

BANKER DESCRIBES ADVERTISING'S AID TO AMERICA'S PROSPERITY

Paul M. Mazur, Lehman Brothers, Warns "Abusers of Our Distribution System"—Claims Group Competition Will Prove Important Factor in Battle for Consumer's Dollar

ADVERTISING was placed at the top of the list of causes of America's present prosperity by Paul M. Mazur, general partner of Lehman Brothers, bankers, addressing the retail group of the Advertising Club of New York, Jan. 13. Mr. Mazur is an economist of considerable standing and author of "America's Prosperity, Its Causes and Consequences."

Assuming in the beginning of his address that there is prosperity in this country today and that prosperity seems most likely to continue during 1928, Mr. Mazur described the situation as "one of the puzzles of the age, which can only be solved by advertising."

He took issue with recent critics of America's distribution system, Herbert Hoover, who claimed waste, and Stuart Chase who bitterly arraigned advertising in his book "Your Money's Worth," published last year.

"Increase advertising now and America's industry will be perfectly safe," Mr. Mazur maintained. "We can expect this country to expand to limits which today may seem unbelievable."

"We should have no fear of continuing to exploit our consuming powers, our ability, as a nation, to consume. We are not doing anything uneconomic."

"There has been considerable fault found in recent years with the American system of distribution, which calls for mass production and mass selling. This criticism has come from the Department of Commerce, from university professors and economists. All their arguments have been to the effect that American manufacturing has reached the ideal of efficiency, while distribution methods in vogue are branded as inefficient and wasteful."

"Yet our distribution system as it is constituted is the gatherer of fuel for the machine of mass production. Those who are seeking to destroy our distribution methods based on extensive advertising should look ahead and see if they are not destroying the very god they worship, mass production."

At the start of his address, Mr. Mazur, introduced by Sheldon Coons of Gimbel Brothers, New York, as a banker sympathetic to advertising, Mr. Mazur declared that he was beginning to have doubts about theories he had held regarding the importance of advertising to modern prosperity until reassurance was given him by the huge newspaper advertising campaign placed by Henry Ford and the comprehensive advertising program of General Motors.

"What has caused our prosperity," Mr. Mazur asked, "It has been said that prosperity is due to America's productivity and its high wages. I have a different point of view. In order to trace our prosperity, I believe we must understand the American business man's philosophy."

"This philosophy grew out of conditions which obtained during and immediately after the World War. During the war, when business was active and sales were at a high level, the income tax was put into force and the government began to clip high profits. Then it became to be considered good business to spend money on advertising. In considering our business men's philosophy, we must also remember that America is an athletic nation. The desire to break records is born in us. Sales records achieved during war times were not considered abnormal. In fact our business men insisted they should be exceeded. Then it was definitely established that advertising, indulged in to beat the income tax, was the best known force to help us beat our previous records."

Commonly stated causes of prosperity, which Mr. Mazur declared he did not believe played any part in the picture were listed by the speaker as politics, with Coolidge having no effect on the

nation's business, in his opinion; the federal reserve system, which, however, he praised as the finest in the world; high wages, which he classed as a result, rather than a cause; education of the business man, which he dismissed with saying that business men were not using economic services made available to him by education; and finally mass production, which he considered rather as a result of a demand created by advertising.

"What does cause prosperity?" the speaker continued.

"First of all, advertising. The wheels of industry only keep steadily turning when oiled by increased sales. Labor resents any reduction in wages and in order to maintain high salary levels it was necessary to maintain production. To accomplish this we called on advertising, and with success."

"As we began to use advertising more, we discovered new things about it and about mass psychology. We learned, for example, that utility plays only a small part in interesting consumers in our products. Utility has been eliminated as a factor by desirability."

"We have also eliminated depreciation as a factor in demand and substituted obsolescence. In other words, in our advertising of automobiles we stress style, rather than qualities of durability. Actually an automobile should have an average life of seven years. If that was allowed, however, we would not have a market as we have today for 5,000,000 motor cars. We advertise style in order to make products manufactured yesterday obsolete today. And we create new needs today, by advertising, to be satisfied tomorrow."

In addition to advertising, other factors which Mr. Mazur declared contributed to American prosperity, were given as follows:

1. Improved idea of salesmanship.
2. Conversion of demand into purchasing power.
3. Building boom.
4. Maintenance of our export balance.

As part of the creation of current prosperity, Mr. Mazur maintained there have grown up a number of important conflicts. There exists for instance, the conflict between the national advertiser and the retailer.

"These conflicts amount to battles for consumer loyalty," Mr. Mazur declared.

"The real competition today exists between industries. For example three or four billion dollars spent for automobiles withdraws just that much away from the purchasing of radio sets, of food specialties, and flowers. Thus industries are combining to spend more and more money in advertising to capture the consumer dollar."

"National advertising is the device that is being used by all parties in the battle for consumer loyalty. I look for an increase in advertising expenditures in the next 10 years from \$1,000,000,000 a year to \$1,500,000,000. The battle is of sufficient significance for American business men in groups to join hands in efforts to persuade the consumer to spend their money with them."

