

IN DEFENCE OF ADVERTISING

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OF late years many and various attacks on advertising have been made. Most of these have been probably the expression of honest doubt as to its value. But some of them, especially of the last few months, may not have been entirely uninfluenced by the desire, made general by this "Great Depression", to find some scapegoat to bear away our sins and so our sorrows.

Advertising will not do for a scapegoat. Whatever its faults, they are not those of Debts and Reparations, Prohibitive Tariffs, Artificial Deflations, and the other Great Devils at present mastering the world. The honest doubters, foremost among them Mr. Stuart Chase, do not make the mistake of attributing all evil to the object of their abhorrence. They are concerned only that advertising should not keep too fair a place among the Good Spirits of our day.

Also, few of these critics of advertising are in the class with Mr. Michael Sadleir, English literary essayist, who advocated taxing billboard advertisement to death, because of its ugliness and its obscuring of beauties rural and architectural. Mr. Sadleir is easily to be answered by merely showing that ugly advertising has in America committed suicide (it "abvertises"), and that it will do so sooner or later in slower-moving England.

But the other critics talk a harder language, of dollars and cents. They say those who buy advertised goods do not get their money's worth, because not all of their money goes to paying the old familiar costs of interest, wages, and the profits which stimulate the *entrepreneur*. They say that advertising also limits, interferes with, the freedom of consumers' choice, and thus wrecks a chief support of that *laissez-faire* capitalistic economic mechanism which Adam Smith thought so beautifully symmetrical and just as to be surely the work of God's "invisible hand". They say, in one set of words or another, that advertising is uneconomic.

There are two possibly valid sorts of objection appearing more or less vaguely in the criticisms referred to.

In the first place, the pure theorist of economics would be justified, at least pragmatically, in his attack on advertising if it threatened to destroy, *i. e.*, to make inapplicable and therefore untrue, the very elaborate *schema* of industry and business which generations of students have created and this present generation

has so carefully learned. A perfectly disinterested economist might not care if adjustment of demand and supply in a market became (because perhaps of advertising) no more a characteristic economic phenomenon, and he had to start his science all over again. But let us hope, in the interest of the science's relation to fairly sordid ordinary life, that there are no such men, and let us therefore treat as important objections to advertising made even pendants by those skilled in the lore of economic science.

Secondly, the practical man might justly object to advertising—and he would object whether justly or not—if it were proved that advertising robs him. There would be objection to advertising if it were an unnecessary addition to the cost of goods, if it were *unproductive*.

At this point some of the senses in which occurs that word *productive*, which is so difficult to keep to an exact meaning, ought to be distinguished. It is obvious, if it be granted that business men have enough intelligence to know their own business, that advertising must be productive from the point of view of the *entrepreneurs* who employ it. The users of advertising must find it make their sales increase, or at least their profits (and anyone who believes in a free-enterprise economy regards profits as the index of what ought to be done), or else it would not exist. It does exist; it does pay someone besides newspaper owners and advertising agents.

But there is of course another sense in which *productive* may be taken. Advertising may be productive of wealth only for some individuals. It may only, and because of peculiar conditions within our competitive individualistic economy, *divert* wealth into some particular channels. It may *create* no wealth itself, make no addition to the total wealth of society. If advertising were unproductive socially, there would be valid and serious objection to be taken to it by those who would stand not to share the narrower productivity of it, or would stand to lose—and in these classes of people would be of course the majority of us. Mr. Chase and most of the other critics, when they have been at pains to speak directly to our thoroughly selfish characters, have intended to stimulate us to make objection to advertising on these grounds of its social unproductivity.

But the cases which have been built up to show that advertising is not productive have none of them been well founded. The builders of these, no less than the pure theorist nettled by the threat of having to revert from teacher to student, are the victims of their own misconceptions.

II

The misunderstanding into which the theoretical economist has fallen may be disposed of first. It is a misunderstanding of classical theory itself ("classical" theory being the modern theory developed from Marshall's *Principles of Economics*) to think that advertising is an economic phenomenon, or a creator of phenomena, which will not fit the scheme of the old science. A proper analysis of modern advertising as an important economic fact makes no demand whatever for sweeping revisions of the science which is supposed to describe these facts. And this contention will be proved, in this essay I hope, when we have described advertising and its economic significance with the help of the familiar structure of the science of economics as given by Marshall, Cassel, Taussig, and the rest.

To give successfully such a description of advertising will be to refute, at the same time as the theorist, the "practical" man and his objections. Furthermore, to "practical" critics of advertising no apology need be made for dragging their case thus into the realm of economic theory. No theoretical science, least of all economics, has other importance than as it compels clear thinking and aids understanding of the phenomena with which it deals. Therefore the more scientific the treatment of some particular problem such as advertising, the more likely it is to be valuable, especially in the case of economics where the science has among its premises (though too often this one is concealed) a definite, practical and almost universally acceptable social aim.

The science of economics was created by a group of men, called the physiocrats, who lived in France at about the middle of the eighteenth century. Their work was marred by a meta-physico-religious preconception, which was that God is the ultimate, therefore the only true, producer. God exerts his productive power through the generations of birds, beasts and fishes, so the physiocrats said, and through the increase of grain sown on fertile land. The only men who can be called in any true sense productive are those who co-operate with God, as animal husbandmen, fishermen or farmers. Craftsmen, manufacturers and tradesmen are all unproductive, because they only change the form of the products of Nature and its human fellow-workers, or move these products from place to place. But that there must be something wrong with this theory of the physiocrats appears when it is noticed that the fisherman only moves his "product" from its home in the sea to its place of consumption, that the farmer does nothing more magical

in planting seed and then reaping than does the chemist mixing inert sulphur and saltpetre to make gunpowder. The physiocrats, to be consistent, would need to admit no human being to be productive.

Adam Smith did not commit the physiocratic mistake about manufacturers and distributors. He regarded them as productive, rightly. But he did not know the true explanation of productivity. So he did fall into a fallacy, and his fallacy was calling domestic servants, musicians and the like unproductive, because they deliver not goods but intangible services.

The present fallacy is treating advertising in the same narrow unanalytical way as the physiocrats did grocers and Adam Smith did valets.

But seeing why this doctrine of the wastefulness of advertising is just as fallacious as Smith's depreciation of actors and servants requires understanding of that very explanation of value and productivity in general which was not known to the physiocrats or to Adam Smith. This explanation was the work principally of the economists Hobson and Marshall. These men showed how it is *utility* that is the essence of economic value, and with scarcity the source of price. Goods and services cost money, they have values which money-price expresses, because people want them and there are not enough of them existing for everyone to have all he wants. The term *utility* expresses this fact, that goods are useful to people, or at least that people think them useful or for some other reason want them. Valuable things are then, for economics, things which people want. There is a philosophical theory being made current to-day—by a group of logicians most of them resident at Cambridge University—that the only values of any sort are things or courses of action which at least some people want. Thus so-called moral values are fundamentally not different from economic values, except that the economist restricts his study to values which are goods and services which can be bought for money. And the only reason for this restriction is that money-price provides a means of measurement and thus a basis for a scientific procedure. People are willing to pay for goods in proportion to their want of them, and so price expresses a fact about people's wants. It expresses value derived from utility.

So much about value being known, it is easy to understand productivity. Any human activity which issues in goods or services which command a price is productive. The fact of the price being paid is the proof of this. People would not pay money for anything which represented to them no utility, for which they

had no desire. Advertising has a price, a very high one. Therefore it must be connected, directly or indirectly, with human wants.

The above argument, in spite of its being logically simple, may nevertheless be repudiated as unconvincing. However, the chief obstacle to its acceptance is not hard to find. This is, that the connection between advertising and human wants—at least the satisfying of human wants—is obscure, just as the connection between the work of distributors and satisfied human wants was obscure to the physiocrats. For a long time it was not realized that a herring has no value while it is in the ocean. Value exists only in the market, where are the people willing to pay prices for herring and other goods, and where are also the goods they are to pay for. The values of the goods are not completely created until they are sold at a price on the market (or in the shop). It is obvious to the farmer of to-day that freight contributes largely to the market value of wheat, the work of delivery-men largely to the price of bread. Distribution, whether transport or retail-selling organization, therefore creates value, *produces* in quite as real a way as men apparently working close to some sort of "First Cause"; and in the modern world distribution produces a far larger part of the ultimate value than does so-called production.

As for advertising, it is simply one part of the distributive machinery, and thus also of the total productive machinery, of the modern world. It pays its way; it produces value. A motor-car is worthless before it is made. It is also worthless before it is carried to a place where there are people who could use it or (and this is all the economist can ever know) where there are people who want it enough to pay for it. Finally, such motor-car is still useless until people know that it is in this new place, for people cannot want (despite the mystic "yearnings" of which some novelists tell) something which they do not know anything about, something of which they have never thought. Advertising helps to satisfy human wants (*i. e.* it creates value), even when it seems merely to be helping to create the wants. And its contribution to these correlative processes of creating and satisfying human desires is in the last analysis not different at all from that of any other sort of human productive endeavour.

It is agreed indeed already, by the critics of advertising, that "mere announcements" perform a valuable socio-economic function. But such critics maintain also that, even granting so much value to advertising, they can yet, with the help of a division of advertising into good and bad kinds, continue to attack most of it as now in existence. Here they are wrong. They are wrong even

though they may continue to appear right to many of the people of this generation, because of the prejudiced theories of moral and social "good" which are so strong in the prevalent "climate of opinion" of to-day. There is a powerful prejudice to-day to the effect that there are some true good things and aims, other false ones, and that these can be distinguished from one another directly, without dependence on a calculation of probable consequences, without reference to whether or not people pay any attention to such pseudo-goods through their actions. It is said to be wrong to steal, for instance, for other reasons than that some unlucky robbers (usually the small and weak ones) get caught and put in jail; for other reasons than that experience shows it an easier world to live in if people don't steal; for other reasons than that most people do not steal. In fact, however, there are no "moral" reasons, no reasons other than the practical ones that if we are wise in our own interest we shall not want to steal. Similarly, there are no good things for individuals or society other than the things people want, regard as good for their own personal reasons. Thus it is not possible for critics of advertising, or any other social phenomenon, to say that it ought not to be because it creates wants which people ought not to have. Such statements violate a fundamental postulate of economics, which is that any want is as good as any other want, if people will pay the same amount of money to have it satisfied.

III.

The great assumption of economic science is, of course, that it is good that people's wants should be satisfied. This assumption is justified by the fact that people do act to get their wants satisfied. Economics has come into being, it is a study which is carried on now, partly perhaps because Mr. Keynes and Mr. Mitchell have a curiosity to find out how things work, but largely because Mr. Chase, and most of us, believe that the study of business and industry will enable us to get more of our wants satisfied. The purpose behind the study of economics is to cause business and industry to create an ever greater total of utility, of human wants satisfied.

Advertising is in complete harmony with this fundamental purpose, this premise too often concealed, of the science of economics. The aims of the two are the same,—more utility. Both the purest of economic theorists and the most practical head of an advertising agency share motives and beliefs. They both believe that humanity has a capacity for continuous expansion of its desires side by side

with satisfaction of desires previously stimulated. This is the nature of man, they say, that he is never satisfied; yet we must continue both to try to satisfy him, and to find new channels for his dissatisfaction, because man's happiness comes not simply from the satiating of one desire, but from the continuity of desires and satisfactions.

No classification of wants, no division of advertising into kinds, no invidious comparisons of new "psychological" methods of advertising with the old simple announcement technique, can therefore be in the least justified. No one can say that people should not want to drink more coffee, should not want to try a new and smoother shaving-cream. There is no reason why fear, or sexual desire, or envy of the luxurious habits of a film star should not be associated with any human demand for goods whatever. These motives, fear, or whatever else, have always guided human activity. What has happened now, since these have been brought within the sphere of advertising, is only that a few people know that fear inspires the toothbrush, and use that knowledge deliberately.

There is only one way in which the value of advertising can be impugned. That is a hard way, because *a priori* arguments—from the relation of advertising to the educating of taste, the creating of more and more wants and thus of new utility—are all on one side. The critic must henceforth give up his generalizations, and undertake the difficult task of showing how advertising in some particular direction decreases the total of human wants and thus of human satisfactions. He must show how advertising makes man a stodgier, duller, more satiated animal, instead of the zestful being we see him in fact increasingly becoming.

IV.

