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ADULT ECONOMIC EDUCATION

IN INDUSTRY

A Report

Prepared by

RICHARD STANTON RIMANOCZY

for

THE LINCOLN FOUNDATION

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INTRODUCTION

Seventy-five years ago, a distinguished economist said of the economic knowledge of his time:

"Before proceeding...let us make sure of the meaning of our terms, for indistinctness in their use must inevitably produce ambiguity and indeterminateness in reasoning. Not only is it requisite in economic reasoning to give such words as 'wealth', 'capital', 'rent', 'wages', and the like a much more definite sense than they bear in common discourse, but unfortunately, there is as to some of these terms no certain meaning assigned by common consent, different writers giving the same term different meaning, and the same writers often using a term in different senses."

In the years since Henry George wrote that comment in his *Progress and Poverty*, the confusion of which he speaks has become more and more confounded. Many new economic theories and remedies have been thrust into the arena of discussion, each carrying plenty of self-serving and confusing special pleading. Pragmatism has swept the field of education with its emphasis on expediency and tentativeness. Marxism has swept over half the world with its vicious dialectic and its Godless materialism.

Even professional economists fail at times to understand each other. It is not strange, therefore, that the average man is so confused as he faces the great realities of his well-being, not to say his very existence. In fact, it is not far wrong to use a familiar expression "economic illiteracy" to describe the

deficiency of the American to grasp the simple facts of his worldly existence.

Meanwhile, in vast sections of economic life basic changes have taken place. Life on the farm has probably changed more with the coming of mechanization and new means of communication in those seventy-five years than it changed in ten centuries before.

A gigantic industrial life has come into being with new problems and new human relationships. There has grown up not only organized labor but a new profession of management. Conflicts of interest dominate the scene and in those conflicts even the greatest element of good will fails because the contestants fail to speak a common language and thus lack the essential currency of terms with which to deal with each other.

The Lincoln Foundation, which I have had the honor to establish, has as one of its major purposes the dissemination of economic knowledge, especially as contained in Henry George's *Progress and Poverty*, among the people of the nation. We have felt that the task of developing education in economic principles among adults is a legitimate and logical task for us. To that end, we have made a number of grants. But as we have done so, we have felt the necessity of surveying the field generally to see how we can wisely expand our work in the field of industry. This task of making preliminary surveys has been essential in the work of all foundations which have usefully served their purposes.

As one of the steps to that end, The Lin-

coln Foundation a year ago employed Richard S. Rimanoczy to look into and to report on the work now going on in industry to teach the fundamentals of economics to employees of all levels of education. As a collateral in such a survey his task was also to determine the attitude and receptiveness of leaders toward further educational efforts.

Mr. Rimanoczy addressed questionnaires to selected lists of colleges and also to industries. His investigation of what is being done in colleges offering extension courses for adults revealed results which were not encouraging and for that reason we are not including that part of the report in this publication.

In approaching industry Mr. Rimanoczy turned to a convenient source of information, The American Society of Training Directors. Correspondence with Mr. W. C. Christensen, President of the Society, disclosed a lively interest in the subject and a willingness to address the questionnaire envelopes from the official membership list. Through this cooperation Mr. Rimanoczy was able to reach no less than 520 American corporations.

The results of this study of industrial corporations are genuinely significant. They show not only a very considerable amount of education now being conducted, but a lively interest on the part of management generally in the subject. In short, this survey, the results of which are presented herewith, indicates not only a widespread realization of the need for fundamental economic education but a sizeable beginning in offering courses or in sponsoring study groups among all levels of employees in the plants themselves.

This survey bears out the impression which we have had as the result of another project to which The Lincoln Foundation has given substantial material support. That is the Commerce and Industry Program of the Henry George School of Social Science in Chicago. For some years Mr. John Monroe, Director of that school, has developed discussion groups in elementary economics in a considerable number of industrial plants in the Chicago area. Both the management of the companies in which Mr. Monroe's groups have been formed and the employees who have participated have been enthusiastic about the work. The results have encouraged us in continuing and enlarging our support.

Recently we have made a grant to the Society for the Advancement of Management for work in that organization. Robert H. Laws is directing that work. Mr. Laws carried on a number of classes and study groups in the Chicago area during the last quarter of 1953. He is now doing the same in the New York area.

The Lincoln Foundation is convinced that there is not only a great national need for a wider diffusion of fundamental economic ideas among all grades of industrial workers but that the experimental work which we have supported is a practical step toward that end. Workers like it. This survey by Mr. Rimanoczy provides the encouraging news that many industries are willing and anxious to provide practical encouragement for such educational efforts.

JOHN C. LINCOLN

Phoenix, Arizona
February 1954

ADULT ECONOMIC EDUCATION IN INDUSTRY

Since this report deals with education the first question it will provoke will be why such training as we are considering is not the proper province of schools supported by public taxation. I shall let that question be answered by a prominent industrial training director whom I met during the course of this survey. He said: "It is not entirely the fault of the high schools that we have to do this work. School teachers must work according to the traditions of pedagogy and follow the rules of learning. They are like the classical music teacher who must take very pupil through every step of traditional methodology—technique, fingering, scales, exercises, endless hours of drudgery. We, on the other hand, can be like the 'popular' music teacher that hands the student a simple musical instrument and says, 'Now, let's start playing your favorite tune.' In other words, in teaching economics, we can use short cuts and simplifications because we have no intention of turning out professional economists or people who want degrees in the subject. It is true that from our standpoint—that of simplification of material—our job is harder than that of the classroom teacher because we must exercise the greatest care not to simplify incorrectly. But once accomplished, this simplification is a great advantage in transmitting information. We have another great advantage over the schools: our stu-

The questionnaire as well as a statistical summary of the replies will be on page 21.

dents' are adults who are making their living and have much more *reason* for wanting to know about the economic principles that help and hinder their personal progress. To them it has a *vital meaning*. On top of that, we can teach simple economic principles in terms of our own company and the employees study them in terms of their *own jobs* and their own job security."

Which employee groups are taught?

Most companies with economic educational programs include all three types of employees: executive, clerical, and production.

According to the survey, 56.8% of the companies cover *all three groups* with their economic programs.

- 11.0% restrict the courses to executives
- .9% restrict the courses to clerical workers
- 6.0% restrict the courses to production workers
- 7.6% cover executives and clerical workers
- 9.1% cover executive and production workers
- 5.7% cover only clerical and production workers
- 2.8% did not answer the question

The lack of uniformity displayed by these figures is explained by many things.

First, is the newness of most of the programs: most of these programs *started* in one

particular department and were built around the problems peculiar to that department.

As a result, the *content* of the early programs might not be broad enough to interest the employees of other department.

For example, a program designed for the production department of a basic steel company might contain very little specific material or "job economics" that would arouse interest among clerical workers of the same company.

It is interesting to note that in all but 15.5% of the cases, the *executives* are covered.

It might be considered unnecessary to expose executive groups (most of them had economics in college) to such a rudimentary presentation of economics.

The answer, however, is simple: most executives—even those who studied economics professionally and who are familiar with its principles—have never had occasion to observe the *over-all meaning* of their knowledge, and those who studied the subject more casually do not know how the unassimilated facts which they learned in college can fall together into significant patterns when applied to specific socio-economic situations.

The apparent inconsistencies in the coverage pattern can, on our opinion, be largely ascribed to the present evaluatory stage of this type of education.

Where it can lead is a very exciting question to anyone interested in the problem of economic illiteracy.

Some of the case studies are very promising.

For example, one company, after taking all of its employees through basic economics, discovered that its foremen did not want to stop: they wanted to continue the meetings

not only to get more economics, but to apply those economics to their personal management problems, particularly from the standpoint of increasing efficiency and preventing waste.

There have been evidences of rather unexpected coverage of this type of education.

In 1952 the industries in a small industrial town in Pennsylvania staged a simultaneous six months program for their employees and invited the employees to bring friends and relatives to the "classes."

Although this town had its normal complement of movies, television, and radio entertainment, which would obviously have a higher entertainment content than "economics," the voluntary turnout of non-employees was very substantial.

The employee publication as an educational medium

The survey results indicate that 60.8% of the 329 corporations "teaching economics" use their publications as a medium of distributing facts concerning economics.

It is interesting to note that *in no case* is this medium relied upon to do the whole job: it is always an auxiliary medium.

The economic "messages" in employee magazines are usually tied into a larger program and serve to do one of two things: 1) highlight a part of the general program, or 2) apply a general principle (already taught) to a current event which has a personal effect upon employees.

In many cases an important part of the employee magazine editorial content dealing with economics is the company's annual operating statement.

This is a matter of vital interest to most employees and affords a splendid opportunity to apply the *general* principles of economics to a specific case with the assurance of eagerness on the part of the "student."

The employee magazine, however, offers an almost limitless opportunity for variety in the presentation of the economic facts of life.

These variations include straight editorials signed by outsiders, editorials signed by editors, editorials signed by executives, news stories with an economic content, and syndicated feature articles usually accompanied by illustrations.

There is one school of thought which does not approve of any educational use of the employee magazine.

The position taken by executives belonging to this school is that the employee magazine exists as a news medium and a morale builder: it is *their* publication and should limit itself to what *they* do.

Some of these companies are gradually shifting their positions: as one of them recently said: "We are beginning to introduce some basic economics into our news stories very gradually and with the utmost care that they are based on self-evident facts rather than what might be interpreted as management-inspired theory. We welcome any criticism that any employee wants to make. Until recently we have always reported the company income in the form and in the words of orthodox accounting, and we are gradually shifting over from this form to what could be called an educational presentation of the source and distributive shares of company income. It will take several years to complete the change, but we will not do anything that

might appear high-pressure or special pleading."

Whether or not this attitude will spread and bring about a change of policy among the companies who do not now consider employee magazines a suitable medium for economic education is at present an unanswerable question.

The role of pamphlets in economic education among company employees

Of the 329 companies reporting economic education of employees, 167, or 50.8% make use of pamphlets for the purpose of furthering economic literacy among their employees.

It should be noted that in *no case* is this method relied upon entirely.

There are two methods of distributing these pamphlets: 1) mailing them to the employees' homes, and 2) placing them in conveniently located racks on the business premises where they can be picked up in any quantity desired by the employees.

Although no reliable comparison can be made as to the current popularity of these two methods, the "rack service" idea seems to be making tremendous progress, in spite of the fact that mailing to the home is a much more certain method of getting full employee coverage.

The preference for rack distribution over home mailing may be explained by the reluctance of certain employers to put themselves in the position of "pushing" ideas at their employees: when a pamphlet is taken from the rack, the action is strictly *voluntary*.

Most "rack service" programs consist mostly of non-economic pamphlets.

While every fourth or fifth pamphlet may be economic in its nature, the balance will

concern themselves with matters such as health, food, gardening, hunting, fishing, home work-shop planning, etc.

Although some labor unions have taken exception to the "honey-coated management propaganda device," the criticism seems to have been tentative and does not seem to have dampened the employees' interest in the literature so distributed.

Probably because of its extreme youth, the "rack service" pamphlet policy of most companies has not assumed any established pattern.

Some companies secure their pamphlets from people who are in the business of supplying a "balanced diet."

In these cases the people supply the pamphlets are in virtual control of what is placed in the racks.

Other companies, mostly the larger companies, have a department head who scours all the available suitable material on the theory that "gold is where you find it."

These companies usually print their own pamphlets (from the "discovered" material) and in some cases make them available to other companies which they know would be interested.

Out of this flux will, in all probability, come a reasonably ordered pattern of selection and production.

Formal "Classroom" teaching in employee economic education

The survey indicates that 45% of the reporting corporations with employee programs make use of formal "classroom" techniques.

In the consideration of this technique, it should be noted that in *no case reported* was it used to the exclusion of all other methods

and in only 4.6% of the cases was it reported as the only group meeting technique.

In only 7.6% of the cases was the classroom technique *not* accompanied either by editorial material in the employee magazines or literature distributed *or both*.

Some of the teachers are drawn from colleges on a part-time basis, and some are professionals who have gone into the "business" exclusively, serving as many different companies as they can on a contract basis.

These "outside contractors" usually charge so much per employee and specify the number of attendees to be in the classroom at one time.

Some companies have special lecture courses for senior executives, presumably consisting of more advanced material.

The following statement was made by a top-flight college professor who has found his economics lectures to executives a fascinating experience: "The intense interest in these lectures must spring from the fact that these men are now applying their knowledge in their daily life. They are splendid students. It appears to me that if I wanted to specialize in this type of work, there would be more than I can handle."

Use of conferences with members of management in employee education

Employee conferences under the direction of members of management is the most widely used of all the techniques reported in the survey.

The questionnaires show that 62.3% of the companies having economic programs make use of this method.

Here again it should be noted that this method is, in every reported case, used in

conjunction with either one or both of the other conference methods.

Of the companies holding employee conferences with members of management, 24.4% also use professional outside conference leaders.

Of the companies using this conference method, 21.5% also use amateur volunteer leaders in conferences.

It is the feeling of many observers in this very fluid and formative field of learning, that conferences involving "students" drawn from executive personnel and supervisory personnel are handled best by specially trained members of management because the conferees are naturally sympathetic to the policies and viewpoints of management and do not resent being "told."

By the same token these observers feel that conferences involving clerical and production workers are best handled by outsiders or one of their own group because it is of the utmost importance that they arrive at their own conclusions under their own mental power through guided-but-not-controlled discussion.

Conferences with professional outside leaders

The survey indicates that 19.8% of the corporations teaching economics have employee conferences under the direction of professional discussion leaders brought in from the outside.

(This is the least used of all conference methods and in no case is this the *only* method involved in the economic program.)

In only a tiny fraction of the cases is this method used without the support either of economic editorials in the employee magazine or literature distribution.

As noted previously, there are definite psychological advantages in using outside conference leaders, particularly in conferences attended by clerical and hourly-rated workers.

The presence of any person identified with management is apt to generate suspicion on the part of the conferees and even more to make them "clam-up" during the discussion.

The relative unpopularity of this method is, to a certain extent, accounted for by the difficulty of finding the right outsider who understands exactly what the company wants to have taught.

There must be other reasons, however, because it is definitely known that some of the best of the groups offering this type of service are having trouble securing clients, in spite of the phenomenal growth of interest in this form of teaching.

Conferences with "Amateur" volunteer leaders drawn from conference group

In the case of 22.2% of the corporations teaching economics, this novel method is in use.

Here again, however, it must be noted that *in no case* is it the exclusive medium of economic education, and in only 2.4% of the cases is it the only conference method used.

The "amateur discussion leader" technique is worthy of special mention.

This idea (which was developed primarily for hourly-rated workers) was, to the best of our knowledge, first put into practice by the Inland Steel Company in 1950 in connection with the series of visual aid films entitled "In Our Hands."

Although this method does not at present rate high in the *number of companies* using

it, the importance of the method must also be considered in the light of the *size of the companies*.

It has been highly successful in the company-wide programs of such firms as U. S. Steel and Westinghouse.

The method has been found to have several advantages:

1. It obviated the necessity of training discussion leaders.
2. The conferees felt more at ease.
3. There was no suspicion that management was trying to control the discussion.
4. The discussions were, in most cases, more fruitful.

This method will receive much more detailed attention later on in this report.

Teaching materials utilized in employee economic education

The most striking aspect of the answers to Question No. 4 is the almost complete absence of textbooks.

It could almost be said that no textbooks were employed because the only two mentioned in 1% or more of the 329 replies were the economic primers entitled "How We Live" and "Money."*

"How We Live" was reported in use in 8% of the cases, and "Money" in 2½%.

It should be considered, however, that neither of these books are *textbooks*: they are primers designed primarily for use as "take home" pieces and for use as discussion outlines.

"How We Live" is in use in many more cases than were reported but was (quite

*Published by D. Van Nostrand, New York

properly) not considered by the respondents as falling into the textbook category.

In every case (known to us) in which orthodox textbooks are used in employee education, the students are at the supervisory or executive level and the classes are conducted by professional teachers.

Whether or not this is a permanent aspect of this area of teaching cannot be foretold.

The absence of textbooks might be explained by the absence of the *right* textbook.

On the other hand, it may prove that the substitute materials are better than *any* text could ever be.

Inasmuch as these courses develop on a strictly pragmatic basis, it is to be expected that whatever materials are best will, in the long run, prevail.

What "Packaged Courses" are used?

From the nature of the replies to this question, it is obvious that the rather loose term "packaged" was interpreted to mean "standard procedure courses," many of which are "standard" only within the company itself.

