

Something of the spirit of good humor in which the task at Geneva was carried through is embodied in a set of verses, the first of which came from the British delegation and were attributed to Sir Arthur Balfour:

Hark! the exporting Nations sing  
World Free Trade's the only thing.  
Open doors and tariffs mild  
Marx and Mammon reconciled!  
Soviets, Balkans, do not frown,  
Let us knock your tariffs down  
Else your trade (and ours as well)  
Cannot help but go to Hell.  
Hark! the exporting Nations sing  
World Free Trade's the only thing.

To this the Americans retorted:

Churchill listens while they sing  
"World Free Trade's the only thing!"  
Balfour jokes while Layton smiles,  
Both forget the Tory wiles—  
Sugar grown on subsidy,  
Rubber a monopoly,  
Sheltered lace and cutlery,  
Socks and clocks no longer free—  
Churchill listens while they sing  
"World Free Trade's the only thing!"

And then the German version beginning:

Horch! Die Andern singen mit!  
Aber gerne tun sie's nit.

The verses indicate, what everyone knows, that resolutions of a conference are only a prelude to action—not a substitute for action. They are a beginning, and a good beginning. The American delegation did not express itself on the recommendations which involved increased activities on the part of the League of Nations, since we are not members of the League and contribute no funds to its support. But all at Geneva recognized in our limited collaboration a contribution of great importance.

During the final plenary session President Theunis, his tired face all smiles, sat in a great oak chair gazing at the Conference, his gavel in hand. At his right was Sir Eric Drummond, Secretary of the League; at his left, M. Albert Thomas, head of the International Labor Office. On the floor was constant movement, except when the aisles filled and everyone sat silent listening to a favorite orator. Messengers with "S. d. N." in white on blue armbands, threaded about with translations of the addresses, and there was an undertone of conversation.

M. Jouhaux, the French labor leader, possessing a voice like a Wagnerian *basso*, alone of the conferees could fill the gloomy Hall of the Reformation. His colleague, M. Loucheur, the "father of the Conference," was everywhere at once, smiling like an amiable satyr at the success of his efforts. Mr. Robinson with his plume of snow-white hair was conspicuous among the delegates; the woman delegates always attracted notice, and everyone stared at the Soviet delegation, sitting like tired school-boys at their desks. In the galleries the audience hung like young swallows over the edge of their nest in a painful effort to catch the words of the laboring speaker on the rostrum, or peered through opera-glasses at the dignitaries on the floor.

At last all the set speeches were delivered. President Theunis left his oaken throne, walked rapidly down to the reading desk, spread out a bulky manuscript and began summing up in admirably lucid and practical words. He sketched the background of the Conference, spoke of the relation of economic policies to world peace, outlined the recommendations of the three committees, and in closing, said:

"We have worked loyally together to secure economic peace, on which, indeed, political peace depends. This Conference is an assembly of persons who have been brought into touch with realities—always harsh and often disappointing—but with realities in which truth, sooner or later, always prevails. Our advice and recommendations will in all probability not be followed immediately on the scale we would desire. . . . Today we have completed the first stage, and we may well be proud of what we have done. But we must not forget that our success, will depend on the measure of our perseverance.

"After the terrible calamity experienced by Europe, the results of which have been felt throughout the whole world, we cannot expect that order will be restored as if by enchantment. But whether the fruits of our labors are gathered by ourselves or by those who succeed us, we are animated by the firm determination to unite our efforts to those of friends who share our hopes, our enthusiasm and our ideals.

"We know that the time will come when mankind will be the happier for our work.

"And that alone, ladies and gentlemen, will enable us to be proud of what we have done."

### III. Scientific Management and Cartels<sup>2</sup>

By H. S. PERSON

#### A. Scientific Management

1. Stabilization and Economy Through Control is the Central Idea in Scientific Management.

a. *Production*: Scientific management was developed first through the establishment of standards of product, materials, machines, tools and methods. On the basis of these standards, control of quantity, quality and details of flow of work have become possible. This control results in most economical use of materials, machine-time, labor-time and overhead.

b. *Merchandising and selling*: Realization that regularity of orders is a necessary precedent to effective utilization of methods of production control, and the pressure of a buyers' market after the war, turned attention to stabilization or standardization of the flow of orders. This stabilization is secured by market analysis (discovery of demand), sales programs based on discovered demand, quotas (standards of detail accomplishment) and advertising and sales methods suited to the particular market and commodity.

c. *General administrative control*: Scientific management in production developed the concept of a program and detail tasks for the production department; scientific management in merchandising developed the concept of a program and detail tasks for the sales department; these concepts together developed the concept of a program and detail tasks for the enterprise as a whole. The consequence is business programs for the enterprise based on studies of industrial tendencies, tasks for each major department and the development of a technique of control and co-ordination of departments for most economical achievement of the enterprise program.

d. *Industrial relations*: Coincident with the development of these other concepts of stabilization has come development of the concept of stabilizing labor relations—elimination or reduction of one of the principal causes of instability and cost in management. This concept of stabilization has evolved from the establishment of good working

<sup>2</sup>Memorandum prepared for Mr. Hunt's use. It was published in French, German and English by the International Management Institute for the delegates at the Conference.

conditions to the stabilization of employment, participation of workers in profits and in general establishment of workers' good will.

e. *Note*: It should be observed that the historical development of scientific management has been from stabilization of shop processes to stabilization of all the processes of the enterprise; the motivation being economy of industrial energies, first through elimination of wastes of unessential energies, and second through more effective application of energies utilized.

2. Control of Conditions, Stabilization and Economy are Accomplished by Scientific Management in Two Ways: through

a. *Research and experiment*: to discover industrial tendencies, market demand, most effective sales methods, most effective production methods and most stable labor relations, for the particular enterprise, the particular products and the particular market.

b. *Systems of control* of operations to insure utilization of the information secured by research and experiment; comprising definitions of purpose and policies of the enterprise, formulation of master and departmental programs, formulation of projects and plans, formulation of detail procedures and provisions for promoting common understanding of these.

3. The Results of Scientific Management are, in general:

- To the enterprise, greater or more regular profits.
- To the workers, higher wages, better conditions of work and more regular employment.
- To society, lower costs of commodities, more uniform quality of products and more dependable service.

#### B. Cartels, Pools and Combinations

1. Stabilization is also the Central Idea in Cartels, Pools and Combinations.

a. But whereas the mental attitude and technical procedures of scientific management have not up to the present time lent themselves to monopolistic control, have been developed in competitive industries and have automatically carried with them social benefits, cartels, pools and combinations are in their nature monopolistic, lend them-