LONDON, ONT., PRINTERS' STRIKE SETTLED

Dailies Continued to Publish During Three-Day Deadlock—Men Return at Old Scale

A three-day strike of the printers in the composing rooms of the *London (Ont.) Press Press* and the *London Advertiser* came to a close on Monday night of this week. For some time negotiations have been in progress for a renewal of the agreement with the typographical union which has been in effect for the past three years.

The men asked for \$2 a week increase and certain changes in the agreement to which the publishers objected. The publishers offered to renew the old agreement. A deadlock was reached and on Friday night, Jan. 13, men walked out. Some 20 men were ready to take their places and manned the composing room of the *Free Press*. The *Advertiser* was left in darkness.

A 24-page paper was published Saturday morning, the headings of the front pages and the editorial page alone being changed. Both papers publish evening papers and the same proceeding was followed again on Monday morning and evening.

The typographical union appealed to Hon. Peter Heenan, Minister of Labor at Ottawa, and M. S. Campbell, chief conciliation officer, was sent to London Monday and opened up negotiations.

The men finally agreed to return to work under the old scale of wages. A clause was added whereby on the appeal of one party the wage clause in June, 1929, may be referred to a board of conciliation appointed according to the regular procedure in such cases under the Canadian Department of Labor.

OAKLAND TIMES MADE SEPARATE DAILY

Will Sever Connections with S. F. Examiner Feb. 1, Becoming Distinct Unit in Hearst Group

The *Oakland (Cal.) Times* will appear as a separate and distinct newspaper starting Feb. 1, according to recent announcement. This paper is now published and sold with the *San Francisco Examiner*.

The *Times* will be published every morning in the week except Sunday. Copies will sell for two cents each, while delivery by carrier will be 40 cents a month. It will contain telegraphic news of the state, nation and world and publish features, broadening into a newspaper of general circulation from its present status as a purely East Bay edition supplementing the *Examiner*.

Entrance of a full-fledged daily into the Oakland morning field will give William Randolph Hearst four newspapers in the San Francisco Bay region. In addition to the *Times* is the *Oakland Post-Enquirer*, an afternoon daily, while the *Call and Post* is Mr. Hearst's afternoon publication in San Francisco, with the *Examiner*, father of them all, appearing in the morning.

The *Times* originally was simply the East Bay supplement of the *Examiner*. Later it developed its own name, but has continued to be published with the *Examiner*. Its distribution has been limited to sales and home deliveries in the East Bay region, comprising the cities of Oakland, Berkeley, Alameda, San Leandro, Hayward and Richmond.

Within the past six months publication of the *Times* was started in its own Oakland plant. Now comes the word that the publication will stand on its own feet as the newest paper in the Hearst chain.

Addition of the *Times* gives the San Francisco Bay territory three morning and five afternoon papers of metropolitan character. In addition are afternoon papers in the smaller cities of this section.

Speaking of the separation, the *Times* said, in part:

"At present the East Bay is the only large metropolitan district in the United States without a separate morning newspaper of its own, carrying to its breakfast tables telegraphic as well as local news. The *Times* believes this important community is entitled to a complete morning paper of its own. Most metropolitan centers of comparable population, but with less prosperity and progress, have two morning papers."

Edward A. Vandeventer, formerly editor and publisher of the *Oakland Post-Enquirer*, will be editor and publisher of the *Times* and Wesley Plunkett, formerly of the *San Francisco Examiner* will be business manager. I. J. Hentschel, formerly local advertising manager of the *Minneapolis Tribune*, has been named advertising manager and Gene Callahan, of the *San Francisco Examiner*, national advertising manager.

Other editorial and business executives are: Edward W. Parker, chief editorial writer; C. F. Royce, news editor; F. J. Demel, classified manager. All three have been on the *San Francisco Examiner*.

The *Times* will be represented by W. W. Chew in the East, W. H. Wilson in the West and by J. C. Hoffmeyer on the Pacific Coast.

HARN SPHINX SPEAKER

Will Address Advertising Men at Waldorf Luncheon, Jan. 25

The Sphinx Club of New York will be host to more than 200 advertising executives Jan. 25, at a luncheon at the Waldorf Astoria at which O. C. Harn, managing director of the Audit Bureau of Circulations, will be the principal speaker.

Mr. Harn will talk on measures on space value as observed by him in his activities. R. F. R. Huntsman, president of the club, will preside.

LORD ROTHERMERE ATTENDS THE RACES



Lord Rothermere, famous British publisher, wagered a few shillings in New Orleans on an animal that ran fourth of seven horses. Rothermere reached New York this week after being the guest of Amon G. Carter, publisher of the *Ft. Worth (Tex.) Star-Telegram*, last week-end. The picture, taken at the New Orleans track, shows, left to right, G. Ward Price (with monocle) editor of the *London Daily Mail*; Judge J. A. Murphy, Paul F. Jahncke, Lord Rothermere, and Frank W. Clark, Quebec, associated with the Rothermere paper mill interests.