Of the 329 companies teaching economics to their employees, 46.7% reported the use of standard procedure courses.

Altogether 44 different courses were mentioned.

Except in the case of the three most frequently reported courses, the names did not occur frequently enough to warrant separate mention.

The three occurring a substantial number of times were:

"How Our Business System Operates" and "Your Money

Is What You Make It".....55 mentions
(Source: National Association of Manufacturers)

"In Our Hands" and "Let's Face It"52 mentions

(Source: The American Economic Foundation)
"This Is Our Problem" and

"The Power of Your Vote".....16 mentions*
(Source: Harding College, Searcy, Arkansas)

(The dual titles of these courses are accounted for by the fact that the second title indicates the second "section" or follow-up program.)

Miscellaneous titles totaled 36 in number, while 10 companies reported the use of courses developed within the company.

Detailed discussions of the 2 principal courses will be found later in this report.

What visual aids are used?

The 329 responses to this question show the following:

- 64.1% of the companies make use of charts
- 47.7% of the companies make use of slapboards
- 32.2% of the companies make use of strip films

The various combinations of these aids is seen from the following analysis of the replies:

Charts (only)	15.5%
Slapboard (only)	8.5%
Strip Film (only)	1.8%
Charts & Slapboard.....	18.8%
Charts & Strip Film.....	10.0%
Slapboard & Strip Film.....	.6%
Charts, Slapboard, & Strip Film.....	19.8%
No Answer	24.9%

What motion pictures are used?

Of the 329 respondent companies teaching economics to their employees, 135 (41%) reported the use of motion picture films.

About 37 film sources were mentioned, the exact number being obscured by possible duplication and difficulty in identifying all of the titles and their sources.

Only 5 sources were mentioned in enough cases to warrant special notice.

The American Economic Foundation	52 users
Harding College	46 users
National Association of Manufacturers	25 users
Encyclopedia Britannica	25 users
Wilding Productions	14 users

(Due to multiple use, figures total more than number of users.)

In the case of the American Economic Foundation, virtually all of the films are used in direct connection with this organization's package course* because, with one exception, the films are, by design, not complete messages, but are audio-visual aids for use in connection with guided discussion.

More information concerning the films furnished by these 5 principal sources will be found later in this report.

How long is the typical conference?

Usable replies to this question number 241.

Below is a percentage breakdown of the replies:

*This program is devoted primarily to citizenship rather than economics.

Duration of Conference	Percentage of Respondents
8 hours	2.5%
4 hours	1.7%
3 hours	1.7%
2 hours	21.6%
1½ hours	35.3%
1 hour	34.0%
½ hour	1.2%
Misc.	2.1%

Personal investigation indicates that the variations in the time consumed in each conference are largely attributable to the nature of the business and to the difficulty (in some cases) in bringing the conferees together from scattered work places.

Some of the 4 and 8 hour conferences reported should probably not be considered as being conferences in the true sense of the word but would more properly be catalogued as school "classes."

There is a tendency to hold longer conferences with supervisory and executive personnel than with production personnel.

Do corporations consider economic education a "One Shot" or long term program?

Of the companies responding to this question, 97.5% of them consider that this educational problem is a continuing one.

We personally know of several cases (of which there must be many, many more) where the initial program was not put into effect until after the management had been assured of a continuous flow of suitable material.

There can be no doubt that in some cases the recognition for the need of continuity is based at least partly on the fact that there is a substantial turnover in the work force, but in the majority of cases this policy is based on recognition of the fact that "education is never over."

Many observers who have a professional interest in employee education have been concerned with the possibility that the change in political administration in 1952 might cause corporation management to feel that the advent of a pro-business administration had lessened the need for economic training.

It is to the credit of management that no such reaction has been shown.

In fact, although there is little doubt that fear of the "New Deal" was *responsible* for the inception of these programs, there is a great deal of evidence that they have passed way beyond political considerations and have become a part of efficient management and production.

Has business evaluated the results of its employee economic education?

The answers to the questionnaire show that 174 of the respondents have measured their employees' enthusiasm for economic education and 98.9% of them found a favorable response.

19.5% of the respondents reported that they had gone still further and measured changes in employee attitudes toward specific economic and citizenship issues.

50.8% of these reported (in reply to Question No. 8) that they would have no objections to permitting an examination of these attitude changes.

Considering the very substantial cost of payroll time devoted to employee education, it is not surprising to find such a marked interest in evaluations of the results.

And one would normally expect an orderly approach to the over-all program such as reported by Opinion Research Corporation* in its January, 1952, "Public Opinion Index."

The reported considerations were as follows:

1. Does anybody listen?
2. Does anybody learn?
3. Don't the unions object?
4. What approaches get results?

Needless to say, the present "successful" courses were not built overnight; they evolved within the framework of the four questions listed above.

Quite obviously industry would do nothing on a large scale that (a) was not effective and (b) would offend the labor unions.

To find out what was being accomplished, 30 companies arranged for Opinion Research Corporation to make a comparison between the economic knowledge of their "educated" foremen and that of the national average.

In January, 1952, the findings were published in a copyrighted study of Opinion Research, numbered Vol. X, No. 1, 351-C.

The results were based on answers to a 61 question quiz.

The "national average" of foremen was a "grade" of 61.5.

(By way of comparison, the national average of *executives* was 90.4.)

In the case of the foremen of 11 companies having no economics course but depending

*Home Office, Princeton, N. J.

upon information in routine employee communications, the average was 70.2.

In the case of 6 companies having over-all training programs, including discussion of economic problems, the foreman average was 77.1%.

In the case of 13 companies having special courses in economics, this average was 81.7.

The findings indicated some very substantial improvements in a relatively short time: one aircraft company's average went from 70.7 to 79.3 after only six hours of a discussion program.

The value of longer courses is borne out, however, by the findings of a farm equipment company which, after 40 weekly meetings, raised the average of its foremen from 65.4 to 82.7.

The popularity of these courses among foremen is very impressive because, unlike the hourly-rated worker, the foreman does not avoid any work by "going to class"; in fact, his work tends to pick up during his absence, and as a result, these courses add to his work.

Yet the Opinion Research Corporation report shows the following percentage of foremen in favor of more and continuing courses:

Steel Company	98%
Electric Equipment Company	98%
Farm Equipment Company	98%
Farm Machine Company	98%
Rubber Company	97%
Aircraft Parts Company	95%
Primary Metal Company	95%

A typical comment from a steel company foreman is reported as follows: "It made me

feel that the company thinks of us as real people. I feel flattered that they thought enough of our opinions to pay us to sit around and discuss these problems."

What do corporations try to teach?

An analysis of 10 company courses made by Opinion Research, Inc., indicated the following coverage of basic targets.

Regarding the subject of PRODUCTIVITY AND LIVING STANDARDS, 8 courses afforded extensive coverage and the other 2 limited coverage.

Regarding the subject of THE ROLE OF CAPITAL, 8 courses afforded extensive coverage and in the other two cases the coverage was limited.

Regarding the subject of PROFITS, 7 courses afforded extensive coverage and 3 afforded limited coverage.

Regarding the subject of COMPETITION, 6 courses afforded extensive coverage, 3 afforded limited coverage, 1 did not deal with this subject.

Rather surprisingly, the subject of DIVISION OF INCOME was covered extensively in only 4 courses and covered in a limited way in only 4 others, making a total of 8 that treated the subject.

GOVERNMENT REGULATION was dealt with in 7 of the courses, 6 of them covering the subject extensively, and 1 of them covering it in a limited way.

What can be "learned" and how "well"?

Teaching is naturally divided in two categories: *facts* and *principles*.

As would be expected, facts tend to be the easiest category because they are not abstractions.

The average of the response to three simple facts (before and after the course) is shown on page 51 of the January, 1952, "Public Opinion Index."*

Fact	Before Training	After Training
Many companies make no profit in an average year	32%	70%
Workers get 80¢ and owners get 20¢ out of the income dollar split between them	44%	74%
Wages were cut less than dividends in the depression of the 30's	38%	72%

The average of the response to three simple principles is shown on the same page of the same exhibit:

Principle	Before Training	After Training
A sure way to make a country more prosperous is to get better tools and machines	28%	62%
Savings determine a country's rate of industrial growth	51%	82%
Consumers influence prices: companies don't just set prices where they please	40%	71%

Not so easy is the *application of principle to fact*.

*See Page 9.

This is shown in the following tabulation appearing on page 52 of the above-mentioned exhibit.

Statement	Before Training	After Training
A 10% wage increase would not mean a 10% increase in living standards	58%	77%
For most companies, wage increases must result in price increases	78%	96%
A worker should try to produce all he can, not just what the average man does	32%	58%
There is a real danger of losing personal freedom if the government takes over our industries	45%	68%
In normal times we can depend on competition to keep prices fair	53%	68%

As will be observed, all these responses require serious thought, and statements concerning personal production and personal freedom border on the philosophical.

An example of rank-and-file employee learning through film discussion programs

The following before-and-after responses are abstracted from the records of a medium-size steel company which allowed us to make unidentified use of the survey.

The films and discussion guides used in this test program were those developed by Borg-Warner and Inland Steel entitled "In Our Hands."

The program consisted of four one-hour discussions in which one of the rank-and-file conferees acted as page-turner and discussion leader.

Below are some of the questions and responses:

Statement	Before Meeting	After Meeting
A sure way to make a country more prosperous is to get better tools and machines	28%	62%
The most practical way for workers to increase their living standards is for all workers to produce more	33%	53%
There is a real danger to personal freedom if the government takes over more of our industries	45%	68%
Political, economic, and religious freedom are closely linked—limit any one and all are affected	70%	84%
Price controls affect the average man's personal freedom	35%	47%
Better tools and machines have done most to improve living standards (chosen over unions, government help, or superior workers)	44%	75%

Other questions showed that *principle* had been applied to *practices*.

For example, *before* the course only 33% of the employees believed that the most prac-

tical way to increase living standards was for all workers to *produce* more: *after* the course 53% were in agreement.

Before the course 28% thought that government should own all tools and machines in order to plan their most efficient use; *after* the course only 17% still thought so.

Before the course only 49% agreed that new machines mean more jobs; *after* 61% were in agreement.

Before the course only 45% agreed that the interests of stockholders and employees were not in conflict; *after* the course 55% were in agreement.

An interesting question (*which was not asked before the course*) dealt with the statement: "Workers, management, and stockholders are partners: what hurts one hurts the others."

The tabulation showed that after the course 79% of the employees were in agreement with this statement.

Before the course 45% of the employees believed that competition is wasteful because too many companies make the same product: *after* the course only 33% held this opinion.

Before the course 56% of the employees agreed that companies get "big" by serving the public better than their competitors: *after* the course 70% were found to be in agreement.

One of the most involved questions in personal economics is that of job security, and it is, therefore, interesting to see what progress was made with exposing the employees to the idea that "the best protection for job security is the company's ability to meet competition."

Before the course only 34% of the em-

ployees agreed with this statement: *after* the course the figure rose to 52%.

