formation which businesses appear ready to exchange with each other concerning their own particular trade circumstances. In total, it strikes the visitor forcibly, as I was struck on my recent delightful visit, that the American business man lacks for comparatively little, in so far as general statistical knowledge is concerned.

The "Report of the Committee on Recent Economic Changes" is a further striking testimony of this fact. