

II. Industry

1. Situation of principal industries (productive capacity, output, consumption and employment).
2. Nature of present difficulties in industry; their industrial, commercial and monetary causes.
3. Possibilities of action:
 - (a) Organisation of production, including, in particular, international industrial agreements, considered from the point of view of production, of the consumer and of labour; their legal position; their connection with Customs problems.
 - (b) Importance of collection and prompt exchange of statistical information with regard to industrial production.

III. Agriculture

1. The present position of agriculture compared with pre-war conditions, in respect of production, consumption, stocks, prices and free circulation of agricultural products.
2. Causes of present difficulties.
3. Possibilities of international action:
 - (a) Development of, and international collaboration between, producers' and consumers' organisations, including the different systems of co-operative organisation.
 - (b) Continuous exchange of all relevant information concerning agricultural conditions, scientific and technical research, agricultural credit, etc.
 - (c) Development of the purchasing power of agricultural producers.

After a week of plenary sessions the conference was subdivided into three large committees—on Commerce, on Industry, and on Agriculture—and began the study of the material within the competence of each.

In the Committee on Industry a notable change was made in the agenda. The emphasis on rationalization in the plenary sessions led the Committee to plan its main discussion about two topics: the first being rationalization; the second, cartels, of "international industrial agreements." The discussion of the first topic revealed an unexpected unanimity of opinion. The labor leaders accepted scientific management as inevitable and demanded a share of the benefits. Some of the consumer groups stressed the need of consumer benefits. The employers of all countries were a unit in praising better methods. And the resolutions unanimously adopted by the Committee on Industry and eventually by the entire Conference represented a liberal and enthusiastic approval of scientific management, asserting "the urgent need of greater, more far-reaching and better co-ordinated efforts in this field." The Conference specifically recommended that the "Economic Organization of the League

should keep in touch with the institutions specially concerned with this subject, and should include a note of its development in its reports on industrial conditions."

The whole of the resolution on rationalization follows:

GENERAL CONSIDERATIONS

The Commission took as its central problem the question of how costs of production, and therefore prices, could be reduced, with the object of securing a better equilibrium between productive capacity and demand without adversely affecting the interests of the consumer or the worker. In particular, with this object in mind, it considered: (1) the question of rationalization in its various aspects and in this connection, (2) international industrial agreements, and (3) the collection and exchange of information with regard to industrial conditions. It has been mainly preoccupied with the European situation, for it is that situation which at the moment presents the gravest difficulties and calls for the most careful consideration. The problems which arise and the recommendations submitted by the Conference are not entirely new. The need at the present time is to accelerate a process of evolution which has been operative for many years. That need has been intensified by the events of the last decade. To this end the moral prestige of the League which has taken up these problems, the preparatory work which has been carried on for many months with the aid of economists of the highest standing, and the interesting and full discussions of the Conference itself have certainly attracted the attention of the public and have imparted a new energy and impulse.

RATIONALISATION

The first of these problems is that of rationalisation, by which we understand the methods of technique and of organisation designed to secure the minimum waste of either effort or material. It includes the scientific organisation of labour, standardisation both of material and of products, simplification of processes and improvements in the system of transport and marketing.

The Conference has unanimously recognized the benefits of rationalisation and of scientific management and it asserts the urgent need of greater, more far-reaching and better co-ordinated efforts in this field.

While conscious of the advantages of rationalisation, both in the lowering of costs of production and of prices and in expanding markets, the Conference has not been blind to the temporary unfavourable consequences which its application may involve in the case of certain categories of workers. Though, both directly and as consumers, the latter should in due course obtain their share of the advantages of a better organisation of production, they may be adversely affected for a time by temporary unemployment while readjustments are being made. In the following resolutions, special account is taken of the legitimate anxiety which may thus be occasioned.

In view of the importance of this question of rationalisation, the Conference considers it desirable that the Economic Organisation of the League should keep in touch with the insti-

tutions specially concerned with this subject, and should include a note of its development in its report on industrial conditions.

