 members, the Irma stores, and the Western States Grocers Association, the same economies can be effected without all the detriments of central ownership and control, the issue of the debate this evening.

They quote forty-three professors who state that the chain store does give you economic benefits. Certainly it does. We admit it, but the voluntary cooperative organization, and we challenge our opponents to deny this, gives exactly the same economic benefits without the detrimental effects. And what about those detrimental effects? As far as money leaving the community is concerned, they seem to have come here with a preconceived notion about what authorities we were going to quote, and charged us with quoting a person by the name of John T. Flynn. I am sure we never heard of him before. Then they come up and charge that we have misquoted one of our authorities, and an important authority. I don't think they have been fair. I have here the speech of Mr. Craig B. Hazelwood, president of the American Bankers Association, who gave a speech on the relationship between the chains and the local bank, in which he said, "The local business man is a part of the community, living

in it and building it up with all his life and future. The chain store is merely a conduit through which goods flow in and money flows out, leaving the community more barren for its existence."

Moreover, we submit the testimony of Mr. Frank Grimes, President of the International Grocers' Alliance, who says relative to the disastrous draining of money from the community: "Mammoth corporations with ownership centralized in distant metropolitan financial centers are a menace to the prosperity of our nation—its community interest. The retail business is by its very nature local. The independent merchant through his profits re-invests locally in new enterprises and improvements but when chains enter they skim off the profit and send it into controlling centers, thus removing the basis upon which a community has to grow."

Therefore, we maintain tonight that as long as we can get all the benefits of the chain store through an independently managed store and independently owned store, then it is up to you, in view of all the indictments and detrimental effects of the chain store to say, "Let us throw it aside." They point to the five million people who are going into A & P stores every day. Yes, it is true, but admit, ladies and gentlemen, in your own mind you are wondering whether you are acting in your best interests by trading at an A & P store.

In conclusion, if you decide tonight that the principle of the chain store is not detrimental to your best interests, you are giving your stamp of approval to

the further expansion of the chain, you are placing your stamp of approval upon an economic institution which invariably refuses to come in on civic donations or charity contributions, you are further giving your consent to the expansion of a principle which takes the money from the community and sends it away, never to return; you are placing your stamp of approval upon an economic institution which skims the cream and leaves nothing but the blue skimmed milk.

**Second Negative Rebuttal, Herman King
University of Indiana**

LADIES AND GENTLEMEN: The last speaker of the opposition has told you that their plan possesses all the benefits of the chain store and that the chain store possesses certain evils which he terms are detrimental to your business, but does the A & P chain store, which operates in this state and which pays the people of the state of Wisconsin \$23,000,000 for their products possess such evils? Is it a benefit, and does their system prove that it can do the same thing in case the chain store is taken out of this community? They further continue to argue that the chain store takes more out of the community than it leaves in. Yet, as we pointed out, this institution, which we believe is typical, leaves in this state that much money.

However, they would say that the principle of the chain store works for the detriment of the people of Wisconsin and to the detriment of the United States' public. Now, I notice an inconsistency in the gentle-

men of the opposition. If you will remember, the first speaker pointed out that the chain store was not as efficient as the independent merchant because it did not give credit, and then the third speaker of the affirmative pointed out that the prosperity we were witnessing was a fictitious prosperity occasioned by installment buying. Thus the inconsistency, by installment buying we are witnessing a fictitious prosperity, while he is condemning the chain store for not extending credit. Therefore, we maintain that the principle of the chain store is efficient and not detrimental to the United States' public.

Also they have attempted to sidetrack the real issue of the debate this evening. Can you, yourself, imagine that the banking system of this country is a system of distribution, and especially one of distribution such as a store. It is practically inconceivable, but yet at the same time the gentleman goes to great length to explain that situation. Let us notice the illustrations which the gentlemen of the opposition brought to your attention, illustrations in Australia, in Canada, and in the United States, but, we would refer you to Mr. Lyle Eadie, formerly of Chicago University, who states that in the United States out of the 25,000 banks, there are more bank failures in one year than in England in two years, and in England, as you well know, the chain banking system is developed to the highest degree. In fact they have five of the largest banks in the world. Therefore, we believe that the gentlemen of the opposition have attempted to sidetrack the

debate, and thus much of the discussion has been along the line of banks.

Furthermore, we find they have quoted Congressman Kelly. Often this great chamber of ours is a chamber of absurdities. They have stated he said there were 300,000 failures, but, as the first speaker, my colleague pointed out, Bradstreet and Dunn states there are no more business failures today than forty years ago compared to the ratio of the number which were in actual existence. Thus, we believe the case of the negative has met the argument that the gentlemen of the opposition believe shows chain stores to be detrimental to the United States public.

They have further attempted to show that the money leaves the community. They have argued this point and given conclusive evidence. They advanced the point that concentration of wealth is detrimental to our interests. They have brought in this point but have given absolutely no facts as to what made up concentration of wealth, what percentage of the people owned what percentage of money before the chain store came into existence, and what proportion it is today. They have stated that thirteen per cent. of the people own ninety per cent. of the wealth, and we ask them to bring forth evidence that any such condition did not exist before the advent of the chain store system. Certainly some evidence would give us some basis on which we might conclude there had been more concentration of wealth after the chain store system than at its beginning.

Second Affirmative Rebuttal, Sydney Leshin
University of Wisconsin

LADIES AND GENTLEMEN: One of the gentlemen who differ with us gave us the impression that the independent merchant spends his afternoons playing golf. He probably would have continued to say he spends mornings sleeping, and evenings playing contract bridge. We believe he made a mistake. What he meant to point out was the method by which the operators of the chain store system, the men who are directors of these big mergers, spend their time rather than the independent merchant. They also differ with us because they feel we are too far-sighted in looking at this problem, that we are looking at it through glasses that are very long distanced. The idea that we are tending toward monopoly is something they don't like, and also our belief that we are tending toward economic feudalism. We believe we have shown that the seeds of monopoly are with us today, we have shown that the seeds of economic feudalism are with us today, and whether we have monopoly and economic feudalism ten years, twenty-five or one hundred years from today, does not affect this question one iota if we establish that we are tending towards monopoly and economic feudalism. The gentlemen also believe that we have nothing to fear from monopoly because we have a very fine government. Granted we have a very fine government. We believe that the fact that the gentlemen feel that when this thing does get bad enough the government will step in, is nothing

but an admission on their part that something is wrong with the chain store, and that they say it will be all right in a straight-jacket of government control. We believe that when government control is necessary, that is a sure sign there is something wrong.

Furthermore, they have told us several times that noted economists say the goods in the chain store are what they are purported to be. You will recall we made no statement here tonight that the chain stores sell inferior goods or short weight customers, but since the gentlemen seem so concerned about the idea, maybe the chains do sell inferior goods. We believe there is something in it although we have not offered it.

They pointed out in 1920 the chains did six per cent. of the business and in 1928 they did sixteen per cent. of the business. Exactly. The trend is to concentrate more and more business in the hands of the chain stores, the chains are merging, resulting in further centralized control, and that is why we say we are on the way towards monopoly, and that is why we feel we are justified in presenting the arguments of monopoly in distribution here tonight. Then, too, the gentlemen say that the chain store is economically sound. We admit it. We admitted in our first speech the economic soundness of the chain store. We say you can get that same benefit through an idea such as the cooperative, and the gentlemen wish to put us on their side of the brief. The cooperative is not a chain because one man says the cooperative is a chain. We believe that calling a cooperative a chain no more makes a cooperative a chain than by calling a dog a horse or vice versa.

The difference between a cooperative and a chain store is just this: in the cooperative every individual store is independently owned, the profits made in every single store stay in that community and are profits of that individual merchant. There is no centralized control, there is no ordering from one central head to the various stores along the line.

We believe it is this urge to merge, if we may call it such, this concentration of wealth in the hands of a few people, this tendency of J. C. Penney and Sears Roebuck to get together and not have competition, and things of that sort which are tending toward monopoly, and we believe, if the gentlemen object because we are somewhat far-sighted, that objection is not a substantial one.

**Third Negative Rebuttal, Emmanuel Baugh
University of Indiana**

LADIES AND GENTLEMEN: The opposition throughout the debate this evening favored the I. G. A. but not the chain store. Let us quote from their head man, if you please, Mr. Frank Grimes, president of the I. G. A. He says, "So in order that we merchants may have at least some of the power possessed by the larger retail organizations, we do the same thing they are doing." How can they make a distinction without a difference? A chain store takes more and gives less? We showed you that the chain store saves you thirteen cents on the dollar spent in the store. Does that sound as though it is giving less? They say the negative

told you the chain store is wonderful, that it is perfect. We made no such statement, but we did say it is a benefit and not a detriment. We were supported in that opinion by the professors of Marketing in the forty-three largest colleges and universities throughout the United States. They tell us that central cooperatives give us the same benefits as do the chain stores. Did they tell you that the independent central cooperative saves you thirteen cents on the dollar spent in their store? The first speaker said the opposition may have quoted forty-three men who might have said "The chain store is a benefit." It is not a "might have said." Forty-three professors of Marketing did say the chain store was a benefit. It is no "might have said" situation.

They quoted Professor Hazelwood from the *Chain Store Age* magazine. If they want to quote Mr. Hazelwood we will quote him also. He says, "It is perhaps not too much to say that the chain is the most important merchandising development ever experienced in this country. The most careful students on the subject agree that the chain store performs important economic functions. It increases the directness and economy of distribution."

In another place he said, "The chain store profits customarily depend on large volume at low prices."

In another place he says, "The coming of chain stores undoubtedly means the passing of those unit stores which are less efficient."

He did not say it meant the passing of the efficient merchant. Dunn and Bradstreet say, "It does not

mean the passing of the efficient merchant; it means the passing of the less efficient merchant, therefore, it is a benefit."

Now, the second speaker said the seeds of monopoly are with us, the seeds of feudalism are with us. Yes, but monopoly and economic feudalism are not with us today, and if they are talking about monopoly and economic feudalism, to prove their point they have to prove that monopoly and economic feudalism are with us at the present time. They say that we said the Government will step in by means of Government control. I never said the Government would step in by Government control unless it is necessary, but if it were necessary, then the Government will step in and will prevent a monopoly in restraint of trade.

Throughout the debate this evening they have admitted the economic soundness of the chain. Then they admit that the public is being benefited by the chain store. Therefore, in conclusion, because the public is being benefited, because it is economically sound, because it does make for better business organization, because it makes possible great savings to the American public, we of the negative agree with the forty-three leading economists in the universities that the chain store is a benefit and not a detriment.

Now, so far as Indiana University is concerned, the debate is over. We have been happy to be with you this evening; we have had a good time. We have enjoyed it, and suffice to say in a few words that if you were as pleased to have us here as we have been to be here, we are well satisfied.

Third Affirmative Rebuttal, Walter Graunke
University of Wisconsin

LADIES AND GENTLEMEN: The gentlemen of the opposition have told you that we are arguing merely in the future. We have shown you the tendency which the chain store system is aiding in today and at this time I might remark that one of our forefathers of great foresight said, didn't he, "Eternal vigilance is the price of liberty."

Now, the opposition said "Produce some concrete evidence," and I have got it here. In order to make my argument as strong as possible, I went out and bought two pounds of Limberger cheese. I bought one pound at an independent butcher shop for thirty-one cents a pound, and one for thirty-eight cents a pound at the chain store. Now, my friends, you could follow me home as well, regardless of which piece I had in my pocket, the quality is the same my colleagues tell me. Now, in all seriousness, what is behind these two, little, insignificant pieces of Limberger cheese? I read the testimony of Mr. Baxter, who is director of the Bureau of Organization of the Chain Stores in the United States. The testimony was read into the Congressional Record. He said, "We sell at cost or below on nationally advertised products to get the people in the store and then we make up the difference by selling beef steak at fifty-five cents a pound where the independent might charge only fifty-two cents or fifty cents." I didn't want to bring beef steak, I thought it would make a stronger argument by bringing Lim-

berger cheese. The other night at Mayville I bought two rings of bologna, one at an independent and one at a chain store, and paid five cents less per pound at the independent than at the chain store. Do you know, since the opposition has challenged us on this subject of price, price cutting is the evil of the chain store system. The Owl Drug Company of California has for twenty years bought a certain brand of soap for seventeen and one-half cents and sold it for fifteen cents a bar, and in twenty years time they admit they have lost \$200,000. That is not scientific retailing, that is plain fraud on the American public. Furthermore, bear in mind that the chain store gives us just what we pay for and no more. You do not get the additional service that you get at the independent store.

Let's discuss the problem from this angle. Let us admit for a moment that you actually can get certain economies at the chain store system, which we do not, of course, would it then be worth the price which it exacts in human values. It costs us \$100,000,000 every four years to elect one president of the United States. Now, the same argument might be made—let us have a monarchy, more efficient, less duplication, less cost. When you gauge the benefit of a principle by the savings only, then you might as well substitute for the Star Spangled Banner the jangle of the cash register.

In regard to this matter of cooperatives, here's what Edward Filene says about cooperatives, and draws a distinguishing point between them and the chain store system. "Independent merchants can form themselves

into associations which will perform all the functions of the present chains and still retain their individual ownership and management.” Retain their individual ownership and management. Is that centralized control?

Now, they quote the Supreme Court of the United States as saying that price cutting was all right. They quoted from 210. Allow me to cite a subsequent decision written by Justice Brandeis on price cutting in 220 U. S. 373. Here's what he said: “I can not believe that in the long run the public will profit by this court permitting knaves to cut reasonable prices for some ulterior purpose of their own and thus impair, if not destroy, the production and sale of articles which it is assumed to be desirable that the public should get through independent channels.” That overruled the prior decision. The Supreme Court, however, is helpless to do anything until we have a constitutional amendment, and not because the Supreme Court is in favor of this thing.

Now they have told us that bankruptcies are going on as they have in the past, there isn't any variation, but the Bureau of Census statistics reveal that bankruptcies have trebled in the past five years over the period of time between 1913 and 1920, and that takes into consideration that a lot of businesses were going to the wall because of postwar conditions. They said Congressman Kelly's statistics don't mean anything. I said that Congressman Kelly was quoting the United States Bureau of Census statistics. Certainly, just because Congressman Kelly quotes those statistics, it

doesn't make them false. They are Census Bureau statistics nevertheless.

This evening we did not come here to support the incompetent merchant, but we believe the independent merchant has a right to be immune from the hamstringing tactics of the chain store organizations.

The Decision, Professor C. C. Cunningham
Northwestern University

If I were to start an auction tonight on this job, I am afraid you would hear low bids that would beat all the price cutting ever done by the chain stores or the independent dealers, or anybody else. Anybody can have this job I have here for one-half of a split Canadian nickel. I expected from the chairman's opening remarks that he was going to introduce me as the dishonorable judge. However, if you will look at your programs, I think I have one on him anyway. You will notice my name is printed in type considerably larger than his.

You are, I suppose, waiting for something serious from me. I suppose you were disappointed when you saw me here on the platform. I have had that thing happen to me many times. They have expected to see a real orator worthy of coming from such a school as Northwestern, and instead of that they see, well, what is before you now. Back in my student days at Beloit College I did win the reputation of being a little giant something like Stephen A. Douglas, so I hope you will realize, when it comes to debates, merits are not meas-

ured solely by size. If that were the case I think we would have to appoint Mr. Graunke to act as judge as well as debater.

I can say with reference to this debate tonight that neither side has frowned upon or looked down upon or completely lambasted the other to the extent that it has utterly out-classed the other side. It has been an evenly matched debate between two even teams, a good debate in every sense of the word. That makes my task more difficult, but I am going to tell you the factors on which I tend to render a decision in a debate.

The primary consideration is weight of argument. Delivery, of course, counts. We can't overlook that fact. It counts, perhaps, in two ways. It counts in itself as a certain factor, but it counts also with reference to making points have considerable weight of themselves. Moreover, we have to realize that the analysis of the proposition is an important consideration. Something has been said tonight by one team concerning the burden of proof as resting upon the shoulders of the other team. We grant that is the case. The affirmative does carry the burden of proof, but along with that they have the opportunity to analyze the proposition for debate, and in doing that the first speaker for the affirmative laid down what seemed to him to be the essential elements in the principles of the chain store system. Nothing whatever was said by the gentlemen of the negative which tended to indicate that they disagreed with his definition of that important term "principle of the chain store system." Therefore, since there was no dispute as to the terms, the

affirmative had the right, which they exercised, to lay down the issues for the debate, and they laid down three issues, and proceeded in their three speeches to support those issues. The debate centered, of course, around those three particular issues, (1) with reference to the economic advantages and social advantages of the chain store, (2) with reference to whether or not the chain store is tending toward monopoly, (3) with reference to the issue of economic feudalism, as contested throughout by the negative.

Now, concerning the first of those issues, the economic advantages and disadvantages, a good deal was said on both sides on that particular issue. I think perhaps that tended to be nearly even. I am going to explain more in detail afterwards why I make that statement. But with reference to the other two issues, there was a contention made by the negative tonight that the affirmative had no right to talk as much as they did talk about the future, that they were discussing the present, but it seemed to me as judge of this debate that that was rather a peculiar and perhaps unwarranted interpretation with reference to those two important issues, and I think that the gentlemen of the affirmative in their rebuttal speeches satisfactorily justified their interpretation of the question.

Other points I took into consideration were those of knowledge and evidence, information, authorities, matters of that sort, reasoning, logic, the question as to whether or not it is easy to brief the case as I listened to the work of the two teams, the inferences drawn from evidence, extemporizing, especially in re-

buttal, ability in that regard, in refutation, the ability to note points of their opponents and meet them with reference to their bearing upon the main issues. It was a common fault of some of the speakers here tonight to fail to see the forest because of the trees. They picked out a few separate points, some of them did, and struck at those without realizing that every one of those points bore upon one of the main issues in the debate and it would have been better if they had first of all pointed the particular thing they were going to refute toward the main issue, and after they had built up their opposite case on that issue, strike in and refute the opponent's contention on the whole issue rather than on the single point.

And finally, the last consideration which I had in mind when I prepared my decision was this, the conduct toward opponents, whether they treated them courteously, considerately, and honestly, and on the whole throughout the debate it was obvious that both sides were scrupulous in their efforts to be fair and courteous in every respect to their opponents.

However, surveying the entire ground I have come to the conclusion with reference to the majority of the issues certainly, and with reference likewise to general effectiveness in presentation, both with reference to the ability to argue to those issues, and likewise considering the element of the delivery per se, that the debate goes and can go in but one way tonight, and that is to the affirmative.

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INSTALLMENT BUYING

INSTALLMENT BUYING

WASHINGTON UNIVERSITY vs. NORTHWESTERN UNIVERSITY

This debate was held on the evening of March 28, 1930, at the School of Speech on the Northwestern University campus at Evanston, Illinois, each of the two institutions being represented by women's teams. The debate was won by Northwestern University defending the system of Installment Buying as at present practised.

The question was stated: Resolved that the present system of Installment Buying is detrimental to the best interests of the American people.

This subject was one of the popular discussions of the 1930 debate season on the college and high school platforms. It shares with the Chain Store discussion the revived interest of the college debaters in the American business world.

The speeches were contributed for publication by Professor C. C. Cunningham, Director of Debate at Northwestern University and Professor Raymond F. Howes, Director of Debate at Washington University.

First Affirmative, Oral Phares Washington University

LADIES AND GENTLEMEN: The question for discussion this evening is one with which I am sure you are all familiar. Or is there by chance anyone here who has not heard of a "dollar down and a dollar a week," of "easy terms," of the now famous slogans—"you get the girl, we'll do the rest," or "just bring an honest

face"? In plain words, then, the installment plan is to be our question.

"Resolved that the installment plan of buying, as it is now practised, is detrimental to the interests of the American people," is the exact wording of the question. Notice now that we are not discussing the abolition or change of the system; therefore, it is not incumbent upon the affirmative to suggest a practical way for the abolition or change of the system, nor to suggest a counter-proposition. The affirmative's task is merely to show that installment buying as now practised is detrimental to the interests of the American people.

Within the last twenty-five years, but particularly within the last eight, installment buying has been growing like a mushroom until now there are few things besides carfare, theater tickets, and meals at restaurants that cannot be paid for at so much down and so much periodically. One can buy a motor car for \$12.60 down and \$5 a week; a \$200 talking machine for \$5 down; a suit of clothes for \$3 down and wear it away with you; jewelry for nothing and a set of dishes thrown in. Radios, musical instruments, Grand Rapids furniture, snappy suits, tires, wrist watches, sets of books in full morocco, furs, electrical appliances—all can be bought on installments. In fact the total amount of goods sold on the installment plan per year is about eight billion dollars worth, which is one-twelfth of our national income.

What is installment buying, you ask? In plain everyday words, installment buying is running into debt. Henry Ford is quoted in a Detroit paper as fol-

lows: "There is too much debt, too much installment buying; we must learn to call credit by its real name—debt. The American home needs better business management. It should learn to keep solvent and liberate itself from the pressure of high-powered salesmanship reinforced by installment lure."

But—let us see how this system of installment purchases affects the attitude of the American people. Not long ago it was considered morally bad to be in debt. A man worked honestly until he had saved up enough money to purchase an article, considered carefully whether he really wanted to undergo the work necessary for the purchase, and finally bought the thing with a clear conscience. Now—almost everyone is running to catch up with payments on articles which were purchased before he was financially able to pay for them. A canvass in 1926 of a city of 60,000 people showed that forty per cent. of the poorer classes, twenty per cent. of the middle class families, and five per cent. of the wealthy families were paying installments on articles, exclusive of insurance and real estate, ranging in value from \$12 to \$1,425. The general use of this system shows a new attitude toward debt and makes more important to the American public as a whole the changes in the individual which result therefrom.

The advocates of the installment plan say—"Let the people have the articles when they want them; it will make them happier; they will work harder and everyone will be better off." Are these installment debts conducive to happiness? Let us take the case of

an innocent workman living in comfort, free from debt. He is beset by an insinuating salesman, trained in credit desire and selling psychology. A passing fancy is aroused for some luxury and before he knows it, he is signed up to pay installments on something he finds he doesn't want ten days later. We have the painfully humorous case of the mechanic who received \$6 a day when he worked. A high pressure salesman sold him a second hand automobile for \$30 a month, a set of plush and fumed oak parlor furniture, a piano, a gold watch, a baby carriage and a diamond ring. The total of the installments was more than he could have made if he had worked every day in the week. This is only one exaggerated example—you say. Possibly so, but facts do not lie and recent statistics show that installment buying has developed the United States into a nation of spenders and that people are mortgaging their incomes far in excess of their needs. In fact, installment purchases have already invaded future purchasing power to the extent of nine billion dollars a year, of which approximately five billion are spent on automobiles alone. It has also been ascertained that sixty per cent. of all installment purchasing is done by the working classes and that the average man's salary is pledged five years in advance.

What makes the public so gullible? Why do a young couple so recklessly endanger their own happiness by indulging so extensively in installment buying? Advertising, of course, plays a part. The ways the hated term installment are covered up are evidences of that. But it is more than advertising. High pressure

salesmanship causes it. What chance has a man when brilliant psychologists lie awake nights thinking out ways to break down his sales resistance? The go-getter, a fictitious magazine hero in 1925, today has become the colossus of civilization. There is the story told of a sales manager in a Texas district. Due to prolonged droughts, the district was in economic collapse and not buying as it should. The manager looked at his wall graph and at his sales reports. "Drought or no drought, west Texas has got to buy its quota. Sales resistance has stiffened, has it? Well, then, we'll smash it." And he did. West Texas bought its quota.

However, it would be unfair to come down on the go-getter too harshly. The super-salesman is a product of the machine, like the wares he sells. The poor fellow is driven to sell, even as we are to buy, lest the machine, and a very costly machine it is, eat its head off in depreciation, interest, and taxes. At all costs the wheels must be kept turning, the salesmen must sell, and we must buy.

Thus the installment buyer seldom gets sound value, for he is encouraged by the super-salesman to buy in excess of his needs and to follow his transient whims in purchasing articles at the height of a fad. You are all more or less familiar with the flood of player pianos that were sold a few years ago on installments from \$700 up. These pianos doubtless gave their purchasers some comfort and enjoyment for a few months. But then came the radio and most of the pianos were traded in for battery sets. These became almost obsolete with the advent of the electric radio, and we have

the same people trading in their obsolete battery sets for more modern ones at a great loss to themselves. That is one of the peculiar characteristics of installment business—that the money difference is always in favor of the seller. So from player pianos to battery radio to electric radio the poor public plods on in the everlasting treadmill of installment buying.

How, then, can such a system be conducive to happiness? Indebtedness has always been a burden which destroys happiness. Even good wages and good working conditions can not add to the worker's happiness if he persists in getting into debt. Socially, then, the system of installment buying as now practiced is a detriment to the interests of the people—it induces them to buy more than they want or can afford, thus mortgaging their future incomes; it encourages them in following transient fads, and by introducing the ogre of debt into the home it destroys their happiness.

But, let us see some of the further defects of the system; for I assure you there are many more.

Suppose you were to buy an automobile. The chances are you would buy it on installments—at least a conservative estimate of automobile sales between 1925 and 1929 says that over seventy per cent. of the automobiles sold during those five years were purchased on installments. You would then make a down payment, probably slightly over twenty-five per cent. of the car's value, with terms over a period of six to eighteen months. In addition to the rate of interest charged for the transaction, you would pay full insurance high enough to cover the risk that you

might steal the car or in some way damage it while it was in your possession before you had finished payments. The resulting extra charge for enjoying the automobile before you are able to afford it is usually about twenty-four per cent. of the cost of the transaction.

This amount of money may or may not be spent in legitimate costs of the installment system, but the fact remains that it is in reality non-productive. The system therefore adds an average of about \$100 in installment charges for each car so purchased and burdens our economic structure with an annual expenditure in installment charges of over \$375,000,000 on automobiles alone. This is nothing more nor less than economic waste, and average men, or rather the poorer classes who constitute sixty per cent. of installment customers, are footing the bill and are making up the rich profit that goes into the finance company's pocket.

Statistics show that there are one thousand five hundred organized finance companies in the United States and more than two thousand five hundred individuals dabbling in finance business. An average one of these is the Finance Corporation of America in Philadelphia, Pennsylvania. The net income of this corporation was \$92,268 for 1928. Multiplying this by one thousand five hundred, thus leaving out the two thousand five hundred smaller organizations, we find that the net profit for these one thousand five hundred finance companies for the year 1928 was approximately \$138,402,000. The total profit of this same company, which is representative of the average, was \$133,243

for 1928. This, multiplied by one thousand five hundred gives a total profit of \$199,864,500. Incredible, you say? Yes, isn't it? To think that the American people are foolish enough actually to aid the finance company in making its exorbitant profits. Is it any wonder, then, that ninety per cent. of the wealth of the United States is concentrated in the hands of thirteen per cent. of the people?

But let us come back to our automobile purchase. We had bought the car on installments, borrowing money at an interest rate of twenty-four per cent. to thirty per cent. One of two things must happen. Either we keep on with the payments and finally secure possession of the car or through some misfortune we can not keep up with the payments and the car is repossessed. In the first instance we find ourselves still making payments on the car at the end of a year. It is now a used car, probably battered and in need of considerable repairs. The tinsel has worn off our toy and we are still making payments. When we finally complete our installments, the desire for resulting ownership has passed away. A high power salesman paints in glowing terms the desirability of using this second hand car as a first payment on a bigger and better car, and again we enter the treadmill of installment payments.

Now, the second course of our automobile purchase is this. Illness, loss of a job, or a stock market crash may temporarily prevent us from making payments. The car is immediately repossessed. We lose the payments already made and have nothing to show for the

venture except the long months of installment paying and the short months of automobile driving. Such situations are very common. Henry Ford places the number of repossessions of automobiles at ten per cent. and the National Credit Association at twenty per cent. But let us take an example and show how the situation actually works out. Suppose the average automobile costs \$1,000 and you, the purchaser, are required to pay \$300 down and \$58 a month. At the end of three months payments you lose your job and are forced to give up the car and the payments already made—a total loss of about \$500. Now the total number of cars sold annually on installments is about 5,600,000. Of this number fifteen per cent., or 840,000 cars are repossessed. If on each one of these cars, \$500 was lost, as in the case of the \$1,000 car used in my example (and remember that most cars cost considerably more than \$1,000), we find that the total loss to the American people whose cars are repossessed is about four hundred twenty millions annually. Is it strange that our economic structure is tottering with such a condition as this existing?

The advocates of the installment plan confidently say: "All this talk about there being so much loss through repossessions is pure nonsense. We have figures to show that the loss through repossessions to the finance company is one-half of one per cent." That is all very well and true enough. You can bet your bottom dollar that the finance company will not be out anything. But how about the consumer? After all we are primarily interested in the bulk of the people

and not in the few. And we have found that it is these consumers who are bearing the loss of four hundred twenty millions annually, and it is these same consumers who are aiding the finance companies to make almost two hundred millions annually.

This loss through repossessions which I have shown you, is in the automobile industry alone. If we add to the four hundred and twenty millions the losses on radios, pianos, vacuum cleaners, furniture and numerous other kinds of repossessions—this already staggering amount of money lost annually becomes enormously increased.

Through a close scrutiny of these figures it becomes easier and easier to realize why “hard times” is the watchword of present day America among the working classes.

So, how does the installment system affect you as an individual? It urges you to buy in excess of your needs; it fosters debt; it charges you an actual interest rate of twenty-four per cent. to thirty per cent.; and it causes you, the American public, to lose four hundred and twenty millions annually in the automobile industry alone. In view of such facts the affirmative maintains that installment buying as now practised is detrimental to the best interests of the people.

First Negative, Elynore J. Dolkart
Northwestern University

LADIES AND GENTLEMEN: Tonight let us face realities—realities of your life and mine. . . . Whether

you are a student, a mother, a father, a manufacturer, a shopkeeper, a tradesman . . . whether you are rich, poor, or middle-class, like most of us—we all have one thing in common. Eighty per cent. of us sell or buy articles for production and consumption under the installment system.

In William Plummer's account of the present system of installment buying in the *Annals of the Academy of Political Science* we face more realities. Did you know that out of every ten automobiles sold seven and one-half are bought on installment terms? Out of every ten articles of furniture purchased nine and one-half pieces of furniture are purchased on the partial payment plan? Out of every ten washing machines sold seven and one-half machines are bought on installment purchases? Out of every ten vacuum cleaners purchased six and one-half cleaners are bought on the system of credit merchandising?

And I could continue to quote similar proportional purchases of other articles on the present system of installment buying. But these will suffice. The significance of these statistics lies in our realization of how vitally and extensively the concept of installment buying really touches our lives. At the same time as the system of installment buying has increased extensively it has increased intelligently and discreetly as well. You might gain the impression that installment buying is synonymous with extravagance, according to my opponents' arguments. If they had investigated the matter a little more thoroughly they would have discovered that present installment purchases are ar-

ticles of production and usage. According to the economic policy commission of the American Bankers Association, we find statistics that verify this assertion. In the total sales of articles listed in proportionate volume we find at the head of the list such articles as automobiles, furniture, sewing machines, washing machines, tractors, farm equipment. And way down at the bottom of the list we find such articles as jewelry.

This extensiveness and discretion of installment buying has increased because of the obvious benefits and satisfactions that we as individuals have derived from the system. It is hard to believe that we, the most prosperous and contented nation in the world, with the most material comforts, with the soundest economic and financial system the world has ever known, would have permitted any economic development to become so extensive had it run counter to our best interests.

Therefore there must be something inherent in the very nature of this system of installment buying to which we can attribute this phenomenal growth, development and widespread usage. The first contention of the negative this evening is this: That the present system of installment buying is based on sound economic principles and practices. The very soundness of these principles and practices assures us that they can not be detrimental to our best interests.

In the first place the system of installment buying is in accord with our entire economic system. Installment buying is the granting of credit on a time basis for things we use. Our economic system is called the

credit system because it also is based on the use of credit. According to Deibler, a noted economist, our economic society because of a profit motive behind our impulses to buy and sell, must continue to grow.

This profit motive implies that labor receives less than the selling price of the product. We as laborers are therefore left with insufficient means to buy back the things we produce. New markets or new credit facilities must therefore constantly be found in order to dispose of surplus products. The potential labor power of the working man has provided this new market. Because industry must get rid of its surplus products, our potential labor power, the money that we will earn in the future, has been recognized as good collateral for merchandising. Hence the present era of installment buying.

Isn't, then, the present system of installment buying of goods we use characterized by the extension facilities to every individual? Formerly credit privileges were limited to a special large producing class and a small consuming class of people. The present system of installment buying is merely democratized credit. Everyone in our country has the same credit privileges whether they buy or sell, whether they have private property and securities, or merely the desire and capacity for work. Somehow this democratized credit more nearly approaches the ideals of our country's democracy than any former system. Thus we see that in the very analysis of the present system of installment buying its distinguishing characteristic of demo-

cratized credit is based on sound economic principles and practices agreed to by all economists.

Let us progress one step farther, and see how the very development of the installment buying system is deeply imbedded in our great system of established credit. In principle, installment buying of things we use is a natural evolution of credit and thus there is nothing new or revolutionary about it.

Mr. Seligman, Professor of Political Economy at Columbia University, says this: "Inasmuch as installment buying involves the use of credit, it is as old as the appearance of credit itself. We find it mentioned in Babylonian records, on the papyri of ancient Egypt, and in classic Rome. We find interesting details of credit transactions in the middle ages. Later on, with the advent of public borrowing, the use of installment credit became very common as witness the use of terminable annuities in Europe or more recent serial bonds in this country. We are further convinced that the present system of installment buying is not new when we find the exact articles sold today under that system sold in the seventeenth and eighteenth centuries."

Furniture, pianos, and sewing machines were purchased on pretty nearly identical terms then as today. Thus we see that the modern development of installment buying is merely an extension of an old principle into new and democratized fields. This gives us assurance of the very inherent economic soundness of an economic development that can exist and expand from century to century.

We realize that not only this historical development of installment buying in its actual form, but installment buying as a general credit development in itself, is going through the natural stages of credit progress. The doubts that have been created in the popular mind as to the stability of installment credit will seem ludicrous in years to come.

John Maurice Clark, noted professor of economy, states: "Every credit development goes through three stages successively, that of initial growth, sloughing off of the abuse of the credit development, and the final emergence of the soundness of the principle. We now are in the final period of the sloughing off of the abuses of the credit development known as installment buying. We are ready to emerge into the reality of the inherent economic soundness of installment buying."

For instance it is easy for us to remember the abuses that were heaped on the rapid extension of bank credit. We used to think that if the banks granted credit, speculation business and production failures would result. No less an authority than Raymond, in his treatise on political economy of the preceding generation said: "None of the great and substantial departments of industry can exist with money borrowed at bank interest." Think of the folly of this statement. How far do we share these views today? This early opposition to bank credit has slowly disappeared until today it may be said our entire business structure is built on the foundation of bank credit. Installment credit is like bank credit in that installment credit, re-

sultant of installment buying has followed exactly the same lines of development and final emergence of the economic soundness of the principle as bank credit and in fact of all credit developments.

Thus, you see the present system of installment buying in the analysis of its system and its development. In both these aspects you perceive that installment buying is based on age-old economic principles and practices. But there is one more step to progress before you reach the ultimate conclusion of the soundness of our present system of installment buying. This step is in the direction of realizing the part played by installment buying in our whole industrial system. This is the actual usage of the system in our lives. We will show this to you in concrete terms.

Let us take the automobile industry as an example. There are millions of people buying cars under the installment system—millions like you and me. According to statistics from the American Economic Review seventy-five per cent. of all automobiles are purchased under the installment plan. So this great industry can definitely be said to have been built up through the use of installment credit to consumers. Suppose the use of installment credit was denied with the result that sales would be cut in less than half. What would happen to our prosperity?

A. R. Erskine, president of the Studebaker Motor Corporation, estimates only thirty-five per cent. of the present number of cars sold would result from the denial of installment credit. We must realize how

significant a part installment credit plays in the entire scope of our country's industries and prosperity.

