

(corrections & notations
by *SLC*)

THE WORLD YOU WILL ENTER IN JUNE

Address of
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before the

BUSINESS WEEK ASSEMBLY

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University of Missouri, Columbia, Missouri
April 9, 1948

You may note that the title of these remarks mentions June but no year. The omission is deliberate. I shall have very little to say about prospective business conditions in June 1948. In the real world, of course, we cannot get away from making predictions. It is better to face this necessity consciously than to presume we have avoided it when, in fact, we have merely driven it underground into our subconscious.

Yet prediction is a mighty slithery business. For example, three months ago some analysts predicted that we would have depression because high food prices were absorbing such a large portion of personal income that consumers were finding it increasingly difficult to buy all the products that industry was turning out. After the break in agricultural prices in February, a few of these same analysts predicted that we would have depression because sharply lowered agricultural prices would exert a generally depressing effect on all prices. Of course, these views are not necessarily inconsistent. They are consistent with a basic assumption that we are going to have a depression. But what is the origin of and basis for that assumption - communion with the burning bush? This, of course, is a crude example. I cite it only to remind you that every predictor has his own inarticulate major premises or prejudices.

Today, as at most other times, you may choose between three major groups of predictors. First, you may choose those who are demonstrating beyond rational doubt that a depression is in the offing. If you make this choice, others may remind you that you are placing your faith in those born pessimists who have been wrong consistently for two-and-a-half years because they have mistaken the softening of their own brains for hardening of the economic arteries.

Second, you might choose those who are demonstrating with equal cogency that we are headed for further inflation. If you make this choice, the little pessimists will remind you that you are placing your faith in those benighted pre-Keynesian economists who still believe that the quantity of money as well as the size of the governmental deficit is a really significant economic magnitude.

Third, you might choose those gentle mediators of opposing viewpoints who find a kernel of truth in every nut and find the balance of nuts to be probably a little this way, though possibly, of course, a little that way.

None of these three groups of predictors is free of members who have an unerring capacity for demonstrating conclusively that what actually has happened, at any rate, was inevitable.

As to June 1948, I shall say only that the prospective graduates with whom I have talked report little difficulty in getting jobs at the highest

salaries in the entire history of American education. This is true whether you consider nominal or real income or whether you compare salaries of new graduates with either average or top salaries of businessmen, *before we often take*

But what about June 1958 - and June 1968, when you will be graduates of twenty years' standing? As we consider these decades, we are confronted with the prospect that our lives will be dominated by non-economic factors: primarily nuclear fission, a development in the physical sciences, and the iron curtain, a political development.

When Hiroshima was razed with a single atomic bomb, people all over the world were struck with the urgent necessity of preventing our mastery of the physical world from leading to our destruction. People in all walks of life suddenly realized that the fundamental issue arises not from the recalcitrance of nature but from man's inhumanity to man. To many this came, apparently, with the shock of a new idea. But it should not have surprised anyone who actually has read his Bible. Persons of profound insight, such as poets and philosophers - whether by reason of intuition or intellect - have been emphasizing it for centuries.

It is obvious that we cannot place the iron curtain and the atomic bomb into isolated compartments. And we certainly cannot separate either from the future course of our national economic development. Yet that is precisely what our emphasis upon specialization has inclined us to do. A specialist tends to become incompetent outside his specialty. As he hears amateurs harangue in the field of his specialization, he frequently insists that the specialist should confine himself to his own field and concludes that he has no responsibility outside it - not even where it impinges on other fields. If he thinks about other obligations at all, he consoles himself with the expectation that other specialists are discharging them. Such consolation is without justification. One result of yielding to it is that there are grave responsibilities that are inadequately discharged or not discharged at all. A citizen cannot absolve himself by attributing responsibility to others. For unless the responsibilities are discharged, *even* the specialist may awake to find that his authority in his own specialty has been taken from him.

The Russians have raised their iron curtain to keep others from seeing inside. Too many specialists have raised their own curtains in an attempt to avoid seeing the rest of the world. We have reason to hope that by tearing down these curtains we may realize and begin to discharge our full responsibilities. We cannot, of course, be sure; but if we retain the curtains, we cannot even entertain the hope of meeting the challenge of human relationships.