RESOLUTIONS

The Conference considers that one of the principal means of increasing output, improving conditions of labour and reducing costs of production is to be found in the rational organisation of production and distribution.

The Conference considers that such rationalisation aims simultaneously:

- (1) At securing the maximum efficiency of labour with the minimum of effort;
- (2) At facilitating by a reduction in the variety of patterns (where such variety offers no obvious advantage) the design, manufacture, use and replacement of standardised parts;
- (3) At avoiding waste of raw materials and power;
- (4) At simplifying the distribution of goods;
- (5) At avoiding in distribution unnecessary transport, burdensome financial charges and the useless interposition of middlemen;

Its judicious and constant application is calculated to secure:

- (1) To the community greater stability and a higher standard in the conditions of life;
- (2) To the consumer lower prices and goods more carefully adapted to general requirements;
- (3) To the various classes of producers higher and steadier remuneration to be equitably distributed among them.

It must be applied with the care which is necessary in order, while at the same time continuing the process of rationalisation, not to injure the legitimate interests of the workers; and suitable measures should be provided for cases where during the first stage of its realisation it may result in loss of employment or more arduous work.

It requires, further, so far as regards the organisation of labour in the strict sense of the term the co-operation of employes, and the assistance of trade and industrial organisations and of scientific and technical experts.

The Conference accordingly recommends that Governments, public institutions, trade and industrial organisations or public opinion as the case may be:

- (1) Should lead producers to direct their endeavours along the lines indicated above, and, in particular:
 - (a) To encourage and promote in every way the investigation and comparison of the most adequate methods and most practical processes of rationalisation and of scientific management, and of the economic and social results obtained thereby;
 - (b) To apply these endeavours in industry, agriculture, trade and finance, not merely to large but also to medium and small undertakings, and even to individual workers and handicraftsmen, bearing in mind the favourable effects which they may have in household organisation and amenities;
 - (c) To give special attention to measures of a kind calculated to ensure to the individual the best, the healthiest and the most worthy employment, such as vocational selection, guidance and training, the due allotment of time between work and leisure, methods

of remuneration giving the worker a fair share in the increase of output, and, generally conditions of work and life favourable to the development and preservation of his personality;

(2) Should carry on systematically on an international as well as a national basis the standardisation of materials, parts and products of all types which are of international importance, in order to remove the obstacles to production and trade which might arise from a purely national policy of standardisation;

(3) Should undertake on an international basis investigations for ascertaining the best methods employed and the most conclusive results obtained in every country in the application of the principles set out above, utilising the investigations already made in certain countries and encouraging the exchange of information among those concerned.

(4) Should spread, in all quarters a clear realisation of the advantages and the obligations involved in rationalisation and scientific management as well as of the possibility of their gradual achievement.

In this emphatic and unanimous statement, the scientific management movement is confronted with a challenge of the utmost importance. If through its world organizations and its national associations, such as the Taylor Society in the United States, the *Société d'Encouragement pour l'Industrie Nationale* in France, the *Zentralverband für wirtschaftliches Schaffen* in Austria, the *Masaryk Academy of Labor* in Czechoslovakia, the *Reichskuratorium für Wirtschaftlichkeit* in Germany, and the *Esle Nazionale Italiano per l'Organizzazione Scientifica del Lavoro* in Italy, it can meet the needs and guide the developments foreseen by the World Economic Conference, its social and economic contribution will be immense.

In the discussion of cartels the Committee on Industry was much less successful. Fundamental differences of opinion were revealed which proved irreconcilable. In the end it probably would have been better to publish the points of view exposed in the discussions by the various groups, without any attempt at reconciliation; but the opposite policy prevailed, and the resolutions were a compromise which really pleased nobody. As a basis for the discussion the International Management Institute of Geneva contributed two important pamphlets on Rationalization and Cartels: the first, by Dr. H. S. Person of the Taylor Society, the second, by Dr. H. M. Spitzer of the Institute Staff. Dr. Person's paper was so important that it is included as a part of this report. Dr. Spitzer's paper outlined the tendencies in Europe towards industrial consolidation, discussed the possible savings