When the four-hour test course was over, the employees were asked to state their personal (but secret) opinion of them.

The answers were, percentagewise, as follows:

Very interesting _____ 63%
 Fairly interesting _____ 23%
 Not too interesting _____ 2%
 Pretty dull _____ 1%
 No answer _____ 11%

78% said that they had a better understanding of how American business operates.

An interesting sidelight was developed by the question: "Would you like to have any of your friends see these movies—your church group, your club, or any other people outside the plant?"

The response was as follows:

Yes, I would _____ 77%
 No _____ 2%
 No answer _____ 21%

The employees were also asked to list the subjects they would like to see featured in future conference discussions.

The subjects suggested most frequently were:

Government operation and regulation of business
 Company problems and production "Freedom"
 Conditions in foreign countries
 Labor relations
 "More of the same"

Just to show that life is never simple, those employees who had acquired such a satisfactory degree of learning under their untrained volunteer discussion leaders were quite critical of them.

When asked, "Would you say that the man who was in charge of the meeting did a good job, a fair job, or a poor job?" they answered:

Good job _____ 66%
 Fair job _____ 21%
 Poor job _____ 2%
 No answer _____ 11%

Similar answers received in cases where professional leaders conducted the conferences showed the "good job" rating as high as 89%.

There is no evidence, however, that the "better run" conference under the direction of a "pro" does not suffer from self-consciousness and lack of general participation, particularly when there is a representative of management in charge.

The proponents of "amateur" leadership maintain that in spite of the "long pause" (which is usually not allowed to occur under professional leadership) the genuine spontaneous participation of the conferees reaches a higher level.

The chances are that the true answer depends upon the type of material being presented: if the material is simple, skilled leadership is not necessary; if it is *not*, a "teacher" must be on hand to guide the discussion.

Advantages of "custom-built" programs for supervisors

We are indebted to Westinghouse Electric Corporation for access to the results of their

own custom-built program for supervisors developed in 1949 by Mr. O. D. Montgomery, manager of that company's supervisory training service.

The economic content was developed from a variety of sources and oriented, to a great extent, to day-to-day life at Westinghouse.

It is not surprising that with a tailor-made course of this type, systematically administered, the supervisory staff of Westinghouse should on their "examination papers" make an exceptionally good showing in the national comparisons.

Below is a group of statements and the "grades" of the Westinghouse supervisors compared to supervisors nationally.

The data were developed by Opinion Research*, and made available to this survey by Westinghouse Electric Corporation.

Statement	Westinghouse Supervisors	Supervisors Nationally
Think that workers pay has not kept pace with output	34%	51%
Underestimate workers' share of the company dollar	30%	53%
Think that wages suffered as much or more than dividends during the depression of the 30's	28%	52%
Think that dividends have increased as fast or faster than wages in the past 30 years	12%	46%

*See Page 9.

Think that wealth is becoming more concentrated _____	5%	32%
Think that owners get too much compared to employees _____	3%	28%

The facts were not forced upon the supervisors as management-sponsored conclusions during the conferences: *they were inferred by facts.*

As mentioned before, this particular course has an advantage that the average small company cannot afford: it is custom-built around the day-to-day work and experiences of the "students."

A brief history of the two principal employee economics courses now in use

I

Virtually all existing economics courses for rank-and-file corporation employees have been introduced since 1948.

It is generally agreed that the first economic material suited to this teaching problem (from the standpoint of completeness of concept and semantic simplicity) resulted from the joint efforts of a group consisting of the staff of the late Orlando F. Weber, Father Edward Keller of the Bureau of Economic Research of Notre Dame University, and Fred G. Clark and Richard S. Rimanoczy of the American Economic Foundation.

The joint work of this group started in 1942, and the first "popular" primer on economics designed for corporation employees was published in 1944.

This book, entitled "How We Live," published by D. Van Nostrand and written by

Clark and Rimanoczy, was followed in 1946 by a primer entitled "Money" by the same authors and from the same publisher.

The earliest known use of these two primers in employee education took place in General Motors, which firm developed around it a very comprehensive instruction manual for the "teacher's" use.

It was not, however, adapted to a company-wide training course.

The American Economic Foundation, in 1947, requested and received permission to revise and expand the General Motors manual to make it usable by other companies.

II

The distribution of the revised manual to training directors resulted in a series of seminars under the auspices of the American Economic Foundation for the purpose of discussing this new teaching problem in more detail.

About this time one of the interested companies, E. I. Du Pont, developed an economics course for all its employees (and to the best of our knowledge was the first company to put all of its employees through a full course on paid time.)

The course was called "How Our Business System Operates" and was built around a slap-board presentation.

This course was later turned over for distribution to the National Association of Manufacturers and is now one of the leading two courses in use.

In 1948 the General Motors program (which had been built around the primer "How We Live") was adopted and expanded by the Borg-Warner Corporation as a conference program for supervisors.

Out of this expansion came the continuous (permanent) supervisor course now known as the "Plug-the-Leaks Program," which after successful internal use by Borg-Warner was turned over in 1951 for distribution by the American Economic Foundation.

The sustained interest on the part of its supervisory personnel induced Borg-Warner to attempt a popularization of the supervisor course with the idea of making it suitable for all hourly-rated employees.

It was decided to make the course easier by building the conferences around short motion pictures and simple discussion outlines.

III

In this (rather expensive) venture, Borg-Warner was joined by Inland Steel, and the two companies produced four films built around the economic concepts contained in the primer "How We Live" and the ethical-political ideas contained in Dean Manion's "Key to Peace."

These four films compose what is known as the "In Our Hands" program.

The films themselves were made secondary in importance to the discussion conferences which follow: in other words, the motion pictures were (to the best of our knowledge for the first time) used as audio-visual aids rather than the bearers of a complete dogmatic message.

Inasmuch as the films *raised issues without settling them*, the discussions which followed were naturally less inhibited than would normally be the case.

But the most important educational innovation in "In Our Hands" was the discussion method employed by Inland Steel with its

hourly-rated employees: *the discussions took place without the presence of any representatives of management.*

This procedure has been repeated with millions of hourly-rated employees and no important weaknesses or objections have been reported.

Naturally this method makes for a greater degree of informality, relaxation, and that human habit known as a "bull session," even though a certain loss in efficiency is inevitable.

IV

An important feature of "In Our Hands" is the fact that the message of the films had no direct connection with the business of either of the companies collaborating in their production.

This made the films usable by companies in any business, and the interest demonstrated by other companies in using the program prompted Borg-Warner and Inland Steel to turn it over to the American Economic Foundation for distribution with the explicit restriction that the films (and flip charts which guide the discussions) were not to be sold outright nor made available for propaganda or political use.

A significant sidelight on the "In Our Hands" program is the decision of other companies which (after making use of it) came to the American Economic Foundation with offers to finance the preparation and production of additional discussion units.

The first of these was the United States Steel Company, which made possible the production of two 15 minute films now in circulation as a follow-up program, entitled "Let's Face It."

Other films for this series are already in script stage.

From all indications, the formula of short "open-end" films followed by discussions, guided by flip-charts under the control of the employee group, has become a permanent and important factor in employee education.

An interesting by-product of this program is to be found in the extent to which this in-plant training course is spilling over spontaneously into the plant communities.

This trend shows up in the answer* to the question: "Would you like to have any of your friends see these movies, etc."

No measurement of this trend is possible at this time because few, if any, records are kept by the companies loaning the films for use by church groups, service clubs, fraternal organizations, and local schools.

V

The methods involved in the program of the National Association of Manufacturers offer sharp contrast with those of the American Economic Foundation.

The fact that they are about equal in popularity indicates that there is a strong demand for both approaches.

Whereas (as previously noted) the program of the American Economic Foundation involves the use of "amateur" conference leaders (a recommendation which, incidentally, is not always followed by the users), the National Association of Manufacturers' program is built around trained conference leaders.

Conference leaders assigned to administer

*Page 12, Column 2.

the N. A. M. program are put through a one-week training program by the N. A. M. staff.

These leaders are trained in groups and are subject to detailed criticism not only from their N. A. M. "teacher," but also from their fellow students.

At the end of the week they are, theoretically at least, prepared not only to conduct conferences but also to train other conference leaders.

Why are employees interested in economics?

Why do people dislike economics in school and "eat it up" after they become corporation employees?

One answer could be that the corporations *pay them to go to class*, but that answer does not hold up in actual experience because if it were true, they would show no interest after they got there.

Another answer, that *does* stand up, is that in these courses *economics is not labelled economics* but is given less forbidding names.

There can be no doubt that "student interest" varies with the type of program, but it probably reaches its apex in the "bull session" type of informal conference discussion *not* attended by members or representatives of management.

It is of great interest to note *why* they are interested.

The following percentages come from a summary of the "mentions" contained in the replies to the question: "Generally speaking, *why* are your employees interested?"

(These reasons were, of course, mostly in combinations: percentages show the frequency of occurrence.)

- (a) Their personal selfish welfare 32.6%
- (b) "Freedom vs. Collectivism" 22.8%
- (c) General intellectual curiosity 44.6%

The fact that General Intellectual Curiosity heads the list is certainly a challenge to educators who say that economics cannot be made interesting.

Do corporations encourage junior executives to attend local college extension courses?

In 297 cases this question was answered.

The percentages were as follows:

Yes	57.3%
No	42.7%

Considering the demonstrated unpopularity of economics in college extension work, the figures seem to indicate that the junior executives do not respond in large numbers to this encouragement.

The percentages are important, however, because they show what *might be* accomplished if the colleges offered an economics course comparable in human interest with the courses given to the employees.

At least some of the colleges are conscious of the need for such a course and have shown definite interest in going outside of the normal academic sources in order to obtain it.

In our opinion great progress could be made in stimulating junior executive enrollment in extension courses in economics were the lesson learned in the corporation courses applied to college teaching.

It might be necessary to change the label to something other than economics, but that would be a small price to pay for an important success.

Do corporations encourage employees' meetings under the auspices of voluntary educational organizations?

This question was answered by 285 corporations.

In 37.2% of the cases the answer was "yes."

This opens a wide vista of new possibilities in adult education.

It means that any qualified leader (for example) in a church club who wanted to start a series of economic discussion meetings might be able to go to local industry and receive aid in enlisting the interest of the church members who were on the company payrolls.

In addition to this, it is customary for local industry to loan motion pictures, sound slides, and other visual aids to interested discussion groups in the community.

This situation is most favorable for any voluntary individual or groups of individuals interested in furthering economic knowledge among adults.

It is to be presumed, of course, that the cooperation of business with these voluntary groups would not be extended to groups desiring to teach an anti-business viewpoint.

But it is gratifying to note how little "management propaganda" is to be found in a huge majority of the courses adopted by management.

In most cases the purpose of the course

is merely to disseminate the socio-economic facts of life and their significance in personal and political life.

Would companies not now encouraging voluntary employee meetings do so if approached under suitable auspices?

142 of the 179 companies that had answered "no" to the preceding question responded to this question.

In 74.7% of the cases the answer was "yes."