When you buy an automobile by means of installment credit you not only need the car but you need tires, gasoline, accessories, etc. An automobile purchased on our future income gives immediate stimulation to these other industries and businesses. Economic authorities agree that there would have been less prosperity in our country, less employment of labor, a smaller aggregate consumer purchasing power, and a lower standard of living, if the present system of installment buying were not so extensively used.

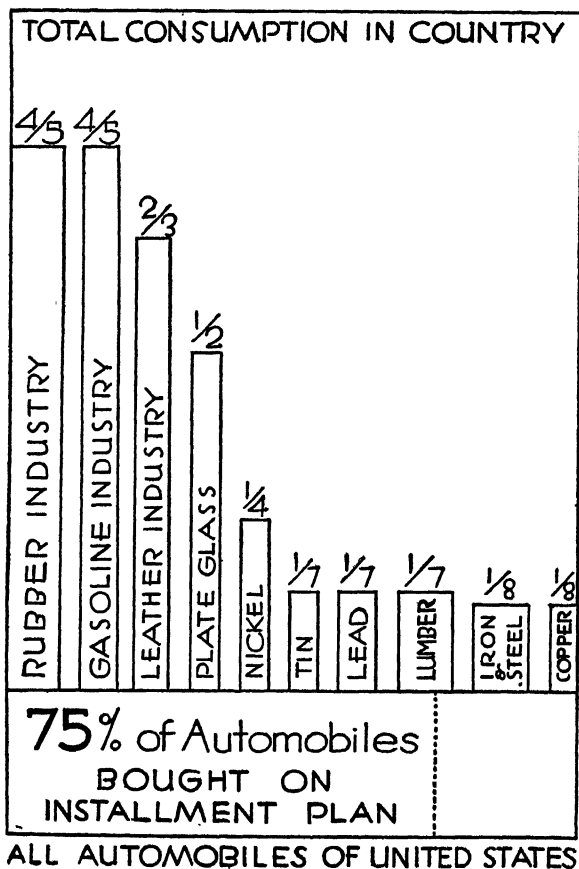
On the next page is a chart that shows in black and white how installment buying stabilizes allied automobile industries.

Thus we see how all these allied industries have been stabilized by the automobile industry which in turn has been stabilized by installment buying. Don't you see, then, that the demand for such amounts of material has contributed to the activity of these many industries supplying the materials?

Don't you see how these industries have given employment to millions of workers, and, therefore, provided them with consumers' purchasing power? Three million, five hundred thousand persons are employed in the actual automobile industry,—so estimates the National Automobile Chamber of Commerce. Let me point out further the conservatism of these figures, because all of the millions employed in our country in making tools, equipment, accessories, have not been included. If automobiles could not be sold on the in-

stallment buying plan think how these other industries would suffer, how many millions of men would be thrown out of employment!

These disastrous results would be inevitable if the automobile industry could not function with install-



ment credit, for remember seventy-five per cent. of all automobiles are bought on this plan of democratized credit.

The automobile industry is not the only industry that we can chart in this fashion. I can show you in exactly this same way how the washing machine industry stabilized by seventy-five per cent. sales on the installment plan, supports its allied industries; how the vacuum cleaning industry, the furniture industry, the sewing machine industry, and every other industry in fact, support allied industries and insure employment.

The argument of the negative is synthesized by this statement of John Raskob, finance chairman of the General Motors Company: "We would not consume one-third of the articles we now consume if we did not have installment buying. Consumption requires production from industry. Production means work. Work demands wages. Wages mean consumption, and so the circle of prosperity is completed."

Therefore we reach the logical realities that installment buying benefits us in our economic existence. We have found the present system of installment buying to be in accordance with economic principles. In its analysis it is democratized credit. In its development it is following the stages of credit progress. In its actual operation it is the basis of modern industry. Such inherent economic soundness can make only for further progress and confidence.

Second Affirmative, Mary Wickenhauser
Washington University

MADAM CHAIRMAN, FRIENDS: Surprising as it may seem to the negative, there is still no doubt in the minds of the affirmative that a dollar down and a dollar for life is the wrong attitude. We are convinced that there is nothing that can more insidiously and quickly undermine the morale of the people and the economic status of the nation than the present system of installment buying with its profiteering finance companies and accompanying evils. The plan is more in economic significance than a matter of sales technique.

The retailer can get twenty-four per cent. from the installment buyer for credit accommodations and he can borrow money at three and one-half per cent. or four per cent. to carry the load. Even after deducting the cost of collection of payments, he can have from twelve per cent. to fifteen per cent. clear profit. Miss Phares has shown you the apparent reasons for the high prices involved in installment buying. Here are some of the reasons which are not so readily apparent to the average installment buyer.

When a dealer invests in goods which are to be sold to the consumer on the installment plan, there is a distinct slowing up in the process of his capital turnover; that is, he does not get his full cost back until several payments, stretched over a long period of time, are made. In all cases the danger of frozen credit is in evidence, and under certain conditions this soon becomes a reality. This difficulty undoubtedly obliges

the seller to charge prices sufficiently high to cover the interest lost on the money which might have been re-invested, and in addition the risk of loss must be taken.

Installment selling is worse than an ordinary mortgage on real estate. With real estate the mortgaged property is normally assumed to itself furnish a means of providing wholly or partly for the future obligation to be met. With the installment plan, as it is applied today, the possession and use of an article frequently tend to lessen rather than to increase the income of the purchaser. If the purchaser's income is so depleted that he can not keep up payments, the goods are returned, with decreased value, to the seller. On the other hand, if the buyer can pay, but won't, as is often the case, he must be forced to pay, and the seller forfeits good will. These risks must all be covered in the installment sale price of goods, and help account for high prices.

The whole scheme is unfair to the conservative dealer who should be encouraged rather than discouraged. The man who wants to sell on a safe and conservative basis has no choice in the matter. If he insists upon business on sound business principles, he loses the trade of a large number of customers who are attracted by the seemingly easy methods of payment offered by the installment dealers. If, on the other hand, he decides to resort to installment selling, he must accept the serious economic uncertainty which is inevitable when a large volume of business is done on the installment plan. Certainly, the plan increases sales and the number of prospective buyers! There

are always more people with ready promises than ready cash! Yet doesn't it seem rather naïve and trusting to believe that a seller on the installment plan lets goods go out to the consumer sometimes for a mere one tenth of the real value, expecting the rest of the money in time, provided that the consumer can keep his job, stay healthy, and not buy too many other articles? All of this philanthropy on the part of the retailer, all of these risks and the lost interest on money that might be invested, and still no substantial rise in prices? It's ridiculous! The retailer profits, and profits well, and it is the consumer who pays.

Society of the present day is fundamentally economic, and when a widespread system is contrary to the dictates of good economics it seriously endangers social welfare. Such a system is that of installment buying. In times of business depression the prevalence of the installment arrangement is unquestionably dangerous. In such times purchasers are either temporarily unemployed or they are employed at decreased wages. Those unemployed find it hard or impossible to meet payments, while those employed at reduced wages find it necessary to stop buying anything but absolute necessities. The fact is that in times of depression, the installment sellers have ruined the market not only for their own goods, but for goods in general.

The ease of buying on time payment and the increasing of the volume of credit of the country is another factor in installment buying that is bad economics in that it will bring about business depression.

The amount of credit on the business books of the country was certainly a large factor in the recent stock crash. The important point, however, is that crashes in the stock market often come at unforeseen times, as in the case of the last where business men were forecasting a brilliant business year a month before the crash. With people unprepared, the additional burden of time payments is unquestionably dangerous.

The cause of every depression is the reaction from an excessive volume of credit, and it takes only some insignificant event to start a pyramiding of depressions. If A can't pay B, then C suffers in turn. Business slackens, collections become difficult, and the whole business field is on the downslope of the business cycle. The building up of debt through this partial payment plan results in starving the lean years and booming the boom years. Could such a plan be in accordance with good economics? When business is good, it is made better, and when business is poor, it is made worse. This is a process of exaggerating the mountains and valleys of the business cycle by which a fool and his money are separated for all years to come. It is a case where a few will have had all the fun, but we all join in the headache. It is one of the best methods we know for defeating the efforts of economists and bankers who attempt by safe credit and business methods to iron out the extremes of prosperity and depression, and it is opposed to the best interests of the public well being. This, then, is the fundamental objection!

The National Association of Credit Men some time

ago adopted a carefully prepared statement concerning installment credits: "There has been built up in our country a large peak of installment credits, and it is wise for our business people to exercise the greatest caution, for undoubtedly in a credit pinch, this condition would prove a very disturbing factor. We must be fearless in pointing out the dangers in the present situation." Less than three years before the stock crash, well known economists were prophesying "a distinct recession in business and possibly a panic within the next two years or possibly three would not be surprising. It will be the result of over-extension of the installment business which today is eating into the vitals of our American business like a cancer." This was said by Roger W. Babson in the *New York Times* for September 12, 1926. He did not stand alone in this opinion. Mr. C. R. Noyes, writing in the *Yale Review* for 1927, says "as certain as the sun will rise tomorrow morning there will begin within the next two or three years a period of business depression. When it comes, profits will be converted into losses; interest rates will decline; there will be unemployment on an abnormal scale together with some general liquidation of labor and wage reductions; and there will be a total eclipse in some elements of the economic complex. These are obvious from certain weak spots in our body economic, not the least of which is the installment buying plan as it is practised today."

In 1926, the American Association of Credit Men conducted a survey of installment buying and selling. The survey covered every state in the union and a

great variety of businesses. About one hundred forty commercial centers were sounded through credit managers in wholesale, manufacturing, and banking fields. The report shows that fifty-seven per cent. of the credit managers definitely disapproved of the installment plan, and ninety per cent. were convinced that it had been carried entirely too far. These percentages represent the opinions of thirty thousand credit executives.

It is the opinion of many that installment buying increases the output of capitalistic society and is a benefit in disguise. Suppose, however, a man buys everything on the installment plan. He can buy only nine-tenths as much as he could if he paid cash, and, therefore, manufacturers who serve him decrease by ten per cent. the amount of goods they produce for him. Carried to extremes, the installment plan will reduce output and defeat its own purpose. If, on the other hand, the advocates of the plan persist in maintaining that output and production are increased, then the plan is forcing people to buy more than they can afford. If the factories are producing their one hundred per cent. quota and that one hundred per cent. is being consumed by aid of the installment plan, and yet under that plan the consumer can only afford nine-tenths, the other one-tenth is being forced on him. In other words, under the installment plan either people buy only ninety per cent. of what they could buy for cash, or they buy ten per cent. more than they can afford.

The effect of the installment plan on the general

economic structure has been seen through its effect on the business cycle, and production. Now let us again consider its economic effect on a single unit of our society. The working population of our country composes approximately one-third of the entire population, and it is the working class that uses the installment plan to the greatest extent. In fact sixty per cent. of the installment buying is done by the working man.

The family of every worker goes through a poverty cycle just as our economic society has its business cycle. When the young worker marries he is usually at the peak of his earning power and he is in a period of prosperity. As the worker advances toward middle age, while his children are in school and wholly dependent on the father's income, there is a marked decline. Then, as the children grow older, and begin to aid in furnishing the income, he goes gradually into a period of prosperity. Finally, as the children marry, a source of income is withdrawn and by this time the worker is rounding the corner toward old age with its sicknesses and often unemployment. Where can such a man hope to end if he has lived on the installment plan during the depressions of the poverty cycle?

A worker who is in debt under the installment plan is hopelessly in a rut. It is a recognized fact that the strike is the most effective weapon of the laboring man to gain a better wage and conditions of work; yet the installment plan works as an effective brake on this method of accelerating the progress of the laborer. Wisely, various labor leaders have warned against in-

stallment buying, for it delivers the worker to the employer bound hand and foot by payment due dates. To strike would mean not merely loss of current income, but of possessions. A worker dare not strike for fear of not being able to meet payments. He can't change work to better conditions because he will lose money in working up to former income. He can get no further; he has no chance to advance by using his own weapons. Installment buying leads to serfdom, which is the direct antithesis of all that America stands for.

To summarize the case of the affirmative: You have seen that installment buying causes people to buy more than they can afford, that the consumer is robbed through the plan by excessive interest charges, and that finance companies live like parasites on the overstimulated desires of the people; finally, that the whole plan is bad economics in that it accentuates the business cycle, has a disadvantageous effect on production, and leads the buyer into a veritable serfdom. For these reasons it is detrimental to the best interests of the American people.

**Second Negative, Constance Hopkins
Northwestern University**

FRIENDS: You know, it hurts my American pride to have our opponents continually throwing slurs at this nation of ours. I dislike, and I know you do, the idea of being called a country of fools; people who are irresponsible; folks too gullible for their own benefit;

a race that will fall for this so-called high pressure salesmanship. There may be a few individuals who misuse this democratized credit privilege, but these are abuses of the present system, not the theory of the system which is economically sound! So, remember, in further discussion of the question at hand, the debate is on the system itself, not the abuses!

My colleague has given the analysis of the system of installment buying, and has shown that the system by the very economic laws which apply thereto and under which it operates can not be detrimental, for it is theoretically sound. She has shown that it is the logical and natural extension of the credit system; that it is true democratized credit. Now, by its very nature, it is, you see, used in production and consumption of goods; therefore, if we can prove that the system is a benefit, rather than a detriment, to both the seller and the buyer, thus including our entire population, we have proved that it is not detrimental to the best interests of the American public.

You men who are sellers, jobbers, manufacturers, merchants, just what benefit do you derive from the use of this democratized credit system? Is the plan a benefit or a detriment to you as individuals? After a few moments of sound reasoning, you will, I am sure, agree that you as individual sellers have benefited from the use of this time payment plan and that such benefits would not have been possible were it not for this democratized credit system.

To begin with, you merchants who are selling under the installment buying plan must supply high grade

goods, for otherwise the goods will be returned to you, the purchaser refusing further payments. Again, you must give service for an expressed length of time thereby guaranteeing the article. This is not only to the betterment of your stock, but to the benefit of the buyer. Moreover, if you are starting out in a new business, you are better able to get a good start in your sales by the use of the democratized credit system, for you will have a weekly or monthly influx of money with which to pay expenses. Again, installment selling helps you to launch a new article on the market, for the customer has the opportunity to use his article while he is paying for it. Hoover Vacuum Cleaners and Singer Sewing Machines have established themselves through installment buying.

In the light of these facts, is it not obvious that you are, on the whole, able to sell more goods through the installment system? F. S. Larison, president of the Middle States Security Company, says: "If the individual sellers would only realize that, they could triple their business by the use of this installment buying system."

Also, through the system you learn to keep a budget. A budget inculcates foresight, and foresight leads to economy. Through economy naturally comes happiness because you are no longer in financial chaos and disorder. But this happiness and economy carries over to the community and consequently to the nation. How does installment buying help to promote a more harmonious business life in the community? You sellers aim to please the customers in your community;

and in return the buyers aim to meet their payments, thus enabling you to meet your expenses.

Our opponents contend that there is a great loss of capital for the sellers because of the customers' failures to meet payments and the consequent repossessions. The economist, Orrin Lester, in the *Survey* for March, 1927, states: "The tightening of the contract with the right to reclaim goods makes the system a perfectly safe business." "No one," says Orrin Lester, "can successfully refute that argument, for the loss of goods through installment selling has been negligible." Moreover, John Raskob, former finance chairman of the General Motors Finance Corporation, says: "Credit losses in five hundred twenty-nine million dollars consumers' obligations was a loss of one-twentieth of one per cent. in 1922; in 1925, one seventy-seventh of one per cent." And this was in the automobile field where repossession is supposedly the highest.

From a Chamber of Commerce Survey report of Cleveland department stores, we have secured these figures showing the increase due to installment buying over a period of years: in 1920, the increase over 1919 was thirty-one per cent.; in 1921—five per cent.; in 1922—twenty-one per cent.; in 1923—sixty-seven per cent.; and in 1924—sixty-two per cent. In case my opponents object to these statistics because they are taken only from Ohio, and think, therefore, that we can not conclude that these are universal benefits of this democratized credit system—let me quote further. We find that sales incurred in New Orleans grew one

hundred per cent. the first year and one hundred fifty per cent. in the second through installment buying. And again, in Seattle, Washington, there was a four hundred per cent. increase equally distributed through five years. Here are typical cities from all parts of the nation and this decided increase in each instance certainly proves that the sellers in these communities have indeed benefited through this democratized credit system.

If a system so benefits the individual, the home and the community, through this widespread increase of sales—then naturally, the entire nation has benefited by this system. Therefore, in view of the benefits derived from the installment system by you sellers, jobbers, merchants, manufacturers, we must readily conclude that a plan so inherently beneficial to half of our population can not be detrimental to the best interest of the American public.

The time payment plan has proved the sellers' salvation; democratized credit will democratize the nation!

And in much the same fashion as we have explained the installment buying plan as beneficial to the seller, we can show this installment system beneficial to the buyer, and to a much higher degree, for, after all, it is the public, the consumer, the buyer, you, that reap the biggest rewards in this democratized credit system.

If this system is not detrimental to the best American interests, it must not hinder, first of all, the individual, the unit of civilization. Very well—does it?

Under this present installment buying plan, the individual is no longer a poor man. For instance, a man wants to save the knuckles of his wife so he buys for her, on the deferred payment plan, a washing machine. He becomes proud when he finds that he can help his wife and that his name is good on the credit list. From then on, he has something to work for, a standard to maintain, not only to meet his arranged payments, but to uphold his name. You all know it's hard to save without a method. Very few of us have vision enough to lay away for a rainy day for we optimistically figure that that day will never come to us; or else we say: "What's the use; we could never save enough to buy this or that." Consequently our earnings are frittered away on knick-knacks because we have no definite pigeon-holes for our money. You know it to be a fact that if certain payments are due at a specific time, you wouldn't gamble your earnings for the world. So, fortunately, this system has given us the needed incentive to budget and to save. But too many of us have the notion that savings must be in dollars and cents. If this were true, then the miser would be the ideal citizen. But isn't it ridiculous to think of these United States as composed of money-hiding creatures, misers? This present age calls for life. What is there in life if one has to slave day in and day out with no comforts, no enjoyments? Stop and think! What would you have to do without if you couldn't make use of this democratized credit plan? How about your radio, your vacuum sweeper, washing machine, piano—above all, your car? Did you realize that the majority of

the citizens of America would have to do without many of these fine things if they could not buy on this installment plan?

What installment buying does for the individual citizen is well put by A. R. Erskine, president of the Studebaker Motors Corporation: "The productive power of the average American individual has been enormously stimulated by the use of this credit system."

William Green, president of the American Federation of Labor, tells us the secret of his business success: "When I started out I had to utilize credit in order to buy the necessities for my home. Then I was able to maintain a higher standard of living which gave me entrée. With this front—made possible by installment buying—I secured a better position, from which of course, came higher wages; and the wages in turn enabled me to raise my standard of living even higher by more installment buying."

We can scarcely scoff at this example, for Mr. Green makes on an average of one-quarter million dollars a year. This sounds like an Horatio Alger story, but this is truly the case, not only for Mr. Green, but for thousands of other Americans who are today successful and happy. The potentiality and standards of living of individuals are raised because of the use of this democratized credit system.

Just as surely as a sound economic system affects an individual so will it affect those with whom he is associated. How about it, Dad? Isn't your family happy because you can afford to give them what they

deserve, just because of the privilege afforded you by this democratized credit system? This system promotes contentment and happiness in the home. The elevation of the family's standard of living goes through a cycle similar to that of business. Starting with working in drudgery at the salary of the average American laborer, through allotted payments, vacuums and washers are obtained. Following improvements in working conditions, you become interested in your personal appearance and self-respect. Then follows educational devices and eventually recreational products that have been heretofore available only to the favored few. Today, under this present system of installment buying, the standard of living is on a much higher plane than ever before. The heretofore struggling laborer can now enjoy the necessities and comforts of life and pay as he uses.

We've heard the usual pessimists, including our opponents, make the slurring remarks against this progressive, economic method: "Men become slaves to their contracted debts." John Raskob answers this slur in *Industrial Management* for February 1927, by saying: "When severe critics say that installment buying results in conditions akin to slavery because of debts contracted, it must be remembered that happy employment is not slavery. There is no greater happiness or contentment than that which comes from labor which has its incentive in the desire for better things for those we love."

We can paint our own pictures of installment buying. Shall we represent the installment buyer on a par with

the improvident small farmer who gets himself hopelessly in debt with a cross roads merchant or shall he be likened to a forward-looking individual who is courageous enough to marry even on a small income because he knows that his newly found happiness will cause him to work harder in the future? Which portrait represents the average American buyer? The progressive, economical, common-sensed man, does it not?

Bryant Griffin, of the Gotham National Bank of New York, says: "The installment plan is a decided benefit to the large mass of people. Their lives are brightened by the enjoyment of things they must otherwise do without. You find a constant lightening of the economic pressure as this personal credit goes down deeper into the mass. They seem to be buoyed up by the very thing that outside critics say bears them down. Any of you who are willing to get up early enough can look out of your windows and see a trail of thousands of workmen's automobiles scooting down the boulevards to their factories. Only ten years ago this great mass of labor had to live just around the corner in hovels. This is but one example. Installment buying has raised the standard of living of the masses in all walks of life."

But not only the happiness of the nation has been affected by this present system of installment buying, but also the national wealth and savings have been increased. Life insurance policies increased from sixteen and one-half billion in 1913 to seventy-two billion in 1925. Stockholders increased three and one-half million

in the last ten years; savings deposits have doubled in the past seven years. The year of the greatest increase in installment sales, 1926, depositors increased three million. Though we can not attribute this tremendous increase in national wealth and savings entirely to the present system of installment buying, we can certainly assume that a large part of it is resultant from the habit of budgeting, a trait scarcely known to the American people twenty-five years ago, for it is simultaneous with the credit system!

These statistics showing the increase in savings in the country indeed prohibit the accusation of wholesale installment extravagance. While, of course, the development of consumer's credit is no cure-all for industrial ills, the higher rate of consumer's goods with its attendant higher rate of employment and enjoyment is a great stabilizer of national prosperity.

Then who among us is willing to assume the responsibility of even suggesting the prohibition of its use with almost certain results of driving people to mortgaging their homes, drawing on savings, borrowing on insurance policies, having our factories reduce production with consequent idle labor, and an all-around lowering of the standard of living?

Of course there are exceptions to every rule; there are cases in which the abuses of the installment plan have created misery and hardship, yet in consideration of the happiness, the health, the enjoyment and efficiency that the proper use of installment buying has given the large majority of installment buyers, the benefits derived from the system by the sellers, and in-

asmuch as the installment plan is in perfect alliance and accord with our modern economic principles, we feel this principle is not detrimental, but rather beneficial, because it sponsors and furthers the growth of our great economic and social policies. So must we say, "Democratized credit is not only a salvation of sellers, it is also a boon to buyers!"

First Negative Rebuttal, Elynore J. Dolkart
Northwestern University

LADIES AND GENTLEMEN: After being battered around by arguments from the affirmative and negative, it might be well for us to survey this storm of arguments and see just where we stand in this debate.

In comparing the two cases this evening we find that the affirmative have been guilty of two things:

In the first place most of the arguments advanced by the affirmative against the present system of installment buying were not arguments at all but merely citations of "abuses" of the present installment system, and as such cannot be considered as integral and fundamental parts of the system itself. For instance, the fact that a few people may overbuy their income, that a certain Texas salesman was over energetic, does not indicate that the entire system of present installment buying is unsound and detrimental to our interests. The present system of installment buying is as near fundamental soundness as any human institution—which, because it deals with and is made up of human individuals, is bound to err occasionally. The ob-

jections raised by our opponents are not arguments against the entire present system of installment buying, but against occasional "abuses" of a human institution.

Our opponents remind me of some one condemning the entire system of democracy because a few officials of the government have erred. Certainly the occasional abuses of the system by a few individuals connected with the system of democracy are in no way synonymous with the instability of the entire present system of democracy.

Until our opponents show that the arguments of their case are not merely occasional abuses by a few people of the present system of installment buying, the present system of deferred payment is basically sound and beneficial.

The second error our opponents have been guilty of this evening, besides their hasty generalization, is enumerating statistics for which they cite no authority. They have based several of their important issues in this debate on figures that as far as we know have no foundation. For instance, they have said that either we are buying ninety per cent. of what we can buy for cash through the present system of installment purchases or ten per cent. more than we can afford, and they have based half of their last case on these figures. But, did our opponents cite any authority for these figures? How do we know they are true? You know it is easy for tongues to argue glibly with statistics fashioned from their own imaginations. We of the negative are willing to answer these figures as soon as

our opponents prove the authoritativeness of the statistics.

And may I remind you that our opponents must do this before the end of this debate or their case can not stand.

Out of all the arguments presented tonight there emerges this fundamental fact—if we of the negative can establish the present system of installment buying as a system economically sound we have proved installment buying beneficial to our best interests.

In my constructive speech I endeavored to show how installment buying was economically sound in its analysis, its development, and in its actual operation, stimulating employment and production.

The last affirmative speaker went into great detail to show how installment buying “accentuates the business cycle” and thus is bad economics. I don’t know what sort of books of economics they have down at Washington University but I know that here at Northwestern we rely on Deibler, Garver, Hanson, Ely, and Taussig, and according to the economics these authorities give us we find that there is no such vague phrase “accentuating the business cycle” as our opponents used which might indicate to you somewhat of the lack of thoroughness in our opponents’ analysis of the economic phase of this question.

According to these economic authorities we find there is such a thing as a business cycle. Let us analyze this business cycle for our opponents and see just the part played by installment buying in relation to business conditions.

We find on page 336 in Deibler's *Principles of Economics* that there are four divisions to a business cycle, the period of prosperity, the crisis, the period of depression, and the period of recovery. The economic factors involved in these various respective periods are important and significant. I haven't the time in this rebuttal to go into the details of all of these periods. But when a period of depression does come we are interested in getting out of it. It is in this significant period of recovery that installment buying plays its rôle. According to economic experts the two things that hasten the recovery of business to normality are; first, the sharpening of demand, and second the lowering of unit cost of production.

And may I point out to you these very two factors are found in the present system of installment buying. The demand is sharpened by enabling more people to buy articles on a plan of deferred payments, than if they had to have the actual immediate cash for the purchase. More people can be consumers under this present system than formerly.

With this subsequent increase in consumption and demand for articles, the production of articles is increased. Increased production is synonymous with large scale production and the lowering of articles' unit cost because of the large number of articles that can be produced.

Thus we find in installment buying the very economic factors that lift us out of a business depression. This contention of the negative may be summarized by a quotation from the *Annals of the American Academy*

of Political Science for 1929: "Installment buying and selling is the very device for hastening prosperity and lifting industry out of depression. It seems logical to believe that if the installment buying system were expanded in a period of depression, thereby increasing sales and encouraging production, it could be looked upon as a most useful agency from the standpoint of the business cycle."

Thus we see that installment buying is firmly entrenched in our present social order because it is economically sound. Through the course of this debate and rebuttal it has been my purpose to show you specifically how the installment buying system in its analysis, its development and operation is based on age-old economic principles. I have substantiated this contention by the opinions and facts of great economists.

And until our opponents find sufficient evidence to disagree with these great economists, the case of the negative stands as soundly as the very system of installment buying that we are discussing tonight.

Any system as economically sound as the present system of installment buying can not help but be beneficial to all of our interests.

First Affirmative Rebuttal, Oral Phares Washington University

LADIES AND GENTLEMEN: Our opponents have asked us if we know that seventy-five per cent. of all automobiles are sold on installments. We do know this—but we also know that fifteen per cent. of these cars

are repossessed and that approximately \$420,000,000 is lost annually through these repossessions. Does the negative intend to disregard this \$420,000,000 sacrificed annually to installment buying? And to neglect the \$200,000,000 profits to the finance companies through this same system of installment buying? Certainly defects such as have been shown in their proposed system should call for adequate attention on their part.

The negative has quoted the selling of real estate as one of the benefits to the people from installment buying. May I inform the audience that building and loan associations can not be considered installment selling since these associations require that the purchaser put up security for the real estate, and true installment buying does not require any security.

The opposing team has also stated that savings deposits have increased, and has attributed this increase to installment buying. But—how do they know that it comes from installment buying? And how are we not to know that the deposits are from the wealthier classes—the thirteen per cent. who hold ninety per cent. of the wealth of the country? They have advanced no proof whatsoever that the increase comes from the people who are buying on installments.

One of the major points of the negative is that installment buying insures the happiness and contentment of the American people. How can it do this when this same system is causing the downfall of our economic structure? The happiness of the people depends on a secure economic background, and how can

anyone be happy (except a moron) knowing that he must meet the next installment on the furniture, automobile, radio or whatnot with a salary barely large enough to insure a reasonably fair living? For we must remember that it is the working classes who are using this installment plan to excess. Professor Wilford King, a well known economist, reports that sixty-one per cent. of the people receive less than \$1,000 in wages a year, and Professor Fisher of Yale has given figures placing the minimum standard of living at \$1,300—and this amount takes in only the bare necessities. Then, if sixty per cent. of all installment buying is done by the working classes, and sixty-one per cent. of the people receive less than \$1,300 a year—we see that it is not only dangerous to the people themselves but it is dangerous to our economic structure as a whole for these people to indulge so extensively in installment buying. It is easily seen how a man could pledge his salary five years in advance under such circumstances. But I am wondering what the man will do when the day of reckoning comes. He certainly can't keep on buying indefinitely. Perhaps our friends on the negative could solve this problem in economics for us?

Again the negative has given repossession statistics as one-half of one per cent. As I told you in my main speech, this loss which was quoted in the *Banker's Magazine*, was only to the finance companies. It does not take into consideration at all the loss to the consumers. I have already shown you where the loss to the people was about \$420,000,000 a year.

**Second Negative Rebuttal, Constance Hopkins
Northwestern University**

FRIENDS: There is one plank in the affirmative's argument that must be explained both to you and to them. They suggest borrowing money from the bank at a three and one-half to four per cent. interest, rather than using the system of installment buying. I take exception, first of all, to the percentages of interest quoted. I was told in an interview with the Evanston State Bank that there are two alternatives in borrowing money:

1. In the first place, if the bank knows that the individual is borrowing money for an installment purchase, he is refused the loan. But if the borrower gets by with this part of it, these are the conditions under which he receives the loan: interest at six per cent. which amount is paid at the time of loan and money is due in a year.

2. Second condition of loan—for amount of one hundred or less—seven and one-half per cent. interest charge to be paid in full at the end of six months.

Other than high interest charges of the bank, let us see how borrowing from the bank, rather than buying on the installment plan, affects our business:

1. My colleague has shown you that installment buying has made possible mass production, therefore, mass consumption; therefore, lower unit cost of the article. If we borrow from the bank, or put the money earned into the bank until we can buy the article, we would

lower production, consumption, labor, wages, etc., thereby raising the unit cost.

So you see, the only ultimate difference is the time element. We can have the article when we need it and pay for it as we use it, not at a higher price because of an interest charge, but even a little lower because of the liquidation of the market made possible by installment buying.

Fortunately, the two cases presented this evening have definite clashes of opinion. Authorities and statistics have been presented by each team. Let us weigh the conclusions of both the affirmative and negative, and, inasmuch, as this is an audience decision debate, you are the judges. I want you all to be judges, using your common sense in this practical, everyday problem.

First of all, the affirmative believes the present system of installment buying detrimental to the best American interests because it hinders them socially; to substantiate this principle they maintain: first, that the installment buying system causes people to buy more than they can afford. No authorities are necessary on this point but yourselves. You are using this democratized credit system. You are average Americans. Is it possible that anybody, let alone college women, can come to such a conclusion that the United States is a country of foolhardy spenders who can be swayed in any direction sellers see fit to move them? This is quite an assumption. I think we can say fairly that there are Joneses here, and Smiths there who misuse this privilege, but they constitute the abuses to the

system, not the present system of installment buying. Second, that the system of installment buying is socially detrimental because the consumer is robbed through the plan of excessive interest charges. Is this true? It was pointed out to you in my colleague's constructive argument that in the long run this seemingly exorbitant interest and carrying charge is far less than the bank charges. The lower unit cost, made possible by installment buying through mass production and consumption, plus the charge, is less than the original cost of an article were it not for installment buying. Does this plank then remain in their platform? It can not in the face of facts and good judgment, yet if the affirmative would prove their case, this plank must stand as the most important relative to the effect of the system on individuals. Third, they asserted that finance companies live on the desires of the people. I wonder if my opponents realize that in all business lines there are finance companies? Banks are run on the same principle, but finance companies do more detailed, more personal service. They should be rewarded for their splendid services of making possible the happiness of the sixty per cent. of the working men using the system. Regardless of their charge, the cost of the article is lower than it could be without installment buying; installment buying is made possible by the go-between, the finance companies, so where is the complaint? The cost is lower, the nation is happy because citizens can live and enjoy while they work. Why call the finance companies "spongers" when they're furthering the happiness of civilization?

Secondly, the affirmative maintains that this present system of installment buying is detrimental because it is economically unsound: First, because it accentuates the business cycle; Second, it has a disadvantageous effect on production; Third, it leads the buyer into serfdom. The first speaker of the negative has shown you very clearly how this democratized credit system not only does not prolong depressions, but creates a more rapid recovery. She has shown you that there is liquidation of the market, mass production and consumption, more laborers, more salaries, lower prices. What more could one system do to affect production advantageously? And as for the buyer in a rut, in utter serfdom—allow me to quote again from my constructive argument where John Raskob is quoted as saying: “When critics say that installment buying results in conditions akin to slavery because of debts contracted, it must be remembered that happy employment is not slavery. There is no greater happiness or contentment than that which comes from labor which has its incentive in the desire for better things for those we love.” Now—you be the authority—isn't this last remark true? Do you feel that you are a slave to your debts when you are purchasing a car, vacuum cleaner, etc., on the deferred payment basis, and all the while you are happy because you are living on a higher level?

In such a discussion as this concerning the present system of installment buying, those claiming the system is detrimental haven't a chance! Regardless of what argument you present, the advantages outweigh the disadvantages, the system is economically sound,

so it can not possibly be proved detrimental, for it is both socially and economically beneficial to the best interests of the American people.

**Second Affirmative Rebuttal, Mary Wickenhauser
Washington University**

MADAM CHAIRMAN; FRIENDS: Our opponents have misinterpreted the question for debate this evening. We are not in any sense advocating complete abolition of installment selling, but we do maintain that the present system should be modified, since it is detrimental to the welfare of the American buying public. Contrary to the opinion of the negative, we see the bright side of the situation since we recognize the need for modification. We are afraid that unless they can change they will be left on the "dark side."

The negative has maintained that the present system is desirable because it is democratic (without sufficient proof that it is) and somewhat heatedly they have asked us if we would condemn democracy because of its abuses. In answer to this argument, we would say that if the number of abuses in democracy or democratic government far outnumber the advantages, we would certainly condemn it. If through illegal and indiscriminate usage of certain of the institutions of democracy, the welfare of a great number of people is endangered, those usages should be curbed and modified. Likewise, since we have shown you how the abuses of the present system of installment buying far

outnumber the advantages, we condemn it and strongly recommend modification.

We have neither said nor insinuated that installment buying was a thing of the past five or ten years. The first credit was extended on the installment plan in the late eighteen-nineties for a reaper and a sewing machine. It is important to note that this was for productive goods. It is the manner in which this old system has developed that we condemn; this indiscriminate selling of non-productive goods under the present system.

We do not say that the installment plan is the entire cause of the sale of automobiles as our opponents do in maintaining that abolition of the plan would leave only thirty-five per cent. of the automobiles salable. We maintain that if persons desiring to purchase cars would wait until they could afford them before they bought, they would purchase cars on a much safer economic basis.

We readily concede to our opponents that the present plan increases sales, and we regret very much that they spent so much time trying to convince us of something that we admit, but may I repeat that there are always more ready promises than ready cash. Until the negative disproves that under the present system people either buy only ninety per cent. of what they could buy for cash, or that they buy ten per cent. more than they can readily afford, you, as purchasers, can easily see that our case is established, and that the present system is detrimental to your best interests, and does not increase production in the long run,

The negative has said that installment selling is safe for the merchant, because if, after several payments, the purchaser can pay no more, the goods can always be reclaimed. We maintain that it is better for the retailer to get the whole sum of money at the time of purchase so that it can be reinvested and yield interest.

It is inconsistent to maintain that the present system does not help to cause business depression, since the cause of depressions is the reaction from an excessive volume of credit, and some insignificant event can cause a pyramiding of credits. Certainly, installment selling does increase the volume of credit to excess.

To sum up the case as presented to you this evening—the negative has not proved that the high interest rates charged by finance companies are justified; they have not proved that production is actually increased; they have not shown how installment credit will not contribute to business depression; and they have failed adequately to show its social value to the entire community since its economic benefit has not been established. On the other hand, we have shown you that installment buying causes people to buy more than they can afford; that the consumer is robbed through excessive interest rates; and that the present system is bad economics in that it accentuates the business cycle and has a disadvantageous effect on production.

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INTERNATIONAL DISARMAMENT

INTERNATIONAL DISARMAMENT

UNIVERSITY OF REDLANDS vs. BETHANY COLLEGE

This debate is one of the two semi-final contests of the Pi Kappa Delta National Debate Tournament held at the biennial convention in Wichita, Kansas, March 30-April 6, 1930. The winner, the Bethany College Negative, lost on the Affirmative in the final contest to Gustavus Adolphus College.

The question was the same one used for all the convention tournament debates: Resolved, that the nations should adopt a plan of complete disarmament, excepting such forces as are necessary for police protection.

Ninety-four colleges entered the tournament and each was allowed to debate five times. At the end of the fifth round the decisions were announced. All colleges that had been defeated twice were then eliminated. The remaining colleges continued the tournament. Those that had been defeated once in the first five rounds were pitted against each other, and those which had not lost any debates against each other. In this way half the colleges that had one defeat were eliminated in the sixth round, and half the colleges with no defeat lost once in the sixth round. Eleven rounds were required to reach the finals, the contests being scattered over five days. Ten minutes only were allowed for constructive work.

The Bethany speeches were collected and contributed by Professor Martin J. Holcomb, Debate Coach at Bethany College, and the Redlands speeches by the Editor of this volume.

First Affirmative, John Ackley
University of Redlands

The question for debate this evening is: Resolved that the nations should adopt a plan of complete disarmament, excepting such forces as are necessary for police protection. In beginning this discussion, we desire to call attention to the fact that the issue is not what the nations *will do*, but what they *should do*. Second, that the nations are to adopt a plan—their own plan—not one that we might devise. We take no responsibility for any detailed plan in this debate. We deem it our burden to discuss the fundamental principles upon which such a plan must rest. Now, what is complete disarmament? It is the abandonment of those weapons and implements that are used solely for the purpose of waging war. Police power is excepted—now what is police power? It consists of such armed force as is necessary for maintaining law and order throughout national domain.

With these definitions and conditions clearly before us, let us proceed to examine the reasons why the nations should or should not disarm.

If it can be shown that disarmament is desirable, or if it can be shown that disarmament is necessary to prevent war, then the nations should disarm. If, however, disarmament is not practicable or possible no matter how desirable or necessary it may be, then the nations can not and should not disarm. We believe this to be a fair statement of the issues of this debate.

Now then the negative will doubtless admit the de-

sirability of disarmament, therefore we shall assume it. They probably will admit the necessity of preventing another world war, for it is clear to every one that civilization must destroy war or war will destroy civilization. What the negative will not admit is that it is practicable or possible to disarm. The affirmative maintains that it is. Here lie the issues; there are no others.

Now then what things stand in the way of the practicability and possibility of disarmament? Two things—lack of agreement upon a plan for the peaceable settlement of disputes, and lack of confidence in peaceable methods to bring peace and security. The burden of the affirmative then is to show that these two needs can be met practicably. If we can succeed in doing this we have established our case.

There are several methods of settling international disputes. First there is war. That is why armaments are maintained. Of course nations say that they are for self-defense, but they are not used except in cases of disputes—therefore, they are to settle disputes. Second, there are peaceable means such as the World Court, conference, conciliation, mediation and arbitration.

The contention of the affirmative is that these methods can be used successfully as substitutes for war. The proof for our contention is that they have been so used. According to Lord Parmoor of Great Britain speaking to the Assembly of the League of Nations, there were over seven hundred arbitrations of international disputes during the Nineteenth century, and in

not one case was the award disregarded. He says, "Arbitrations do not lead to dissension, they do not lead to controversy; they lead to settlement, to conciliation, to peace; they are the real substitutes for the horrors of war."

Our own country, according to the Foreign Policy Association, has arbitrated from eighty-five to ninety-six controversies with some twenty-five countries since 1794. One of the most famous of these was the settlement of the Alabama claims against Great Britain. England objected to arbitration for some time on the ground that it was a question of national honor, but at last consented and was honorable enough to accept the decision even though it was unfavorable to her. The Bering Sea case, the Alaskan Boundary dispute and many other disputes have been settled by arbitration with Great Britain. The United States has entered into treaties with twenty-eight nations, many of them major powers, and although we have had many disputes varying in character with these nations, in no case have we resorted to war. What is true of the United States is true of many other powers. The Locarno Pact was largely made up of arbitration treaties.

M. Villegas, delegate of Chile at the League of Nations Debate on Disarmament, said, "I would remind you on this important occasion that the most serious problems that have confronted South America in the last forty years have been settled by arbitration." He cited the Argentine Boundary dispute and many others, including the recent treaty of sixteen nations signed at

Santiago, May, 1923, providing for arbitration in this hemisphere.

Thus we see that arbitration has been used successfully, and not only used but that nations are coming to depend upon it along with other peaceable methods like the World Court.

Moreover, the great statesmen of the principal nations all favor arbitration and many of them look upon it as our only hope. J. Ramsay MacDonald says: "I am in favor of arbitration. I see nothing else in the world. If we cannot devise a proper system of arbitration, then do not let us fool ourselves that we are going to have peace. Let us go back to the past; let us go back to competitive armaments; let us go back to that false white sepulcher of security through military pasts—there is nothing else for us—and let us prepare for the next war, for that is inevitable."

This, Ladies and Gentlemen, is the case for arbitration. Now then, what about our security after the nations have disarmed, and we attempt to settle all our international disputes by peaceable means. To begin with, disarmament itself is the best security. When all are disarmed, no one can wage war readily. Security is a relative matter. What nations have to fear is the aggressive strength of other nations. When all are disarmed, this fear automatically disappears. There is left, then, only the possibility of dissatisfaction over a decision of a dispute, and the possibility of re-arming and fighting. This is not likely to happen, for, once the nations agree to disarm and to arbitrate, their national honor will impel them to abide by the

results. This has proved true in the past. Moreover, without arms they can not go to war immediately while passion is at white heat. The element of delay and time are assured. Other nations may intercede and mediate. Passions have time to cool off, and yield to reason. This is important, as Sir Edward Grey, England's Foreign Secretary, in 1914, has pointed out—"If I had had four more days the World War would never have been."

Again, a nation is not likely to go to war over an unjust decision from the World Court or Arbitration once the world has adopted a legal and peaceable system. Such a nation would find itself arrayed against world opinion. It would find a war too disastrous to attempt under these conditions. It would rather lose a case, that might be retrieved later peaceably, than risk a war. Ramsay MacDonald says in this connection, "Human mistakes may be hard to bear by the victim of the mistake, but the sort of thing that has been going on century after century, under the false impression that a nation can get security from military force, altogether outbalances the evils of human mistakes. If God made us imperfect as apparently he has done, I accept the imperfection of human good-will rather than the certain destruction and criminality of human malice and wickedness as expressed in war."

This brings us to a comparison between the security under disarmament and the security with arms. There is no real security in arms. History proves this. The moment war begins, security is gone. If arms prevented war, 4,000 years of history ought to have proved

it. But alas, they tell a different story. Instead of preventing war, arms lead to fear and suspicion, to hatred and antagonism, and finally to war. As Ramsay MacDonald says, "History is full of invasions, full of wars, and of aggressions, and there have always been pacts, always military guarantees, and always military security. The history of the world is a history which shows nations always ready for war and always at war, and the one is absolutely, essentially, and organically connected with the other. History is full of the doom of nations which have trusted that false security." Germany, the most heavily armed and adequately prepared nation in human experience is a tragic example of the insecurity of armaments. Ten million men lying dead on Flanders Fields is mute testimony of the futility of settling disputes by force. The problems of the World War are still to be solved. War settles nothing.

In the face of these facts, Ladies and Gentlemen, we appeal to your common sense. Is it not better to disarm and settle our disputes by peaceable means? And now, gentlemen of the negative, we submit to you the following question: Do you think the nations should submit political questions to arbitration? We should like you to answer yes or no.

We predict that the gentlemen will fail to answer yes or no, and for this reason: If they say yes, then why should we keep arms for the settlement of disputes? Yes, grants our case. If they say no, they must justify the settlement of disputes by war. No, means the annihilation of civilization. We predict that

the gentlemen will be too wise to accept either horn of this dilemma. They will pretend to praise arbitration, and condemn its use with cavilling objection. They will attempt to blow hot and cold with the same breath. They will condemn war, and then cloud the issue so that you will not discover that retention of arms means settling disputes by war. They will attempt to weep with one eye and make merry with the other. In other words, like the Irishman in the middle of the road they will attempt to pass the approaching automobile between the two headlights. May they meet the same fate. We prefer, with Ramsay MacDonald, to take the risk of peace.

First Negative, Lorin Sibley
Bethany College

HONORABLE JUDGES, WORTHY OPPONENTS, LADIES AND GENTLEMEN: The gentlemen of the opposition have contended that practicability is the issue of this debate. In other words they are attempting to show that a plan of complete disarmament is practicable, and have told us that we must consider their argument from that standpoint of view.

In considering the practicability of any disarmament proposal there are certain features of that plan and certain conditions which we must analyze. The very first of these is the standard or the point of reduction established by that plan. We of the negative contend that the standard of complete disarmament is too low.

Hence, the first major contention of the negative is

that a plan of complete disarmament is impracticable because insecurity would result from too few armaments. In support of this issue I shall first show that recognized international leaders and recent movements that have dealt with the armament problem distinctly recognize that insecurity will result from too few armaments.

The league of nations in its discussion of the armament problem has set as its standard the lowest point consistent with national safety.

The primary concern of recent naval conferences has been to reduce armaments but to retain armaments for defense purposes. The delegates at the Washington Conference were chiefly concerned with the amount of reduction that could take place without endangering the security of any nation. The present London Conference has as its aim to disarm only to the point consistent with national security. If they thought that there would be security under complete disarmament, is it logical to suppose that they would favor the retention of armaments for national security?

International leaders who have expressed themselves on the armament problem reveal clearly that they fully realize the inadvisability of any reduction below the level consistent with national security.

Frank B. Kellogg, former Secretary of State, has made this statement, "I favor only reduction, because however ideal complete disarmament might be, we must look at these reforms from a practical standpoint."

Secretary Stimson says, "Our real aim is to leave

each nation free to have an adequate national defense which will yet not be a source of worry and suspicion to its neighbors."

Ramsay MacDonald of England states, "We must reduce armaments only to the point consistent with national security."

Watasuki, the Japanese representative to the London Conference says, "Japan's only concern is to keep the sense of national security undisturbed, but to retain such force as is adequate for the defense of the empire."

Charles Evans Hughes, has stated, "We must not cripple reasonable defense."

President Hoover makes the following statement, "I am for adequate preparedness as a guarantee that no foreign soldier will ever step upon the soil of our country."

Now why have these conferences and leaders insisted that reduction must not be below the level consistent with national safety? Naturally it is because they are fully cognizant of the fact that insecurity will result from too few armaments and that insecurity would result from the failure to have actual armaments with which to meet an enemy attack.

A second consideration which must be given any plan of complete disarmament is to determine whether or not that plan strikes at the root of the fundamental problem. In considering the affirmative plan we find that it fails to strike at the root of the problem. Hence we of the negative contend, in the second place, that a

plan of complete disarmament is impracticable because it fails to remove the fundamental causes of war.

That armaments have not been the fundamental cause of war in the past becomes very evident as we examine and analyze some of the situations which have caused war in the past. It becomes clearly evident that such causes as a desire or a demand for economic expansion, nationalistic interests, over-population and diplomatic intrigue have been the causes of wars in the past.

Let me call your attention to the Crimean War which Russia waged against Turkey. In this particular instance Russia was very desirous of a Mediterranean sea port in order that she might carry on her world trade relations in a more extensive manner than she was able to under the existing conditions. Hence she sought to take from Turkey that territory which would give her an outlet on the Mediterranean sea. France and England joined with Turkey against Russia and Russia was defeated, but here we see a war caused by economic demands and economic situations.

A war caused by nationalistic interests is shown in the example of the war of Italian Unity which occurred in 1848. Italy had, for many years, been under the control of the French and Austrian Royalty. With the war of 1848, with the overthrowing of those lesser rulers, and the establishment of a central government, Italy became a unified nation.

War caused by over-population is shown by the recent situations in Manchuria. Manchuria is a land rich in agricultural possibilities. Hence China, because

she is over populated has been crowding her way into Manchuria with the result that there have been frequent conflicts there.

Diplomatic intrigue has often been the cause of war. A specific example of this situation is found in the condition which existed in Europe at the time of the World War. Germany, Austria-Hungary, and Italy were involved in a triple alliance which obligated each nation to go to assist any one of the three which should become involved in an armed conflict. A similar agreement existed between Russia, France, and Great Britain. The significant thing to note is that each of the signatories of these agreements was automatically thrown into war if any one of the sister signatories became involved in an armed conflict.

Now I have analyzed only a few of the causes of war, but they are sufficient to indicate that the fundamental causes of war are not armaments, but are deeply rooted motives which lead to war. Hence we contend that these fundamental motives are not only responsible for war, but for the existence of armaments, for they have preceded the actual armaments. Now the causes for war which we have shown you exist can not be removed by the proposal for complete disarmament, and, hence, we contend that those causes will continue to operate in the future.

A third test that must be applied to determine the practicability of a disarmament proposal is to find whether or not that plan will remove the materials for warfare which could be converted into armaments when those causes become operative. We of the nega-

tive contend then, that a plan of complete disarmament is impracticable because armaments will be available when the fundamental causes for war become operative.

The significant fact that we should keep constantly in mind in a discussion of armaments is that it is impossible for the affirmative to propose any plan whereby they can remove the materials for warfare and it is the contention of the negative that as long as the materials for warfare exist, armaments will be created when the fundamental causes for war become operative.

Armaments will be available because the nations will continue to have the materials which can be readily utilized in the manufacture of armaments. Certain nations will continue to have an abundance of iron, steel, coal, petroleum, and other natural resources which can be utilized by the existing industrial plants for the manufacture of armaments.

But not only will there be materials that can be used for the manufacture of armaments but nations will also have considerable civilian equipment such as merchant ships, airplanes, and chemical factories that can be converted into military uses when the causes for war become operative. It is a well known fact that merchant ships were used extensively during the recent World War, in the war between Japan and Russia, and the Spanish-American War, as well as other wars. During the World War, Germany produced hundreds of thousands of tons of gases in the dye factories and similarly in other nations poisonous gases were pro-

duced in regular commercial chemical plants. The United States as well as other nations converted regular industrial plants into armament factories. Similarly civilian airplanes were converted into military craft by several nations.

Certainly this analysis of the materials that exist in the world for actual warfare would make it clearly evident that armaments will be available when the causes for war become operative, as it is universally recognized that it would be extremely inadvisable to restrict in any way these materials which are recognized as so essential for the progress of civilization.

The distribution of these potentialities is another consideration that must be observed in connection with the practicability of a plan of complete disarmament. We contend that a plan of complete disarmament is impracticable because the great inequality in the materials that could be used for warfare would place certain nations at a distinct disadvantage when a crisis occurs.

It is a recognized fact that nations vary a great deal in the materials for warfare which they possess. For instance, the United States has 21,300 times as much coal reserve as England. United States has thirty-six times as much iron ore as Austria-Hungary, while Finland and several other nations have none at all. Japan has forty times as much petroleum as Czechoslovakia while several countries have none. Similar inequalities exist in other national resources with several nations lacking them completely. This same situation prevails in regard to merchant marines, civilian air-

planes and other civilian equipment that can be readily converted into war equipment. Inequalities in potential war materials would make disarmament impracticable because nations that lack such materials will be unable to secure them when a crisis occurs. There will not be sufficient time after the crisis occurs to secure those materials from countries which have a surplus supply. Disarmament as proposed by the question does not allow the retention of armaments for defense against an enemy attack. Thus the countries that lack potential war materials will be at a distinct disadvantage under a plan of complete disarmament because when a crisis comes there will not be sufficient time for securing the necessary materials and equipment for armaments from other countries.

In conclusion; I have tested the affirmative plan from the standpoint of practicability and have shown you that it is impracticable because: it would result in greater insecurity; it does not remove the fundamental motives for war; the materials for war will be available when the causes become operative; and lastly, that the great inequalities which exist in potentialities will place nations which lack them at a distinct disadvantage when a crisis occurs.

Second Affirmative, Roy C. McCall
University of Redlands

MR. CHAIRMAN, LADIES AND GENTLEMEN: We of the affirmative stated at the beginning that we wished to discuss this question from a practical standpoint.

Certainly if the question can not be considered from a practical angle it is a poor subject for debate. But upon what is practicality to be determined? It seems to us that if we can show that the adoption of a plan of complete disarmament could better world conditions over a period of years, then it logically follows that such a course of action is practical. With this in mind let us consider the arguments of the gentleman of the negative. I shall answer each point in chronological order.

The gentleman says first, that under our plan the nations would be insecure because they would have too few armaments. This argument is not a sound one, because in the first place it is based upon the assumption that armaments give security. In answer, may I ask to whom armaments give security? Their sole purpose is for destruction, and human—rather inhuman—slaughter. Even the nation which wins a war must suffer the loss of lives and property, and the nation which loses very often pays with the freedom of its people. Is that your definition of security, gentlemen? Or, if your security is to be determined by the fact that your nation has more armaments than the others, then, in order to be secure, a nation must have more armaments than all the other nations of the world. And, if such a thing were possible, all the other nations would certainly be very insecure. So the only logical conclusion to which we can come is, that armaments are the poorest kind of security. On the other hand, if nations are deprived of the means of destruction, is not the security of all the nations increased?

After all, the best security is disarmament. The negative admit this, in a degree, when they argue for the principle of reduction. They have said that the standard established by our plan is too low, and from the remainder of their arguments I gathered that a reduction of armaments would be their suggestion. I am sure they would not be so bold as to uphold the status quo. Such a stand would put them in the position of defending war, and that is, indeed, a heavy burden. So, again I say, the principle of complete disarmament is better.

The gentleman has quoted several authorities as being opposed to too low a reduction of armaments. But I would point out to you that not one of those statements was made in consideration of a plan such as we are discussing here. They were all considering the possibility of reduction by a few nations—not complete disarmament by all. This only goes to show that reduction is not the solution to the problem, and places the authorities the gentleman has been so kind as to quote, in the position of upholding the affirmative. In fact, Mr. Hoover, whom the gentleman quoted, has said, speaking of disarmament, "We are willing to disarm with any others. It only remains for them to say how low they will go. It can not be too low for us." In other words, if other nations are willing to disarm, we will do likewise.

The gentlemen further object to disarmament on the grounds that it fails to eliminate the causes of war. We do not expect to change human nature. We realize that so long as the inhabitants of the earth engage in

competitive means of gaining a livelihood there will be disputes. At the present time the usual way of settling a serious dispute is to go to war about it. Armaments are kept for that purpose. But the main trouble with this method is that it never settles a dispute—at least not justly—and it creates conditions which are conducive to more warfare in the future. An example? Any of the continually changing boundary lines of Europe. We feel that because we can not find a plan that will eliminate the causes of disputes, that it would be wise to substitute another means than war for the settling of such disputes. We would eliminate the means of making war, substitute in its place an agreement of all nations to arbitrate every dispute, depend upon their national honor to make them abide by their agreement, and in that way find some hope for peace. The causes of disputes may be the causes of war so long as we keep our armaments, but the causes of arbitration if we disarm.

“Oh!” the gentlemen say, “We still have iron and coal and men, so more armaments will be made and we will have war in spite of the plan.” Our answer is that we did not accept the burden of removing all possibility of war, but rather the burden of showing that the probabilities of war would be reduced. We realize that it would be possible for the nations to re-arm and make war even if our plan were adopted. But we would also point out to you that such a nation would have to do so in the face of public opinion, in violation of its national honor, and with all probability of gaining the ill will of all the other nations, and, possibly,

the exercise of an economic boycott by some nations. Again, which course do you consider the more logical—and the more practical?

The next objection we will answer is, that some nations have more potential armaments, than others, and that disarmament would throw some nations at a distinct disadvantage. The answer is plain. A nation's potential armaments depend upon its natural resources. If some inequalities exist now, those same inequalities would exist in the same ratio if the nations were to disarm. Disarmament can not change a nation's potential resources. Once more we find the objections to the practicability of our plan resting upon shifting sand. Why is inequality of resources under disarmament any worse than the same inequality now under armament?

We have examined each of the arguments of the gentlemen of the negative, and we have found them just like those the world has been making for centuries—all based upon groundless fears—all running from the harmless shadow straight into the den of the wolf. The one conclusion we can draw with accuracy and certainty is, that if we continue to arm we will continue to have war. If we continue to have war in this day of progressive science, civilization is doomed to destruction. It is time we were doing something that is more than idle talk or a magnificent gesture toward peace. We have agreed with the gentlemen of the opposition that we can not remove the causes of disputes, nor all the possibilities of making war. In that case, since disarmament does remove one cause of war

and the means of making immediate warfare, it seems to us that the only logical step is to substitute another means of settling disputes and give it a chance to work. The fact that disarmament would introduce the element of delay in making war is a vital consideration. When Sir Edward Grey said "If I had had four more days I could have prevented the World War," he revealed to us that the existence of armaments ready for immediate use was directly a cause of the World War. If we can not fight immediately, then we are likely to arbitrate and not fight at all, especially if the nations have agreed upon that system.

Let us reiterate the situation in this debate. We have proposed a plan in which there is a possibility of peace; one in which we gain security rather than lose it; one which is sure to delay war if it does not actually prevent it; a plan in which we find everything to gain and stand no chance of losing anything. The only danger the gentleman of the opposition has suggested is the possibility of losing security, and we have answered that. Then, why not disarm?

Second Negative, Emory Lindquist
Bethany College

MR. CHAIRMAN, HONORABLE JUDGES, WORTHY OP-
PONENTS, LADIES AND GENTLEMEN: The speaker who
has just preceded me contended that there is but one
issue in this debate, practicability. It was his conten-
tion that the affirmative stands or falls as it meets
this issue, for there are no others. Since this is the

attitude assumed by the gentlemen of the opposition I wish to continue the negative case by proving that the adoption of the affirmative proposal of complete disarmament would be impracticable.

The adoption of the affirmative proposal would be impracticable in the first place because the defenseless condition of a state would be an invitation to attack it. It is only reasonable to accept this as true for in the absence of defense armaments an attack could be carried out without difficulty. An aggressive nation would quickly recognize this advantage. It could rearm secretly in a very short time and strike a deadly blow at the invaded country. But with the retention of armaments for national defense, another situation prevails. An aggressive nation will be less likely to invade its neighbor if that nation realizes that its neighbor has armaments with which to defend itself. This is the stand proposed by the negative—that the nation be allowed to retain sufficient forces for the protection of their national rights and integrity. Therefore, it is our contention that adoption of the affirmative proposal would be impracticable because a defenseless condition of a nation would be an invitation to attack to an aggressor.

It is our contention in the second place that the adoption of the affirmative proposal would be impracticable because of existing critical situations. In this connection it is well to remember that the gentlemen of the affirmative are defending their proposal, as to its practicability, applied under existing conditions. An inquiry into contemporary political conditions shows

the inadvisability of adopting the affirmative proposal. China is one of these situations. China today is having civil strife and disharmony, but inevitably China will become united and will make demands upon the western world. Do you believe that China will forget the insults that have been given to her for centuries, by the leading nations of the world at the time when she finds herself and realizes her power? But this is not the only feature in China that makes that country a critical situation. China is becoming rapidly overpopulated. China will demand an outlet for her population. Certainly the nations in close proximity to China would not find it practicable to completely disarm.

Another critical situation is found in Russia. Russia is rapidly becoming centralized and industrialized. Russia will soon demand that it share in the commerce of the world and that it should have "a window on the Mediterranean." This the Western European nations have been unwilling to grant Russia for centuries. Surely the nations are not willing to abandon their traditional policy, especially until it can be proved that armaments have been the cause for the retention of that policy. Russia is interesting from another point of view and that is that the Soviet Union is not recognized by several leading powers, among which are Great Britain and the United States. It seems impossible, therefore, that the affirmative proposal, dependent upon world-wide harmony and accord, would be practicable under a condition such as exists in Russia.

Another critical situation is found in the Balkans. This territory is a critical situation when we stop to realize the variegated racial pattern that exists there. The Balkans have been "the fever spot of the world" for centuries. The nationalities themselves present a problem, but this problem is intensified when one considers the diplomatic relationships that exist between these smaller countries and the great powers of Europe. In the absence of armed forces to restrain the expression of latent racial and national hatreds, it is possible that war might ensue that would involve nearly all the powers of Europe.

Another critical situation is found in Alsace-Lorraine. Alsace-Lorraine has been a "storm center" in European politics for centuries. This rich and prosperous territory was taken from Germany at the close of the World War and given to its most hated enemy, France. Germany surely can not be satisfied with such an arrangement, especially when we stop to consider the fact that the Treaty of Versailles places absolute war guilt upon the German people. This is a situation that can not be conducive to international good will and harmony.

I have enumerated the above situations to prove to you that the adoption of the affirmative proposal would be impracticable. It has been my purpose to show you that these conditions exist, lamentable as they might be, and that the affirmative proposal must deal adequately with each one of them. Until the affirmative have done this, it is our contention that the adop-

tion of the affirmative proposal would be impracticable.

The affirmative proposal of complete disarmament is impracticable in the third place because it does not initiate the conditions necessary for the successful application of it. The affirmative proposal, it is to be remembered, must be applied under existing conditions, undesirable as they are. Disarmaments can not remove these critical situations. We grant for the sake of argument that armaments are removed. But the causes for war are not removed, only the instruments of war are discarded. But if the causes of war remain, the instruments of war can readily be procured by utilizing the potential war material. My colleague, Mr. Sibley, has showed since a program of disarmament does not strike at the root of the problem and since it can not remove the fundamental causes of war, as the gentlemen of the affirmative admit, we contend that the affirmative proposal does not initiate the conditions necessary for the successful application of the affirmative proposal.

You will recall that the gentlemen of the affirmative stated that "the nations of the world must take a risk for peace." By their own statement they recognized that there is a danger in their own proposal. In addition to this we have showed the inadvisability of adopting their plan under existing conditions. Now we propose a policy that is free from this element of risk and which in addition has many advantages. This is a policy of world-wide reduction in all forms of armaments. It is apparent immediately that the same

principles are utilized under such a policy as under complete disarmament, but the "risk" element is eliminated, with the retention of forces for national defense, reduced from time to time as occasion permits, a nation will not be completely defenseless until the time arrives when she may safely reduce her forces to that basis. Under such a policy the critical situations that exist will not be intensified. Under such a policy the peaceful agencies, operating successfully today under a system of armament will have a means of enforcement. With reduction from time to time the result of international agreements and in keeping with present tendencies a more desirable situation will prevail than under a plan of complete disarmament in that a nation will not be completely defenseless and the decrees of peaceful agencies can be enforced. Then with the passage of time and with changed conditions and attitudes, complete disarmament might be realized. But until these changed conditions exist and until the critical situations have been erased, it is our contention that the adoption of the affirmative proposal would be impracticable.

The negative do not wish to be misunderstood relative to our attitude toward world peace and international relationships. We are just as desirous as are the gentlemen of the affirmative that "war should be no more" and that peace should reign forever. But with the same enthusiasm as we favor world peace we contend that world peace can not be attained by the affirmative proposal. Complete disarmament at the present time could not succeed even if the nations of the world

would consent to it. It can not succeed for it does not remove the causes that bring on the effects which this policy aims to discard. Furthermore, complete disarmament removes any means for enforcing the decisions of peaceful agencies. If the time had arrived when the nations of the world were ready to forget their hatreds and prejudices disarmament might be practicable but until that time arrives the negative maintain that reduction of armaments is preferable to complete abolition of them.

Let us constantly keep in mind that the affirmative have agreed that the only issue in this debate is practicability. Since this is their contention they must prove to you that complete disarmament is practicable, not only theoretical and idealistic. On the contrary we have proved to you that the adoption of the affirmative proposal would be impracticable.

**First Negative Rebuttal, Lorin Sibley
Bethany College**

LADIES AND GENTLEMEN: The gentlemen of the opposition have insisted that we should consider their plan from the standpoint of practicability. Now they have submitted for our consideration a plan which embodies the World Court and the Locarno Pact as they function today for the settlement of disputes which they have told you can be settled peaceably and yet which have caused war because of armaments. Let me call your attention to the fact that I showed you in my initial appearance that the causes for war

are deeply rooted motives which become operative and which have led to the manufacture of armaments.

Now in considering their plan as it exists, one outstanding objection becomes evident which in itself would defeat the successful operation of that plan. Ten nations are not members of the League of Nations. Among those ten nations are two very powerful nations, Russia, and the United States. One of them the most powerful in the world and the other a very powerful nation, potentially. A similar situation exists in regard to the World Court. Seven nations are not members of that body and among those nations are the two just mentioned. For example, if the United States were to have a dispute with England, England could not arbitrate with the United States through either of those bodies. Hence we see that the plan of the affirmative fails because it does not provide a way in which to reach every nation of the world through a scheme of arbitration. Neither could England arbitrate with the other nations of the world which do not belong to those judicial bodies. It is true that the United States is represented at the World Court, but she is not a member of that court, does not refer her disputes to that body, nor does she abide by the decisions of that court except as they are satisfactory and there is no reason for acting otherwise. Thus we see that the affirmative plan is impracticable because it does not provide a manner of world-wide arbitration for the settlement of disputes.

The gentlemen of the affirmative have told you that potentialities are not a potent factor in a consideration

of this question because they say that gases are not as dangerous as pictured and that they can not be converted "over night" as it were. Now the significant thing to note is that in the first place, the negative have not based their argument upon airplanes and gases, but they have shown you how those things have been used in the past. Furthermore, the negative argument has taken into consideration those materials which can be utilized by the existing industrial plants for the manufacturing of armaments. Yet they have contended that they are not so important. They have failed to take into consideration that the United States alone, in the year 1917 produced three thousand ships for war purposes, an average of two hundred and fifty a month or eight a day. This was done through the use of potentialities in the existing factories. These things certainly can not be removed by the affirmative plan, and hence we of the negative contend that potentialities are a vital factor, and that they become increasingly so as the defensive weapons of a nation are removed.

The gentlemen of the affirmative have further contended that armaments have never brought security. The significant thing to be noted in regard to this contention is that they have based that argument on the basis of an absolute security. We have shown you how those things which have caused insecurity have not been removed by the affirmative plan, and that their plan increases the insecurity of the nations by the fact that too few armaments cause insecurity. Now that armaments have brought relative security against

those motives for warfare and those existing materials is a fact that is clearly established by history. History shows us that in Europe from 1870 until 1914 no war occurred, although there were motives for warfare. Hence we contend that armaments have brought a relative security and that the affirmative plan will result in a greater insecurity. Now the gentlemen of the opposition have also told you that the fundamental causes for war will not become so in the future because the materials for warfare will be removed. Let me call your attention to the fact that we have shown you that those materials will be available in the future. Then let me call your attention to the incident cited just a moment ago in regard to the United States at the time of the World War. This clearly shows that the materials for warfare will be available and also shows how they can and have been utilized for quickly preparing for an attack. Hence, we observe that the situation in regard to materials and motives for warfare has not been remedied by the affirmative plan.

Now the opposition have told you that the reason for the refusal of some of the nations to arbitrate is that those nations have a great amount of armaments. Now let me point out to you that those nations will be at a similar advantage in strength of material that is now possessed in actual armament strength. Hence we see that if armaments are the cause for the refusal to arbitrate now, under a system where the nations are defenseless, superiority of potential armament strength would become even a greater factor than it is under the present system.

First Affirmative Rebuttal, John Ackley
University of Redlands

LADIES AND GENTLEMEN: The gentlemen of the opposition have placed themselves in a precarious position. They are defending the retention of armaments. Of course, they say that they believe in a reduction but, ladies and gentlemen, every reduction of armaments conference so far has broken up in failure because there is no standard with which to limit or reduce. We offer you the choice in this debate. The gentlemen say reduce as far as possible. We say their reduction will be competitive armaments—the aggravating cause of all the wars in history. We believe that no student of history can keep from seeing the inevitable result of following the path that they suggest. We present a plan, not an untried one, but one that has worked successfully in every instance in which it has been tried. We pointed out that it had been so used in over seven hundred cases in one century and that these cases covered all types of problems that might arise in international life. Specific examples such as the Alabama case were cited. Furthermore, eminent statesmen of the world were quoted offering our plan as the only hope. Here, then, is the choice. The gentlemen suggest keeping armaments. Armaments have only one use—war. The gentlemen then place themselves in a position where they must defend war if they favor the retention of armaments. We challenge them to name one instance in which war is a more practical means of settling international disputes than arbitra-

tion and the other peaceful agencies. We say do away with armaments, one of the means of settling disputes; get the nations to agree to use other means of deciding their controversies and it stands to reason that these other means will be used, particularly if the ready means of fighting has been removed. Which, then, is the most practical, war or arbitration, as a means of settling disputes? The answer is clear.

The gentlemen say armaments give relative security. Every nation that has ever trusted to armaments to any great extent has fallen. The fate of Rome and of Greece is a matter of common knowledge. Take an example with which we are even more familiar, France and Germany. France is armed to the teeth and still she is fearful. Germany is disarmed and as a result is condemned to prosperity. Arms are responsible for insecurity. Remove them and security follows as the day follows the night.

The gentlemen in the last analysis admit the desirability of a state of disarmament; they say that their goal likewise is peace, but they say that they question our method. They contend that our plan is impracticable. They say our sanction—national honor—is a cause of war. A false conception of nationalism and fear and suspicion resulting from armaments have been the causes of war. National honor prevents war as is proved by Britain's action in the Alabama case. If national honor has worked in spite of the arms that continually aggravate wars, how much better would it work without them?

Our goal then is the same. The question is: which

is the best method of attaining our goal? The gentlemen say retain arms and try to limit. We say if you keep arms, since their very existence invites use, war will inevitably follow, as the history of the nations has proved. We maintain that there are several means of settling international disputes, war and peaceable methods. Do away with war; have the nations agree to use peaceable agencies and with no other means at their immediate disposal it stands to reason that the plan will work.

Which, then, is the best—war or conciliation? Our plan has worked successfully where tried, their plan has failed. Which then is the most practical—certain destruction or the possibility of peace? The gentlemen say we do not remove the possibility of war. We say our plan is the only hope of peace, and is more practical than to follow the path which 4,000 years of history has proved is a foregone failure. There is everything to gain and nothing to lose. Your common sense demands that you give disarmament a trial. History proves that the peaceable agencies will work.

**Second Negative Rebuttal, Emory Lindquist
Bethany College**

MR. CHAIRMAN, LADIES AND GENTLEMEN: You will recall that Mr. Sibley and I have contended that the gentlemen of the affirmative must prove the practicability of their plan. We have challenged them to prove this point, for in their own words "the affirmative proposal stands or falls" on this issue. In reply they have

stated that their plan is practicable because of "national honor." But does it seem logical that peace is to be brought to the world because of national honor, when this is one of the chief causes of war? Many of the more important wars have been fought because of "national honor." The Franco-Prussian War of 1870 is one of these. After the reception of the Enis Dispatch, re-edited by Bismarck, Germany felt that its king had been insulted by the French Ambassador, while the French people believed that the German king had insulted the French plenipotentiary. This situation distinctly was one of national honor. The nations went into armed conflict. Other cases might be cited to prove that "national honor" has been the cause of war. How then would the affirmative reconcile this fact with their statement that peace will ensue because of national honor?

The gentlemen of the affirmative have also contended that arbitration and peaceful agencies should be utilized instead of resorting to armed conflict. In this connection they have pointed out the growth and influence of peaceful agencies during the past few years. Now what does this prove? It proves that armed forces and the utilization of peaceful agencies are not incompatible. In addition it shows that some cases can be arbitrated while it is impossible to settle all disputes by such means. Those cases of a strictly legal nature can be settled and are settled by peaceful agencies. But such cases arising from political and racial differences as well as situations involving national honor can not be settled by arbitration for there

is not a point of legality in question. In addition have the affirmative proved to us how a recalcitrant nation would be regarded? How is the affirmative proposal to be applied if a nation or nations refuse to abide by the agreement? Surely this is a pertinent question when we stop to consider the critical conditions that exist in the world at the present time.

The negative have contended that the adoption of the affirmative proposal would be impracticable. We have showed this by proving that armed conflict is not caused by armaments, but by certain causes that are found in international affairs. The gentlemen of the affirmative have not challenged us on this point. In addition we have proved that the materials for war are available when these causes for war still prevail and since the materials for warfare are available, it is our contention that the nations of the world should not completely disarm. We have proved, furthermore, that the defenseless condition of a state will be an invitation to attack it by an aggressor. In addition we have proved that critical conditions exist in the world which would make the adoption of the affirmative proposal impracticable. This vital point has not been considered as yet by the gentlemen of the affirmative.

On the other hand we have proposed an international policy of reduction of armaments from time to time as occasion permits. With that policy a nation will not be completely defenseless and this fact will act as a deterrent to an aggressive nation. Further, the peaceful agencies can be utilized and their decrees en-

forced. Furthermore, these critical situations will not be intensified because of the presence of armaments for national defense.

The negative are desirous of attaining world peace, but it is our contention that world peace can not be secured through complete disarmament at the present time. We contend that it is preferable for the nations of the world to reduce their armaments from time to time until the situation prevails in international affairs when complete disarmament would be practicable.

**Second Affirmative Rebuttal, Roy McCall
University of Redlands**

MR. CHAIRMAN, LADIES AND GENTLEMEN: Let us survey the casualties of this mutual gas attack and see if all the wounds are deep or if some are surface wounds that appear much worse than they really are. I wish it clearly understood that the affirmative does not wish to retreat in any measure from the stand on practicality. Whether our plan is practical all depends on whether it will work. Let us not obscure that word "practical" with any gaseous embellishments of oratory, but let us use it in the ordinary sense. The last two negative speeches have reiterated the first two by re-stating that our plan is impracticable because we have not removed the possibility of making war, because we have not removed all the causes of war, and because armaments have been used in the past in preference to arbitration in some cases. Now if we can show that our plan would make even one war less

probable, then we can surely call it practical. We believe it will do more than that. In this particular debate every answer to a negative argument advances one for the affirmative, so I shall continue by re-answering some of the negative contentions.

If armaments gave even the relative security which the negative claim for them, then it seems logical that the more armaments the nations could build, the more secure they would be. Yet the negative would follow a system of reduction. In that argument they admit the weakness of their case. If disarmament is good eventually, then why not now? By advocating a system of reduction the negative is actually proposing complete disarmament. Yet, they would wait until another war has ravaged the face of the earth before they would accomplish it. They would wait until the world is more ready. When will that be? When was the world ever so peace-minded as it is today? The gentlemen say we have not adequate machinery to carry out our plan because all the nations do not belong to the League. Evidently the gentlemen are answering arguments they have built up in their own minds. We have not suggested the League. They merely thought we were going to. We *do* propose that all nations join in our plan and to every stipulation in it, because the question implies that all the nations would be a party to such a plan.

Let me say again that we realize the possibility of re-arming in an extreme case, but we point out to you that the probability is reduced to a minimum. Also the statement that the relative strength of nations would

remain the same under our plan because of the existence of potentialities is answered in this way. If armaments give only relative security then why keep them? You have argued for their retention for that reason, yet you would not give them up because that same condition would prevail thereafter. What greater inconsistency could we point out? You have argued for the retention of armaments only on the basis that they give relative security. You have refuted your own argument by the advancement of another and we have refuted it by showing that armaments do not even give a relative security, but that they cause insecurity because they give rise to suspicions and fears, and also they interfere with the most efficient work of arbitration.

If this debate is to hinge upon practicability, what more practical thing could we suggest than to rid ourselves of a useless and burdensome provocative of war.

On the one hand you have armaments and war—nothing more sure than the war. On the other you have arbitration exclusively with war a remote possibility. Which will you choose from a *practical* mode of thinking? I would suggest that you choose disarmament. Even our opponents have refrained from attacking arbitration and that is our case.

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**WISCONSIN PLAN OF UNEMPLOY-
MENT INSURANCE**

WISCONSIN PLAN OF UNEMPLOYMENT INSURANCE

FRANKLIN COLLEGE AFFIRMATIVE AND NEGATIVE

The speeches of the Franklin College debaters were used in a triangular contest with Wabash and Butler colleges of Indiana some time ago. Revival of interest in this subject occasions publication of this debate now as this proposition of unemployment is *one of the five selected by Pi Kappa Delta in the spring ballot on the debate question for 1930-31 season*. Also, it has been recently adopted as the official subject for the 1930-31 debate season by the Mid-West Conference. Colleges in other states and sections of the country are using it for this season's discussions.

The Franklin Affirmative met the Wabash Negative and the Butler Affirmative engaged the Franklin Negative. Franklin won both decisions.

The question was stated: Resolved, that Indiana should adopt in principle the Wisconsin Plan of Unemployment Insurance.

The Franklin speeches were sent to Intercollegiate Debates by Ernest H. Shideler, Professor of Economics in Franklin College, at the time of contribution, Coach of the Franklin debate teams.

First Affirmative, James Elder Franklin College

MR. CHAIRMAN, HONORABLE JUDGE, MOST WORTHY OPPONENTS, LADIES AND GENTLEMEN: Unemployment is the problem which lies, in a unique sense, at the root of many social problems. Society is built

upon labor; its ideal unit is the home made up of man, wife, and children supported by man alone. The household should enjoy suitable living conditions,—but how, if the income is too irregular to pay rent? The children should be supported and educated by the parents,—but how, if the father is unemployed? The wife, so long, at least, as she is bearing and rearing children, should have no other task—but how, if the husband's income is insufficient and she is forced out into industry.

Everywhere the problem of unemployment exists, and its dangers are so very great that we of the affirmative propose the proposition tonight that Indiana should adopt in principle the Wisconsin Plan of Unemployment Insurance.

The provisions of the plan are that state action shall compel employers, with certain reasonable exceptions, to provide insurance as a relief measure during enforced idleness. The employer or industry is to pay the cost of insurance. The maximum amount any involuntary unemployed worker may receive is one dollar a day for thirteen weeks. The plan provides for a goodly number of employment offices to facilitate workers in securing other jobs.

By the unemployed we mean one who has been employed by some Indiana concern or establishment and has been laid off, not due to his inability, inefficiency, nor his unwillingness to work. We are not contending for all of the technicalities of the Wisconsin plan but for the principle of the plan. We stress the fact that this plan is to serve as a *relief* measure for those suf-

fering from enforced idleness. Those who are "voluntary quits" are not to be considered in this discussion tonight for the plan concerns only those who are involuntarily unemployed.

We of the affirmative believe that Indiana should adopt this plan for three reasons:—first, because it is necessary; second, because it will work in practice; third, because it is economically sound. As the first speaker I shall prove that unemployment insurance is necessary.

Let us consider first the extent of unemployment for the past twenty-five years. The census returns of 1900 show that six and one-half million people or twenty-five per cent. of those gainfully employed were out of work for a period of from one to twelve months. The Helen S. Troustine Foundation, Cincinnati, Ohio, pages 48 and 51 to 53 shows that between 1902 and 1917 an average of two and one-half million or six per cent. of all laborers were unemployed for this period of fifteen years. In 1920, four million were unemployed.

Moreover, right here in our own state of Indiana we have this problem of unemployment. The Industrial Employment Information Bulletin for January 1925 states:—"There is a surplus of unskilled labor throughout Indiana." This bulletin states that there is a surplus of unskilled labor in and about the districts surrounding Indianapolis, Fort Wayne, Elkhart, Evansville, Elwood, Michigan City, Muncie, Peru, Clinton, Anderson, Kokomo, and Lafayette.

Let us consider now the effects of unemployment.

G. H. Dow in his volume *Society and its Problems*, page 425, states that one-third of the causes of dependency coming before American Charitable organizations before the war were due to unemployment. Idleness also induces bad habits such as gambling, drinking, and laziness. It breaks up families, forces the mother out of the home to supplement the earnings of the man, leads to divorce, fosters child labor, and lowers wages. Moral standards are also lowered. During the unemployment depression of 1914, in Boston, it is reported, men committed petty crimes in order to be sent to the work house. There they were sure of a livelihood and their wives received 50 cents a day from the city. In twenty-one cities, burglaries increased thirty per cent. over the number of 1912, vagrancy fifty-one per cent. and mendicants one hundred five per cent. The moral effects are simply incalculable. Few things are more demoralizing, more deadening to the mind and weakening to the ambition, than idleness caused by inability to get a job. Only he who has gone through the strain of failing knows its full effects upon the individual, its tendency to weaken nerve and will power, to sap self-respect and courage, and to plunge him into debt.

Surely as we face this great array of facts concerning the effects as well as the extent of unemployment, we can not help seeing that these conditions *demand* that we furnish relief for the involuntarily unemployed through insurance.

Now, let us briefly consider the causes of unemployment. These causes are many and varied, the four

most important being: immigration, cyclical fluctuations, evolutionary changes in industry, and seasonal fluctuations.

First, the enormous immigration of the last few decades has increased the labor supply more rapidly than is desirable and has meant unemployment in the United States.

Second, cyclical fluctuations. When there is a period of prosperity, the amount produced is greatly increased and trade is brisk. Consequently, there is a great demand for labor. But when an industrial depression comes along, production is greatly reduced, trade becomes dull and the demand for labor falls, thus greatly increasing the number of unemployed.

Third, evolutionary changes in industry. The rise of new industries, the decay of old ones, the regional shift, substitution of machinery for hand labor, all have a part in changing industry and therefore producing changes in the employment situation.

Fourth, seasonal fluctuations. The Building Trades Council of Boston, for example states that men in the building trades are idle about one-third of the year. These trades include brick-layers, painters, laborers, roofers, carpenters and plasterers.

Assuming, however, that the negative can propose a plan which will eliminate all of these causes of unemployment, the inevitable, normal labor margin that is required by industry must still be cared for. However, the labor demand may vary, the percentage of unemployed never fluctuates down to zero. We are not privileged to choose between a situation where un-

employment exists and one where it does not. Richard T. Ely, long recognized as one of the leading economists of the United States, after presenting plans for the reducing of unemployment, says in his *Outlines of Economics*, page 488:—"Some plan of unemployment insurance may have to be added to protect wage earners against inevitable residue of unemployment which will occur in any industrial system however effectively organized."

Seeing, then, that a certain amount of unemployment we will have with us always and realizing the serious effects which accompany unemployment, what shall be our attitude in regard to this problem. There are three alternatives to which we may turn. First, we may seek a plan which will entirely eliminate all unemployment. But I have just shown to you that this is impossible. Second, we may choose to abide by the status quo, which is, meet the problem in the form of charity. But charity is pauperizing, it saps self-respect and courage, it is an injustice to the worker, and does not reach him until his suffering has become acute. Or third, we may adopt a systematic, economic plan of insurance. This is simply the application of business principles to the problem of unemployment.

The problem which the gentlemen of the negative must solve is this:—They must choose to abide by the status quo, to wait until unemployment has begotten its share of human misery and suffering and woe; or secondly, propose a plan which will entirely eliminate all unemployment; or thirdly, suggest a relief plan

that is better than the Wisconsin Plan. In order that the issues of this debate may be clear at the beginning, we ask the negative speaker who now takes the floor to state to which of these alternatives our opponents will turn.

First Negative, Nathan A. Neal
Franklin College

MR. CHAIRMAN, HONORABLE JUDGE, WORTHY OP-
PONENTS, LADIES AND GENTLEMEN: As first speaker
of the negative, I shall show that a system of state
compulsory compensation should not be adopted in
Indiana, because it is not necessary; second, because
it would discourage saving and encourage idleness;
and, third, because it is not real insurance, but rather
a veiled scheme of class legislation.

This state compulsory wage for the unemployed is
not necessary in Indiana, because the problem of un-
employment is due in a large part to immigration, and
this problem is now solving itself.

In the past, foreign immigration has made a surplus
of labor, and has done much to create the unemploy-
ment that has existed. Within the last year, however,
the U. S. Congress has passed the Johnson immigra-
tion law. This measure definitely limits the foreign
immigration to two per cent. of our foreign pop-
ulation in 1890. This means that in the future this
flooding of our country with foreign labor will be
practically eliminated. The acuteness of the problem
of unemployment is being greatly reduced now that

the rush of cheap immigrant labor to this country has been stopped.

Not only this, but the Wisconsin plan of a wage for the unemployed is not necessary in Indiana, because various methods adopted in our own and other states are preventing unemployment and providing jobs instead of compensation for idleness. These methods as listed by Douglas and others in their recent publication, *The Worker in Modern Economic Society*, page 500 are as follows: first, a system of industrial education and training is eliminating and will continue to eliminate the lack of industrial adaptability. And, furthermore, industrial education is teaching the laborer to save in times of prosperity for coming periods of depression. Second, a program of systematic adjustment and distribution of public works is being planned and carried out by the federal government in several states. In this way public construction work is undertaken during the periods of unemployment. Thus the working man is given a job instead of legalized charity. Third, there is taking place a systematic dovetailing of seasonal industries, whereby employers combine a summer industry and a winter industry into one firm. In Indiana today the United States steel mills at Gary, and the Standard Oil Company are calling for the help of the unemployed coal miners. The dovetailing of these great industries is going a long way in solving the problem of what small amount of unemployment we do have. All of these measures are superior to the affirmative's plan in that they tend to give men jobs instead of

leaving them unemployed and paying them a wage for unemployment.

Notwithstanding that the affirmative has maintained there is such serious unemployment in Indiana, the official report of the State Industrial Board for the year ending September 30, shows that only three and three-tenths (3.3) per cent. of the wage earning population was out of work at any time during the year. And furthermore, that nine-tenths of these were placed with jobs. Moreover, a study of unemployment and labor turnover in the United States has shown that seventy-three per cent. of all unemployed are voluntary quits, and would therefore not be affected by the proposed plan.

But even if this were not true the adoption of this Wisconsin plan of a wage for unemployment is undesirable because it will discourage saving and encourage idleness. A large proportion of the unemployed in Indiana are already receiving compensation for irregular employment.

The greatest part of the unemployment that our opponents are pointing out in Indiana, is in the coal mining and other part time industries. Now let us analyze this situation more closely. The coal miner in our state leads a life of intermittent employment, but his days of unemployment are amply provided for by the total annual wage which he receives. Under present conditions the coal miner in Indiana is well insured for every day that he is idle. The annual report of the State Department of Mines and Mining, for 1923, page 401 gives official statistics which show that the average

yearly wage of Indiana coal mine employees is \$1470, the daily wage varying from \$7 to \$14 per day. The report states that the coal miner works on an average 170 days in every year. Let us compare his wage with that of the street car motorman in Indianapolis, who has steady employment the year around. The wages of street car motormen range from twenty-five cents an hour for beginners to forty cents an hour for experienced workers. At forty cents an hour, working ten hours a day, and 313 days in the year, the street car motorman receives \$1252 for his yearly wage. This is much less than the total wage received by the coal miner who works only 170 days a year. Yet in the face of these facts our opponents are upholding a principle which would give added compensation of one dollar a day to the coal miner for every day that he is idle. Clearly this is nothing more or less than a wage for the idle. We challenge our opponents to tell us how their proposed plan can be made applicable to the coal industry in Indiana. The same facts apply to plasterers, carpenters, brick-layers and all other part time workers. They receive fabulous wages when they work, \$8 to \$12 a day, and this insures them for the days and weeks that they are idle.

Every American should be stimulated to save. But the principle of this Wisconsin plan if made compulsory in Indiana would deaden the workers' incentive for saving. Why? Because it would lead the laboring man to assume that he need not save his wages in times of employment. Would he not be compensated during his periods of idleness? If the street car motor-

man can keep his family without charity, why is it that the coal miners, plasterers and other intermittent workers can not do the same with a yearly wage which is greater than that which the motorman receives?

I now propose to point out that this state compulsory plan should not be adopted in Indiana because it is not real insurance, but rather a scheme of class legislation veiled and concealed by the word insurance. If the Indiana legislature were to do what our opponents propose, namely, adopt this compulsory state-wide scheme, it would be forcing the Indiana employer to pay the compensation out of his own pocket. Why is this true? It is true because the employer can not raise the price of his product and pass the cost of compensation off to the consumer. If he raises his prices he can not meet the competition of producers from neighboring states where they do not have this added burden of expense. Therefore, Indiana employers would be forced to pay the entire of compensation themselves. This very small group of our population would be forced to pay compensation to the working class. This is clearly but a veiled form of class legislation, and it is not insurance in any sense of the word. The basic principle of insurance is cooperation by which every man pays for the benefits which he is to receive. Under real insurance, no one pays the costs who is not included in the distribution of benefits. Yet the principle of this Wisconsin plan would compel the small industrial class of employers to pay for this so-called insurance for another class, the idle workers.

This proposed plan is absolutely contrary to the true principles of insurance.

John R. Commons, the father of the Huber bill, has admitted that it is a system of legalized charity. The father of the bill himself thereby has admitted that it is not real insurance. He calls it legalized charity, but when charity becomes legalized, it forces one class to pay money to another. When one class is compelled to hand over money to another that is class legislation. Furthermore, it would be class legislation to pay money to prosperous intermittent workers, such as miners and plasterers, and to ignore a more needy and less prosperous group who are steady workers, such as street car motormen and conductors.

I have shown that the Wisconsin compulsory plan is not necessary in Indiana; second, that it would discourage saving and encourage idleness; and third, that it is not real insurance, but rather a veiled scheme of class legislation. In view of these facts we of the negative firmly maintain that the Wisconsin plan of a wage for the idle should not be adopted in Indiana.

Before yielding the floor, we wish to ask the affirmative one question, and in order that the issues of this debate may be clear from the beginning we request that the next speaker give us an answer. Do you maintain that the cost of compensation will be added to the price of the manufactured products, and thereby passed on to the consumer, or on the other hand that the expense will be paid directly by the employer?

Second Affirmative, K. Eugene Kenny
Franklin College

MR. CHAIRMAN, LADIES AND GENTLEMEN: My colleague, the first speaker for the affirmative, has shown to you that unemployment insurance is necessary.

In continuing for the affirmative, it shall be my purpose to show to you that the Wisconsin plan of compulsory unemployment insurance will function practically for two reasons. First, this plan of unemployment insurance compels all industries and employers affected by it to cooperate and participate in the operation of an unemployment insurance system. Second, the experience of the state of Indiana with compensation or accident insurance justifies the adoption of this plan of compulsory unemployment insurance.

In the first place this insurance plan is practical because it is compulsory unemployment insurance. It is very desirable that this kind of insurance should be obligatory.

In speaking of unemployment insurance, Rufus M. Potts, former Insurance Superintendent for the state of Illinois said, as quoted by Jehnsen in the publication, *Social Insurance*, "Nothing has been done in unemployment insurance by voluntary methods excepting through the labor unions."

The reasons for compulsory unemployment insurance are the same as those for compulsory education, compulsory sanitary measures, compulsory food inspection and compulsory fire precautions; compulsory unemployment insurance is no more an unwarranted

interference with the liberty of a citizen than are the foregoing and many other compulsory acts to which every good citizen willingly submits, because they are for the benefit of the whole community, including himself.

Dr. S. S. Huebner, one of the leading authorities on insurance in the United States at the present time and who has written books on *Property Insurance* and *Life Insurance*, states that, "Insurance protection for wage-earners can not be left to voluntary action either by commercial companies or by the government."

It is very helpful and enlightening in the consideration of unemployment insurance to compare it with workmen's compensation or accident insurance which we now have in the United States. Since unemployment insurance comes under the same head as does accident insurance, it would be well to see what accident insurance plans provide as to who must carry this insurance. Twelve states having accident insurance compel everyone affected by the law to cooperate in its operation. In other words they are compulsory plans.

If unemployment insurance were not obligatory, no establishment would want to take out this insurance unless all other plants or establishments would do the same. In business competition, a plant with unemployment insurance could not compete on an equal basis with a plant of the same size which did not insure its workmen against the evil of unemployment, because the insurance costs would make higher costs of production of the former. In all industry, there can be found those who are always holding back; more

progressive business men and employers who are looking into the future would be restrained from taking up a plan of unemployment insurance because of the disadvantages which they would have in competition with those employers and producers who did not take on this added cost.

John R. Commons, a former member of the Federal Committee on Industrial relations and a former member of the Wisconsin Minimum Wage Board said in the *Survey* of October 1, 1921 in speaking of credit and stabilizing industry, "The difficulty is that no one individual can do it alone; no bank can do it by itself; no one business man can do it by himself; it is a collective responsibility and collective action is necessary." Just so in unemployment insurance, collective action is necessary and a guaranteed way of getting collective action is through a compulsory plan of insurance.

In the second place the experience of Indiana in workmen's accident insurance justifies the extension of the plan to include enforced unemployment as well as accidents.

There are now forty-three states in the Union which have adopted accident insurance plans. Indiana is one of them. The first state accident insurance law was passed in 1911, and now all but five states of the United States and all but one of the Canadian Provinces have workmen's accident insurance. These plans cover all employments except farm labor and domestic service just as does our plan of unemployment insurance. The constitutionality of this type of insurance

was questioned and it received the sanction of the United States supreme court. In all of these accident insurance plans the employer or industry pays the costs of the insurance just as provided for under the Wisconsin plan of unemployment insurance. The state does not contribute under either plan, but its function is merely to enforce the law. Accident insurance and unemployment insurance are not socialistic, the state simply enforces and administers the law to insure the satisfactory working of the insurance plan. If Indiana were to adopt the Wisconsin plan of compulsory unemployment insurance, the state would administer and enforce the law, but would not be called upon to contribute a single cent.

We already have an Industrial Commission in Indiana which directs workmen's accident insurance and this already existing body will take charge of the administration of our plan of unemployment insurance. We already have four free employment offices in our state, which will fit in very well with our plan. This plan will call for very little additional machinery for its administration and no government expense since industry bears the whole cost.

All the dangers and dire results which our opponents are predicting if unemployment insurance should be adopted in Indiana were used against accident insurance when it was first proposed in the United States. Now forty-three states have accident insurance, but the theoretical claims of disaster made against it by its opponents seem to have been mere dreams of the imagination when the plan was actually put into practice.

Richard T. Ely, the noted economist and professor in the University of Wisconsin, says on page 485 in his *Outlines of Economics* in speaking of workmen's compensation acts, "This new legislation is so much superior to the old that despite its few defects, its adoption must be regarded as a noteworthy step in social progress achieved through legislation."

Accident insurance tends to make for better efficiency through reduction of accident and elimination of accident hazards. Unemployment insurance is a plan with the same principles as workmen's accident insurance only the risk is unemployment instead of accidents. My colleague has shown you the menace of unemployment and it is needless for me to go into more detail about all the evil, misery, unrest, and moral loss to both the worker and his family which accompanies unemployment.

Labor has bargained with great odds with capital since the factory system was developed over a century ago. Before the factory system, the employer had a personal contact and interest in his employees, but this is impossible under our present great industrial system. A fact worthy of note as to how labor bargains with capital is that it took a hundred years from the time the factory system began until the first employer's liability act was passed. This act made the employer liable in court for the injury of his employees. As an outgrowth of the liability act, we now have accident insurance. The next logical step in the advancement and future welfare of industry is a systematic and conservative plan of unemployment insurance.

I have shown to you that the Wisconsin plan of compulsory unemployment insurance is practical and will function successfully for two reasons. First, this plan is an obligatory plan which has been shown to be essential for any practical plan of workmen's insurance; Second, the experience of Indiana with workmen's compensation or accident insurance justifies the adoption of a plan of compulsory unemployment insurance.

Second Negative, Gerald Quick
Franklin College

MR. CHAIRMAN: I wish to further the negative contentions this evening, by proving that the Wisconsin plan of compensation to the unemployed should not be adopted because, first, the results have been unsatisfactory where it has been tried; second, it will demoralize our industry; and third, it will actually create unemployment.

Compulsory unemployment compensation was first introduced in the City of St. Gall, Switzerland in 1814. After a period of time the system was called a failure and discontinued. In 1904 France adopted compulsory compensation paid by the employer. In 1917 the system was discontinued because it had failed. In 1920 only two national governments had compulsory unemployment compensation: Great Britain having adopted it in 1912 and Italy in 1920. The Italian system has not been tried over a sufficient period of time to judge it a success or a failure.

The English system has been carried forward on a

large scale and tried in times of depression as well as in times of prosperity. In principle the Wisconsin plan differs with this plan in only one detail—who shall pay the cost of the insurance. At first the number of men insured was two million, and in 1921 this had increased to twelve million. The demand for increase of benefits has constantly grown. At first it was \$1.70 per week, then \$2.67, \$3.65 and up to \$4.86 per week. Recently the government advanced \$2,000,000 in order that the benefits could be maintained. Has the plan proved satisfactory? The answer is that in 1923 the British Trade Unions, in their annual convention, voted the British system of unemployment insurance a failure.

Coming to this country, let us see what success this European idea has had. Massachusetts and Pennsylvania, after a very careful consideration, rejected this scheme of wages for the idle.

Even this Wisconsin plan has never been passed by the Wisconsin legislature. Three different times the Wisconsin legislature has refused to adopt such an unsound and radical theory. Even in the last month the plan has again been rejected. Why has Wisconsin refused to adopt this plan? The reason is that it is so impractical, so unsound, so radical, that even socialistic Wisconsin would not adopt it.

In the second place, the Wisconsin plan of compensation to the unemployed will demoralize Indiana industry. The question this evening applies only to Indiana and if this state should adopt it, Indiana would be the only state in the Union to have compulsory

wages for the idle. One of the principles of the Huber bill is that the employer pay the cost of compensation. If the affirmative choose the alternative that the employer will add the cost of compensation to the price of his commodity, thus passing it on to the buying public, they are maintaining an impossibility, for the cost of the benefits can not be added to the price of the product because the prices are fixed by competition with industries in other states. Therefore, it must come out of the pocket of the employer. Because of this burden upon the employer, industries will not enter our state, new industries will not start up in this state, and even some of our present concerns will leave Indiana because they will have better opportunities in other states where they are not penalized and burdened by this scheme in their competition for business.

Thus, instead of stimulating business and thereby providing more employment, industry would be repulsed and driven out of our state and it would mark the economic downfall of a new, prosperous state.

In the third place, this scheme of wages for the idle should not be adopted because it will actually create more unemployment. If the present conditions are bad, the affirmative must admit that conditions will be worse after their plan is in force because of two reasons:—

It prevents the employer from relieving unemployment in times of depressions. Let us imagine that we are in a business depression and hundreds of men are out of work here in Franklin. Under present conditions the furniture factories here could operate at cost

and give relief to the unemployed. But, if, in this depression, the plan of the affirmative was in force, the factories in Franklin could not do this because they would be compelled to assume the burden not only of paying wages now, but also benefits when the men were later laid off.

To expect an employer to run his factory at no profit, and in addition, to pay out of his pocket wages when they are later idle, is absurd to say the least.

This plan, in the second place, will create more unemployment because such a scheme would tend to drive the employers out of the state. For example, in Elwood today we have a large Tin Plate factory employing thousands of men. If the employer had to pay unemployment compensation, what would the results be? Because the market prices of sheet metal are fixed by competition with industries in other states who do not have the added burden of a wage for the idle, the cost of compensation in the Tin Plate factory can not be added to the price of sheet metal, so it must come out of the pocket of the employer. This will force the employer to leave the state with his industry, thus throwing thousands of men out of work.

So, this plan, instead of fulfilling the claim made by its proponents, that it will reduce unemployment, will actually defeat the purpose of the bill, in that it will force the industries out of the state, thus making more unemployment.

The plan the affirmative propose is well named "unemployment insurance" for it will insure Indiana

plenty of unemployment and it will make more serious the very situation which it proposes to remedy.

**Third Affirmative, Howard Edgar Havron
Franklin College**

MR. CHAIRMAN, HONORABLE JUDGE, WORTHY OP-
PONENTS, LADIES AND GENTLEMEN: My first colleague
has shown that some degree of unemployment is in-
evitable, proving the necessity of unemployment in-
surance. My second colleague has presented specific
facts and examples which proved the principles of the
Wisconsin plan practical for adoption in Indiana. I
shall show that the principles of the Wisconsin plan
are economically sound.

First, the Wisconsin plan of unemployment insur-
ance places the cost of involuntary unemployment
insurance in the general costs of production. At pres-
ent there are several possible approaches to the ques-
tion of unemployment insurance. By one plan the em-
ployer, the employee, and the State may contribute
to compensate involuntary unemployment as in Eng-
land. This system is not desirable for Indiana, be-
cause, where the State contributes funds it takes on
the aspect of charity and government subsidies. In
principle the Wisconsin plan evades this defect and
simply provides for State enforcement of a law hold-
ing industry partially responsible for enforced unem-
ployment during periods when the plant or mine is
closed down or running part capacity.

By another possible plan the employer and the em-

ployee may mutually agree upon an individual plan of unemployment insurance developed for one plant, factory, or market. The fault here is that no State law is provided to compel the corporation or individual plant owner to develop a plan of unemployment insurance for their employees. Such a law is necessary that employers may have an equal basis on which to compete against one another. The Dennison Manufacturing Company has its own system, in which every effort is made to secure orders fifteen months in advance, resulting in a more even distribution of work over the working year. This, in itself, results in little or no enforced unemployment, and makes it possible for this plant to pay the small amount of unemployment claims presented. According to the *Digest of the 1923 Huber Unemployment Insurance Bill*, on page two, Henry S. Dennison, president of the firm, says of the Wisconsin plan, "It is an investment for the employers of Wisconsin. Though it costs money at first, it is as fine a bit of investment as employers can make. It will be besides that an inspiration to improve methods of management. We have to improve our technique and spirit of management for the good of all."

And still another plan is that industry alone bear the cost of unemployment insurance. This is the dominating principle of the Wisconsin plan and the principle that we of the affirmative are defending this evening. At present the owners of capital goods control the distribution of jobs, making the worker entirely helpless to prevent enforced unemployment or to check any of its ensuing evils. Again, any other losses

which can not be eliminated are placed in the overhead costs. Why, then, does unemployment insurance belong in the overhead costs? First, because the workers are not responsible for enforced unemployment. Second, because fire and accident insurance are now a part of the overhead costs. Third, because the individual employee is not responsible for the irregularities of industry, and because involuntary unemployment may arise from a change in the business cycle, over which the employee has absolutely no control. An example of this is the contrast of March 1920 with March 1921, in the iron and steel industry which shows that employment decreased twenty-eight and nine-tenths per cent., while in the automobile industry for the same months the decrease in employment was fifty-three and five-tenths per cent. These facts as given by the United States Bureau of Labor Statistics in the May 1921 copy of the *Labor Review*, on page one hundred, indicate the status of unemployment in two of the largest and most economically powerful industries in the United States. This shows that even the workers from the most prosperous industries are hard hit by unemployment. In the industrial present the costs of unemployment insurance are not included in the general costs of production, because in general, unemployment insurance is not provided the employee. In the present industrial situation the employee is penalized by enforced unemployment, but the employer is protected because of the insurance he carries against fire and accidents. Thus, if there is a fire or accident in the factory or mine, the corporation or employer

pays the cost against the destruction of property when the plant is forced to close down, why not against the loss of work by human beings? Therefore in principle, unemployment insurance belongs in the same classification as fire or accident insurance and as such, in the general costs of production.

Second, the Wisconsin plan will indirectly tend to check faulty industrial expansion, and will thereby indirectly tend to relieve unemployment. We of the affirmative do not claim that the Wisconsin plan will do away with all unemployment, for my first colleague has shown that even in periods of prosperity in industry there is a labor margin which is inevitable and which is characteristic of present industrial methods. We of the affirmative do claim that the unsystematic and wasteful industrial methods of the present, of which the faulty industrial expansion of credit is most noticeable, must give way to a closer cooperation between the employer and the banks as centers of the credit system.

John R. Commons, one of the outstanding American economists, in an article in the *Survey* of October 1, 1921 on page four states; "The banking system, which is the center of the credit system, more than the business man who is the actual employer, can stabilize employment." With the adoption of the Wisconsin plan in principle, when the employer asks the bank for additional credit to expand his business, the banker will feel free to inquire if he can provide a benefit of about \$90 for each person in his employ, before allowing him the necessary credit to expand the volume of his busi-

ness at the expense of the employee. John R. Commons also tells us in the same reference; "The over-expansion of credit is the cause of (much) unemployment, and to prevent the over-expansion of credit you place an insurance liability on the corporation or establishment against the day when they lay off the workmen."

In principle the Wisconsin plan will check faulty industrial expansion and will relieve unemployment when the employer's expansion of credit is in a direct ratio with his ability to keep his men at work. An example of this fact is the experience of Redfield, former Secretary of Commerce, who is quoted on page 5 of a bulletin called *Unemployment Insurance*, who cited "his own case in the metal industries, where, since the year 1890 he had not laid off one man on account of lack of work." He was able to accomplish this remarkable industrial feat by constantly developing a more effective sales force.

Therefore, the affirmative have shown that in principle the Wisconsin plan should be formulated into a State law for Indiana because;

(1) It is necessary, to relieve that amount of present unemployment which is inevitable.

(2) It is practical, in that it provides a compulsory State-wide law to aid in the relief of enforced unemployment.

(3) It is economically sound in that the costs of maintenance will become a part of the general costs of production, by checking the present methods of faulty industrial expansion.

The affirmative case is not based on the prevention of unemployment, but solely as a *relief measure*, calculated to be more effective than the present irregular system of appeal to charity.

Third Negative, George E. Utterback
Franklin College

MR. CHAIRMAN, LADIES AND GENTLEMEN: As the third speaker of the negative, it shall be my purpose to prove to you that the Wisconsin plan of a wage for unemployment should not be adopted in Indiana because; first, it is wrong in principle and second, if ever a need for an unemployment compensation measure does arise, there is a plan more suited to Indiana conditions than the Wisconsin State Compulsory unemployment compensation scheme.

This plan is wrong in principle in the first place, because under its provisions, the entire burden must be borne by the employer. Yet the employer is only to a very small extent responsible for unemployment.

Much unemployment is caused by fluctuations in the market. When the market is flooded with products in excess of the demand, there is universal unemployment. The employer can not control the market, rather the market controls the employer. Famines in India, wars in Europe, dry seasons in the grain regions, earthquakes in South America, speculations on the Board of Trade, all these are factors which control the market. Is it fair, I ask you, to hold Indiana employers

responsible for these conditions over which he has no control?

A second great cause of unemployment is seasonal fluctuations occasioned by climatic conditions, variations in consumption and the exacting demands of fashion. Agricultural activities, coal mining, the ice business, and the manufacture of clothing are examples of industries directly affected by these very conditions. Seasonal variations uniformly result in a peak of unemployment in midwinter with regular variations throughout the remainder of the year. Surely the gentlemen of the affirmative in the heat of their enthusiasm for their plan will not say that the employer can vary his business to conform with these uncertain and ever-changing conditions.

Probably the greatest causes of unemployment are the periods of depression in the business cycle. We have here a chart showing the path of the business cycle and the path of employment for the same period of time. The upper black line represents the path of the business cycle, the lower red line, that of employment. We find that when there is a rise in one, there is a consequent rise in the other; a fall in one, a subsequent fall in the other. They are so closely linked that at times they even overlap. The affirmative have even admitted that the business cycle directly controls employment. Yet they advocate placing the entire responsibility for this international phenomenon on the shoulders of the employer when the greatest economists of America admit that the causes for the business cycle are not entirely known and that it is not merely a

problem of local, state, or even national significance but rather one which is international in its scope. Professor Richard T. Ely, head of the Department of Economics in the University of Wisconsin, says in his *Outlines of Economics*, page 336, "Compulsory unemployment insurance as a means of eliminating the evils of the business cycle is a mere palliative."

The unequal distribution of wealth, evolutionary changes in industry, monopolization of land, the existence of a labor reserve, strikes, the tariff, price fluctuations, are all additional causes of unemployment over which the employer does not have control.

Therefore, insomuch as the employer is not responsible for unemployment, we of the negative maintain that he should not be forced to bear the financial burden of paying men while idle.

Second, the Wisconsin plan is wrong in principle because it is compulsory on all industries alike. It compels every employer under penalty of fine or commitment to prison to pay workmen for unemployment regardless of whether that industry needs to do it, regardless of whether it can afford to do it. It compels every Indiana employer under penalty of law to adopt this Wisconsin plan even though it may not be adapted to his own particular type of business or establishment. In the case of small industries, those whose finances are insufficient to warrant their voluntary adoption of the plan, the scheme would force them to assume the liability and thus cause them to move to other states or else drive them entirely out of business.

In the third place, the plan is wrong in principle

because it provides for state action and administration of industry and its adoption by Indiana would mark an important step on the road to state socialism. In its present form the plan provides that the state shall have power to administer the compensation funds, settle all claims, all disputes in regard to compensation, and fix penalties for violations. The affirmative are forced to go to Europe with all its socialistic principles and tendencies to get an example of this scheme in operation. But let us accompany them for the moment and see what the result of this innocent looking plan has been.

In England, it was at first proposed to adopt a plan similar to the Wisconsin measure in that the state apparently played no part. What actually happened later was the adoption of a plan in which the state contributed forty per cent. of the compensation fund. But even here the advance toward state socialism did not stop. A great period of depression came, millions were thrown out of employment and the workers accustomed to receiving pay from the government when idle shouted, "Give us more, give us more, we're idle, we want our pay." What was the result? Just exactly what we would expect would be the result. Such pressure was brought to bear that the next step was taken and the English Parliament directly appropriated \$2,000,000 of the nation's taxes as a wage for idleness.

In France in 1904 a system almost identical with the affirmative's plan in that the employer bore the entire cost was adopted. Does France still have this system? Does the employer still pay the cost? No, France has

today a system of state socialism in which the state bears the entire burden. What has been the result of this state socialism? The same thing happened as in England. When a period of depression came and there was real unemployment, the so-called insurance scheme failed to function and the government of France was forced to appropriate vast sums of money to the compensation fund.

This is just exactly what we may expect in Indiana. If this innocent looking scheme of a wage for idleness is adopted in Indiana, is it not logical to expect that when a period of depression appears and the employers are no longer able to pay, such pressure will be brought to bear that the next step on the road to state socialism will be taken, namely the direct appropriation out of the people's taxes of large sums of money to Indiana's idle workers?

My colleague, the first speaker on the negative, has shown you that there is little need for a wage for the unemployed. However, if the need ever does appear, we would favor not the state compulsory plan of the affirmative but a voluntary plan, one which would be adjustable to the peculiar needs of each individual industry or establishment. Such a system would not incorporate the principles for which we condemn the Wisconsin plan. It would not be unfair to the employer because it allows him to develop whatever form of unemployment relief he finds it most advisable to adopt, its voluntary nature permits each industry to adopt a plan suited to its own particular needs and finances, and it would not serve as a stimulus to state

socialism because it would be entirely free from any form of state administration of industry. Voluntary unemployment compensation has proved successful in a number of instances in America, a statement which cannot be made a compulsory state plan such as the affirmative advocates. The Dutchess Bleachery operates a system whereby both employer and employees contribute to the compensation fund. The Cleveland Garment Manufacturers Association operates a scheme which is in reality a pledge of efficient work on the part of the workers and a guarantee of steady employment on the part of the employers. The Chicago Clothing Industries recently adopted a plan by which the employees receive forty per cent. of their wages when involuntarily unemployed. The Ward Baking Company, right here in Indianapolis operates an effective system of voluntary unemployment compensation. If efforts were directed to the extension of such voluntary plans as these rather than to the propagation of such unsound, arbitrary and untried schemes as the Wisconsin plan, we would have much less of this suffering due to stoppage of income, much more of general employment and business prosperity.

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**GOVERNMENT CONTROL OF
HYDRO-ELECTRIC POWER**

GOVERNMENT CONTROL OF HYDRO-ELECTRIC POWER

LAWRENCE COLLEGE AFFIRMATIVE AND NEGATIVE

The speeches given here on the Government ownership and operation of the sources of hydro-electric power were used by the Lawrence College debaters during the season of 1929 in the Mid-West Conference and against other debate opponents. They were contributed to Intercollegiate Debates by Professor Albert L. Franzke, director of debate and professor of public speaking at Lawrence College, Appleton, Wisconsin.

The proposition was stated by the colleges of the Mid-West Conference in their annual meeting as follows: Resolved, that the public should retain ownership of and develop the principal sources of hydro-electric power in the United States.

The Lawrence College debaters had a very successful season. Many of their debates, however, were of the non-decision, open forum type and were held in various towns and cities of Wisconsin on high school rostrums and before service clubs and civic organizations.

First Affirmative, Robert T. Beggs Lawrence College

FRIENDS: From the smallest gleam of light coming from a 25-watt bulb to the inspiring spectacle of a trans-continental train, the importance of electricity manifests itself daily. We have all come to realize that the number of electric appliances and conveniences

which most of us may be able to enjoy in our homes depends directly upon the efficiency with which electric power is generated and distributed. For this reason we are all naturally interested in any plan which aims at the cost of reducing electric power. It is with such a plan that this debate concerns itself this evening: in the words of the proposition, the public should retain ownership of and develop the principal sources of hydro-electric power in the United States.

Now in order to consider properly this proposition, we must view it in the light of the inevitable future development within the hydro-electric power field. Ultimate as well as immediate results should be carefully considered. The first question to be answered then is this: What will be the future development of hydro-electric power?

After a careful study of statements by leading authorities, both affirmative and negative, in the power field we have been forced to the conclusion that the maximum of efficiency in the generation and distribution of electrical energy at the lowest possible rates to us all is possible only through huge super-power systems within which all competition will be eliminated.

This is an age of consolidation. The sale of drugs, groceries, oil and steel—our daily bread—is being conducted through the agencies of trusts and monopolies. The control of power even more than that of these other commodities is passing into the hands of fewer individuals. At present six holding companies control sixty-three per cent. of the entire electric power output in the United States. We are not here to advocate

such a development, but merely to point out that leading authorities, both negative and affirmative, are agreed that monopoly in the electrical industry is the inevitable result. Senator Norris, who is undoubtedly one of America's best informed authorities on this question makes the statement that hydro-electric power is a natural monopoly; and Governor Pinchot of Pennsylvania has said, "that nothing like this gigantic monopoly has ever appeared in the history of the world."

The growth of this monopoly is expressing itself through the creation of huge super-power systems within which numerous independent, isolated plants are being connected in order that a surplus of power at one might be transmitted to another for distribution. An important part of the development is the erection of highly efficient central generating stations of enormous size. Through this form of organization, namely, the elimination of competition, and the cooperative interchange of power, the electric power monopoly is gradually extending its control throughout the country.

The question now naturally arises: Why are we having a development in this direction, and why should it be permitted by the government? The simple answer is, as I have already stated, through such a development only can our electric power bills be reduced to the lowest possible figure. The possibilities of such a super-power system are forcibly illustrated in a report by the United States Geological Survey Commission which investigated the possibilities of such a system in the area from Boston, Massachusetts to Washington,

D. C. The report reveals that such a system would save consumers of electric power in that area no less than \$239,000,000 a year by 1930. The advantages of such a system when fully developed are simply amazing. Electric current, the committee informs us, could be delivered to the consumer for one cent a kilowatt hour, and a profit made at that. Compare this with the rates now being charged in that same area. They vary from four to fourteen cents a kilowatt hour. Where rates are now lowest, a four dollar electric light bill would be reduced to one dollar. This illustrates the reason why the power development toward monopoly and super-power systems is inevitable. Governor Pinchot summarizes the situation in these words: "No one who studies the electrical developments already achieved and those planned for the immediate future can doubt that a unified electrical monopoly, extending its control into every part of this nation, is inevitable in the very near future."

This brings us to the second affirmative contention, that these super-power systems will so completely dominate our domestic and industrial life as to be dangerous in the hands of private enterprise. Again quoting Governor Pinchot, with his intimate knowledge of economic and engineering problems—"Nothing has ever been imagined before that even remotely approaches it in the thorough-going, intimate, unceasing control it will exercise over the daily life of every human being within the web of its wires."

One of the dangers of such a system to public welfare was illustrated in the experience of Ontario,

Canada, when a great part of its vast hydro-electric power system was in private hands. The rate charged by these private interests was twenty cents a kilowatt hour. The only effective means the Ontario government could find to bring about a reduction of rates was a direct threat to enter into competition with the private power companies. The private interests immediately cut their rates from twenty to ten cents a kilowatt hour. All further efforts on the part of the Ontario government to bring about another reduction of rates were futile, and the government finally decided that the only means by which to give the people the greatest possible benefit from their hydro-electric power resources was to go into the business and operate them as a government project. The result is that today in Ontario, the people have rates of three cents a kilowatt hour in cities and five and a quarter cents in rural communities.

Not only in Canada, but in the United States as well, we find glaring evidence of the inability of our government to regulate adequately our hydro-electric power systems in the interests of the public. Although this development toward monopoly and super-power systems is now only one-third complete, we find that it is already so powerful as to baffle the government in its attempt to regulate. We find these private interests successfully opposing practically every effort toward federal control, realizing that state control can never be effective. We find them appropriating millions of dollars each year to subsidize the press, to subsidize the publication of books favorable to the power inter-

ests, subsidizing research departments in some of our leading state universities to send out propaganda in harmony with the private interests, using their vast influence and wealth to secure the appointment of their own former employees and business associates to strategic governmental positions,—and last, but not least, we find them bribing government officials.

Let us refer you to the Congressional Record of May 28, 1928, quoting from evidence before the Federal Trade Commission. Here we see Wisconsin's own Senator, Irving L. Lenroot, as the recipient of \$20,000 for a few weeks' successful effort in opposing the passage of the Walsh resolution for a senate investigation of the private power trusts. Or let us refer you to the \$5,500 paid the Governor of New Mexico for inside information given to the private power companies on the activities of the Boulder Dam investigating committee. There is also the case of that inspirational journalist, Bruce Barton, who received \$175,000 from the National Electric Light Association for lauding the activities of the private power interests. It was later revealed that the cost of these emoluments was passed on to the consuming public by increasing their bills for electric power. The Federal Trade Commission, now investigating the activities of the private power companies, has already uncovered so much of this sinister type of activity as to cause even the most conservative citizen to view the situation with alarm. Let us bear in mind that this industry which so vitally affects the life of every one of us already represents a capital investment of more than eleven billions of dol-

lars. The expenditure of a few millions is no significant item in their aim to completely dominate our domestic and industrial life.

The basic reason why this powerful monopoly should not be in the hands of private individuals is best summarized by Carl D. Thompson, secretary of the Public Ownership League of America, when he says, "We are dealing with the mightiest monopoly the world has ever seen. At no distant day, if this monopolization is allowed to go on to its completion, it will be possible for a single individual with his hand upon the switch of a super-power system to darken every home and city street, to stop every street-car line and trans-continental railroad, to stop every mill, mine and factory, to seriously interfere with agriculture—in short, to paralyze the common life of the country. No power like this has ever before existed in human history. No King, no Kaiser, no Potentate of the past, nor combination of power in modern times has ever before exercised such power over the life and death of the people as they will have who finally succeed in monopolizing the electric super-power of this continent." It will be a power far greater than government itself. Already difficult to control, it will then be beyond control.

For this reason we claim, that this development in the hands of private individuals should be checked, namely, that the development is inevitably toward huge super-power systems, and that these systems are already so powerful as to be almost beyond control, and that the government should retain ownership of and

develop the principal sources of hydro-electric power in the United States.

**First Negative, William Morton
Lawrence College**

FRIENDS: In studying the proposition before us this evening we must view it in the light of the future development within the power industry. The wisdom of the policy proposed by the affirmative depends not only upon its possible immediate results, but to a greater degree upon whether or not its ultimate results will be beneficial or detrimental to the public welfare. With this in mind we call your attention first of all to the present development within the power industry.

The significant fact that we must face when we study the power industry development is that all recognized authorities are agreed that public welfare demands consolidation in the power industry. It is now generally accepted that the greatest efficiency and consequently the lowest rates to the consumer can be realized only through the organization of what are known as "super-power" systems. Now these super-power systems are nothing more nor less than a large group of independent power plants connected with transmission lines which make possible the transfer of a surplus of power at one station to some other station where there may be a shortage. It is generally known that the needs of every city vary during every twenty-four hours, and that when one locality has a surplus another has a shortage. Now if this surplus can not

be transferred to a locality where it is needed, it becomes a total loss. It is for this obvious reason that authorities like Senator Norris agree that maximum efficiency and consequently lowest rates to all, are possible only through huge super-power systems with cooperative interchange of power on a large scale. So great are the economies under this system of inter-connection that Governor Pinchot, one of our leading champions of conservation, makes the statement that leaders in the electrical industry do not hesitate to forecast inter-connection in the near future over all the United States. Inter-connection on a vast scale then is the inevitable and desirable tendency within the power industry and is decidedly in the interest of public welfare.

We next submit to you the fact recognized by authorities in this field, that the most satisfactory development of inter-connection with its resultant economies and lower rates is possible only under a system of unified control. It becomes evident that maximum efficiency in the interchange of power could never be realized between fifty plants within one super-power system, each of these owned and operated by different companies. The necessity for unified control is recognized by all leading authorities. Again we quote from Governor Pinchot, who says, "Electrical energy for light, heat, and power is like the telephone, a natural monopoly." And he goes on to say that "No one who studies the electrical developments already achieved, and those planned for the immediate future, can doubt that a unified electrical monopoly extending into every

part of this nation is inevitable in the near future." Even Senator Norris, the affirmative's strongest authority, is of the same opinion when he says, "Maximum efficiency demands a monopoly." President Hoover also affirms that the lowest electric rates are possible only through super-power systems under monopoly control. This fact is most emphatically recognized in the efforts of the Federal Power Commission to eliminate all competition and establish monopoly control. For example, when the Philadelphia Electric Company applied for a license for a 300,000 horsepower project at Conowingo, Maryland, it asked permission to sell the common stock of the company formed to control this development. In order to guard the general public interest, the Federal Power Commission saw that it was necessary that this control be retained in the hands of the Philadelphia Electric Company, and, accordingly, required that it hold at least fifty-one per cent. of the common stock so that it would have absolute majority control. This is but one instance in which the Federal Power Commission has eliminated wasteful competition and insured unified control in the interest of lower rates to the public. Therefore in view of these facts and authorities, we submit to you that any proposal which tends to hinder the development of inter-connected super-power systems and monopoly control is decidedly detrimental to public welfare. Now this is exactly what the affirmative's proposal would do. The affirmative proposes that the government should retain and develop the principal sources of hydro-electric power in the United

States today, and it is self-evident, therefore, under their proposal we could never have that unified control which Hoover, Norris, Pinchot, and other leading authorities agree we must have, if our electric light bills are ever to be brought down to the lowest possible figure.

Now under the affirmative proposal the government has open to it one of three possible courses. Let us consider each of these. The first would be for the government merely to develop these major sites and sell power to the privately owned distributing companies. It is evident in the first place that there could be no unified control such as maximum efficiency demands. It is further evident that by this means the government could not exercise any effective control over rates. The government now sells power from its Muscle Shoals plant to the Alabama Power Company, yet surely the affirmative can not argue that the government by virtue of that fact is exercising any control over the power rates charged in the Muscle Shoals territory. We, therefore, fail to see how anything could possibly be gained under this first method.

The second course open to the government is to build its own distributing systems as well as to operate the property. Now it should be recognized that all of these territories are already being served by privately owned distributing systems, and that under this second plan we would therefore have duplication of transmission lines and service lines, covering vast areas which obviously would increase rather than decrease the cost of electricity to the public. In other words, we would

be increasing competition and promoting wasteful duplication of equipment which would be a step directly counter to what the leading authorities tell us should be the tendency in this important industry. Again we see how the affirmative proposal under this plan would defeat our ultimate objective, the lowest possible electric light bill.

This then brings us to the third alternative, namely that the government should ultimately take over the entire electrical industry. If the affirmative advocate this plan, we should like to ask them how this could be accomplished in less than seventy-five years, in view of the fact that most of the important power leases will not expire within that time. And even then our government would only have control of the hydro-electric industry. Let me quote President Hoover, who, in 1925, showed that hydro-electric power is only a small portion of our power needs. "By 1930 we will need an additional capacity of fully thirty per cent. Most of this increase will be supplied by steam generation. The public is generally under an illusion as to our water power resources. In the district east of the Mississippi, if all the water power that is economically useful, were harnessed, it would supply less than fifteen per cent. of the requirements in 1930." If all the water power in the United States were developed today, it would not meet our present needs. This plan obviously would greatly increase and indefinitely prolong the period of wasteful competition in the electrical industry. In this respect, then, it is even more vicious than either of the other two. At best, under this plan we

would postpone for seventy-five, if not a hundred years, that unified control and elimination of all wasteful competition in the electric industry, which authorities are agreed should be realized at the earliest possible moment.

We see, then, that whichever of these three plans the affirmative propose, they will be defeating the end most to be desired, the greatest possible efficiency, making possible the lowest rates to the public.

In conclusion, then, we have thus far established that public welfare demands a development within the power industry of inter-connected super-power systems under centralized or unified control. Under such a system only, according to all leading authorities, can we ultimately secure the lowest possible rates. We have then shown you how the affirmative proposal, in whatever plan they might suggest, would defeat or seriously retard this desirable development and work counter to the interests of the general public. For this reason we are decidedly opposed to the governmental development and operation of the principal sources of electric power in the United States.

**Second Affirmative, William H. Heerman
Lawrence College**

FRIENDS: Both affirmative and negative teams have reached an agreement on one vital issue in this debate. Both sides concede that a super-power development, such as my colleague has outlined, is the inevitable trend in the hydro-electric industry. Using this as a

basis, the opposition has tried to force the affirmative to accept one of three propositions; that the government take over the entire hydro-electric industry; that the government generate power and distribute it to private companies; or that the government generate this power and sell it direct to the consumer on a competitive basis. Our friends have done this with entire disregard for the plan outlined in our first constructive speech. May I review once more the case of the affirmative and show you just how we intend to deal with the question raised by the negative.

We have proved first of all that the development in our power industry is inevitably toward monopolistic super-power systems which will completely dominate our domestic and industrial life. We have further pointed out that this gigantic monopoly in the hands of a few individuals like Mr. Insull would be a dangerous menace to public welfare. We have referred you to the findings of the Federal Trade Commission showing to what extremes this industry has already gone to corrupt our national life in order to further its selfish interests.

As means of bringing this industry definitely under government control, we recommend that the public should retain ownership of and develop the principal power sources. It is not yet too late for the government to enter the power business and dominate this industry. You may be interested in knowing that, according to 1926 census figures, the government owns or has access to eighty-five per cent. of the hydro-electric power sources of the country. It becomes ap-

parent then that without taking over any of the power properties now developed privately, the government could ultimately exercise a monopoly in this industry. Through the development of the major sources such as Muscle Shoals, Boulder Dam, Columbia River project and the St. Lawrence project the government could immediately dominate the industry in those important areas. From these its control could gradually be increased. By no other means could the government possibly exercise so effective control over this important industry. The affirmative proposal is then in no sense revolutionary or unjust to private enterprise. It would not necessarily force private companies out of the power business for Federal projects would be connected with private projects in these super-power systems the same as private plants of different companies are now connected, but in view of the dominant positions of the government within the field, the people themselves, rather than private interest, would control this all-important industry.

It now remains for the affirmative to justify the government in business. We believe that we have already established the wisdom of having the government enter this field of business and therefore, turn our attention to a discussion of its practicability. Those who make tirades against the government's entrance into business on the ground that it would not be practicable fail to recognize that the government has already demonstrated its efficiency in some of the greatest business enterprises we know anything about. To quote from a recent publication of the Institute for

Government Research—"Of all the undertakings, none in the United States and few if any in the world, approach in magnitude, complexity, and importance that of the national government of the United States." President Taft in his message to Congress in 1912, said, "The activities of the national government are almost as varied as those of the entire business world."

May we cite to you also an example of our government's successful venture into a vast business enterprise after private initiative and ingenuity had failed? We refer to the building of the Panama Canal which is universally regarded as the greatest engineering feat which mankind has thus far accomplished. That was successfully handled by our government after it had been considered and attempted by private interests over a period of two hundred years. There probably is no greater enterprise than our vast system of district, township, county, city, and state schools in which hundreds of millions of dollars is spent effectively and efficiently each year.

Now let us approach that field which more directly concerns us—the field of public utilities. According to the 1926 census, eleven out of the fifteen largest cities in the United States own and operate their own water systems, and ninety per cent. of the population of our larger cities secure water from municipally owned water plants.

It is our contention that government has already demonstrated its success not only in these varied fields of business already mentioned but in the hydro-electric field as well. The first affirmative speaker has already

brought before you the success of the provincial government of Ontario in operating its huge super-power system at rates far lower than were ever realized under private control. In our own country we have such outstanding examples as the super-power system in the Northwest including the cities Seattle, Tacoma, and Aberdeen. The rate in Tacoma under this publicly owned system is less than one-half cent a kilowatt hour. The best authorities on the situation in Seattle are agreed that public ownership saves that city \$10,000,000 a year, and here the publicly owned plant is operating in direct competition with private enterprise. Who can question the success of government in the hydro-electric business in the cities of Tacoma or Seattle? The city of Los Angeles has \$65,000,000 invested in its hydro-electric plant and has consistently maintained the lowest rates for electricity of any city of its size in the United States. The estimated saving there is about \$4,000,000 per year. We submit the experience of Springfield, Illinois, with its municipal hydro-electric, surrounded by ten cities of approximately its own size with privately owned plants, yet selling electricity forty per cent. lower than the price paid to the privately owned plants. There are 2,000 such municipal plants in operation in the United States and the fact that their number is steadily increasing is evidence of their success.

As further evidence of the success and experience of the government in hydro-electric business we point out the fact that the federal government is now operating eleven hydro-electric plants in various sections of the

country. The most outstanding example, of course, is Muscle Shoals, where they are selling power to the Alabama Power Company at the rate of .002 a kilowatt hour. We believe that these various experiences amply demonstrate the government's ability to operate successfully in the power business as it has operated successfully in its other numerous and vast enterprises.

This then concludes the affirmative argument. We have shown you that the inevitable tendency in the power industry is toward huge super-power systems which will completely dominate our domestic and industrial life. We have established through the use of most excellent authorities that this monopolistic power surpasses anything that the world has ever experienced and will be extremely dangerous in the hands of private individuals. We have thus pointed out to you why the government should be the dominant factor in this great and all-important business. We have shown you how this aim can be realized in view of the government's strategic hold on the major sources of power, and therefore in view of the established success of the government in other vast business enterprises we maintain that the public should retain and develop the principal sources of hydro-electric power in the United States.

Second Negative, Arthur E. A. Mueller
Lawrence College

FRIENDS: It was interesting to note in the argument of our eloquent Mr. Beggs that the rate in Ontario was reduced from twenty to ten cents a kilowatt hour,

simply because the government threatened to go into the power business. From that argument Mr. Beggs tried to convince you that government operation was beneficial to the public. Let me remind Mr. Beggs, however, that this supposed saving to the public in lowered rates fades into insignificance when we remember that all this occurred at a time when there was absolutely no regulation of any sort whatsoever by the government. Naturally, perhaps, with no regulation private companies charged what rates they pleased, but with governmental regulation we find an entirely different situation. Let us, therefore, consider the neighboring province of Quebec, similar in all essential particulars and having no gigantic Niagara Falls as a natural power reservoir, and compare its rates to those prevalent in Ontario under the much-praised efficiency of government operation there. According to the Dominion of Canada Statistics of 1925, compiled in Ottawa, Canada, we find that the average rate in Quebec was .006 a kilowatt hour, whereas in Ontario, under the plan of the opposition, it was .012 a kilowatt hour or just twice as much. Does this say much for the efficiency and saving of the plan of opposition?

In the discussion thus far today my colleague, Mr. Morton, has demonstrated that public welfare demands a development within the power industry of interconnected super-power systems and that these systems must be under unified control to secure maximum efficiency. He has shown further that the affirmative proposal of government ownership is bound to defeat or seriously retard this desirable development toward

super-power systems, since it will only prolong wasteful competition which is now one of the greatest evils of the industry.

In concluding the case of the negative I shall show why private operation can most efficiently operate and develop the power industry to the best interests of all concerned. To begin with, it is practically self-evident that private operation is vastly more progressive. The private manager, responsible as he is to his stockholders for his every action in the conduct of his business, is constantly looking for means to cut down his expenses, his "overhead," and his cost of production. He is constantly on the alert to utilize new methods of manufacture, new processes, new inventions in machinery which will enable him to make his business more efficient. To the private manager the scrap-heap represents the burial ground of obsolete and antique machinery and processes; but the manager of the publicly operated enterprise usually fears or is too careless and unconcerned to scrap them, all the while making of his entire plant one vast scrap heap! Thus Western Electric and all the other large electrical and power corporations today are spending millions of dollars every year in their wonderful research laboratories, continually improving production methods. But under government ownership where is the force that will drive management to develop and improve the industry? The history of government ownership is one of stability and not one of progress, as Professor Dewing of Harvard so ably points out in his classic textbook on *Corporations*. The power industry today is

only at the threshold of its possible development. To entrust it to government ownership would certainly be sounding the death knell of its progress! Our ultimate welfare demands the virile and active management by private operators who alone will give us improvement and progress in the power industry.

Second, private operation is more efficient and responsible. The private manager, if he fails, is discharged; but what of the manager under government operation? If the business shows a profit, well and good; the political melon next year is just so much larger to split up between those who are on the coveted "inside"! If it shows a loss it is the easiest thing in the world for the politician, parading under the guise of manager, to deceive the gullible public, to paint a dreary picture showing that losses were due to "conditions beyond his control"! Furthermore, under private operation you have no man "working for the city," deliberately loafing on the job, "killing time" because he knows very well he can get away with it. Publicly employed labor is notoriously inefficient and wasteful; public management, lacking the incentive to do a good job, is irresponsible and unprogressive, and yet in the face of these commonplace facts our opponents boast of the efficiency of "government in business"!

Corruption has been mentioned by the opposition during this debate, but do not forget that under public operation you always have our good friend, Mr. Politician, with all of his corruption and bribery and embezzlement and graft. Whenever men in public office administer a natural resource they are too often guided

by that peculiar philosophy that allows them to line their own pockets first, and "let the public be damned." The memory of Teapot Dome and Elk Hills lingers luridly in our minds and will not allow us to forget that after all politicians are only human! And remember too that when corruption occurs under the plan of the opposition it is the taxpayers' money that is disappearing—it is the money invested by the tax-paying public that is made the prey of unscrupulous politicians. If our friends argue then, that the government shall take over the power business because there is corruption there, I wonder what they propose to do with the graft that exists in government itself? Surely the government can't take over the government, and yet that is what their line of argument implies!

Of course, we realize with our friends of the opposition that present conditions in the power industry are not all they might be. It is our claim, however, that the remedy for the evils is not "government in business," but rather the traditional American method of private operation with strict government regulation. Such a policy has the sanction of governmental experience in other analogous situations in our economic history.

First of all, I submit to you the success of government regulation in the telephone business. Twenty years ago a business man was often compelled to keep as many as three or four telephones in his building in order to reach all of his customers. There was duplication of plants, of service lines, of capital invested, and naturally rates were excessively high. Then the

government took a hand with the problem, but it didn't follow the proposal of our opponents—that wasn't the American way of doing things—but rather it regulated the industry. It allowed and even encouraged the American Telephone and Telegraph Company to become a monopoly so perfect and powerful that even the Standard Oil Company fades into insignificance in comparison. One company thus served the public where many had done it before and wasteful competition was entirely eliminated. This then is a good analogy—here is a public utility, in which a perfect monopoly was created, just as will be done in the power industry, and it is being regulated successfully by the government to the interests of the public welfare!

But even a more forcible example of the success of regulation by the government may be observed in the powerful and important banking industry. Before the Federal Reserve Act of 1913 there were banks of all sorts and descriptions in this country; there was no uniformity of rates of interest, reserve ratio, rates of discount, or rates of rediscount. Our banking history was one succession of turbulent financial crises after another. Then in 1913 the government again took a hand in the problem, and again it didn't take over the banking industry itself, it didn't follow the example of the Bank of Italy, the Bank of France, or the Reichsbank of Germany, but it dealt with the problem in an American way. It had supreme confidence in the ability of the American banker and for that reason it allowed him to operate his business himself but regu-

lated his activities under the provisions of the Federal Reserve Act. Today the Federal Reserve System is acknowledged even by foreigners to be the most successful banking system on the face of the globe. Again the analogy to the power industry must be made. Now the modern banking industry is inherently a very sensitive one. A fluctuation of only a tenth of a cent in the rate of discount or rediscount sends tremors through our entire stock market. It is obvious from this that regulation of so sensitive a business must be especially exacting and perfect if it is to succeed at all. Now then, if the government can regulate successfully the super-sensitive and powerful banking industry, if it can regulate so perfect a monopoly as the telephone industry, why can't it regulate successfully the power industry, not nearly so sensitive and no more powerful?

You will naturally ask now, whether the government has ever in actual practice regulated successfully the power industry on a large scale. I, therefore, finally call your attention to the famous Conowingo Power Corporation, a vast holding company controlling most of the power of Pennsylvania and Maryland and furnishing power to three other nearby states. Conowingo witnessed a dispute about rates and the famous Giant Power Board of Pennsylvania was established. Upon that Board sat representatives of the consuming public, the corporations involved, and of the Federal Power Commission. Investigations showed that the corporations were earning dividends upon a valuation watered to twice its actual physical asset value. The Board

simply re-valuated the property of the corporations, limited further security issues, and with that as a basis determined rates that have since proved satisfactory to consumers and producers alike. Here we have a typical "power trust" being regulated very satisfactorily and effectively by the government. The conclusion that follows is almost self-evident: If the government can regulate successfully the perfect monopoly of the telephone business, if it can regulate the sensitive and powerful banking industry, if it can regulate successfully the typical super-power system such as Conowingo, then certainly regulation should be the policy of our government toward the entire power industry.

Now, finally, there has been much unjustifiable corruption in the power industry, revealed especially during recent months. We submit, however, that we had similar corruption on even a larger scale during the early history of our railroads. Why the railroads at one time practically owned half of our state governments of the Western states. And yet today the government is regulating successfully the railroads. Furthermore, it is significant to remember that all the instances of corruption cited by our opponents today have been brought to light by none other than governmental agencies. In other words the need for regulation has just lately become apparent; power trusts have not been menaces until just recently; and as that need for regulation comes to the attention of the government, regulation is forthcoming. In fact the Federal Trade Commission Report for December 7, 1928,

actually states that the personnel of, and the funds of, the committee investigating power companies are not great enough, showing clearly that the government has not yet placed its shoulder to the wheel to the utmost of its capacity. Thus it is clear that we can justly hope for successful government regulation of the power business in the near future.

The case of the negative then rests upon this fundamental basis:

1. That large regional power systems under unified control are the natural and desirable development in the power business.
2. That government ownership will merely prolong the wasteful competition now existing in that industry.
3. That private operation, with strict governmental regulation, is the most successful and most desirable.

First Negative Rebuttal, William Morton Lawrence College

Our opponents have described the growth of this gigantic power trust that is soon to dominate our economic activity. They would have you believe that the power industry is already beyond control, is charging us high rates and making fabulous profits. They say that since we can not regulate this natural monopoly we must, therefore, turn it over to public ownership.

To substantiate their reasoning the affirmative show that the domestic rates in Ontario under public ownership are as low as two cents a kilowatt hour, whereas here in the United States the average is more than five

cents, implying that the difference is paid to power companies as profit.

That is a strong indictment; therefore, let us investigate the comparison our opponents have made. Up in Ontario the power is derived from the greatest and most dependable source of power in North America, Niagara Falls. So if we want a fair comparison we will not compare such a region with the whole United States where much power is steam generated and where water power is uncertain most of the year.

Let us compare the average rate a kilowatt hour of the American companies at Niagara Falls with that of the Ontario Hydro. Now the Ontario Hydro, paying almost no tax, received ninety-seven one-hundredth of a cent a kilowatt hour, while the companies of western New York, paying six million dollars a year in taxes, received but ninety-six one-hundredth of a cent a kilowatt hour.

Our opponents said nothing of the privately operated plants at Quebec, but let us compare them with the publicly operated Ontario Hydro. Our opponents will grant that this is a reasonable comparison for the power resources in the two provinces are quite similar. In Quebec the privately operated tax-paying power companies furnished in 1925 a billion more kilowatt hours of electricity with half as many employees and at just half the cost to the people, according to the Dominion Bureau of Statistics. There is that privately operated system, paying taxes to the people, generating more power with half as many employees

at half the cost. My colleague has told you of government inefficiency in business.

Now, the affirmative have found many weaknesses in the present system. We have shown you, however, that the privately operated companies rather than the publicly operated companies, are serving the people most efficiently. My colleague has shown you how the government has successfully regulated a power monopoly which our opponents have claimed beyond the realm of possibilities. Now let us examine the plan that the affirmative modestly proposed to save the people from the clutches of these rapacious power trusts. They suggest that our government develop power at these major sites and sell the power to the private companies to be distributed. But again they seem to ignore the existing state of affairs. They didn't tell you that this is now being done by our government at Muscle Shoals, and yet the people of Alabama pay no lower rates for this power. It is obvious then, that the plan of the affirmative would not lower rates to the consumer. It would destroy that unified control and prevent the elimination of wasteful competition in the power industry which authorities are agreed should be realized as soon as possible.

Therefore, since we have shown you that the public welfare demands a consolidation within the power industry; and since we have shown that the plan proposed by the affirmative would postpone this desirable development; and since we have shown you that the plan proposed by the affirmative is now in operation without any appreciable benefit to the people of that

locality, we ask the affirmative to show further that their plan can organize the power industry in the best interests of the people.

First Affirmative Rebuttal, Robert T. Beggs
Lawrence College

FRIENDS: The speaker who just left the floor has pointed to the United States Post Office as an outstanding example of government inefficiency in business. We of the affirmative fail to view it in that light. Merely because there is an annual deficit in the Post Office budget each year would not indicate that the department is inefficient. Surely the government could exact a huge profit from the Post Office department if it chose to do so. They are offering that department as a service to the people, not as a money-making proposition. In the air-mail department alone the government anticipates losing millions each year. They could easily cut off the service and do away with a part of their deficit, but it is the service to the people they have in mind. And this is the motive we find behind most all government projects—service to the people.

The negative has reminded you that in the building of the Panama Canal the United States Government expended millions more than had been anticipated. We have shown you that private interests failed for two hundred years to build the canal. The significant point is that, regardless of the cost, the government finished the canal.

It is always displeasing when one faction in a debate

has to question the form of procedure used by the opposition. I am afraid that I have to do so at this time. We all realize that the use of figures is very striking evidence. But all of us also realize that the wrongful use of figures can not be of great merit to the faction employing those means. The point is simply this—to compare the average rates of two large areas such as the United States and Canada is not, in the least, indicative of the efficiency of the two electrical systems in those countries. The negative has attempted to compare a great part of the United States with Ontario, Canada, in average rates, and has thus summarized that the private systems of the United States are giving better service than the publicly owned systems of Ontario. They have failed to take into account geographical conditions, source of power, number of customers, distance of transmission and numerous other factors that are at the bottom of the all electrical costs. Certainly it is not just to attempt such a comparison.

But, we welcome any attempt on the part of our opponents to compare a few specific instances, where source of power is the same for both private and publicly owned companies, where geographical conditions are somewhat comparable. In this instance we wish to point out the case as it exists at Niagara Falls. There are located there a Canadian publicly owned plant and an American privately owned plant. The two plants are about one hundred yards from each other on the same side of the river. Both have exactly the same water power advantages. Let us see what

happens. The Canadian plant transmits its electricity more than 250 miles in the wilds of Ontario and sells the power for a rate of 1.6 cents a kilowatt hour. The American plant transmits its power, not 250 miles, but 25 miles into the territory around Buffalo, New York, and sells the power for the good old-fashioned American prices of 6 and 7 cents a kilowatt hour. Here we have the same advantages, the same site and a difference of more than five cents a kilowatt hour in rates.

My colleague and I could go on at great length to point out examples of differences in rates between Canada and the United States, but we choose only to make comparisons where the comparison is justified.

The speaker who just left the floor challenged the affirmative to point out one instance of a super-power system under government control that was operating successfully. With joy, we point to the great super-power system around Seattle, Tacoma, and Aberdeen in the northwest. It is entirely publicly owned and operated, and it's making money. But that isn't the interesting part of the story. A brief review of the history of electrical rates in Seattle, Washington, will illustrate my point. Back in 1902 the rate in Seattle was twenty cents a kilowatt hour. In 1904 the city council authorized the building of a municipal plant. The private plant in Seattle immediately cut its rate from twenty to twelve cents a kilowatt hour.

Now it is clear that this reduction did not result from technical improvements in the business. The rate was cut eight cents over night. When the city

plant was put in operation the private rates were cut to eight and a half cents a kilowatt hour, and reductions were made regularly until today in Seattle the people enjoy a rate of five and a half cents for forty kilowatt hours. The surprising thing is that the city plant took the initiative in every reduction. No cut in the rates of the private plant was made until the city plant had first cut its rate.

This is the function of publicly owned plants all over the country. They take the initiative in cutting the rates. They are protecting the interests of the public in thousands of cities. The case is the same in Cleveland, Ohio, where the public plant brought about a reduction of forty per cent. in domestic rates, thirty-five per cent. in commercial rates and from twenty-five per cent. to thirty per cent. in power rates. We do not maintain that the publicly owned plants have the lowest rates in the country wherever we find them. It is our contention that the publicly owned plants have effected rate reductions and have thus protected public interest.

You will recall that the original affirmative contention, as outlined by my colleague, Mr. Heerman, is that the government should step in and operate the main sources of hydro-electric power in order to hold a controlling hand over the private companies, and thus put the government in a position to keep rates low.

As for corruption in government politics, as well as in the big electrical monopolies, the affirmative wishes only to say that we have never found one instance of

corruption in governmental ranks that was not induced by some private interests. The corruption and bribery being thrown into our school systems by the big private electrical companies today, the bribes to newspapermen and government officials, certainly could not exist unless some private company was offering the bribe to further its own ends. The simple solution is to abolish the private control of the industry and to put the entire hydro-electric system of the United States into the hands of the people who will operate it in their own interests.

**Second Negative Rebuttal, Arthur E. A. Mueller
Lawrence College**

FRIENDS: Let us analyze the highly-touted plan of the affirmative that has been advanced so eloquently by our friends of the opposition. They would have the government control and operate only the major power sites of the country and thus through "economic pressure" control the rates of the smaller companies as well. This plan sounds fine when advanced as a theoretical dream, but let us see how it works in actual practice. At the present time the government operates the power plant at Muscle Shoals and sells the power wholesale to the private plants of the surrounding territory. It sells this power to them at .007 a kilowatt hour, and then what happens? These private companies, such as, for instance, the Alabama Power Company sell this very same power no more than twenty miles away to consumers at twelve and fourteen

cents a kilowatt hour! Thus we see the theoretical plan of the opposition in actual operation and failing miserably. The only way to force those private companies to charge the correct rate to the public is to regulate them by commission regulation. In the final analysis then, even our opponents, must fall back upon regulations to make their plan effective, for mere control of the major sites will never be sufficient to force down rates of private companies. Why not then, allow private companies which are always vastly more efficient, to operate their own business and regulate them through governmental agencies?

Again and again in this discussion our friends have questioned the power of the government to regulate the power business. I would like to remind you that it is ridiculous on the face of it to argue on the one hand that the government has not enough power to regulate the power business and then on the other hand to argue that the government can very well operate the power business. If it has enough power and is able to operate the business, then why can it not regulate, which is not nearly as complicated and difficult a task as is complete operation? It is obvious therefore, that the government can regulate the power business, just as it has done so successfully in the banking business, the telephone business, the railway business, and the power business itself; as represented in the typical super-power system of Conowingo. I challenge the next speaker to show you just exactly why the government can not regulate successfully the power business, when it has had such remarkable success in these other

similar industries. I would remind you that not one of these instances have been attacked by our friends of the opposition, and this very attitude of theirs shows that they must acknowledge the success government regulation is bound to have!

Now Mr. Beggs has lauded the "service" given by the government in the operation of the post office and has cited that as a comparable instance of government operation. I would remind him again that the post office is a business that has become standardized and perfected in which progress and inventions are a thing of the past. Certainly there government ownership may be desirable, but in a rapidly developing business still in its infancy like the power business, we need private operation and promotion that alone can develop the industry. For that reason then the post office is not a comparable industry to the power business. Furthermore, I would also like to point out that the post office is losing millions of dollars every year which are being paid by the American taxpayer. So sooner or later the public pays anyway, and yet our misguided friends would have you believe that the government is more efficient!

The Panama Canal has been mentioned again. Let me point out in this connection that again Mr. Beggs has allowed himself to be slightly carried away with the force of his own enthusiasm, when he said that "for two hundred years private interests failed." History shows us very clearly that no attempt was made to build a canal on the Isthmus of Panama until the latter half of the last century! But since we are speaking of

the Panama Canal, let me say also that the building of that Canal was a government proposition because it required the negotiation of certain treaties and the occupation of certain lands belonging to other sovereign nations, which were tasks distinctly out of the scope of private companies and strictly governmental affairs. Furthermore, once the government had completed these preliminaries, we find that millions of dollars were wasted in the construction of the Canal which would undoubtedly have been avoided had a single private company had the contract to do the work.

Our comparison of rates has been challenged, and yet our friends of the opposition fail to recognize the comparison between Quebec and Ontario rates which fulfills every requirement of a comparison they have laid down. They have failed to challenge that comparison, and it therefore stands as convincing proof of the relative greater efficiency of private operation as compared to public operation in two large regions of identical conditions. That point then seems to be well-established in this discussion—that private operation is more efficient when compared on the basis of actual rates and figures charged to the public than is public operation.

The famous stock illustration of low rates of Ontario has been used by our friends of the opposition, tending to show that the Ontario companies furnish lower power than do American companies in the same regions. It would not harm to remind Mr. Beggs again that these rates charged by the Canadian company selling its power in New York are wholesale rates

and that he is comparing them to retail rates charged by American companies of the same territory. Yet in spite of that fact Mr. Beggs goes on and almost convinces himself that this is a saving of the publicly operated companies of Ontario!

American rates have again been brought up in this discussion and I submit the digest of statistics coming from the Census of 1925—a special census to investigate the conditions of the power business—in which we find that in only four of the forty-eight states of the Union are the rates of publicly owned and operated plants lower than those of private companies. The other forty-four states show a decidedly lower rate being charged by private companies, and this in addition to the fact that public companies need pay no taxes on their plants. Perhaps these figures may be challenged by the last speaker of the opposition, but let me impress upon you the fact that they are a digest of the statistics coming from the United States Census of 1925, and as such bear better authority than anything else we could cite on the question.

Finally, we may hear in the next speech of the opposition a tirade upon the Federal Water Power Act of 1920 and its alleged weaknesses. Whether there be any weaknesses in that Act or not, makes little difference to us in this discussion. That Act is not “our Bible” as the opposition will try to make you believe! If there are defects in that law, they can be easily remedied by legislative action. We are discussing the principle and advantage of private operation as compared to public operation and not the technicalities of

a statute that happens to cover the point. If that law is defective, we say change it on the basis of the broad policy we have laid down throughout this discussion, namely, that the power business should be operated by the efficient private companies and should be regulated by strict governmental commissions such as the Giant Power Board of Pennsylvania.

Finally, then, we have shown you that private companies are not only more efficient, but are always more progressive than are publicly operated companies. Our argument has rested, not upon mere theory and possibilities, but upon actual facts and figures coming from the United States Census of 1925 and the Dominion of Canada Statistics of 1925, as well as from the published reports of various city manager's statements. With that as a basis we have shown you that regulation by the government should be the policy and not ownership. Just as regulation has become successful in the telephone, banking, railway, and Conowingo, so it can become successful in the entire power business. Our opponents have neither questioned nor challenged this argument and are, therefore, forced to admit that the government can regulate the power business if it sees the need of such regulation. Our plan then in its essential basis remains unchallenged by the opposition. On the other hand, we have shown you, that government enterprise always charges higher rates, is always less progressive, and is just as apt to be corrupted as is private enterprise. For those reasons, therefore, we believe we have demonstrated that for the welfare of the general consuming public, private operation with

strict government regulation is the best method of dealing with the power industry.

**Second Affirmative Rebuttal, William H. Heerman
Lawrence College**

Let us analyze the closing speech of Mr. Mueller since it represents the essence of the negative case. The gentleman opens with an attack upon our plan of government ownership, citing Muscle Shoals as an example of its failure. I submit that my opponent has wounded his own brain-child—government regulation. For, at Muscle Shoals, the government is seriously hampered by that antiquated system of control—regulation.

The field is not dominated by the government in the sense that it can force the private corporations into decent business relations with the public through threat of absorption as is possible under the affirmative plan. Our regulatory agencies can only make their feeble attempts at investigation and subsequent regulation. Muscle Shoals is a classic example of how cheaply and efficiently our government can generate and distribute power, and also how private interests play hog with the American dollar under the plan of Mr. Mueller.

The negative team has an amusing little ditty which they have been singing repeatedly in this debate. It runs something like this—"If the government has failed in its attempts at regulation, as the affirmative contend, then how can it ever hope to own and operate?" We have answered this objection with the

Muscle Shoals case. We have offered conclusive evidence to prove the superiority of government ownership in Canada, we have pointed out the super-power system around Seattle and Aberdeen, and we have advanced the instance of Springfield, Illinois, under public operation completely outclassing the efforts of private interests in ten surrounding cities. This then proves that even though government regulation may be ineffective, government ownership and operation works successfully.

Before going into analysis of the two cases may I remind you that Mr. Miller's seemingly sound statistics relative to rate comparisons, are not direct census material as he would have you believe. They have been worked over by the National Electric Light Association, the same corporation which is at the bottom of the fraud and corruption revealed in the recent Trade Commission investigation. Our facts are taken direct from the United States Census Bureau.

As the conclusion to this debate allow me to contrast the cases of the two teams. The affirmative has established and the negative has agreed that the inevitable development in the Hydro-Electric industry is toward huge super-power systems which will completely dominate our social and industrial life. We have proved secondly, and the negative has not and can not deny it, that there is an alarming element of graft and corruption under private operation which the government is powerless to regulate. The only answer our friends have advanced is that we would have a similar condition under government ownership. Mr.

Beggs has pointed out the obvious fallacy in this argument, namely, that wherever corruption exists in our government it has always been instigated by these private wolves of industry. This condition will be eliminated under complete government domination.

The negative has made a defense for government regulation on the basis of its success with the telephone and banking industries. If we grant the validity of this argument we are still confronted by the multitude of facts which prove the failure of regulation in the question really at issue. We have based our contentions upon entirely legitimate comparisons between public and private plants in the same territory, while the negative has shifted from one district to another and has drawn its conclusions from questionable sources.

The negative have admitted that government regulation as it is now conducted is sadly deficient, but offer a more complete system of control as the remedy. The best possible agent that can be used for highly specialized regulation is the Federal Water Power Act of 1920. This act fulfills all the requirements laid down by our opponents for adequate regulation, and even that fails miserably. Let me remind you that this Act, or one very similar, is the limit to which our government can go with regulatory measures.

First of all, this act deals only with those plants constructed after 1920. Therefore, it is impossible for it to even touch the thousands of private plants in operation before that period. Secondly, it does not function until a corporation has applied for a license to

operate, and therefore the pre-license costs may be magnified far beyond their actual figures. Thirdly, and most important, the government will be unable to determine to what extent the expense accounts of private utilities have been padded, and thus they will defeat their own ends. This condition will prevail under any possible plan of regulation that may be offered.

The affirmative, on the other hand, has offered a plan which is in entire accord with the admitted tendency toward super-power development, which has worked out successfully in Canada, and which is now providing the lowest rates on the continent in the gigantic super-power system of the northwest. Under this plan the rates have been reduced to a minimum, the publicly owned plants have saved millions of dollars and the private companies have been forced to deal fairly with the American people.

Since we have this tendency towards super-power development, since there is an ever increasing amount of graft and corruption under private control, since all attempts at regulation have failed miserably, and since the very nature of the hydro-electric field prevents adequate regulation from ever becoming a reality, we see that the case of the negative does not meet our needs. As a true remedy for a critical situation we support the theory that government ownership and operation of the principal sources of hydro-electric power in the country has been and will be entirely satisfactory.

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THE POLICIES OF MUSSOLINI

THE POLICIES OF MUSSOLINI

WASHINGTON STATE COLLEGE AFFIRMATIVE AND NEGATIVE

The women debaters of Washington State College had a very successful season in 1929 debating the governmental policies and influence of Benito Mussolini, head of the Italian state. Washington State is one of the leading institutions in debate in the Northwest and in the Pacific Coast Conference.

The speeches in this debate were contributed by Professor W. H. Veatch, Director of Debate at Washington State, and also the immediate past president of the Pi Kappa Delta Forensic Honor Society. Professor Veatch was the sponsor of the National Debate Tournament idea for the Pi Kappa Delta colleges.

The question used in this debate was: Resolved, that Mussolini has been a benefit to Italy.

First Affirmative, Margaret Schultz Washington State College

FRIENDS: The question that we are to discuss this afternoon is: Resolved, that Mussolini has been a benefit to Italy. We understand that the word benefit means whatever promotes prosperity and happiness, whatever is a real advantage or service. This question, then, involves a discussion of whether the existence and accomplishments of Mussolini in Italy have been of advantage and service to that country and its people, or not. This means that we will have to look at this

problem from a purely Italian viewpoint. We are not discussing whether Mussolini's government would have been the best form of government for France, or whether it could have been placed in operation in the United States, or whether it should supplant the cabinet-parliamentary form of government in England. For that matter, we do not intend to discuss how long it will continue in Italy, or whether it will be the best government for Italy to maintain in the future. I think you will agree that we have enough to do in the time allotted to us, if we discuss the question that I stated, whether Mussolini has been a benefit or a service to Italy. We shall try to be as unbiased as possible, and keep in mind the Italian background, limitations and needs.

In 1918, just after the signing of the armistice, Italy like all the other warring nations was in a somewhat unstable condition. We read in the *International Yearbook for 1918*, that "During the closing months of the year there were reports of economic unrest. A general strike movement was in progress, the railroad system was in disorder, and the economic safety of the country was imperiled."

This condition not only continued but actually became worse. The *1920 Yearbook* reports, "Railroad and postal strikes paralyzed industry and the discontent of the working classes increased. Seizure of landed estates by the peasants developed into a systematic movement. By September, a large number of factories were in the hands of working men, and on many of them red flags were flying. Workers forcibly took

possession of shops, and the government remained neutral and inactive." Notice, the government remained *neutral* and *inactive*.

The communist and socialist elements were gaining in strength and were actively encouraging strikes, lock-outs, and disorderly conduct. The *1922 Yearbook* says, "Of all the allied countries after the war, Italy seemed to feel the greatest effect from the Communism of Russia. It appeared likely that the drift of all Socialism in Italy would be toward the most extreme form of radicalism, and perhaps lead to the making of the same experiment as in Russia. The Giolitti government seemed unable to cope with the situation and it tolerated disorders in order not to provoke a conflict."

Thus we see that at the very time when Italy's factories and industries should have been producing at maximum, when the efforts of the whole nation should have been turned toward the tremendous task of reconstruction, Italy was being placed in need of further reconstruction by Bolsheviks and Communists, while the pre-Mussolini government did nothing to restore order because it did not have either authority or strength.

Since no effort was being made to improve conditions it was quite natural that they became worse. Strikes increased both in length and number. Strikers frequently took possession of cities while the representatives of the government stayed in hiding until the riots were over and passions had subsided. Street fights and disorderly demonstrations became the rule.

The country seemed well on its way toward the fate of Russia and the so-called government not merely was unable to stem the tide but apparently did not have the strength or will to attempt to stem it.

However, in the midst of this extreme radicalism, there was one group that had the welfare of Italy at heart—whose members were both willing and able to do all in their power to restore peace and order. This group was the Fascisti. This movement had started as scattering, voluntarily organized bands aiming in general at the suppression of violence, and upholding a policy of nationalism. Under their leader, Benito Mussolini, they had gained in strength and number, and were now ready to save Italy from Communism and destruction. The *1922 International Yearbook* says of the Fascists, "Down to January of 1922, the Fascists had chiefly confined themselves to doing the work which the government should have been doing if it had been strong enough. After that, having quelled socialism and communism, they turned to the problem of political, industrial, and social reorganization."

Thus we see that even before Mussolini was given the premiership in October, 1922, he had benefited Italy immeasurably in putting down Communism and Bolshevism and in preventing the entire evaporation of national government.

Now, in leading up to this subject, I have shown you the conditions that existed in Italy prior to 1922; I have shown that conditions did not improve after the war as they should have done, I have pointed out that the country was in desperate need of a govern-

ment strong enough to act and that Mussolini supplied such a government. It only remains to show, then, that Mussolini, since he has been in control in Italy has added to the prosperity and happiness of that country. In doing this we will show first, that Mussolini has put Italy on a firm economic basis; second, that he has benefited Italy socially; and, third, that he has given Italy political benefits.

We shall consider the economic argument first. On taking control of Italy, Mussolini at once began an extensive program of reorganization based upon the principles of strict economy, a thing unknown in Italy since the days of the early Roman Republic. The results were amazing.

In the first place, the pre-Mussolini government, for years, had been unable to balance the Italian budget. In 1922, just before Mussolini, the government faced a deficit of four and one-half billion lire. During his very first year Mussolini reduced this huge deficit by fifty per cent. and by 1925 had turned it into a surplus of nearly two hundred million lire. This was effected by measures of rigid economy in all departments of the government such as the dismissal of useless officials who did little else than draw their pay.

Furthermore, Italy's unfavorable trade balance has been cut by Mussolini. For years Italy's imports had far exceeded her exports, and her economists had struggled vainly to cope with this difficulty. Through the efforts of Mussolini, 1924 showed an increase of exports over ten per cent. above those of the preceding year. The *Statesmen's Yearbook* shows this to be

greater than any of the increases brought about by the pre-Mussolini, post-war governments. Mussolini further recognized that one of Italy's greatest difficulties in this regard was the fact that her production is the result of innumerable small establishments which are not in a position to maintain direct contact with foreign trade. To remedy this evil, Mussolini established a National Institute for Exports. This organization makes a scientific study of market conditions and sells the produce of the small factories. This reform is remarkably successful.

Ever since 1918 Italy's financial problems have been greatly increased due to constant fluctuations in the value of the lira. The stability of the currency had been much improved under Mussolini, and in 1927 the stability was guaranteed through a return to the gold standard. On this point, the *International Yearbook of 1927* says, "The return to a gold basis was universally applauded as contributing to a more settled state of finances and greater prosperity."

In the field of agriculture, Mussolini has accomplished much. In 1923 the area under cultivation for the first time reached the pre-war level. Acreage was increased through the reclamation of swamp and waste lands. The supplement to the *1925 Americana* says, "There is a steady improvement in the agricultural methods employed, as a result of government aid and advice with respect to agricultural machinery, chemical fertilizer, drainage, sanitary conditions, etc." The further success of the Mussolinian policy is shown by these figures from the *Statesmen's Yearbook*: In 1922

agricultural production was eighty-six per cent. of the pre-war average, while in 1923 it had risen to one hundred five per cent., and by 1925 production had still further increased to one hundred eleven per cent. of the pre-war average.

Besides benefiting Italy in regard to the field of agriculture, Mussolini has also reduced unemployment. In 1921 unemployment was increasing at the rate of 55,000 per month. In 1922 just before Mussolini came into power the total unemployment was 540,000. This number was decreased fifty per cent. during 1923 and in 1925 only 74,000 were unemployed. On this point the *1927 International Yearbook* says, "Industrial activity had increased to such an extent that in place of the unemployment previously obtaining, there was a shortage of labor in many lines."

This same volume of the *International Yearbook* also shows that the war debts were funded and that the National Debt had been steadily decreasing from the time Mussolini had come into power.

Besides these decided benefits to Italy, Mussolini has also greatly improved the condition of the railroads and other public utilities. The railroad system in 1922 was overmanned, inefficient, in need of repairs and operating at a loss. From 1919 to 1922, the deficits increased each year until they reached the stupendous sum of a billion lire. In one year Mussolini cut this deficit and the following year the earnings reached 175,000,000 lire. Also railroad construction, some of which had been planned since 1914, was actually under way.

In a similar way the postal and telegraphic systems which had also been operating with huge deficits, were reorganized upon a paying basis.

There were many other improvements besides those which I have already touched upon. I shall mention just a few of them. The banking system has been reorganized, new roads and aqueducts have been built, harbors have been dredged, deforestation has been checked and efforts made to re-forest the country, hydro-electric power has been rapidly developed, an extensive building program has been undertaken to relieve the chronic housing situation, and mining and the manufacturing of rayon silk have made great leaps ahead under the fostering hand of the government. In fact practically every phase of Italian industry has steadily improved since the advent of the Mussolinian government.

Now we have seen that since Mussolini has come into power he has balanced the budget, reduced the unfavorable trade balance, stabilized the currency, funded the war debts, increased agricultural production, reduced unemployment, put the railroads upon a paying basis, and improved the other public utilities. For his accomplishment of these things, we feel that it must be agreed that Mussolini has indeed been a benefit to Italy in an economic way.

On the other hand Mussolini's social benefits to Italy are so well known that I need only mention them. He has greatly increased the sums allotted to education and has reorganized the whole school system upon a more modern, efficient and uniform basis. He has

given special attention to agricultural colleges and vocational schools—fields in which the Italian school system had been sadly lacking. He has established labor courts for the arbitration of disputes between capital and labor. These courts are of the same type that we tried to operate here in the United States but could not make function whereas Mussolini has made them work and solve the labor problem. Hygienic measures have been taken to rid Italy of its unsanitary conditions. As all of you undoubtedly know, Italy had long been notorious for its general lack of sanitation, therefore these measures represent a considerable step in advance. Mussolini has settled the dispute with the Vatican which had gone on ever since Italy had been a state and marks the removal of one of the greatest hindrances to the unity and progress of Italy. Mussolini's greatest social aid to Italy can best be expressed by his own slogan that *everyone who would eat must work*, and these figures we have shown you on unemployment and the fact that beggars can no longer be found on Italian streets are sure evidences of his success. We read in the *1924 Americana*, "Wages and salaries have been adjusted to meet the necessities of comfortable life." Thus we can see that the standards of living have been raised and that the people of Italy are happy and prosperous.

In closing, let me quote H. B. Billis in the *Mentor* for November, 1927. He says, "Workers, landowners, peasants, industrialists, craftsmen, and nobility, all are more prosperous and confident since Mussolini became the arbiter of their laws, politics, and industries." This

statement very well sums up the economic and social benefits of Mussolini's regime and quite definitely establishes our firm belief that Mussolini has been of great benefit to Italy. After the negative speak to you, my colleague, Miss Nobach, will continue the argument for the affirmative by presenting the political benefits which have come to Italy through Mussolini.

First Negative, Lylia Appel
Washington State College

Miss Schultz has just finished a glowing summary of Mussolini's work, attributing to this one man what would seem to be more benefits than any government could possibly give its people in so short a time. It would seem from what she has just said that the country has been saved from financial ruin, and snatched back from a horrible descent into a chaos of Bolshevism. It would seem that almost overnight Italy had been transformed from a country reeking with economic and social disorders into a country that is sound in all these respects and forging ahead—all this due to one man, Benito Mussolini. Now—we of the negative will show you how this is not a true picture of the conditions in Italy.

Before we go any farther let us clarify the meaning of this word benefit which Miss Schultz repeated so frequently. The question which we are discussing is stated—"Resolved, that Mussolini has been a benefit to Italy." It is really quite necessary to know at the outset what this word benefit implies. Miss Schultz

merely touched upon its significance when she said that to her it meant an advantage. Webster's New International Dictionary on the other hand defines it as "an advancement, an improvement, that which promotes prosperity and personal happiness." Using this very definite meaning we of the negative intend to secure your agreement with us that Mussolini has not been a benefit to Italy for he has not advanced or improved that country and he has not promoted the prosperity or personal happiness of his countrymen.

In order to determine whether Mussolini has been a benefit to Italy or not, it is necessary to go into the historical back-ground of that country and by comparing what took place under the legitimate government before Mussolini with what has taken place since, determine whether or not there has been proportionally any great advancement under Mussolini. And beyond this, in order to discover if the progress that has been made has really been due to this dictator, we must compare the progress made in Italy during this period with the progress made in other European countries during the same period, for unless Mussolini has been able to bring about greater progress in Italy than has come about in other countries without dictators, he has not been a real benefit to his country. These comparisons Miss Shultz either did not care to make or else neglected to make.

Now then, in order for our affirmative friends to substantiate their case that Mussolini has benefited Italy, they must show us clearly that he has advanced Italy in some way to a greater extent than it would

have been advanced without him or, obviously, he has not benefited it at all, for then it has not advanced at all over what would have been accomplished without him. You will recall that Miss Shultz made no attempt to produce either evidence or reasoning along this line. Evidently here the affirmative are either weak or again neglectful.

By viewing impartially actual conditions as they now are in Italy, and as they were previous to the Mussolinian usurpation in 1922, and by comparing Italy during both these periods with other European nations confronted with the same problems during the post-war period, we expect to be able to show that because the Mussolinian government has been able to show no proportionally greater benefits than the government he supplanted, and since Italy under Mussolini has made no startling progress, in fact, no more progress than other European countries during this same period, that she has not been advanced or bettered economically, socially or politically, and therefore that Mussolini has not been a benefit to Italy.

To begin with, let us consider the war debt. Mussolini is generally said by his adherents to have been a great economic benefit to Italy because of his reduction of this debt. Is credit really due to him for its reduction? No—for the reasons which I will set forth.

First of all, before his time, the constitutional government had reduced the debt at the rate of one-fourth billion lire monthly, and had made and was carrying out ample provision through taxation for the continuance of this policy. No credit is due Mussolini here

because the previous government accomplished it. In the second place, the additional reductions which Mussolini has ostensibly been able to bring about are not real reductions on his part. They have all come about in one of two ways. He has borrowed considerable money, making the national debt higher, and applied it on the war debt to reduce it by that same amount and then claimed credit for reducing the war debt. Both the United States and England made practical cancellations of nearly half of the amount Italy owed them, and these amounts too Mussolini has added to the amounts by which his government has reduced the war debt. It is to these two means of debt reduction that Miss Shultz was pointing with such pride when she called your attention to the Mussolinian reduction of the war debt. If the affirmative want the exact figures on this they can consult the *International Yearbook* for 1927 which I see on their desk.

When we examine the other affirmative claims for the Italian Dictator and compare the figures with the figures for the same functions before 1922 we see that the other material gains in Italy before that date demonstrate that the constitutional government was making the same if not greater strides forward, previous to Mussolini, despite the fact that the previous government was faced with the greater part of the after-war reconstruction.

According to the *International Yearbook* for 1921, in spite of a heavy drought that year which practically deadened agriculture and industry, exports increased to the extent of two billion lire over the previous year

—certainly a sure sign of progress. In the same year-book we also find that the government was taking rapid strides toward the improvement of the railroads. We read, "Employees were appointed by the government to reorganize the railway administration with a view to reducing expenses. There was a noticeable increase in the mileage of the railroads. Schemes for electrification were actively under consideration." This, in the years in which Miss Schultz told you the government was paralyzed—doing nothing.

Clayton S. Cooper in his book, *Understanding Italy*, says, "In the three years immediately preceding Mussolini's seizure of power, government deficits were cut at the rate of four billion lire annually. In 1921 government expenditures decreased fifteen per cent., while receipts increased twenty-five per cent. Unemployment was decreasing, and the trade balance improving." And notice that these figures show a larger proportion of improvement than the Mussolini government has been able to show.

In fact, most of Italy's economic problems, after the war, were well on the road to solution before Mussolini's time. Sanford Griffith, correspondent of the *Wall Street Journal* says in his report in the *Survey Graphic* for March 1927, "Italian trade started on an upward path in 1921, before the Fascisti came into power."

In the Institute of Economics' report, we learn that: "It is undoubtedly true that the peak of Italy's financial crisis was passed before 1922."

Therefore, before Mussolini came into power, Italy was making progress that compared favorably with

other nations that had been engaged in the war, a fact which my opponents have evidently overlooked. The war debt was being paid back, trade and transportation were improving, and in short, the peak of Italy's financial crisis was passed. Where, then, is this boasted improvement over previous conditions that would warrant Mussolini's seizure of power to be hailed as a benefit. Again a study of facts and figures of the progress during the years he has been at the helm in Italy, shows no improvement to have come about more markedly or more rapidly than would naturally have resulted with any government.

In spite of the fact that Italy was already on the up-hill grade economically when he came into power, Mussolini has visibly failed to bring about his hoped-for results by many of his economic reforms. For many years the nation's basic economic problem has been the discrepancy between the growing population and the production of raw materials. Yet Mussolini has placed a heavy tax on bachelors and has encouraged profligacy, thus tending to aggravate one of his country's greatest problems. My opponent just told you of the marvelous agricultural reforms that he is bringing about, yet a study of the present agricultural situation shows that production is not keeping pace with the population of the country. By 1926, agricultural production had actually decreased six and one-half per cent. in comparison with population since the war. Further, Miss Shultz told you there was an almost immediate improvement in economic conditions when Mussolini came into power. In connection with

this we have merely to examine the exchange value of the lira, which we find fell steadily from 1922 to 1927. It would hardly seem from this that the country had been rapidly stabilized economically and that all of Mussolini's reforms had been such great successes as the affirmative think.

However, Miss Schultz did give you one set of figures with which we do agree. She showed you that the agricultural situation in 1922 was an improvement over that of 1921. Here, though, we wish to point out that the increased agricultural production of 1922 was due to the drought of 1921 which made agriculture in 1921 the lowest for years. Since the affirmative advance these figures to show that Mussolini has been a benefit to Italy, we are forced to the conclusion that they believe that in Italy the sun shines and the rain falls only at the express command of "Il Duce." Indeed, after listening to the first speaker of the affirmative we can quite readily believe that they attribute supernatural powers to this universal dictator.

As a matter of fact, not merely this agricultural improvement but practically all of what progress has been made since 1922 has not been due to Mussolini, but to natural, economic causes. We can substantiate this statement by probing into the conditions in other European countries after the war and we see that similar progress has taken place in practically all of them, and without the interposition of any dictator such as Mussolini.

For example, to quote from the *Foreign Affairs Magazine* for October, 1928, from an article entitled

"Ten Years Back"; "Battle fields are again tilled, roads, railroads and mines all over Europe have been reconstructed and towns rebuilt. Spain is the only nation of Western Europe which has not stabilized its currency, and she could do so tomorrow if she wished. Industrially, France is better off than she was in 1914. Germany will be able to pay the reparations if she decides to do it."

We must come to the conclusion, then, that Italy has not made any sensational or unnatural economic progress during this period, as the affirmative would have us believe. Mussolini has not reduced the war debt any more rapidly than it was being reduced before him. The proportional increase in trade, agriculture, railroad betterment, or industry has not been greater than that insured and accomplished before him. Therefore, economically, at least, Mussolini has not been a benefit to Italy.

I see that I have only a minute or two left to devote to the social side of this question. Miss Schultz for the affirmative dwelt at great length upon the Bolshevistic uprisings in Italy following the war, and it is quite true that, socially, Italy was faced with grave problems after the war, but it is not true that the Italian problems were any different from those of other nations. Europe in general was over-run with Communistic and Bolshevistic scares. This was not in any way a condition peculiar in Italy, but could be found in nearly every country in the world. In the *Foreign Affairs Magazine* for October 1928, we find: "In the autumn of 1920, many observers, inside of Italy as well

as out, imagined that country on the brink of anarchy. They interpreted the violent symptoms of post-war neurasthenia, and the accompanying lawlessness as incipient Bolshevism. But where did Bolshevism not seem to exist? In staid Boston itself, the police went on strike, an event without a parallel in Italy at the most disorganized moment." As William Bolitho in his book *Italy Under Mussolini* says, "In 1920 Italian socialism did not differ noticeably from that of the rest of the world."

Italy was dealing with this problem just as all the other countries were. They were trying to settle the difficulties between employer and employee without open warfare, a thing which they did successfully, as we have Mussolini's own words, from one of his own speeches, quoted by Professor Salvemini in *Italy Under Facism* that these disturbances were at an end six months before he came into power. So, certainly, he can claim no part in quelling these socialistic disturbances.

Now then, since Mussolini has been in power, has he accomplished anything that has really been beneficial to labor? He certainly has not improved the well-known high cost of living as Miss Schultz inferred from a quotation she read, for in October 1922 the index number for retail prices was 527, while in contrast the latest statistics from Italy show the retail index number to be 645. Mussolini has therefore brought about a twenty-five per cent. increase in retail prices and has definitely forbidden wages to be raised. Does that look like a material benefit to labor? As

for the labor problem as a whole—it is well known how labor has been oppressed, forced to submit its problems to the so-called labor courts for adjudication, if such they may be called, when not a decision has been rendered save in favor of the employer, and military force has been used to compel labor to work under such conditions. These conditions, I repeat are too well known to necessitate further comment. Mussolini's policy has been to suppress all labor disputes, not to solve them and their causes.

The street, railroad, sewer and other improvements in the general social atmosphere of Italy, which Mussolini is supposed to have effected are mostly imaginary. Let me quote an observation from an article in *Survey* by Francis Hackett, who has lived and traveled in Italy recently and who should know conditions there. He says, "One of the great items in the apology for Mussolini in 1923 was that he had made the trains punctual, that he had got rid of the beggars and had cleaned the streets. Now, at the end of 1926 all the old practitioners of begging and some new ones too, are hard at it again, the trains are once more late and the streets unsanitary. These reforms were propaganda, and merely transient and superficial."