Liberals and individualists are to-day, many of them caught, on the horns of a dilemma. Their susceptibilities are touched (and liberals are notoriously sentimental) by the loss and the waste and the suffering existent under our present economic order. Yet they see their cherished *laissez-faire*, their freedom to do as they wish, to be the chief obstacle to the ending of all this. Economic planning, controlled production and controlled consumption, seem to them genuine needs, and yet these also seem incompatible with personal freedom. Liberals and individualists object to advertising, for that very fact above-mentioned that it gives to the few deliberating advertisers control over the mass of human desires. Liberal sociologists dislike advertising, believing with Edmund Burke (whether aware of this or not) that humanity moves quicker

to its goal of progress stumbling blindly, than lighted onward by the few who know what they think progress is. Liberal economists dislike advertising, believing that out of the chaos of spontaneous wants comes a greater total of satisfaction of wants than if wants are set by advertising in the direction where the means of satisfying them are already prepared.

The success of control, whether practised by the State in Russia or by private monopolies, trusts and combines, has decimated the ranks of the liberal and individualist economists. It is a fact now that in many fields the producer, or some other body, has considerable control over demand; and this is no longer thought, as it was in 1890 when the Sherman Anti-Trust Act was passed, to do of necessity any great harm. Therefore that advertising gives the producer another instrument of control over demand, an instrument on a par for power and monopoly, is no longer to most economists a reason for attacking it. As was shown above when it was stated that "making known" is fundamental to the existence of wants for goods, exchange of goods and an economic order of any sort imply at least rudimentary advertising. Also and on the other hand, demand is still a reflection of human wants, no matter how it is created. Therefore the producer's having now an instrument for creating and directing demand disrupts neither our economy nor our economics.

Furthermore, there is this special significance in the effect of advertising on demand, that the control of demand which advertising gives may be a most potent instrument in solving those problems of waste which face industry to-day, and an instrument of solving them in a way more soothing to the feelings of liberals and individualists than the harsh method of State edicts practised in Soviet Russia. Control of some sort is a pre-requisite of controlled or planned production. The producer must know definitely what amounts of his product he will be able to dispose of, and on what terms, so that he can adjust his productive mechanism accordingly. Only thus can the greatest cause of economic loss—supply out of adjustment to demand—be eliminated.

Now advertising can be made a weapon for controlling demand. At a cost comparatively small, people can be induced by advertising to want particular kinds and qualities of goods, and in calculable quantities. This is being done already; advertising has been largely instrumental in causing people to accept readily the high degree of standardization of manufactured goods which has come about recently, and which has been an important factor in the increase of material wealth that the last decade has seen. Advertising is the most practical method of achieving the control

over demand which decreases waste, especially in the case of the demand of individualistic freedom-loving peoples, because it gives control without irksomeness. It goes to the root of the problem of control of consumption, and makes people's wants flow in those directions (towards standardized mass-produced goods) which economists and industrialists know to be the best for ensuring the satisfaction of wants on the largest possible scale. That advertising should have grown up to perform this function, in free-enterprise economy nations, without the turmoil that Soviet Russia has gone through in moving towards an identical end, is almost a vindication of Adam Smith and his oft-derided "invisible hand".

Those who object to advertising, on the score of this deeper significance that it has in providing an instrument of conscious control over the wants of the majority, are the few radicals who have broken away from the control of the predominant cultural environment of our day at a few points, and who therefore think, falsely, that they have reached an independent standpoint. They are people objecting to conscious and planned guidance of what shall be the dominant social customs of nations, not realizing the necessity of uniformity, not realizing even how vast is the extent to which they themselves are still bound to such customs. While such people may drive a motor-car unequipped with the latest gadgets, yet they wear the clothes, eat the foods, enjoy the golf and the badminton that other people do. And the answer to their general argument, which is essentially that they do not wish to be led where the rest are going, can be given in the rhetorical question, —do they believe, again with Edmund Burke (ideal spokesman for both liberal and conservative of old schools) that the rest would go in any better direction if left to themselves than if guided by the highly intelligent men who advertise? Is *custom* to be sacred just because, and only when, it is haphazard?

V.

Advertising is in the ultimate analysis a mere branch of the great art, now slowly becoming a science, of propaganda. Propaganda is a vital force in social life. How vital will be seen when it is realized that "education" of any kind,—"truth" being so unstable a thing, so difficult to determine absolutely—is only a part of propaganda too. The school-teacher in a sense only advertises Euclid and Cicero, and too often with a technique that is woefully inadequate. Propaganda gives direction to social life, because it is the work of the people who think on purpose, deliberately. It is the work of the people who do the thinking for the multitude which is now, and seems likely always to be, too busy enjoying itself to bother about the sources of enjoyment.