In the light of these replies it would seem that most of the educational-minded corporations not *already* encouraging voluntary meetings, *would do so* if the proper opportunity and sponsorship were presented.

This certainly does not indicate any desire on the part of management to monopolize employee education or control its content.

It is probable that any voluntary group whose program involved an interesting and objective program in any phase or aspect of personal economics or citizenship economics could expect sympathetic reception from most corporations.

As has already been noted, employees have welcomed the opportunity to bring their wives, sweethearts, etc., to voluntary meetings with very surprising and gratifying results.

This practice has also been encouraged by some companies in their regular employee conferences when such conferences were held off the premises and after hours.

Is what business teaches really economics?

Any normally inquiring observer newly arrived on the industrial economic training

scene might raise the question as to whether the information and material contained in employee training courses really constitutes what is called "economics."

Such an observer could not escape the obvious fact that unless it was "good business" to use payroll time for educational purposes, business would not spend those tremendous amounts of money for such a purpose.

This raises the possibility that management might be picking and choosing the material contained in the courses to insure a "pro-business" prejudice on the part of the employees and omitting important segments of economics for "indoctrination" purposes.

We have no doubt that if "indoctrination" were practical, many harassed business managers would use it as a short-cut to better labor relations, but to the best of our knowledge, every effort of this kind has been quickly spotted as a "captive audience" technique and as a result was very short lived.

As to course content (does it really teach economics?), the proof is awaiting any investigator who will take the trouble to analyze the "teacher's handbooks" involved in this work.

There is one respect in which these courses differ from formal economics: they constantly *apply the principles* to daily life, to personal progress, to personal freedom, to good citizenship, and the fundamental problem of economic justice.

For this reason these courses, instead of being called "economic" might be called "socio-economic."

But the fact remains that no important economic principles are omitted.

APPENDIX

Copy of Questionnaire includes Summary of Information Gathered from Replies

APPENDIX

SUMMARY OF REPLIES TO QUESTIONNAIRE ON ECONOMIC EDUCATION OF EMPLOYEES ADDRESSED TO MEMBERS OF A. S. T. D.

1. Do you "teach" economics to your employees? Yes: 329; No: 191
2. What groups are covered? Executive: 278; Clerical: 233; Production: 253
3. Please check the methods you employ:

(a) Editorial content of employee publication	200
(b) Mailing or rack distribution of literature	167
(c) "Classroom" teaching with instructor:	148
(d) Conferences with members of management	205
(e) Conferences with professional "outside" leaders	65
(f) Conferences with "amateur" volunteer leaders drawn from conference group	73
4. If conference method is used —
 - (a) Name of text book (if any): Only 9 companies use formal text; no title occurs more than twice.
 - (b) If you use a "packaged" course, please list title: 144 users — See list.
 - (c) Do you use charts: 211; slap-board: 157; strip film: 106.
 - (d) If you use motion pictures, please list titles: 155 users — See list.
 - (e) How long is the course? See analysis.
 - (f) How much time between conferences? See tabulation.
 - (g) How long is each conference? See tabulation.
5. Do you look upon employee education as:

(a) An intensive "one-course" program?:	8
(b) A continuing "multiple course" program?	311
6. If you have ever measured employee enthusiasm for economics, has the result been favorable 172; unfavorable: 2.
7. Have you measured changes of employee attitude? Yes: 57; No: 235
8. If so, could we secure tabulation of results? Yes: 29; No: 19
9. Generally speaking, why are your employees interested?

(a) Their personal "selfish" welfare?	130
(b) "Freedom versus Collectivism"?	91
(c) General intellectual curiosity?	178
10. Do you encourage junior executives to enroll in college extension courses in economics? Yes: 170; No: 127
11. Do you encourage employees' meetings under the auspices of "voluntary" educational organizations? Yes: 106; No: 179
12. If the answer is no, would you be likely to encourage such meetings if offered under proper auspices? Yes: 106; No: 36

4(b) WHAT PACKAGED COURSES ARE USED?

Source of Course	% of Users Drawing on Source
National Association of Manufacturers	38.2%
American Economic Foundation	36.1%
Own Training Department	16.0%
Harding College	11.1%
Miscellaneous :	20.8%

(Use of more than one source causes percentages to exceed 100%)

4(d) WHAT MOTION PICTURES ARE USED?

Source of Films Reported in Use	% of Users Drawing on Source
American Economic Foundation*	33.5%
Harding College	29.7%
National Association of Manufacturers	16.1%
Encyclopedia Britannica	16.1%
Other Sources (possibly involves duplications)	15.5%

(Use of more than one source causes percentages to exceed 100%)

4(e) HOW LONG IS THE COURSE?

% of Respondents	No. of Hours
21.3%	4 hours or less
31.9%	4 to 8 hours
6.0%	8 to 12 hours
9.4%	12 to 18 hours
8.9%	18 to 24 hours
5.1%	24 hours or more
17.4%	Continuous

4(f) HOW MUCH TIME BETWEEN CONFERENCES?

% of Respondents	Time
12.2%	1 Day
1.4%	2 Days
3.6%	3 Days
54.0%	1 Week
10.8%	2 Weeks
2.3%	3 Weeks
8.1%	1 Month
7.6%	2 Months or more

4(g) HOW LONG IS A TYPICAL CONFERENCE?

% of Respondents	Time
2.5%	8 hours
1.7%	4 hours
1.7%	3 hours
21.6%	2 hours
35.2%	1½ hours
34.0%	1 hour
1.2%	½ hour
2.1%	Misc.

*With one exception these films are used as audio-visual discussion aids in connection with packaged course of the American Economic Foundation.