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# GLUM ECONOMICS FOR ENGINEERS

By J. M. SHULMAN

A YEAR ago the nation as a whole was enjoying a mild form of prosperity. Business was good, production and employment curves ran high, and to the college graduate of June, 1937, prospects for getting a good job seemed brighter than they had for a good many years previously. In engineering, the proportion of seniors placed before graduation was relatively high, and postgraduation statistics showed approaches to 100 per cent employed in several branches of the field.

Today we are in the midst of what has been called a business recession. Whether the term recession has been applied to avoid use of the word depression, or because the term is proper for the phase of the economic cycle following prosperity, is not quite certain. At any rate the condition may have been a recession back in October and November of last year, but if anyone doubts that the state of affairs in business today is other than a depression of the first order, let him consider some of the following statistics on industrial activity comparable only to the bottom lows reached in 1932.

The most recent Federal Reserve release of business statistics shows these declines in activity between February, 1937, and February, 1938: factory production, 35 per cent; mining output, 12 per cent; iron and steel production, 61 per cent; automobile output, 48 per cent; textiles, 37 per cent; factory employment, 17 per cent; factory payrolls, 23 per cent; freight car loadings, 24 per cent; building construction, 23 per cent. The lone encouraging, or more properly the least discouraging figure is that of department store sales, which have been adversely affected only to the extent of 7 per cent.

Even if totally unaware of the above figures, the engineering student who keeps his eyes and ears open would not be likely to miss entirely some of the evidences around the quadrangle that all is not well in the business world. Not much more of an indicator is needed than the conspicuous absence of so many company representatives who in normal times would be on the campus early to obtain the best in engineering talent.

If some of the things we read are true, the present depression is taking a heavier toll on employment in engineering than would ordinarily be expected even in view of all the other adverse conditions. The end of 1937 and the first month of 1938 were marked by wholesale firing of engineers along with factory employees in many concerns. The editor of a foremost communications magazine wrote in February that their editorial offices "have never seen so many men, scien-

tists, engineers, older men, younger men, who have been suddenly thrown out of jobs they have held, some of them for upwards of ten or more years. Research and development men have not been spared. They have gone out along with production men." He summed up the situation with a grim, to-the-point statement, "That, in our opinion, is a depression, and a damned discouraging depression."

From time to time during the first three months of 1938 there were rumors that the end of the depression would soon be at hand. The downward curve of industrial production, which had had an exceptionally steep slope from September through December of 1937, tapered off during the first quarter of this year, providing a reason for hoping that the bottom had been reached and evidences of recovery might soon appear. April witnessed economic experts expressing altogether different views on the subject, however.

Apparently the forces which caused the nosedive are still actively at work to prolong it. The normal demand for automobiles did not develop early in the spring, and little new construction with private funds was begun. Business activity, having completed the first phase of the depression six months long, is claimed to have entered upon a second one, and developments so far in the second phase indicate that the present business state is no mere temporary one and that there is little ground for expecting prompt recovery.

All this presents a mighty pessimistic picture for those expecting to graduate in June of 1938. However, the facts are facts, and it is better to realize them fully and face them squarely now rather than to take the ostrich-in-the-sand attitude and come to a double amount of woe later. There is one noteworthy fact of a different kind, which throws some brightness on the otherwise drab outlook. The depression will have an end just as surely as it had a beginning, and though some graduates will doubtless have to take it on the chin for a while, their day will come, and when it does they will have been the better off for their experience.

For the underclassman to pass the situation by lightly as something not for him to give a care about is folly. Cyclical fluctuations in our economic system of greater or lesser magnitude are apparently inevitable, and the times of their occurrence have yet to be accurately predicted. The graduate of one, two, or any number of years hence may be fortunate and find himself getting off the college train in the sunshine of prosperity. On the other hand, he may have to get off in a rain of economic depression, in which case he cannot expect his sheepskin to serve as much of an umbrella.