We may think of human relationships as an expanding series of concentric circles with ourselves as the center. It is a complex center. The more we learn about ourselves, the more we find still uncomprehended. Maladjustments of individuals have increased, apparently, despite recent advances in knowledge about individual psychology. This, at any rate, I take to be an explanation of the continued appearance of Rabbi Liebman's Peace of Mind at the head of the best seller lists. Strong attacks are also being launched against that prematurely optimistic hope of the 19th Century: that the method of natural science would answer all our problems. Witness the praise that Lecomte du Nouy's Human Destiny is receiving, especially from the natural scientists themselves! These are mere evidences of our need to tear down the curtains with which we have surrounded ourselves as individuals. Frank knowledge of ourselves is the first element in successful human relationships.

very simple is
The next circle is that of the family. Here a rule, worthy of trial, is very simple. Significance and happiness will be the outcome if each member of the family follows the rule of doing all in his power to spoil all the other members. The results do not follow, of course, if one or more members do not follow the rule. Yet, surely in the closest, most intimate of human relations, we are warranted in setting perfection as our goal, because perfection can be achieved. I speak with feeling as to what is possible, because I know from personal experience.

The next circle is the organization in which you will earn your living. In this circle, the fundamental factor is not income or position, but a deep feeling of "belonging". This is an intangible factor; it is the equivalent of spirit and teamwork in athletics. It is the creative stuff with which life can be filled to make the whole far greater than the mere sum of its parts. In choosing your employer, I would recommend looking for it first. If you do not find it even after you are ~~working for~~ a given employer for a time, I would recommend that you seek ~~further~~ a connection elsewhere.

There are many other important circles of human relationships. The very widest circle, that of international relations, has become of prime concern. Just as the individual cannot remove himself from the world completely by raising curtains, so the Russians have not been able to hide their real motives behind their iron curtain. But it has taken more than mere technicians to see through it. We must be fully aware of what is at issue between ourselves and the U.S.S.R. It is our way of life against theirs. If we are to succeed in maintaining our way of life, however, we must make certain that we do not lose its spirit internally in the very process of defending it against external aggressors.

The cost of peacetime defense is enormous. My good friend, John McCullough, with justice a frequent winner of journalistic prizes, has indicated, after exhaustive study, that the price of an over-all security measure could cost - assuming we do not have a shooting war! - \$111 billion by 1955. Most of the expenditure, of course, would be for products of industry. Yet industry produces only 30 per cent of our national income.

If we begin our thinking about defense with the idea that it can be achieved only with a continuous full harness of direct controls, we may gradually come to realize that we had inadvertently lost the very way of life we had started out to protect. Such is the nature of the intricate human world that you will enter in June - in which, of course, you are already.

What role should a university school of business and public administration play in this world of human relationships? Two diametrically opposed answers are being given to this question. For descriptive convenience, we may dub them the huckster's view and the professional's view.

The huckster sees a school of business as a branch factory which produces graduates who, on the average, may be expected to earn $\$X$ more in a lifetime than those who are processed in other branches and $\$Y$ more than those who are not manufactured at all. He sees the newly matriculated college student as an empty sausage skin. Since this inert substance is full of holes and blemishes, he allows a couple of years to bring the raw material up to the entrance standards. The skins are then ready to start on the business school assembly line with the ~~door~~ turning the crank.

The huckster views the curriculum as the stuffing that is to fill out the skin. The volume of the completed sausage is determined in advance as so

many units. Each course is then assigned a precise number of units. This makes it easy for the student who can add to determine when he is full, therefore educated, and therefore ready for graduation. To the huckster, all courses carrying the same number of credits are standard and interchangeable parts. Obviously, the more such parts a school can offer, the better it can adapt itself to the needs of individual students, and ergo the better school it is. The huckster would gleam as he counselled the student who is interested in, let us say, foreign trade: "I am happy to say that we can offer you three units each in 'The Organization of the Export Department', 'The Organization of the Import Department', and 'The Selection and Management of Sales Personnel'. Unfortunately, we offer only two units in 'The Advanced Selection and Management of the Export Sales Force in Textiles'." If someone were to inquire about democracy, the huckster would reply that democracy had been disposed of in the prerequisites, which include a required three-hour course specifically labeled "Democracy".

But even that is a quiet river.
Bridget even though it's quiet river.

