

# *LOOKING AHEAD*

AN  
ADDRESS  
BY  
J. C. PENNEY



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BY



Even as I begin this address I suspect I need to say two or three personal words:

In the first place, I am honored to have had an invitation to address you.

Second, I am grateful for the happy privilege of sharing your fellowship here this afternoon.

Third, I feel I need to tell you that I am speaking with a sense of responsibility amounting almost to compulsion.

It isn't that I believe I have a solution to the many perplexing problems that beset our nation today; it's rather that I believe that in times such as these, with a shooting war in Korea it's the duty of every man to express his convictions concerning those things that are vital to our freedom and to our nation—and in so doing to influence public opinion which in a free society such as ours, is the ultimate court of appeal, and the final arbiter of our decisions.

I am convinced that this is the time when—to borrow a fine old phrase from our fathers' day—every man should “stand up and be counted.”

It may well be, however, that I do feel something beyond an ordinary sense of responsibility—for I am never able to escape the feeling that America has been good to me.

Like millions of other business men in America today I started at what is commonly called “the bottom.” Born on a Missouri farm, I had—when I left my parents' roof—little more to commend me to the world than a faith in God, and a wholesome desire to make something of myself.

Today, I cannot but admit that the years have amply rewarded me for every talent I possess, and for every effort I've ever made—amply rewarded me not only with the world's material goods, but richly rewarded me in many, many fine friendships—rewarded me too

*This Address Was*

*First Given*

*in*

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with an almost endless series of deep and gratifying experiences.

This is no casual thought, Friends; I have often pondered upon it: *I look over the world of our time and I can find no other country where I would have had so many and such varied opportunities for all these experiences and satisfactions which go to make up what men have always thought of as "the abundant life."*

I call your attention to this not merely because America has been good to me, *BUT RATHER BECAUSE AMERICA HAS GIVEN—AND IS STILL GIVING—SO MUCH TO SO MANY.* It's often difficult for us of the United States to see this. Most of us here this afternoon, for example, were born in this country; we grew up here. Without giving it any particular thought we accept our country and the vast wealth, the many advantages, and the countless opportunities which it so lavishly bestows upon us. In short, *we take America for granted.*

But while this may be quite natural—and is certainly understandable—it's also dangerous. "Those to whom much is given, from them much shall be required." This ancient precept is as true for us today as it was for those to whom it was originally addressed two thousand years ago. Sometimes we forget that this stern old statement so cardinal in the faith of our fathers, is true, not because it is written in the Scriptures, but rather written in the Scriptures because it's true.

To gain a wholesome perspective, to see our America for what it is, may I suggest that for a moment or two you try to visualize with me our world today.

A little globe sailing through the illimitable void, carrying beneath a rather shallow curtain of atmosphere approximately two billion human beings. The area of this globe is approximately 196 million square miles—three-quarters of it is water, mostly salt water. Of the 55 million square miles of surface remaining, some ten million square miles are made up of the great deserts and polar icecaps and consequently support no human life. Of the 45 million square miles yet remaining, approximately half is so inhospitable to human life that it supports no more than 25 to 30 million of the earth's family. The great mass of all humanity lives in a rather circumscribed area most of which is in the North Temperate Zone. Eighty-five percent

of our human family lives north of the Equator.

The 70 some nations of the world fall into three general classifications:

There are the agricultural nations of the world—nations such as Uruguay, China and India where men and women live close to the soil.

There is the second group of nations, industrial nations—such as Britain and Belgium—and as Germany and Japan were before the War.

Then there is a third classification: nations which have both agriculture and industry and consequently have what economists call "an integrated economy."

By far and away the greatest number of the nations of the world are agricultural.

A few are industrial.

Of the integrated nations of the world there is, at the present time, only one, our United States.

Canada, carrying on under an impetus inaugurated in World War II, is attempting to develop an integrated economy. Soviet Russia, too, is making a desperate attempt to develop an integrated economy and if it were possible for Russia to provide the incentive, to liberate the energy, and develop the skilled labor and managerial genius, the energy center of our world could shift from our North American continent to Western Asia.

*It is of vital importance that we of the United States see that ours is an unusual and unique position in the world today.*

But let us pursue this matter of our uniqueness a little further. We of the United States occupy approximately 7% of the earth's surface. We represent only about 6% of the world's population. Yet consider what we have:

Our modern world moves pretty much on automotive power; 85% of all the automobiles of the world are owned and operated within the continental limits of the United States.

The skeleton of our modern industrial world is made of steel; 59% of the steel producing capacity of the world is here in the United States.

Forty-six percent of the world's electric power is here in the United States.

Fifty-four percent of the world's telephones are here.

Forty-eight percent of the world's radios are here.

Incidentally, over 90% of the world's bathtubs are here.

Over *one-third of the world's total income* is given to the men and women of the United States; this is the only country in the world where the average citizen *owns his own home, owns an automobile, has a refrigerator and a bank account and a life insurance policy.*

Again consider the figures: Fifty-some millions of our people have savings bank accounts.

Seventy-some millions of our people have life insurance policies.

Seventeen millions of our population own their own homes or their own farms.

Over sixteen millions of our people own stocks or bonds.

But it is not alone in purely material wealth that we excel: here more young people go to high school and college, than go in all the other nations of the world taken together.

The story of America today is the story of superlatives. Here there are more hospitals, more churches, more libraries *than in all the other nations of the world together.*

Above and beyond all that America does for us, her own citizens, there is the thrilling story of what America is doing today and has done for the world over the last quarter of a century. Twice in 25 years it has been the might of America that has stemmed the tide of aggression and tyranny and preserved for mankind the torch of freedom. More, there has never been a time in the last 25 years when the world has needed aid but what America has been there "fustest with the mostest"—whether it was reconstruction in Germany after World War I, famine in China, or earthquake in Japan.

The vast agriculture lands of the United States today supply the foodstuffs of all our people and in addition are helping to alleviate the hunger of nearly 500 million people over the globe.

The economy of our United States is today supporting directly the economies of 17 Marshall Plan nations and in addition is helping indirectly to support the economy of every nation outside of the Iron Curtain.

All this vast wealth and strength and power belongs to less than 6% of the earth's population, men

and women and children who inhabit less than 7% of the land surface of the world. All this belongs to a nation a little over a century and a half old. *That's America, Gentlemen. Take a good look at it. The world has never seen its like before and if it should pass away, it may very well be that the world never shall see its like again.*

We are today the world's greatest nation. We're the mightiest. We're the wealthiest. Yet we are not the first in history to attain that top spot among the nations of the world. One nation after another has made the long struggle upward, stood for a period of time, some longer than others, on the pinnacle of national greatness and power and disappeared down the other side.

Some of those nations we have with us yet. Others are no more than mummified relics on the desert of time!

Persia in the days of Darius occupied a position in the world of that day similar to ours in our world today. Macedonia in the great days of Alexander, Greece in the years of Pericles, Rome under the Caesars, Spain under Isabella, and England in the days of Elizabeth, Victoria and the Georges.

Some of these nations are today no more than names in the history books. It's important that we of the United States keep this in mind. This power which is ours today is not necessarily permanent. This wealth is not necessarily enduring. It can disappear within the lifetime of some of those who are here today. In this year of 1950 we are starting the second half of the 20th Century—and when this century dawned only 50 short years ago, old England was on top. The British Fleet ruled the waves. Men said that the sun never set on British soil. The Pound Sterling controlled the economy of the world.

Today England lives on the American dole—and it's not a very good living either. They call it Austerity. Some of the less reverent of them call it Mr. Cripps' Strength-Through-Misery Movement. But regardless of what it's called, in the story of England today we have a contemporary example of an age-old, historic pattern: the rise and fall of national wealth and power. Because we hold today the position England held 50 years ago, the position so many other nations held before her, it behooves us to ask ourselves where we'll be 50 years from now—at this century's end.

This is a hard, practical question and the American people cannot afford to evade attempting to answer it.

But to understand adequately where we're going we have to ask ourselves how we came to the position that we occupy today. How is it that in a little over 150 years we have become the world's strongest, greatest and wealthiest nation?

There are superficial thinkers—some of whom call themselves economists—who tell us, and much more important, teach our children that the wealth and power of America is merely the result of fortuitous circumstance: that our pioneer forefathers happened to stumble on a virgin continent and that we the American people have done no more than exploit its natural resources. This is sheerest nonsense.

We do have natural resources of course, but many another nation has had, and has, far more in natural resources and has had more time to develop them.

China, for example, has far more coal and iron ore than we have. India, too, is infinitely wealthier in natural resources than the United States. Russia, likewise, has much more in natural resources. No, *America is more than a lucky accident.*

Is it that our people work harder than the other peoples of the earth? There one comes near to the answer—for our forefathers started out holding no more than a beachhead on the edge of a vast, wild, unbroken continent from which they had to literally *bew* and *dig*, and *build* this mighty nation. Our ancestors worked, there's no question of that. Without work we would not have had the nation we have today. But hard work is not only the answer. Men everywhere, the Chinese coolies, the Russian serfs, the Italian peasants, have worked from time immemorial. *No, it has taken something more than work to make America.*

Is perhaps the answer that we are a breed apart? That we have more brains, greater intelligence? Again the answer is not satisfying. Our forefathers came from a score of European countries where *they* endured the same hardships, suffered the same privations, knew the same indignities as those who remained there. *It's not a matter of gray matter solely.*

What is it then? Let us go back to that question, the corehard question of our national greatness. A part of the answer lies here: that *in the American way of life there has been from the very beginning, an incentive*

*for a man to work.* There was an incentive to work because there was *an incentive to save*, there was the incentive to save because there was *an incentive to invest.* America is the result of *natural resources plus labor plus invested capital.* America today has the power that it has, and the American people today enjoy the living standard which they have, because under private ownership and with the incentive of free enterprise, in open competition, *THE AMERICAN PEOPLE PRODUCE MORE THAN ANY OTHER PEOPLES IN ANY OTHER NATION OF THE WORLD.*

Does this mean that the American works harder? *He doesn't work as hard.*

Does this mean that the American people work longer hours? *They don't work as long.*

Does this mean the American laboring man works for less? *The American laboring man gets far more.*

How is it then that the individual American produces more than the individual Italian or Frenchman, or Englishman or Russian? The answer of course is that the American's money is invested in mechanical aids one thousand times stronger and in some cases a hundred thousand times faster than his own arm, or eye, or brain.

One of the problems of England today lies in the fact that the present British Government is living beyond its income. But there is another problem just as deep and just as vital, in the British economy. An American worker in pig iron accomplishes *four times* as much for every man-hour he puts in, as does his British counterpart. The American worker making automobile tires accomplishes *three times* as much per man-hour as does his British counterpart. Compare the American worker with his British cousin, industry for industry, and *the American worker accomplishes three times as much as the Britisher for every hour put in.*

The reasons for this go back a bit: In 1929 Britain was turning back, percentage-wise of her national income, for the modernization and maintenance of her industrial plant, only two-thirds of what she had been turning back twenty years before.

In 1929 U. S. industry was plowing back for the same purpose, *50% more than* it had been turning back twenty years before.

I bring these facts briefly to your attention at this time because over large areas of America today I detect

an increasingly accepted belief that somehow a nation can *legislate* its way into national greatness and national prosperity. Increasingly men accept the belief that a government *can* and *should* guarantee its citizens economic security and prosperity. France traveled this road after World War I. England is trying it today. It has carried countless nations to the edge of the abyss—and over. Today we in our wealth are supporting them in their bankruptcy while we're pursuing the same dangerous course.

Increasingly over the nation today men accept the belief that in this country everybody can do less and less work and collect more and more pay and the nation can grow stronger as they do it. Likewise, men are increasingly accepting the belief that thrift is an outmoded virtue—that saving is no longer necessary—that it is the function of government to provide security for one's self and one's family. Increasingly those who would save and those who have invested, are becoming suspect in our society—and to the bureaucrats in our Government.

But, someone may say, isn't the new philosophy proving itself? When have we ever known greater prosperity than we have today? When have our workers had higher wages? When have our corporations shown higher profits? When, if ever, has business been better? If "by their fruits ye shall know them," then surely the new philosophy is 100% sound.

Someone may say that, for certainly it's true that the nation *appears* prosperous today. But everything has its price; consider what we're paying for our prosperity: increasingly our economy is being *subsidized* and *underwritten* and *inflated* by our Government. And at what a cost to that Government! Our Government, like that of Great Britain and a number of others, is today piling deficit upon deficit. Even before the Korean attack we were told that we'll end this fiscal year June 30th with a deficit of 3.1 billion dollars!

But, someone is thinking, is it necessary that we become terribly exercised over a temporary deficit—when we are so strong and so wealthy? *But these are not temporary deficits.* Our Federal Government has operated in the red 17 out of the last 21 years! With the exceptions of '29 and '30, '47 and '48, we have operated in the red.

How lavish these spending policies have been may be seen from the fact that from the inauguration of

George Washington through the end of Franklin D. Roosevelt's second term, Government expenditures totaled 179 billion dollars; while from President Truman's inauguration up to the end of September '49, Government expenditures totaled 191 *billion dollars.* *Think of it, Gentlemen, one president in less than five years spent more than all of the other presidents of the United States spent in all the years from George Washington's inauguration to 1945!*

Averaging Mr. Truman's years in office against Mr. Roosevelt's, Mr. Truman is spending 14 billion dollars more per year than did the late FDR.

There are those who say, "but we are a growing nation, our economy is expanding." Unquestionably this is true, but consider the *ratio*:

Between 1913 and 1947 the population of the United States went from 96 million to 144 million—an *increase of 50%.*

During that same period of time the number of Federal employees (exclusive of the Armed Forces) went from 400,000 to two million. *An increase of 400%.*

During that same period of time the Federal revenue went from \$724 million in 1913 to \$43,000 million in 1947. An increase of 5,840%.

During this same time the Federal debt increased from \$1.15 billion to \$223 billion — and *went up 19,317%.*

When we consider the size of the national debt however, we have to take into consideration that in the period of 1913 to 1947, we fought two World Wars. Likewise, when we consider the size of our national budget today, we have to remember the amount that we're paying for National Defense—for Marshall Plan aid and to implement the Atlantic Pact or to fight the Communists. But it is also pertinent to ask ourselves whether or not *this whole thing can be put down to National Defense.*

Let us recall the report of the bipartisan Hoover Commission: in that report we have the first, and only non-partisan, objective, picture of the cost and inefficiency of bureaucracy.

Our Post Office department estimates that it will operate this year at a loss of \$500 million.

Consider a few other examples: in many instances the Veterans Administration has been known to take

five times as long to settle a claim as does a private insurance company—and that with four times the manpower.

The Bureau of Indian Affairs has one employee for every 32 Indians.

Some Government bureaus are stocked up with supplies for 50 years in advance. Altogether the Government has 27 billion dollars worth of supplies on hand—and has no central inventory of this vast stock.

The Federal Government today owns 3½ typewriters for every employee using a typewriter.

A year ago the Army dismantled a \$16,000,000 Army camp in Alaska—shipped the lumber to Seattle. Here the Department of Interior took over, and returned the lumber to a point in Alaska within ten miles of where it originated.

In the currently submitted budget we find the Army asking for 838,000 tropical worsted uniforms to cost \$129 each—more than enough uniforms for every enlisted man in the army.

In the same budget the Air Force asked for an appropriation to cover the building of 910 homes in Alaska at a cost of \$58,350.00 each.

But the Hoover Commission dealt only with operating the present Government more efficiently. It made no recommendations, said nothing about *cutting back* Government services.

Again consider the cost of some of these services. At the present time the Federal Government has over *four billion dollars* tied up in a variety of price support deals. By mid-year *an additional billion* will probably be committed. New crops are coming in and we still have with us:

- 200 million bushels of surplus wheat
- 70 million pounds of surplus powdered eggs
- 4 million bales of surplus cotton.

Potatoes for example, have cost the Government 400 million dollars since the War. In stored cotton the Government already has 600 million dollars tied up.

During the first two months of this year the Government purchased eggs at the rate of 6,152,542 per day, every day, Sundays and holidays included. Those eggs have been dried at a cost to the Government of \$1.30 per pound and are finding few buyers at a sale price of 40c per pound.

That few people, even those concerned, realize the extent of the bureaucracy around them, was illustrated by a recent survey conducted in DeKalb County, Illinois. Here 25 farmers were asked how many Federal Farm Agency employees they thought the Government had in the County. The average guess was 51, and 21 of the 25 men queried went on to say that this was too many.

The right answer was not 51, but 178—employees who were paid anywhere from \$8 per day to \$5,380.00 per year.

Last year the Government spent \$86,065.60 to keep these men in that County.

In DeKalb County too, 70 Federal employees, 65 men and five girls, took a total of 560 days to sign up, check performance, and figure results and pay out \$35.01 each to the farmers of the County who cooperated in the P.M.A. program—a matter of spreading limestone, spraying weeds and plowing under clover, which 96% of them said they would have done anyway.

Huge Government expenditures mean heavy taxes—and the taxes add to the cost of everything that the consumer buys, and to the cost of all business. The average working citizen today in the United States pays in direct and indirect taxes, the equivalent of 61 days labor annually. Big Government already costs \$300 per year for every man, woman and child in the U. S. and costs the *average worker at least \$1300 per working year*. Big Government has already contracted a *debt of \$7000 for every family* in the United States. That's our Government and it's a debt contracted *in our names*. It's our promise to pay. We have prosperity, yes—but *at what a cost!*

Gentlemen, with every unnecessary expenditure, with every dollar foolishly squandered, we're narrowing and darkening the future of every man, woman and child in this great land of ours. We're buying ourselves a dubious and temporary prosperity, by mortgaging the future of our children and of our children's children.

Let it be said once and for all, *this new philosophy is not working*. Let it be clearly seen as we attempt to evaluate the future, that *we are forsaking the principles that have made us great*. Yes, let us go the whole way, in admitting to ourselves the truth; let us confess that we've embarked upon—and have already traveled

a long way—along an easy, but a grim and dangerous road. *It is already later than we think.*

But it isn't enough merely to admit this—even as it's not enough to be merely "agin" the welfare state policies of the Administration, and the theories of the various left wing, socialistic, something-for-nothing crowd. We who represent the business and industry of America have to ask ourselves *what we're doing about it!*

Not just what we're doing about it through the organizations to which we belong, the Chambers of Commerce and such, but what we're doing *individually* and *personally*.

For your consideration, my Friends, I submit a few modest thoughts:

FIRST, we need to recognize that if this magnificent thing which men call "The American Way of Life" should pass away, or be unalterably changed, *HISTORY WILL NOT HOLD US GUILTLESS*. We, and the millions like us in comparable positions in American business and industry, represent no small influence in the circles in which we move, and in the communities in which we live. *Individually* we are liked and respected. Ours is a responsibility for setting the tone and determining the attitude of the society of which we're a part. *We must not, we cannot fail to accept the responsibilities which our free society places upon us.*

SECOND, *we* ourselves *need* to become *informed* concerning the *principles* of sound economics. It's not enough to say the taxes are too high, or that the welfare state is too costly, or that bureaucracy is inherently inefficient. *We* need to understand clearly the function of capital—as well as that of labor. Too many of us are afraid to take up the cudgel in open debate, or private discussion, with a clever labor leader or left wing propagandist. Faced with a clever manipulator of the facts we can only shake our heads and sputter.