Thus we can see that Mussolini has not been a benefit to Italy in a social sense. The problems of a social nature dealing with the communistic uprisings, were already solved before he came. His method of dealing with labor difficulties has actually proved harmful, for he has suppressed labor unions, and given the unorganized groups in labor a voice only in labor

courts where they are hardly listened to. Living conditions have not been improved, and the alleged bettered social atmosphere is a fallacy.

Thus, I have laid before you evidence proving that Mussolini has accomplished none of the economic or social benefits that his followers have proclaimed for him, and that in these two great fields, he can hardly be termed a benefit to his country. Miss Shoemaker will show that in the other great field of life, the political one, Mussolini had been a definite detriment to Italy.

Second Affirmative, Evelyn Nobach
Washington State College

FRIENDS: Before going on with the political argument this afternoon, allow me to consider a few statements made by the last speaker, Miss Appel.

She has stated again and again that Italy was in no worse condition following the world war than other European countries. Now, Miss Schultz, my colleague, has shown definitely that Italy was on the verge of going over into the hands of revolution when Mussolini stepped in; that the factories had been seized by the workmen and that the government was not able to make a move to save itself and the country. The negative have attempted to brush these conditions to one side with the remark that many European countries had just as hard times and that the city police of Boston struck. But, did you notice that the negative did not attempt to show or name another

European country that was in such straits as Italy when Mussolini came to the rescue? As long as they are not able to point out such a country, and I assure you that if there were such a nation Miss Appel would have called your attention to it, they are unable to prove their repeated assertion that Italy was in no weaker or worse condition than other European countries. We can rest assured then, of one point: before Mussolini came into power, Italy was in worse condition, economically and socially, than any other nation of Europe, except Russia, which had no government.

Miss Appel further made the statement that all of the improvements and advancements in Italy since 1922 have come about through natural causes and she refused to allow Mussolini any credit for any of them. She contended mainly, that because certain of these reforms were planned before Mussolini came to power that he should not be given any credit for their completion. Now we have shown you the true conditions in Italy in 1922. The government there was not even able to maintain law and order, much less do any constructive work. The reforms and improvements they were talking about never amounted to anything more than the paper they were written on. How could the government be building roads and railroads when they had a debt of four billion lire and were going further and further into debt all the time? This weak government could only discuss programs which it did not have the strength to carry out. How does the fact that such a weak government discussed but was not able to carry out such reforms, demonstrate that the

strong government which followed and carried the reforms into effect is not a benefit to the country? Such argument is sheer nonsense, but the negative seem to feel a high value in it somewhere.

In the final analysis, whenever a country prospers, as Italy certainly has prospered in the last six years, we give the credit to the government of that country. This is because no country can prosper as a country unless it has a strong and efficient government. Mussolini has been the active head of the Italian state, in fact he has been the state, during a large part of the past seven years and has personally been responsible for the changes that have taken place and the improvements that have come about. Even if the natural cause theory of the negative were true, Mussolini had still been a great benefit to Italy, because he gave to Italy for the first time in years a government strong enough to allow these natural causes to function, which they certainly could not have done had the previous government remained. Therefore, we are quite as certain as before Miss Appel spoke, that Mussolini has advanced Italy in these fields, and that therefore he has been a benefit to Italy.

Turning to the political side of this question—the only test that we have of a good government, is what that government does for its people. That is the only true and fair way we can judge any government, for a government must be suited to a particular people, and to particular conditions. Alexander Hamilton once said, “The true test of a good government is its aptitude and tendency to produce an administration that

accomplishes good." Any nation's government to do this must be an authority and must have the strength to regulate the affairs of the nation. As to just what manner of regulation, just what name you should give this authority as a nation, no one is in a position to say. And yet, there is no one type of government that has become so standard that we have a right to call it good regardless of the results that it accomplishes. In other words, a government that is a wonderful success in one country and that meets its needs exactly, may in another country not meet the needs at all and prove a failure. So the obvious conclusion is that the best and most beneficial government for a nation is the one that best fulfils and meets the conditions and needs of that particular nation at that particular time. Whether or not the nation has prospered under that government, whether social conditions as a whole are better or worse under that government, how that government is regarded and treated by the governments of other nations, how that government is looked upon by its own people, these are the true tests to which we must put a government in order to determine its standing and worth and value.

Therefore in judging the effects of Mussolini's rule in Italy, we must first consider what has happened under that government. Now my colleague has shown quite definitely that the country has been greatly benefited economically. She presented figures to prove that the budget had been balanced; that the national treasury now has a surplus, whereas before it had a deficit of four and one-half billion lire; she showed

you that the lira has been stabilized; that the banking system has been reorganized; that the war debts to the United States and to England have been funded; that the trade balance has been improved; that the railways and the other public utilities have been placed on a sound and serviceable basis; that unemployment has been decreased; and that many more benefits of an economic nature too numerous to mention have resulted from Mussolini's government. She also showed you that socially Italy has been reorganized and modernized and new schools and universities have been built; that the long struggle between Pope and Kings has been settled; and that the standard of living has been raised and labor difficulties settled, and all this again by Mussolini.

Now the form of government which Mussolini has established and under which these things have been accomplished is a form of dictatorship, it is true, just as our friends of the opposition have told you. In America we are prone to criticize it for this reason, just as we are prone to criticize everything in other countries that is different from our own conditions. But, as I said before, as yet no one type of government has become so standard that we have a right to call that type right and all others wrong, purely on a basis of standardization and regardless of results accomplished. Italy is an entirely different nation from the United States. The type of government we have in the United States, though it has functioned well here, might not function at all in Italy. In fact, if you will recall, the reason for the establishment of the Musso-

linian Dictatorship was the abject failure and practical disintegration of a democratic form of government. Therefore, we certainly deny the right of the negative to condemn the present government of Italy because it is not democratic like our own.

As my colleague, Miss Schultz, told you, in 1922 the democratic government that Italy had was falling before the inroads of the Socialists and Bolshevists. The country was in great disorder. Strikes and riots were prevalent. In its most important duties, the keeping of law and order and the protection of life and property, the government was absolutely not functioning. It was hopelessly inefficient. Finally, we find in reading the *International Year Books* for the years 1921 and 1922 that the Communists and Socialists had paralyzed and were about to take over the whole government. They had organized and called for a general strike all over Italy. The Prime Minister sought to meet this danger by drawing up a bill declaring such a strike to be unlawful, but lost his nerve and failed to send this bill to the King. So the strike was on as far as the democratic powers of government were concerned. To give you the exact words of the *International Year Book* of 1921: "Red flags were flying on the factories and there were signs that they might soon be flying on public buildings. At this crisis the working men forcibly took possession of the shops. The government remained neutral." Neutral at a time like that! And then we see Mussolini and his band of Fascisti come on the scene. We see them take over the protection of life and property. We see their

membership grow by thousands as the Italian people realized their intentions. We see them become the one force that stood for law and order in a desolated and lawless country. And then the public and King both called them to legal as well as factual authority, and they took the place of the government whose work they had done.

Those years following the war, the years between the war and the Mussolinian era, showed clearly that a democracy was a failure in Italy at that time. The government finances were steadily running behind because of corruption and fraud among the political leaders. Ministries were formed, defeated, reformed, and defeated again. In fact the government was so unstable that in the period from 1919 to 1922 there were six different ministries. Sometimes two of these ministries overlapped and there were even periods when there was no ministry. As Ernest Jonson says in the *Atlantic Monthly* for August 1926: "Mussolini did not overthrow constitutional government. Constitutional government had evaporated from lack of governing initiative. Fascism was a revolution against mob rule."

If you will just compare this state of chaos which they called the Italian government in 1922 with the present government of Italy—a government which is a government—you can see clearly the results of the change. Let me quote further from Ernest Jonson, *Atlantic Monthly*, August, 1926. "The Fascist party has rescued Italy from political and social chaos. It has given the people a strong and efficient govern-

ment." We feel that after a comparison of the two types of government, there can be no question as to the political benefit that Mussolini has been to Italy because of his replacement of the weak and ineffective government by a government that has been both able and willing to protect the citizens from anarchy and corruption.

We further find another phase of Mussolini's political benefits to his country in the way he has handled Italy's foreign affairs. The 1922 government which could not even maintain law and order within its own boundaries was able to accomplish nothing in the field of foreign relations. Back in 1920, at the treaty of Versailles, which followed the World War, Italy received a most unfair settlement, her government could not obtain justice. She lost Dalmatia, which had been promised her, and a good many other things that she had a right to expect. The Italian people were aroused over this settlement, and they had a right to be. They had helped win the war and on the diplomatic side they were being cheated just because their own government and the administrators of it were too weak to manage their affairs. Italy soon lost her prestige among the other nations, and the Italian people had lost confidence in their own nation.

Now, just contrast that with the Italy of today and you can see the benefits that have come about under Mussolini. As Count Cippico, a prominent man of affairs in Milan, said in his book, *Italy, the Central Problem of the Mediterranean*: "In 1921 no one could

trust anyone else. We had no confidence in our nation or even in each other. There could be no business. Investors were frightened and commerce and manufacturing at a standstill. Today the country has regained all this and we are going ahead individually and as a nation.”

And this statement we have borne out with facts. Mussolini has concluded more treaties with foreign countries during the time he has been in office than has any other nation during the same period. According to the *1929 World Almanac*, treaties have been concluded with Great Britain, Jugo-Slavia, Switzerland, Austria, Germany, Spain, Roumania, Albania and Hungary. Italy's foreign policy is again on a firm and secure footing. In his conduct of Italy's foreign relations, Mussolini has again proved a political benefit to his country.

I see that I have less than a half of a minute remaining, so in summarizing the affirmative case this afternoon, let me briefly point out that we have shown you that Mussolini has been a benefit to Italy economically, socially and politically, primarily because he has given her a government which has met her needs and is meeting her needs today.

Therefore, we maintain that Mussolini is and has been a benefit to Italy.

Second Negative, Hazel Shoemaker
Washington State College

Miss Appel, you will recall, showed you that Italy has been benefited neither socially nor economically by Mussolini—that the boasts of Fascist progress are often upon investigation found to be without basis. Actual facts and statistics from the *International Year Book* and other recognized authorities were given by Miss Appel as proof for these contentions.

As a third proposition we will show that Mussolini has been a distinct detriment to Italy, politically. When Mussolini marched on Rome in 1922, what was the situation in Italy? As Miss Appel has already brought out, Italy's government was badly torn up just after the World War. The same thing was true of the governments of all of the other European nations involved. However, we must not disregard the fact that the government of Italy had passed its crisis before 1922, and was on its way back to normalcy at that time. This fact is brought out in the *International Year Books* of the years just following the war. The budget deficit was being decreased; the public utilities were being improved, especially the railroads; agriculture was being encouraged; strikes were on the decrease; social conditions had been vastly improved since 1918. How about the political situation at this time? The affirmative have told you about the Communist uprisings in Italy after the war, and would give Mussolini credit for quelling them. But we would point out the fact that Mussolini himself said in a speech that the

uprisings in northern Italy were under control six months before he came into power. This speech is quoted in Professor Salvemini's book, *Italy Under Fascism*. By the time Mussolini went into power in Italy the post-war period of radicalism had been almost entirely passed, and the situation had been effectively dealt with by the constitutional Italian government for which Miss Schultz and Miss Nobach have so little regard.

What does all this prove? Simply that there was no need for Mussolini's régime. There was no need for a dictator in Italy, for a suppression of all political opposition to that dictator, for a veritable reign of terror until that dictator became supreme. Italy after the war had progressed as far as most of her neighbors. Every year brought further return to normalcy. Other countries in Italy's condition in 1922 have entirely recovered without a dictator. Can the affirmative show any reason why Italy would not have done the same? Can they prove that any of the benefits that have come about in Italy since 1922 are actually due to Mussolini, and would not have come about just as quickly and surely without him? Unless they can do this, their evidence along other lines will not show that Mussolini has been a benefit to Italy.

Actually, Mussolini has not benefited Italy—not only that, his régime in Italy has been a detriment to his country both in her home affairs and in her foreign relations. I do not have time enough to go into detail concerning her foreign affairs, but if you have read the papers at all since Mussolini has been in power,

you have read of Fiume and the Corfu incident, and know how widely she has been criticized in both cases. You have all read how Mussolini has offended both Germany and Austria by his treatment of Germans and Austrians in the Tyrol, in direct opposition to the provisions of the Versailles Treaty and Italy's direct and expressed promises. In fact, we can safely say that there is not a single European nation, except Spain which Mussolini has not antagonized by his foreign policy. In fact the diplomatic results of his foreign policy have been the practical isolation of Italy. Miss Nobach points with pride to the great number of treaties which Mussolini has negotiated. I would point out to you that the value of a treaty does not lie in the making of it but in the living up to it. Mussolini has been just as willing to break treaties as to make them, and the test of a foreign policy does not lie in the number of "scraps of paper" that you sign, but in the relations that are maintained with other nations, in other words by the results. We are rather forced to the conclusion, that, since he has caused ill-feeling, distrust and hatred in other nations, Mussolini has certainly not benefited Italy by his manner of carrying on foreign relations, but has rather been a definite detriment. So, in this one phase, at least, of the political field, he has not been a benefit to Italy.

Now, let us see what this Mussolini, whom the affirmative laud as a political benefit to Italy, has done at home. The first thing he did after he got into power was to make sure that he would stay there. He forced through parliament a new election law, whereby

the party obtaining a simple majority in the election would have a two-thirds majority in Parliament. Then he passed more laws to insure himself a simple majority. The next elections, those of 1924, were a farce, as have been all elections since that time. The *International Year Book* for 1924 states that the Fascisti government, refused to allow the opposition to hold meetings, while they exercised that right to the utmost. The Fascisti sent out their campaign material through the mails, and denied that right to the opposing parties. The Fascisti had the sole right to put up campaign posters. The opposition were not allowed any part in supervising the voting, nor in counting the votes. Mussolini was evidently going to benefit himself whether he benefited Italy or not! Is it surprising that the Fascist party won an overwhelming majority vote? By the latest election laws, effective in 1928, only those who have paid their syndicalist dues, thus showing that they belong to the Fascist group, may vote in parliamentary elections. Those selected by these chosen voters must be passed upon by the Fascist Grand Council, who may eliminate any from the list that they chose. This Grand Council, by the way, is appointed directly by Mussolini, with no ratification needed. Thus Mussolini directly controls every election in Italy. If you disagree with the present government just try to get elected! We suppose this despotic control of elections is one of the political benefits of which the affirmative speak so glibly.

The situation in regard to elections in Italy is just as though President Hoover and the Republican Ma-

majority in the House and Senate should pass laws allowing only Republicans to vote for members of the House and Senate and then give the power to President Hoover to select a group of personal friends to decide which of the Republicans selected should be allowed to hold office. We believe that such corruption in elections and government would be a distinct harm to any people and that because of his institution of such political corruption, and because of his official maintenance and open support of such corruption, Mussolini has been a definite political detriment to Italy.

Mussolini brooks no opposition. Matteotti, leader of the opposition party in Italy, was murdered. When some high Fascist officials were convicted of the crime, Mussolini pardoned them. In June, 1925, Mussolini and the Fascist government passed a law that any civil office holder could be dismissed if he in any way failed to support the Fascist government. This law, of course, makes civil office open only to Fascists. Mussolini has decreed that all teachers in public schools, and all colleges and other institutions of higher learning must support Fascism or they will be dismissed. To continue our analogy, it is as though President Hoover should decree that all teachers in the United States who did not vote the Republican ticket should be dismissed. When Miss Shultz told you of the great benefits Mussolini has brought about educationally, she forgot to mention this one.

Mussolini has even revived political exile, to punish those who disagree with him. By one decree in March, 1927 he ordered five hundred and twenty-two men,

many of them former members of parliament, and their families to live on isolated islands, most of them for the crime of criticizing something done by Mussolini or Fascism.

In 1925 local self-government was done away with in almost all Italian towns. This control was placed directly in Mussolini's hands, for the new governments of these cities were to be appointed by the national government instead of being elected by the citizens. This is as though President Hoover should decree that municipal elections should cease and that all the mayors and councilmen for all of the cities and towns of the United States were to be appointed from Washington. Under this change in Italy, even the municipal government of Rome was done away with and that city is now administered by an appointee of Mussolini. In 1926, elections within the Fascist body itself were done away with and Mussolini now merely makes appointments. So in everything, in his party and in the government, Mussolini is supreme and his opponents have no voice, and no legal method of opposing him. In October, 1925, Mussolini boasted in a speech that parliamentary government has disappeared in Italy and that nothing but force could overthrow his dictatorship.

Mussolini retains his power through rigid censorship. Mussolini forces his opponents either to leave the country or to keep a discreet silence. We find in the 1927 *Americana Encyclopedia* that on November 5, 1926, all opposition newspapers, all opposition parties, associations, or organizations were outlawed by

decree and that it is forbidden to revive them under any guise. The London Times declared editorially that the censorship in Italy was "subversive to the most elementary constitutional rights." So Mussolini has banished all self-government in Italy. He has instituted corruption in the government. He has smothered all opposition by force. He has given Italy a despotic dictatorship against which the populace is powerless, under his rigid censorship and rigorous military control. By doing all these things, certainly Mussolini has been a detriment to Italy politically. The world today recognizes that representation in government is a right of civilized people. In Italy that right is denied. In Italy, Mussolini is the State.

Here is a list of offices that Mussolini holds in the Italian cabinet today: Head of the Government, Prime Minister, Secretary of State, Minister of Foreign Affairs, Minister of the Interior, Minister of War, Minister of the Marine, Minister of Aeronautics, Minister of Corporations. Parliament meets, but although its personnel is practically appointed by Mussolini, the dictator allows it only to direct questions which Mussolini has approved in writing, and when it votes, he may over-ride its vote by a personal decree. The cabinet does convene, and when Mussolini comes in the door a quorum is present. Whenever he votes, holding nine positions, Benito Mussolini himself is a majority. This concentration of power in the hands of one man leads us to ask, after Mussolini, what?

The *International Year Book* for 1927 states that, "The death of 'Il Duce' would certainly cause this en-

tire elaborate system to fall of its own weight." It continues, "Mussolini has stated on several occasions that he wished Fascism to be strong enough to continue after him, but one must take these statements with a grain of salt, when one considers that every move of the Fascist régime seems to place more and more power in the hands of Mussolini himself."

We find then that Mussolini has been a definite detriment to Italy politically, in that he has destroyed a permanent and satisfactory form of government and substituted a tyrannical dictatorship, which can not ultimately survive and which has had disastrous results for Italy both at home and abroad.

Even if all their other contentions were true, Miss Schultz and Miss Nobach can not prove Mussolini to have benefited Italy unless they can show that I am in error concerning the accusation I have just made against Mussolini and his government. Further, they must meet the question of the future of Italy and of Fascism. Not only this, but in their contentions that Mussolini has benefited Italy economically and socially, they have not met the facts that Miss Appel brought out a few minutes ago, concerning conditions in Italy before and after Mussolini, and concerning the real causes for what improvements have been made.

Mussolini, my friends, has not benefited Italy economically, socially or politically. Having failed in these three most important phases of governmental activity, certainly Mussolini has not been a benefit to Italy.

**First Negative Rebuttal, Lylia Appel
Washington State College**

FRIENDS: Now that all four speakers have had one opportunity to speak to you, we may check up and see how much of what has been presented will stand under a critical analysis.

Our opponents insist that Mussolini has benefited Italy economically, but they also insist on ignoring the fact that greater progress, along the very lines that they have drawn their conclusion from, was made by Italy before Mussolini came into power than afterward. They still refuse to do that thing which is fundamentally necessary before using the term improvement, namely, establishing from a study of previous conditions, a basis from which an improvement may be figured. They have refused to compare the improvements made by the pre-Mussolinian government with what Mussolini has done, which is a necessity before they have the right to say that Mussolini has been a benefit along any line.

Let me point out one more specific example. The supporters of Mussolini contend that since Mussolini has decreased the war debt of Italy at a rate amounting to 57,000,000 lire per month he has been an economical benefit to Italy. But when we make the type of comparison which is necessary to establish this matter of a benefit and discover that the pre-Mussolinian government decreased the war debt at the rate of 70,000,000 lire per month from the close of the war until Mussolini demolished it, then we see that the

Mussolinian debt reduction is the opposite of an improvement and that Italy, in this regard at least was injured rather than benefited by Mussolini.

This, friends, is true right straight down the line. The affirmative figures taken by themselves seem to indicate the conclusions they draw from them but when this comparison is made vastly different results are indicated.

One more example: Miss Schultz has cited for us the terrible budget deficit in 1922, however, she failed to tell you that in 1918 at the close of the war the budget deficit was twenty-two milliards, and that the constitutional government had reduced this to four milliards when the Mussolinian government came into power and that it is this four milliard deficit only at which both Miss Schultz and also Tangorra, Mussolini's first finance minister, point with such horror. Notice that the constitutional government reduced these deficits from twenty-two milliards to four milliards, or a reduction of eighteen milliards, whereas the Mussolinian government in the same length of time only reduced the deficit from four milliards to one milliard and did this by increasing taxes and not by reducing expenditures. Thus we see that the pre-Mussolinian government was reducing the deficit six times as rapidly as the Mussolinian government and again the claims of the friends of the Italian dictatorship vanish when the Italian situation is carefully analyzed.

You see the affirmative have not disputed us when we pointed out that a true benefit means an advancement, an improvement. Again they have not denied

that an improvement as a comparative term must be over something else, in this case over conditions as they were before Mussolini seized the Italian government. Yet we see that in practically every case, they have not only neglected but refused to make these very comparisons that are necessary to show such improvement. We think we understand why they do this. Every time these comparisons are made the lauded progress that Mussolini is claimed to have made pales into insignificance or disappears entirely in comparison with the accomplishments of the previous government which they would like to claim was helpless. The facts in the case show definitely that Mussolini has not been a benefit to Italy economically. He has not advanced or improved it markedly over the rate which the constitutional government had evidenced its ability to establish previous to Mussolini's dictatorship, even though it was confronted with the greater part of the after-war burdens.

Beyond this much of the economic benefit that they have cited in Italy has not been due to Mussolini. They spoke of agricultural improvement. It is a well known fact that American agricultural commissions went into Italy, just as they did in many other European countries following the war and pushed advanced methods of farming, swamp draining, etc. This work had already been started and by outside forces in the years before even Mussolini thought of himself as dictator of Italy.

The affirmative have also cited the stabilization of the lira as one of the great Mussolinian achievements.

In 1927 the great American and other banking interests of the world went into Italy, just as they did into ten or fifteen other countries, and offered loans large enough to permit the countries to stabilize their currency. And why did they do this? Because it was to the advantage of these banking firms, in fact, because it had become almost necessary to protect the rest of their investments in those countries and to stabilize the trade of the world. This stabilization of the lira meant nothing in connection with Mussolini except that he had been unable to put the Italian currency on a stable basis himself. It did not even mean approval of the Mussolinian government by the banking firms, because they stabilized the currency of every European nation that needed it (except Russia) regardless of the type of government involved.

Now, I see that I have just a minute left, and I want to take up this Bolshevism argument as advanced again by my affirmative friends. It seems rather foolish to hark back again, so much has been said already. However, Miss Nobach and Miss Schultz seem to have hinged their whole case upon this and they are mistaken in no one way more than they are here.

Let me quote George Selles, an American, a correspondent of the *Chicago Tribune*, who was in Italy during these years and knows conditions. He says, "Apparent prosperity is shown to every visitor and is always prefaced with the statement that Mussolini saved Italy from Bolshevism, a statement, which, despite repetition in every newspaper and every book by pro-fascist apologists, is a historical untruth. I saw

Bolshevism raise its red head in Milan and Turin in 1919 and 1920, and 1921, and I saw parliamentary government survive, Bolshevism collapse, and Italy slowly rise to her feet without violence or terrorism.”

That ought to be final about Bolshevism. Mussolini did not save Italy from the red peril. No notion is more erroneous. Constitutional government had not ceased to exist, evaporated as the opposition said. The constitutional government did not cease until Mussolini overthrew it by force. Italy did not want or need a tyrannical dictator. Fifty years of struggle for democracy and years of successful democratic government show this. The Italian people wanted and had demonstrated their ability to run a constitutional government, a democratic government, and this right which they have been so ruthlessly denied proves more than ever that Mussolini has not been a benefit to Italy.

Economically and socially, Mussolini has not advanced or bettered his country, politically, Mussolini has been a detriment. Certainly, then, as a whole, he has not been a benefit.

**First Affirmative Rebuttal, Margaret Schultz
Washington State College**

FRIENDS: Miss Appel, who just spoke for the negative, tells us that in order to judge whether or not Mussolini has been a benefit to Italy, we must compare the years immediately following the war with those since Mussolini has been in control. We agree

with Miss Appel as to this—in fact this is the method we have used, but we do object to certain very erroneous impressions which Miss Appel claims to have drawn from such a comparison.

First, Miss Appel stated that the war debt was cut more rapidly before Mussolini came into control, than it has been since that time. Technically, this may be true, but we remember that most of the reduction made by the pre-Mussolinian government was the cancellation of a large part of the debt owed to the United States. This cancellation was not brought about by the pre-Mussolinian government, but was granted by the United States because that was all that they figured that the pre-Mussolinian government could pay. Hence, due to his huge reductions in the war debt, Mussolini most certainly has been a benefit to Italy, economically.

The opposition has also attempted to minimize the importance of the stabilization of the Italian currency by Mussolini. True, Mussolini borrowed from the United States and other nations to put Italy on a gold standard again. But you notice that J. P. Morgan and the other bankers did not loan any money to the pre-Mussolinian government for these purposes and, in fact, did not loan to Mussolini until after he had returned Italy to normalcy, thus demonstrating very clearly, that by 1927, the world bankers, at least, considered that Mussolini had been a benefit to Italy. Along this same line, there is another statement which we wish to correct. Miss Appel, in her zeal to make Mussolini out as a detriment, states that the lira had

steadily decreased in value from 1922 to 1927. Let me quote from the *International Year Book*, the best authority in this field that we have been able to find. The *1923 Yearbook* says, "Finances showed a marked improvement during 1923." The *1926 Yearbook* reports, "The exchange value of the lira remained at relatively stable levels throughout 1924 and 1925 during the latter part of 1926 there was a sharp rise in the value of the lira." And in 1927 as we all know the lira was restored to a gold basis. From these quotations we can see that not merely was the lira not decreasing in value as the negative insinuated but that it was actually increasing in value under the Mussolinian financial policy.

Again, Miss Appel made or quoted a statement to the effect that railway reform was well under way before 1922. Once more to quote the *International Yearbook* series. The *Yearbooks* from 1920 to 1922 show that the railroad deficits were increasing, that freightage had fallen off as much as fifty per cent., and that the railroads had shown no signs of recovery. As to new construction, which Miss Appel also mentioned, the *1922 Yearbook* says, "The railroads were badly in need of construction. New lines for electrification continued to be under discussion but no important projects in either construction or electrification were carried out." It is the carrying out of projects and not merely the talking about them that counts. As I have already pointed out, Mussolini has not stopped with talking about plans but has carried them to completion. Besides making the railroad system into a paying organi-

zation, Mussolini during his very first year, provided for the completion of three new roads and commenced construction on several others. So we see this argument of the opposition is scarcely tenable.

In the field of agriculture, we are still quite sure that Mussolini has indeed been a benefit to Italy. Miss Appel and Miss Shoemaker have tried to establish the argument that the increased production after Mussolini became premier was due to natural causes. However, you will recall, the two fundamental causes of the increased production were increased acreage, which Mussolini almost forced, and improved methods of production which Mussolini saw to it were taught to the farmers.

The last speaker of the opposition closed with another repetition of the fact that Mussolini himself stated that the Bolshevik uprisings were quelled six months before he became prime minister of Italy. She also said that it seemed foolish to bring that up again. I think it was foolish. We have never denied this. In fact, we think that this stresses as no other point can do, the immeasurable benefit that Mussolini has been to his country. Mussolini and his followers did not spring into existence, suddenly, upon the day the king made him head of the government. The Fascisti party under the leadership of Mussolini had been in existence from the time that the previous governments demonstrated their inability to cope with the situation. The Bolshevik uprisings were put down six months before Mussolini became premier, and they were put down by Mussolini. His putting down of the Bolsheviks, six

months before was one of the chief reasons for his being made premier. He was the only man in Italy with sufficient strength and followers enough to create a government that could protect Italy. They quoted from someone who said that he saw Bolshevism raise its red head, or something like that, and saw it go down in defeat, but when it went down in defeat, the pre-Mussolinian government was standing neutral and it was Mussolini who sent it down in defeat and who six months later was made premier partly as a reward for this service.

Now, friends, we have considered—one by one—the chief arguments of those who oppose Mussolini, and I think you can but agree with us that they are scarcely sufficient. We are satisfied that Mussolini has benefited Italy, economically, socially, and politically.

Second Negative Rebuttal, Hazel Shoemaker Washington State College

FRIENDS: You have now heard the complete arguments of both the affirmative and the negative in this debate—let us now analyze and compare the cases and see what the resulting situation really is.

The burden of constructive evidence, of course, rests with the affirmative. They must, if they would establish their case, show conclusive proof that Mussolini has been a benefit to Italy. We of the negative need only bring forward facts to disprove their contentions.

In order to prove that Mussolini has been a benefit

to Italy, that he has caused Italy to advance, to improve, an affirmative team must prove certain well-defined issues. First, in order to justify any change in the government, they need to show that Italy was in chaotic condition when Mussolini seized the power in 1922; secondly, they need to prove that there has been actual and definite advancement in Italy since 1922; third, they need to show that any advancements made in Italy during this period are attributable to Mussolini; and fourth, they must show that any advancements made by Mussolini are not over-balanced by the harmful effects that Mussolini has brought about in Italy. We do not believe that Miss Schultz and Miss Nobach have proved these things nor that Miss Nobach can show them in her concluding speech, because we do not believe that any of those things are true.

Miss Schultz continued her assertions that Italy was in a critical condition when Mussolini went into power. Most of her material, again, quoted from the *1920 International Yearbook*—the year that Italy was in her lowest position, neglecting the evidence that shows that during the next two years Italy returned as far toward normalcy as any of the other countries in southern Europe.

The affirmative have shown some advancements in Italy since 1922—but have offered only their bare assertion that these advancements have been due to Mussolini. They have shown that some improvement has been made in the railroad system. These improvements were planned and organized by the previous

government and Mussolini merely carried out and continued what they were doing. How then, is any particular credit due to Mussolini? The same thing exactly is true in regard to the postal and telegraph service. The affirmative claim great credit to Mussolini for accomplishments in governmental finance, yet he was unable to cut down the national debt as fast as the government which preceded him. The House of Morgan and others like them planned and executed the financial reorganization of Italy—Mussolini did not. Italy's war debt has decreased rapidly, as the affirmative tell us, but because England and the United States saw fit to cancel a major part of their loans, and not because of anything that Mussolini did, unless possibly, he demonstrated his ineffectiveness in financial matters so that the United States and England foresaw he could not pay the full sum. Miss Nobach tells us of the many treaties that have been made by Mussolini since he came into power. True—and the number he has broken has been correspondingly large. Mussolini's treatment of the Tyrol, in direct opposition to the provisions of the Treaty of Versailles, is a good example of Mussolini's own regard for the significance of the treaties he has signed. As far as Italy's foreign relations are concerned, the affirmative will be hard put to it, to show us any benefits brought about by Mussolini.

So far, Miss Schultz and Miss Nobach have not yet proved that Italy was in bad condition when Mussolini came into power. They have not yet proved that the constitutional government then in power was unsatis-

factory to the Italian people. They have been unable to disprove our arguments that this government was successfully coping with the post-war conditions in Italy. They have not shown us any great or outstanding benefits since Mussolini came into power which were due to Mussolini, and would not have come about without him, but besides these points, there is another task which is absolutely essential, if they would prove their case, which they have not yet attempted.

To show that Mussolini has been a benefit to his people the affirmative must justify his policy of force. They must justify the murders and other crimes committed in the name of the Fascisti. They must justify Mussolini's censorship over the words, acts, and, as far as possible, over the thoughts of the Italian people. They must justify his disenfranchisement of thousands of Italian citizens. They must show that Mussolini was justified in taking from his countrymen almost the last vestige of their liberty. Miss Nobach has only seven minutes remaining but I cannot conceive of the justification of a claim that Mussolini was a benefit to Italy without a justification of these deeds of violence and tyranny.

In maintaining that Mussolini has not been a benefit to Italy, Miss Appel and I believe that: Mussolini was not needed in Italy; he took the government by force (as the affirmative say, the king appointed him, but even a king does not stop and consider when a commander of a million armed men faces him and asks for an appointment); Mussolini replaced the constitutional government, which was dealing satisfactorily

with the problems of the time and which had been elected by the people of Italy in a free election (which they have not been permitted to have since the Dictator came into authority). We believe that this constitutional government had been meeting the economic, social and political problems of the post-war period, and Italy was progressing. Italy had progressed under this government as far as had most of the other European nations which participated in the war, and we have every reason to believe that she would have continued to prosper. But no! Mussolini stepped in and became virtual dictator over Italy. He took over the works of the former government, and in many cases, as our statistics have shown, ran them proportionately less effectively than did the previous elected government. In no important case, as we have shown, did Mussolini do more effective governing than did the government which preceded him.

Mussolini has instituted corruption in the Italian government. He has disenfranchised the Italian people, and his censorship of speech and press is so rigid as to violate all fundamental rights, and so militaristically enforced as to maintain Mussolini's régime in power regardless of the real feeling of the Italian people toward him. In her foreign relations also, Mussolini has harmed rather than benefited Italy.

The affirmative have been unable to show that Mussolini has done anything of a benefit that could not and would not have been done just as effectively without him. We must not overlook conditions and tendencies in Italy when Mussolini seized the government.

Only by an intelligent comparison of conditions before and after Mussolini can we really judge the results of the present Italian government upon Italy.

Therefore, since Mussolini has not benefited Italy economically, nor socially, and since politically, he has wrought harm, we believe that, on the whole, he can not be considered to have been a benefit to Italy.

**Second Affirmative Rebuttal, Evelyn Nobach
Washington State College**

FRIENDS: The negative seem to have read a single statement of a single newspaper correspondent for the *Chicago Tribune* and then to have based their entire case upon it. They have taken the fact that Mussolini and his followers, acting entirely independently of the Italian government succeeded in putting down the Bolshevik uprisings to mean that the Italian government of that date was strong and powerful and that it, the Italian government of that date, put down the uprisings and that consequently Mussolini was not needed in Italy. I don't know what more we can do to convince them. We have quoted the *International Year-book*; called their attention to the fact that every magazine and newspaper of those dates show the weakness and inability of the pre-Mussolinian government to govern; shown that these facts are history today—and still the negative keep on quoting their single statement and insisting on its validity. Some philosopher once said something like this, "There are none so blind as those who will not see." The facts are these—the

pre-Mussolinian government failed to govern—something was needed to prevent an upheaval similar to that in Russia—Mussolini supplied that something. That far, at least, there can be no question.

Now, a great amount of the negative criticism of the present government of Italy has been along the line that it is a dictatorship—that it is not a government like we have here—that there is a more definite censorship of the press than here—that there have been more political murders than here—that elections are not conducted with the same freedom as here—that Mussolini has more power than our government allows any one man. In other words, practically the whole argument on the political issue can be reduced to the fact that the Italian government is not like the government which the two members of the opposition are used to. In other words, when the negative condemn the present government in Italy, they condemn it because they would not like to have it substituted for our own government here in the United States and not upon the basis of whether or not it is the best government possible in Italy at the present time. Democratic and republican government alike have failed in southern Europe since the war. Whether we like it or not, whether the ladies of the negative like it or not, it is today a matter of history that the democratic and republican forms of government have failed in southern and eastern Europe. Whether the members of the negative like it or not, these types of government under which they have been reared and which they have been taught from the cradle are superior to all

other forms of government, have been failing to work in southern and eastern Europe to such an extent that in seven countries they have fallen to pieces through the ineffectiveness of their operation and dictatorships have been substituted. Further, whether the negative like it or not, whether we as a nation like it or not, in every one of these seven cases, the dictatorship has been so much more effective from the economic, social, and political viewpoints, that in not one has there been a tendency to revert to the type of government which the negative condemn them for not having. This is not argument, this is historical fact, and all of the talking that the negative can do about tyranny, force, return to the medieval, etc., will not change these facts, that Mussolini and the other dictators, seven of them, rule in southern European countries because the dictatorship is proving today, the most efficient form of government there.