The huckster sees the teacher as a stuffer of sausages. He would have the teacher fill and pack each skin with specific facts, trade secrets, and similar trifles. Like the butcher who includes his thumb in the weight, that teacher would be reprehensible who permitted some of his own fire, soul or mind to slip into the stuffing. A chief measure of the teacher's quality is the newness of the facts, gossip, and tricks of the trade that he acquires from miscellaneous - especially "strictly confidential" - sources and conveys to the skins. It is not necessary that the teacher grind these materials. Indeed, since that would take time, it may be a handicap. Far more important that the sausage be filled with the latest than with the best ingredients! It would be ideal if the professor could have a final session on the morning of graduation so that each student, like successive editions of the "State of the Union", could be sent into the world strictly "up to date". Then each sausage, properly and uniformly bloated, could be inspected and stamped by the dean with a handsome diploma certifying as to its volume, content, and, above all, its freshness.

You, of course, recognize this description as a caricature; and yet, continuing with sausages, a school of business actually has been known to offer half a dozen or more courses in meat packing. I haven't taken any of these courses and am not, therefore, presumably qualified to judge because I lack experience in the field. Yet I can't resist having a delightful hunch that somebody is slicing something awfully thin. There would appear to be time enough for trifles, but it is not immediately apparent that there is judgment enough to recognize a trifle for what it is and, once recognized, to ignore it as it deserves.

The professional does not disparage experience. In terms that the huckster professes to understand, the professional merely expects a school of business to practice the efficiency it teaches. He believes you simply cannot secure business experience as efficiently at college as on the job. He would ask you: "Why be so impatient about acquiring it? After all, you have another forty or fifty long years in which to do so. Seize what college can do more efficiently than business - what it really has to offer - opportunity to develop character and habits of mind that can make your whole life more significant."

The professional assumes that a school of business should be an educational institution; he believes it is either that or it is nothing relevant. Now, the criterion of education is not the number of questions to which answers can be given. If that were the yardstick, an encyclopedia would be more educated than any man. Professor George H. Palmer's cook Bridget once summed it up like this: "That's what education means - to be able to do what you've never done before." Education has also been defined as "what remains after one has forgotten all that he learned in school."

The real measure of a man's education depends on such things as his zest for life, his sense of humor, his passion for sympathy of his fellowman (sympathy in its technical, not its vulgar meaning), the largeness and humility of his spirit, the quality of his mind as reflected in the character of questions he asks, and the way in which he reaches conclusions. No person or institution can educate you. The plain truth is that you must educate yourself. A real school of business, recognizing this truth, treats each student as a unique individual who is seeking help in educating himself. Of course, there are always some enrollees who are not students.

The huckster supposes the school has discharged its responsibility when it has filled the student with answers to fundamentally the identical question: What is it? But that question is merely the beginning, not the end. The student begins his education when he asks: Why is it? What of it? What are we going to do about it? Then, like Jacob of old, he begins his night of wrestling. The breaking of day will find him victorious only if, like Jacob, he is impelled to say: "I will not let thee go, except thou bless me."

The functions of the teacher and of the curriculum grow out of these conceptions of education and the student. If, in the final analysis, the student must educate himself, an important function of a teacher is to inspire each student to realize his potentialities. Once a student has really begun to think, he will not wish to stop; or should he wish it, he will be unable to do so. Hence, the teacher who has fired his students with enthusiasm will not worry that he may not have offered them the very latest facts and fiction. He will assume it has not been demonstrated that graduation necessarily robs a student of his mind or ability to read.

The teacher would concentrate on having the student develop orderly habits of thought, in part by letting the student convince himself that disorderly habits produce absurd results. This is not to say that there is one right habit of thought. The wind of change reaches even this area of experience, as witness the replacement of determinism by chance in significant areas of the physical sciences. Here again, however, it is comprehension of change, not acceptance or even knowledge of the momentary position on the day of graduation, that is important.

Finally, the teacher would conscientiously attempt to free the student's mind of the prejudices with which he, the teacher, as well as the student begins. This is a most difficult undertaking, impossible of complete accomplishment; because the teacher, being human, is unaware of his own blind spots. No human mind contains a gyroscope that compensates for its own prejudices. Yet, though a teacher cannot know what his own prejudices are, he can, if he is aware that he is prejudiced, do much to free the minds of his students. He can do this by making the student aware that he, the student, not the teacher is responsible for the student's conclusions. The teacher should not feel that he has failed or that his student is disloyal merely because their trained minds honestly arrive at different answers to the same question; and he should convince the student that this is the way he feels. Freedom - not uniformity - of thought is the basic principle, worthy of the loyalty of both. It matters nothing whether a school has a formal course in democracy; it means everything that the entire life of the school be a living example of democracy in action.