THIRD, let us lose no opportunity either in our private, personal contacts or through our businesses, and most of all in our association with our own employees, to disseminate the facts concerning our economy. Let us recognize that the job will not be easy. For while a lot of us are *uninformed*, there are millions of the rank and file of the American people who are *misinformed*. More, let us frankly acknowledge that our

Government is using *our* money to continue and further that misinformation.

FOURTH, let us lose no opportunity to exert every bit of influence we have and can muster politically. The less business men interest themselves in Government, the more Government is going to interest itself in business. Don't misunderstand me here: it isn't a matter of one political party or another. General Eisenhower says he is "too dumb" to tell the Republicans from the Democrats and I confess that in many instances I share his so-called stupidity. Their promises are identical. In both cases, for 16 years now, they have been promising something for nothing. I am not interested in which political party you belong to. But I am interested that you are active in the party of your allegiance.

FIFTH, let us rally to our side every public-opinion-molding force which we can influence. Let's make certain that our clergy, those who minister to us and to our families, and speak from our pulpits—whether Catholic, Protestant, Jew or Gentile—know the basic facts of sound economics. Let us concern ourselves with the theories and beliefs of those who teach our children and the children of our neighbors, and of our fellow workers. Let us not be unaware of what is written in the editorial columns of our newspapers and of the way in which the news is presented to us and to our fellow citizens.

SIXTH, let us conduct ourselves and our businesses with a *strict sense of personal morality* and *social responsibility*. Let's give every man his due and do it *voluntarily*. There will be no point in our talking "on the side of the angels" if we "act like the devil."

FINALLY, and most important of all, *let us do everything in our power to strengthen those institutions out of which have grown this philosophy which created America: the American home and the American church*. Character, Gentlemen, develops in the home. And the social attitudes so important to a free society are more often *caught* than *taught*, and they are caught from the child's parents most easily and most often.

As regards the church, make no mistake about it: the American way of life is a by-product of man's faith in the fatherhood of God, and the brotherhood of all mankind. Capitalism, except it be shot through with a belief in those values which are above and be-

yond and yet deep within all life, can be as barbaric as Communism.

Let us get back to bedrock fundamentals, to the place where we recognize that something-for-nothing is as morally reprehensible as it is economically unsound and unsafe. Let us each shoulder his share of the responsibility for strengthening the moral and spiritual life of America.

Now I'm certain there are some of you who think, and quite rightly, that there are great and momentous dangers which we have not considered and which I have not touched upon in this discourse. I know that. The dark clouds of Communism are settling over the East and even rolling in from the east over Europe. Our foreign commitments are heavy and the dangers of an all-out war are great.

But Gentlemen, I have considered the problems here mentioned this afternoon because I'm convinced that if we, the American people, are to play our historic role in this 20th Century, we must first of all be internally sound. *Except we are internally sound, we can never be externally great. Except we're economically solvent, we can't possibly be, over any prolonged period of time, militarily strong.*

*Nor can we fight Communism as an ideology unless we can show to the peoples of the world that we have something finer, better and infinitely greater.*

Gentlemen, a trend has to be reversed. Public opinion has to be changed, or we shall lose for ourselves and our children every good and wholesome thing we cherish.

We business men have a job to do. We're the only ones left to do it.

Let's be up and about it.

Let us recognize the dangers that are about us and the opportunity that is before us. Recognizing once again the full glory of what America is and what it can be—"this last best hope of earth"—and recognizing today, as our fathers did at our nation's birth, *let us here covenant together, humbly and sincerely "pledging ourselves, our lives, our fortunes and our sacred honor" to the cause of a free America.*

May 4, 1950—Missouri Bankers Association, St. Louis, Mo.

May 26, 1950—National Restaurant Association, Chicago, Ill.

May 31, 1950—Rotary Club of Omaha, Omaha, Neb.

June 15, 1950—Rotary Club of New York, New York, N. Y.