Miss Shoemaker criticized Mussolini's foreign policy, saying, I believe, that he was making enemies of the other nations and leading Italy into war. She cited isolated incidents and quotations scattered through the whole period Mussolini has been in power in Italy, to support this point. There is no government in the world today concerning which we could not get isolated incidents and statements to prove practically anything. We have to go further and look at actual results. Since he has been in power, Mussolini has never had a serious difficulty with any other nation. Today, his expenditures for military and naval forces are less than those of the United States, and I think that we can safely

judge that any nation that spends less than the United States is not preparing for war. Furthermore, Mussolini has concluded more treaties of peace, etc. than any other government in the world during the same period. The negative suggested that he had broken as many. I have never heard of his breaking any. None of the reading I have done on this subject has ever mentioned such a thing. The negative specifically stated that he had broken the Versailles Treaty. If this had been true, would not Germany have been quick to protest to the League of Nations?

There has been a great deal of loose talk this afternoon, probably on both sides, about Mussolini's own attitude in regard to government, peace, the future of Italy, etc. There have been many statements attributed to Mussolini and others on all these subjects. As to the facts in all of these cases, none of us can tell beyond the shadow of a doubt, we can only surmise, but we of the affirmative know of no better way to close this discussion than by Mussolini's own statements on these subjects given in his autobiography, a book about which Ambassador Childs, for many years our ambassador to Italy, has said, "Believe in the man or not, accept his principles or not, there is not an insincere line in it." I will read then, Mussolini's own words from his autobiography:

"Many ask me what my policy in the future will be, and where my final objective lies. I take pride in affirming that I have laid solid foundations for the building of Fascism. My answers are here. I ask nothing for myself, nor for mine; no material goods, no honors,

no testimonials, no resolutions of approval. My objective is simple: I want to make Italy great, respected, and feared: I want to render my nation worthy of her ancient and noble traditions. I want to accelerate her evolution toward the highest forms of National cooperation; I want to make a greater prosperity forever possible for the whole people. I want to create a political organization to express, to guarantee and to safeguard our development."

And, as Ambassador Childs has further said, "He has turned concept into reality."

I, my friends, am quite sure from the material presented this afternoon and from the other material that has not been presented for lack of time, that Mussolini has been a benefit to Italy, economically, socially, and politically.

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THE FORTY HOUR WEEK

THE FORTY HOUR WEEK

GLENDALE JUNIOR COLLEGE vs. LOS ANGELES JUNIOR COLLEGE

The Southern California Junior colleges are debating the forty hour week this season, and because of its advocacy by men of prominence in industry such as Henry Ford, and its bearing upon the problem of unemployment, the subject is one of unusual interest. The debate was decided two to one for the Los Angeles Junior College Negative, the Glendale Affirmative having previously won over the Pasadena Junior College Negative.

The Junior College league in Southern California is using the Oregon plan of debating, the time of the second speaker on each side being given to cross-questioning of the first speaker on the opposite side—the questioner later making the rebuttal remarks for his side. This plan is not new to debating having been used considerably during the last decade, but no debate of this type has appeared previously in printed form—at least not in this series. Novel forms such as the Oregon plan and the Congressional plan are attempts to get at such practical debating in college as the lawyer and the legislator must be prepared to use.

The Forty Hour Week debate was submitted for publication by Professor J. P. Beasom, director of debate and Professor of Public Speaking at Glendale Junior College. Professor Beasom felt that the Junior Colleges should also be included in this series, and was kind enough to carry out his own suggestion for us.

First Affirmative Constructive Speech, Miss Thompson Glendale Junior College

LADIES AND GENTLEMEN: Glendale Junior College is happy to be here this afternoon, debating with Los

Angeles Junior College. But we are particularly happy to be debating this particular question, Resolved: That American industry should adopt the forty hour week. The question is undoubtedly a pertinent one. One can hardly pick up a newspaper or a current magazine without finding some new organization, industry, or union which has or is contemplating the adoption of the forty hour week. Let me explain myself.

Industry's adoption of the forty hour week means the use of a forty hour week instead of the commonly used forty-four, forty-eight, or the like, hours per week. Industries may use these forty hours a week as a five day, eight hour week, or they may spread the forty hours variously throughout the days or hours of the week. In other words, the forty hour week may mean that the industries should work at least one shift of forty hours a week, which forty hours may or may not be the days from Monday to Friday inclusive.

Undoubtedly you realize the present condition of unemployment. The total number of unemployed persons in the United States has been roughly estimated at three million, five hundred thousand. But if we take figures compiled by the Bureau of Labor Statistics of twenty-one per cent. unemployment for September and October, and if we realize that there are some forty million workmen in the United States we arrive at the conclusion that there are over nine million workmen in the United States unemployed, and the ranks are growing. Now, of course, we should consider the normal amount of unemployment which averages about a million and a half. Then, too, the wide diversity be-

tween the two estimates, shows the difficulty of compiling unemployment statistics. Hoover's aides in a January 7, 1931 report seem to strike at a balance between the two above estimates in stating there are from four to five million persons unemployed in the United States at the present time.

Nevertheless, in spite of these considerations, we are very definitely aware, I am sure, of the problem that America is facing from unemployment. But the important matter before us today and before hundreds of other meetings or conferences is the adoption of a shorter working week, or the forty hour week; so that labor may be given additional employment. Again let me explain: At the present time most of the large industries of America are working forty-four, forty-eight, or more hours a week, but let us take even the shortest, the forty-four hour week for our example. By reducing the hours of labor from forty-four to forty hours a week, we increase the number of men that may be employed. Four forty-fourths, one eleventh, or nine per cent. more men will be immediately put to work, or more than four million will be added to the pay rolls of American industry. But let me remind you that these figures are based upon the reduction of only four hours a week. The largest percentage of American industries are now operating on a forty-eight or more hour week which would mean that over eight million more men would be added to the ranks of the employed, and the vast army of unemployed would become almost a minus quantity.

Let me give you some specific examples. With the

adoption of the forty hour week by the Hudson Motor Car Company three thousand five hundred more men were put to work, which is more than a twenty-five per cent. increase of the number of men employed by the Hudson Motor Car Company. In Cleveland by the use of the forty hour week over two thousand men were added to the pay roll of the city park department. These are but two examples of the relief of unemployment by the adoption of the forty hour week. We could go on and add to our list of percentages the Wrigley Plant at Catalina, the General Electric Company, many of the Clothing Industries of the East, the Building Trades of New York, Santa Barbara, Seattle, Kansas City, Waterbury, Sacramento, the Western Electric Company of Chicago, the Cudahy Plant, the Kellogg Cereal Company, and so on. Again we could add many more American industries which have already adopted or are contemplating the adoption of the forty hour week not only for the relief of unemployment but for the stabilization of American society and economic order. The adoption of the forty hour week by American industry means, as we have seen, the putting of more men to work at the present time. Such adoption will in addition tend to stabilize economic conditions for a number of years based upon our present economic order.

As you know, there is here in Los Angeles the Los Angeles County Board of Supervisors, which Board is working in conjunction with the Los Angeles County Unemployment Relief Committee. These two bodies of men are urging and insisting upon the adoption of

the forty hour week in not only the governmental industries but in all the industries of Los Angeles County. We have in Glendale the Relief Committee of One Hundred that is advocating the forty hour week.

In addition to specific examples of industries that are operating under the forty hour week and these examples of organized groups of men that are wholeheartedly back of the adoption of the forty hour week by American industry, we have opinions of a number of leading business men and economists concerning the forty hour week. The debate squad sent out questionnaires as well as letters, and we have here a number of replies. The limited time makes it impossible for me to read you the content of all these answers, as significant as it would be. Nevertheless, I would like to read parts of some of them to you. Here is the opinion of Frank Duffy, who is General Secretary of the United Brotherhood of Carpenters & Joiners:

"In answering yours of October 28th I wish to advise that every labor organization is striving for the shorter work week as well as the shorter day for, as you can readily realize, *any movement that tends to decrease the hours of work will thereby provide more work for the present unemployed.*"

Mr. Duffy closes his letter by the statement:

"The entire labor movement is back of the shorter work week."

In answering the questionnaire, dated October 31st, 1930, John Hopkins Hall, Jr., Commissioner of Labor, comes to the conclusion that:

“The forty hour week will provide employment for approximately twenty per cent. more people.”

The Affirmative has been conservative in maintaining that the adoption of the forty hour week by American industry will provide employment for nine per cent. more people. Mr. Hall, who has spent a great part of his life in the study of economics, tells us by this one stroke, by the adoption of the forty hour week, twenty per cent. more people may receive employment. In face of these facts and proofs, can there be any doubt that the adoption of the forty hour week by American industry will relieve unemployment?

The Affirmative realizes that in the past when working hours were decreased, one of the strongest arguments was the relief of the social conditions of the workman, but today, the adoption of the forty hour week by American industry is primarily an economic issue. Nevertheless, in emphasizing this major part of the question, we should not wholly overlook and ignore the social benefits to the working man, resulting from the adoption of the forty hour week. The adoption of the forty hour week would reduce crime because it would decrease unemployment which is one of the strongest factors causing crime today. Further, it would add to the educational and cultural life of America by giving opportunity for educational and cultural pursuits. Since America is fundamentally based, as a government, upon the education of her people, any plan that will broaden the knowledge of the working man

of America should receive the favorable consideration of the American people.

Let us pause now and make a summary of this first part—the desirability of the forty hour week. The Affirmative contends that American industry should adopt the forty hour week because it would partially relieve unemployment; because it would stabilize economic order; and because it will tend to raise the American standards of living.

The adoption of the forty hour week is not only desirable, but it is inevitable. Ladies and Gentlemen, the Affirmative team means just that. It is inevitable that American industry should adopt the forty hour week. With the growth of machinery and its perfection has come automatically the decreasing working hours for industry. Let me explain. With the adoption of the cotton gin, the use of electricity, the use of efficient machinery in the textile industries, automobile industries, the invention of the printing press, and with hundreds and thousands of other machines and inventions, has come the relief of man-power. In other words, the work that was done by literally hundreds of laborers can now be done by a single man operating a single machine. Let us picture a city the size of Philadelphia, and we can see a few years ago the man with his little light marching from corner to corner turning on the city's gas street lights. And if we can imagine the army of men that were required to do this one simple task along side of the one man who stands in the power house and with one stroke of his hand in a few seconds of time switches on power sufficient to light the whole

city at one time, we can see why the forty hour week is inevitable.

Let me give you some further concrete examples of the increased production and the displacement of men by machinery. There is the automobile frame of the A. O. Smith Corporation of Milwaukee. This Corporation is the most highly mechanized unit in all industry. It makes seventy-five per cent. of all the automobile frames used on American cars except Fords. Only two hundred men are required to build ten thousand frames a day. By way of contrast, it takes two hundred to turn out less than one-tenth as many frames a day in an old-style plant still operated by Smith to fill the smaller orders.

At this point, I would like to read to you an article in the *American Federation of Labor Weekly News Service*, for November 1, 1930. The article is entitled "Machine Displacement Will Continue; Labor Is Entering New Industrial Era":

"Industries on which forty per cent. of our wage earners depend for their living actually employed 900,000 fewer wage earners in 1929 than in 1919, although the business handled was far greater.

"In manufacturing, our factories produced forty-two per cent. more with 546,000 fewer wage earners; on railroads, seven per cent. more business was handled with 253,000 fewer employees; in coal mines production per worker increased twenty-three per cent. and 100,000 fewer miners were employed.

"The report stated that the effect of these reductions is far more serious than the figures at first indicate.

"In the ten years from 1919 to 1929 population has in-

creased and about seven million more persons are looking for work as wage earners and small salaried workers.”

By this report, we see how serious is the economic situation in United States at the present time. On one hand machinery is displacing men, and on the other hand, population is increasing. This unemployment problem can be partially met by the adoption of the forty hour week as we have shown you conclusively. In other words, it is inevitable to decrease the working hours in order to cope with this machine displacement as it has always been inevitable to do so in the past.

We come now to the conclusion of the Affirmative's constructive arguments. We have seen that the adoption of the forty hour week by American industry is desirable because it will partially relieve unemployment; because it will stabilize the economic order; and because it will stabilize the social conditions of the working man. Further, we have proved to you that the adoption of the forty hour week is inevitable because machinery is displacing man-power, and population is increasing.

Considering these points, all of which we have proved to you by combined means of reasoning and exemplifying by actual facts, we of the Affirmative firmly maintain that American industry should adopt the forty hour week.

First Negative Constructive Speech,
Mr. Manning
Los Angeles Junior College

HONORABLE JUDGES, LADIES AND GENTLEMEN: It is certainly interesting to listen to our worthy opponent's speech and hear her speak of unemployment that is sweeping all over the world. It was interesting to see how she handled the case and presented the facts, but it was most interesting to me to see how she loved theorizing, how she loved to philosophize rather than get down to face economic authorities and statistics. She said it was an economic debate, that the principal question was economics, yet we did not hear her quote one economic authority in support. She has based her case upon one assumption, and one assumption alone—that is that the forty hour week will relieve unemployment. She has spent her entire time talking about unemployment, nor has she tried to show what underlies unemployment, what causes it, and how it may be remedied. She has taken one service problem, the problem of unemployment. She has said that the forty hour week will solve this problem. Her contention was this: that since it employed more men in the Ford plant, then it will employ more men over all the nation should the forty hour week be adopted.

Friends, perhaps the best thing I could do to contradict this erroneous idea is to quote from Henry Ford, who says that when he adopted the forty hour week (and he is the greatest exponent of it) he did not employ more men. How does that stand up in the face

of the assumption that the forty hour week will employ more men? No, there is something behind this problem of unemployment. There is a double problem with which we must be concerned if we are intelligently to face the question. That problem is a problem of under-consumption—a nice little word—which means simply the lack of buying power on the part of the people of our country or any country.

We contend—and I believe that anyone who is thinking economically at all must agree with us—that in order to solve any problem in industry, we must get much deeper than the appearances. When we go below these we find under-consumption. Yet I perhaps ridiculed my opponent about not backing up her statements with authority; so it is I who had better cover myself now. Thos. Dixon Carver and Mr. Hobson show this is the greatest problem. Mr. Page, international worker in international affairs, agrees that it is a terrific problem, this problem of under-consumption. How do we get at it? We can see we have it because of the fact that even though we are the wealthiest nation in the world, we have tremendous, overwhelming charity work to carry on. Were there no problem of under-consumption, that is, if our public, our consumers, had the power to buy the products of industry, would we have to have charity? Speaking of charity, I read the statement of Mr. Holland, Supervisor of Charities in Los Angeles, who said if charities in Los Angeles were stopped for one hour there would form a line of people from Pershing Square to the City Hall, so many of them are dependent on charity, and if

such a thing were carried on for a period of a day, the line would reach down beyond the Chamber of Commerce Building. Perhaps I am in error by quoting such a statement here as you may not be as familiar with the city of Los Angeles as I am, but it is eight blocks from Pershing Square to the City Hall and twelve blocks from Pershing Square to the Chamber of Commerce Building. That shows that we have the problem of under-consumption.

Another thing that shows we have the problem of under-consumption is this: that while the total production in the United States during the period of a year is ninety-three billions of dollars worth of commodities (which statement I got from the United States Department of Labor statistics of 1929), even though there are ninety-three billions produced annually, the total income from all this gainful employment in the United States is only fifty-two billions of dollars, leaving the surplus to be consumed by some one of forty-one billions of dollars. It is quite evident to you now that if the purchasing power were greater, if we were able to buy more, then that surplus would be consumed.

Now perhaps we should consider the possibility of solving this problem. What is necessary to solve this problem? Anyway what is it all about? What do we have to do? We can not just give everybody more money arbitrarily. That would be something like the move that my opponents are advocating. That would be a step in socialism.

There are two ways in which we can solve this problem of under-consumption. The first is to open up

more foreign markets in order to encourage more foreign trade. The first thing to do is to cut down modern production cost. In order to do that certainly we can not increase the cost of production. We must produce on a larger scale. Does that sound as though we can get anywhere by cutting down the time we work by decreasing the hours of labor? By decreasing the hours of labor we tremendously increase—according to Mr. Tossy—the cost of machinery in direct proportion to its activity. Ely says if these two factors increase there can only be an increase which will result in advanced cost to the consumer.

I do not want to overstress foreign trade but it is a tremendous thing and a tremendous motivating force behind wars. When nations can not compete it means they must buy commodities from other countries. They must pay in gold. A continuous outflow of gold means bankruptcy. We must produce those things we can exchange for foreign trade. Our foreign trade has reduced from six million eight hundred thousand dollars in the first nine months of 1920 until in 1929 it was only three million four hundred thousand. We are certainly not gaining many foreign markets that way. Our cost is too high now. Yet we are to stabilize industry by destroying our foreign trade. The greatest factor in business is the factor of the consumer himself. What do we do when we cut his hours of labor? We cut his income, and the income of all the people of the United States or of any market. What does that do? It decreases the purchasing power, decreases the ability to buy the goods produced, which culminates in

under-consumption, which reduces the demand for goods, which increases unemployment.

It is a cycle that nearly every economist that I have read explained in that way. If you reduce the money—the wages of the consumers—it causes a reduction in their purchasing power, which means a reduction in demand, which would necessitate more unemployment. Yet our friends would solve the problem by reducing the hours. You see what happens when you do not look below the surface. When you get to the bottom you see where their theories are fallacious. We see there is something beneath that we have to disclose.

I made another statement that I did not support. I said the wages in highly mechanized industries have been reduced. In order that there may not be too much contention in that point I would like to read some of the statistics in various cities. I am being liberal in this for I quote reductions of wages to union men, and they hate reductions—so do I. Here is the case. You can read down the list here. This group of statistics is on the building trade—bricklayers, etc. Here is Albany, New York, Erie, Pennsylvania, and Marshall, Texas. There is not one case in this entire book where you will find that the wages have stayed the same or increased. Invariably when the worker has his hours of labor cut it amounts to lower wages. With Henry Ford it resulted in eighty-seven million dollars a year decrease in salary. He had two hundred fifty thousand men in his employ earning a minimum of six dollars a day. He cut to five days a week. Multiply and find the resultant salary. In one case the

forty hour week made that result. Yet they are going to stabilize employment. I do not see it. Authority does not back them up. They did not quote a single authority. Maybe in their rebuttal when we can not question it they might bring it up, but not when we could get back at it, not when we could question the validity of their authorities; there are authorities and authorities.

They have given us a nice stack of letters. Now I do not doubt for an instant that that stack contains a nice lot of material, in this respect anyway: They have written those whom they knew were in favor of it and they got back nice little replies stating they were in favor of the forty hour week. What does it mean? It means they are trying to show it should be adopted by taking examples in various places, an authority here and there, quoting only the parts of them which stand in favor of it—specific small instances—to show that all industry should adopt it. Now how about these instances? First, they must be typical of American industry. Friends, when adopted it has been adopted in highly mechanized industries. Henry Ford says it can not be adopted at this time by American industry—this is a statement from his book, *Looking Forward*.

Secondly, there is another question as to their instances. Do they represent all of industry, that is, all phases? Certainly not. There has been no mention made of agriculture, which has over ten million men. The manufacturing industries have only nine million men, but they do not mention farmers. They have failed to tackle the big problem, to show us authority.

In specific instances, except one, they have resulted in decreased value by reacting on the consumers of our nation, which means only economic chaos if the forty hour week should be adopted by American industry.

Negative Question Period

Questions By Mr. Church (Los Angeles Junior College)

Answers By Miss Thompson (Glendale Junior College)

I have a few questions I would like to ask pertaining to this debate. You realize, do you not, that, in view of the increasing keenness of competition, it would be unwise to increase production costs?

I believe it is debatable. It is not entirely true that foreign competition is growing. In fact we see that Russia and Italy both are in a state where they can not offer any serious competition in the United States, and Germany is in the same condition.

My question was that it was unwise to increase production costs in view of European competition.

If European competition showed gain I would say, "no."

In order to keep the cost of production the same, a man would have to produce as much under the forty hour as he does under the longer week?

Certainly not. Naturally, a man would produce less under the forty hour week than he would under the forty-eight or more hour week. It is for this reason that more men are hired under the forty hour week, thus relieving unemployment.

Do you believe we have the problem of over-production?

There is over-production in some industries.

Do you believe it is a basic problem?

It may be basic in some respects.

Do you believe that over-production is a cause of our present depression—I mean a fundamental cause?

It is one cause.

Is it fundamental?

It may be one but not the only cause.

What are other causes?

One can cite under-consumption, lack of sufficient wealth on the part of the buying public, lack of stabilization of industries as contributing causes to times of depression.

Then our present debate is under-consumption and over-production?

Our debate involves these problems, yet that is not all.

Under the forty hour week, will the piece worker receive a higher rate per piece?

No. The rate per piece will on the whole remain the same.

The same rate per piece? Then you intend to decrease the wages per man.

No, wages under the forty hour week will be stabilized.

Then will the man under the forty hour week produce more?

He will produce less than if he worked forty-eight hours. If, in some cases his wages are lowered, the buying power of his dollars will increase. There is always a balance between wages and buying power.

Will he produce as much?

Not the individual, but production will be stabilized by the use of shifts.

You say the piece workers will be paid the same amount per piece?

In some cases.

Now you are going to pay the same amount per piece and they are going to produce less?

Only in some cases. It is impossible to make such a general statement to hold true to all American industries operating under the forty hour week.

Will wages be increased in general?

Speaking generally, then, it depends on what you mean, by wages. Production will be stabilized. Buying power will be stabilized. Consequently, so will wages.

I mean will wages be increased?

Wages are significant only when it is considered what they will buy.

You realize it means the price and power to buy.

It is certainly necessary to consider what wages mean. We maintain that there is a balance between wages and buying power.

I see, but do you believe wages will remain the same or are you going to pay more wages?

You indicate the same question, and I tried to make it plain that wages and buying power are inter-related, and under the forty hour week will be stabilized.

It will remain the same? You are not answering my question. Will they decrease or increase? We'll drop that. Do you believe we should follow historical precedence in regard to the forty hour week?

We do not need to look to history. In view of the present facts we see it is desirable.

Do you realize that it took fifty years for the hours of labor to be reduced ten hours?

That is probably true.

Do you realize that the present hours of labor are 49.3?

If your statement is correct, I will accept it.

Do you realize that we would reduce 9.3 hours now?

No, industry as a whole would not all at once reduce the number of working hours 9.3. The various industries will reduce their number of hours as they find they need to.

Is not your plan set up to remedy present conditions?

In part only.

Have you any idea when it can be adopted?

Yes, numerous industries are operating today under the forty hour week.

When do you believe that all industry would adopt it?

It is impossible to give any number of years.

Can you tell me if it will be in the near future?

For American industry to adopt the forty hour week will involve some time. It has, however, already been adopted by a part of American industry.

You intend to employ more men?

By all means.

You said a man would produce as much under the forty hour week as on the longer?

Not the individual but the entire production would be as great.

The production per man would be less?

Yes, per man.

Did you give any examples in the agriculture industry?

No.

Did you show how it could be effective in the steel, cotton, fishing, shipping, glass, and petroleum industries?

These industries will be able to adopt the plan perhaps in part when they find themselves ready to embrace this progressive step of economics.

How many examples did you give?

I do not recall the exact number. I will gladly go through them again for you, however.

It included automobiles?

Yes, and clothing, building, trade industries, etc.

How many work under the forty hour week at present?

Approximately 3%. Every movement of this nature must necessarily have a humble beginning.

Affirmative Question Period

Questions By Mr. Nixon (Glendale Junior College)

Answers By Mr. Manning (Los Angeles Junior College)

Are not land, labor, capital, and the entrepreneur, the four factors of production?

If you include the wage earners, you must also include the consumer.

Is not the laboring division of production made up of the wage earners?

According to Mr. Ely there are land labor and capital labor receiving wages.

Did you say that out of the ninety-two billion dollars of the total products of American Industries, fifty-two billion dollars went to the wage earners?

You understand that that is the net price at which they were sold and not the wages of all employees.

That was just the wage earners?

All persons gainfully employed.

You said that the foreign trade of America fell from six billion dollars in 1920, to about three million in 1930. Now, what was the condition of our European competitors at this time?

They were rapidly gaining headway. In fact, several authorities, including Mr. Hobson, say that they were approximately on their former level of production, and offering severe competition to the United States.

Are you familiar with periodic depressions?

Yes, I have lived through two of them and I have been told there were many before my time.

If American Industry should adopt the forty hour week, would this tend to disrupt the stability of American Industry?

Such a thing is impossible to consider.

Would American laborers gain by going back to the ten hour day?
American labor would lose, the same as if it went to the forty hour week.

Would the stability of American Industry tend to stabilize American employment?

That is another misleading question. You have not shown that it would stabilize American Industry.

Has over-production or under-consumption caused the present depression?

Authorities are rather divided on what is the cause, but I believe that in view of the fact that many people are without the necessities of life, that it must be the problem of under-consumption.

Are you acquainted with the figures of unemployment?

Yes, Hoover's commission set it at three million five hundred thousand.

Should something be done for the relief of unemployment?

We have in the past taken care of it very well. According to natural evolution, it will crop up once in a while. It is being taken care of. According to the *Times* this morning, one hundred thousand were put to work yesterday. We do not have to go to such drastic measures as you suggest.

Do you believe in the inevitability of business cycles?

No. We could get at this problem of under-consumption by increased production and purchasing power of the consumer. Cycles have to be done away with.

Is the wage scale permanent?

No.

Is the cost of living permanent?

The cost of living has fluctuated very widely.

Is there a relation between these two?

Most certainly.

Has industry greatly progressed since the beginning of the Industrial Revolution?

That is an assumption that is hard to let go by. As one of the authorities I quoted stated, increase of productivity should be a factor of benefit. It has increased man's productivity thirty-six per cent. and his purchasing power only ten per cent.

Working hours have been shortened since the beginning of the Industrial Revolution, have they not?

By a gradual process over a period of fifty years we have reduced labor's hours by five, but nowhere has it been shown possible by

history that it can be done suddenly, and it would disrupt industry now.

Would you advise a gradual adoption of it?

Remember there is a debate this afternoon, and if I said I did want it reduced to forty, there would be no debate, but this debate is, Resolved: that American industry should adopt the forty hour week. That means it should be adopted in the very near future.

Do you realize the full implication of the word "should"?

Yes I understand many things about it.

Did the forty-eight hour week as adopted by the industries using it retard their own or industry's progress?

The forty-eight hour week was not set up to be adopted as we are debating today, but started in 1890, and we have it here yet.

Could two men be employed on an eight hour shift each to do the work of one man who worked 16 hours a day, provided that all three had the same ability?

Not without increasing the cost of production and decreasing wages.

Are you acquainted with the staggered holiday plan?

Yes, that is the plan that disrupts things a little bit. You mean they have a holiday here and a holiday there? Is that the plan you mean?

Should the forty-four or the forty-eight hour week be the shortest week to be adopted by American Industry?

There would be no debate if I were to stand here and contend that hours of labor should not be changed. In the distant future, Mr. Steinmetz said, we will eventually have a four hour day.

Under what conditions would you favor the adoption of the forty hour week by American Industry?

Under no conditions as you put it today.

First Rebuttal, Mr. Church Los Angeles Junior College

I want to take this opportunity to express our pleasure at Los Angeles Junior College on having the Glendale Junior College Debate Team with us today. It is too bad that we have to differ on a question, but as my colleague has pointed out in his analysis of the case

of our friends from Glendale, they have based their entire case on unemployment, saying that if the forty hour week were adopted unemployment would be relieved. They have said it is basically an economic question. We agree. They have based their entire case on unemployment, and yet when I asked Miss Thompson what the real causes of the present depression were, she said it was a combination of under-consumption and over-production. They have spent twenty minutes talking about the effect of the present depression and not getting at the cause of the under-consumption and over-production of our economic depression right now. They are not touching the sore in America at present. We feel they have overlooked the real question. It is a pretty hot question to handle. We on the other hand, have based our case on four facts: first, that it is socially undesirable; it is economically undesirable; it in no way remedies under-consumption or over-production; and it is impracticable.

We must think in terms of our capitalistic condition in America. We can not float on Utopias. We must see if it can apply right now and work it into our system. I must point out a very glaring fallacy in the case of the Affirmative. It is a fallacy so serious that it really admits our case. Miss Thompson stated that in order to keep the cost of production the same, a man would have to produce as much under the forty hour week. She, at the same time, assumed we are going to employ more men, and yet she in no way showed how over-production and under-consumption

would be solved. What would happen? There would be an increased production. We have even more goods glutting our market; even more cause to regret conditions.

Secondly, she admitted it took forty years to reduce the hours of labor in the United States ten hours. She also admitted it would necessitate a reduction of nine and four-tenths hours if it were attempted. However, she was very careful to avoid any statements as to when it would be adopted. I do not contend that it will never be forty hours, but, Friends, they have presented a case showing that present conditions will be remedied, and yet she will not tell us when it will be adopted. It would have to be adopted in the near future, and yet they will not admit it can be adopted in the near future. They have put it off to some distant date when American industry is ready for it. She, likewise, stated the adoption of it would be inevitable. So it resolves itself into a question of when. We are remedying present conditions, and yet, according to her own statement, it will be when industry is ready.

She said wages to individual men would be less and in general would be more. That is what we are interested in: How would the wages in general be affected? They would be increased. Under our capitalistic system there are only two alternatives. Either prices are increased to offset production, or more men are laid off. Our problem today is one of under-consumption or over-production, and they agree that this is the fundamental problem, and yet will not talk about it, or

talk instead about unemployment, not the results of under-consumption.

They said wages will be increased, and increased cost of production first means that our foreign market will be limited; it means we will have a harder time selling our goods in markets outside of our country. At present we know conditions since the war. The European countries are in a great competition to gain the trade of America. They will do anything to grab a part of the share of America. Ever since the World War they have been working at breakneck speed to gain it. If we laid down any increased prices they would jump in before we had a chance to turn around. Foreign trade, even though it was not mentioned by our friends, is deserving of our consideration, and most serious consideration, because foreign trade means we have certain necessities coming in such as rice, sugar, tea, coffee, and other necessities which must come in, but we can not pay for them in gold. If we did we soon would be bankrupt. We must pay in goods, but at a price that will command foreign markets. If we increase prices it will limit foreign markets and, further, an increased cost of production can not be borne by manufacturers today. Three-fifths of them are not making any profit in the United States. Yet they say, "Here, Mr. Manufacturer, you take a little load of the labor and assume the expenses." You can not do it under the capitalistic system, but you can under the socialistic system, for the capitalistic system asks the poor man to pay. We can raise prices and ask the manufacturer to give more wages, but it is not consistent that way.

They have not shown it can be adopted by industry in general. Yet agriculture employs ten and one-half million men, while manufacturing has nine million men. To what extent are they going to apply this forty hour week? They have quoted only specialized industries.

Therefore, my friends, we of the Negative feel we have shown you to your satisfaction that the forty hour week can not be adopted because it is a social detriment, it does not solve over-production, it is no solution of the present unemployment problem because it is away off in the future. Lastly, it is impractical and they have not shown how it can work in all American industry, or how we can effect it or when we can effect it. They must show this in order to prove their argument.

Second Rebuttal, Mr. Nixon
Glendale Junior College

The Negative felt very badly because they asked us for a list of particular industries that we had shown could adopt the forty hour week, and we failed to give it to them. We could take a list of American industries and could talk all night showing you how each industry could adopt it, and the Negative could afterwards give a similar list of industries and ask the identical questions. There are too many American industries to permit us to prove each instance. We must debate the principle of the forty hour week.

When we consider the case of the Negative we find that they have based their arguments on two points:

under-consumption and foreign markets. What is under-consumption? That means that the consumption of the people is not equal to the production. Under-consumption means they have not consumed enough of our products. It means our industries have over-produced. We are trying to get rid of that. We want to stabilize production; make it an equalized production; get rid of this over-production and have a sane period of industrial activity and not have to experience a depression every ten years.

The Negative mentioned charities. These charities are giving to the unemployed. These are the men that we want to relieve. We want to give them work. We do not advocate a socialistic idea, but rather that the wage earners of America share their employment with all men. We propose to rescue these unemployed, to give all men the right to work, and under the present system of hours we haven't enough jobs to accomplish this.

The second point is that it would kill foreign markets. They based that on the idea that we would have to increase wages and thus increase production costs. They seem to enjoy talking "economics" and in harmony with that spirit I would like to give one of the most fundamental of economic principles. If we raise wages, prices go up; if we lower them, prices go down. There is a balance between them. We need not consider wages because of this balance for if you increase wages there would be a change in the balance. This whole argument is based on the assumption that de-

creased hours would cause increased wages and therein increase the cost of production.

The whole argument that we would lose foreign markets is based on this. Yet when you apply one of the most sound economic principles you find this argument does not hold water. They also said it would cut the purchasing power of the consumer. I have previously shown that this would not be effected. They have given us a cycle and said that when we cut the hours of labor we cut the income and that this decreases the purchasing power of the people, decreases their demand, which in turn cuts production, and a decreased production causes more unemployment. I have proved the first of this cycle to be fallacious. Less purchasing power would not result from the forty hour week. But I would like to use the cycle in proof of our own case. We have shown it would stabilize employment, stabilize purchasing power, and, applying their cycle, it would stabilize demand, stabilize production, and stabilize employment. This brings us to the consideration of the Affirmative case. The Negative have admitted our case. They have admitted the forty hour week is inevitable, and they seem to think that we must prove it should be immediately adopted, but I want to show you that the question does not signify any special time. If they want to debate that the forty hour week should be adopted immediately, we will be glad to debate it with them at some future date, but we are debating today: Resolved: That American industry should adopt the forty hour week. Nowhere in the question does it state that the forty hour week

should be immediately adopted. The word should refer to any time in the future. Because we have talked of the present unemployment in our debate this does not mean we have to adopt the plan right now. Unemployment is something that will always be here until a satisfactory relief is found, such as the forty hour week. We are talking about unemployment in 1931, and 1940, that which is general, that which is to come. We want to get rid of the unemployment which is inevitably to come, unless a change is made. Because they have admitted that the forty hour week is inevitable, we contend they have admitted that American Industries should adopt the forty hour week.

A change in hours is an economic measure and evolves through natural transition. It will not be forced by a despotic ruler, and if it is inevitable that it will be adopted, it should be adopted.

This brings us to the first point that the forty hour week is desirable because it stabilizes. The Negative said Henry Ford did not employ more men. He did not employ more men but he did increase employment as he did not throw any of his men out because of his decreased production. If he decreased production and kept the old scale of hours he would have had to discharge some of his men. Ford did not. Is that not keeping employment stabilized? Has it not increased the ranks of the employed? Other manufacturers have decreased their production, kept the same hour schedule, and discharged men. We propose that they adopt the forty hour week and not lay off their employees. We find that they have not shown, other than by mak-

ing that one statement, that the forty hour week would not increase employment, that it would not stabilize industry. They admitted that the past economic history showed increase in prosperity through decreased working hours. They have not disproved any statement that we have made that it would stabilize employment. We have shown that it will stabilize employment, that the forty hour week would tend to do away with these periods of depression. I would like to remind you that one half of our case has been admitted by the Negative. I would like to remind you that it is necessary for them to meet our points. Therefore, because we have shown that our plan will stabilize the economic and social conditions, and because we have proved that it is inevitable, American Industries should adopt the forty hour week.

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