The professional might advise with the student interested in foreign trade somewhat as follows: "If you want to be really effective - even from the purely business point of view - we should choose courses that will aid you in acquiring a sympathetic understanding of the language, history and customs, and

government of foreign peoples and of the relationships among countries.

"I would like to recommend also that you take a course with Professor Smith. His field may not appear to be particularly relevant to your major interest; but I venture the judgment that you will always recall that course as a memorable and significant experience. You can profitably forego a required course to gain that experience. I do not base this advice on any sentimental feeling for old Smitty but on the conviction that he will extend your mind, not your memory."

You know, of course, that the School of Business and Public Administration of the University of Missouri is based on the professional rather than the vocational approach. The founders chose even its title to reflect their broad approach to professional education of the citizen. It took vision in 1914, when you could count the federal regulatory agencies on the fingers of one hand, to marry the political science and the economics departments into a separate school. Furthermore, the administration did not establish two departments of economics, one in the School of Business and another in the College of Arts and Science. It was assumed that you cannot raise flowers without having roots.

I have seized this opportunity to talk about educational philosophy for a number of reasons.

In the first place, if your genes have been thrown together about as mine were, you may have reached a period of great uncertainty. You would like to do so well on your prospective job that everyone in the organization would hear about you and be greatly impressed, and yet you have a latent fear that you may not do well enough even to hold the job. You are wishing that you had studied more - though you are not doing anything about it just yet. And perhaps you wish that you had taken more "practical" courses. At any rate, that is the way I felt twenty years ago. If these are your feelings, you may be interested in my reactions twenty years later.

It has been my experience that courses based on current practices are always out of date and backward-looking. By the time the professor finds out what business is doing, it actually is doing something else. In other words, on this basis, business would be leading education, not the other way around. Furthermore, I have not yet found any way to tell good experience from bad without a criterion, that is, short of a theory. You may be deluded while you are in school into believing that practical courses will help you most. It won't take long on your first job to demonstrate that this is an illusion. But more important, your secret ambition does not end with your first job. Assume that your university experience had trained you to fill it perfectly. It would have exhausted a lot of your limited time to do so. Where would you be when the next job opens - and the next? Incidentally, we have a counterpart of this in business. It is the argument that promotion should be based on length of service - seldom described as other than "loyal and faithful"; never, to my knowledge, as "imaginative". You will have to make many adjustments fully to realize your opportunities and discharge your responsibilities. It is far better to meet your first challenge with a sense of immediate inadequacy than with a false conviction of mastery.

I have discussed educational philosophy also because, next to central banking, I have devoted more thought to it than to any other problem of general interest. The importance of the problem was driven home to me during a year in Germany which included Hitler's seizure of power. As a teacher I felt impelled to wrestle with the problem: Why did this happen in a country whose educational

system had long been considered one of the best - if not, indeed, the very best - in the world? It seemed to me I was witnessing the complete failure of an educational system. The failure obviously was not in technical training. I came to the conclusion that the seeds of decay were sown when Germans - especially the teachers - began to believe and act on what they read into Nietzsche's Zarathustra and Beyond Good and Evil. Once a people devote themselves to mere efficiency in achieving goals without reference to choosing among goals on the basis of justice and dignity of the individual, they are lost - easy dupes of demagogues. An educational system cannot discharge its heavy share of responsibility for maintaining human liberty if it conceives its task as stuffing sausage skins efficiently.

This brings me to the final reason for discussing education. Schools of business seem to be particularly vulnerable to the vocational approach. There are always misguided people who believe that technical proficiency is the goal rather than a by-product of education. The persistent efforts of such people to dictate the activities of university schools of business and public administration must be met through policies based on a positive educational philosophy.

My conclusions are not at all novel. I am not sure I have presented them convincingly. It may be that conviction comes only with direct personal not merely vicarious experience. I must confess that the conclusions mean more to me and I hold them more firmly today than twenty years ago. In part they are negative. We cannot trust as guides on society's great adventure either those who would have us play the fringes rather than wrestle with the real meaning and significance of life or those who would have us sacrifice individual liberty and freedom of mind and conscience.

I cannot express the positive conclusions better than by quoting from Goethe's Faust. The first quotation is from the very first scene:

"What you have inherited from your forebears,
You must earn in order to make it your own." (lines 682-683)

The second is among Faust's very last words. Faust calls it "the last conclusion of wisdom":

"Only he deserves freedom - as indeed life -
Who daily must achieve it anew." (lines 11,575-11,576)