

Defining 'Planning' and 'Monopoly'

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· C O M M E N T ·

Defining 'Planning' and 'Monopoly'

IN A RECENT BOOK REVIEW¹ Dr. Franz Oppenheimer, continuing our "amiable controversy," persists in calling me a "planner," despite the fact that in my first reference to Dr. Oppenheimer's views I wrote as follows:

But I hope never to see our economic system turned over to the collectivists 'planners' who, I fear, would operate it as a gigantic W.P.A. project.²

Subsequently I elaborated my objections to planning, in an article entitled "*Government Intervention in the Post-War Economy*."³ If there was anything in that article that gave aid and comfort to the planners they have, as yet, recorded no appreciation of it. So far as I know, of all my acquaintances, Dr. Oppenheimer is the only one who, despite the protests both of the planners and myself, would list me as one of them. There seems to be nothing I can do about this.

Dr. Oppenheimer also objects to my suggestion that applying the word "monopoly" to the private ownership of land makes only for confusion.⁴ He insists that confusion would result if the word "monopoly" is not so used, and states, with apparent seriousness, that economists reject this terminology because it would lead to radical conclusions from which they "shrink by inveterate instinct and tradition." Arguments about the meaning of words are particularly futile because if we do not use words in their accepted meanings, any human discourse becomes impossible. To determine what is the accepted usage we must appeal to authority, and as authority in the field of economic terminology I will rest my case with the *Encyclopedia of the Social Sciences*. From its article on "Monopoly," I quote the following:

The term is sometimes loosely used to cover any strict limitation of supply not resulting from concerted or unified discretionary action by persons or groups—for instance, the limitation of supply of particular grades of land or of labor—but this usage is probably inexpedient, as it leaves no point at which the principle of monopolistic control may be distinguished from the universal principle of scarcity.⁵

¹ AM. JOUR. ECON. SOCIO., Vol. 2, No. 1 (Oct., 1942), p. 131.

² *Ib.*, Vol. 1, No. 2 (Jan., 1942), p. 192.

³ *Ib.*, Vol. 1, No. 4 (July, 1942).

⁴ This suggestion was made in a review of Dr. Harry Gunnison Brown's recent book, "Basic Principles of Economics and Their Significance for Public Policy," *Ib.*, Vol. 1, No. 3 (April, 1942), p. 329.

⁵ *Encyclopedia of the Social Sciences*, Macmillan, New York, 1930, Vol. 10, p. 624.

When Dr. Oppenheimer says that "large landed property is just as surely a monopoly as a poodle is a dog," he intimates that the fact of monopoly is dependent on the size of land holdings. Such a test of monopoly is so vague and so novel that I must respectfully continue to conform to the usage recommended by the encyclopedia cited above. There is indeed one form of radicalism from which I shrink "by inveterate instinct and tradition," and that is the radicalism which manifests itself by using words in a sense that differs from accepted usage.

GLENN E. HOOVER

On Union-Management and Co-operation

IN PROFESSOR G. E. HOOVER'S interesting discussion of "Government Intervention in the Post-War Economy,"¹ reference is made to my discussion of similar matters in the April issue of *THE JOURNAL*.² Dr. Hoover's reference to the old and familiar phrase—"labor and capital"—needs revision as the result of the increasing prominence in the business world of corporations with large numbers of absentee owners. In large corporations a new analysis of the interests involved is necessary,—labor, *management*, and capital. Management is a new factor. It does not own the business; but through the proxy it is in a position of authority and power. The owners are absentee and practically functionless stockholders.³ In this complex economy of mass production, the long-run selfish interests of the three—labor, management, and capital—are aided in no small measure by maintaining industrial peace and by producing at capacity instead of resorting to strikes and restriction of output. There seems to be no good reason in experience or in logic to expect that the selfishness of workers, of managers, or of investors will be "washed, burned, or withered away." Selfishness in a primitive or pioneer environment expresses itself, is channeled, differently than in a complex technological civilization. The selfishness of the itinerant peddler is manifested quite differently from that of the management and ownership of a large city store which expects to remain in business in one place for a long term of years. But selfishness exists in both instances.

Union-management co-operation does not signify any change in the fundamentals of human nature. It has been proved on occasion, as in the case of the shops of the Baltimore and Ohio Railway, or in certain war

¹ *AM. JOUR. ECON. SOCIO.*, Vol. I, No. 4 (July, 1942).

² Pp. 399-400.

³ See my article, "The Business Managers Take Over," in *Dynamic America*, January, 1942.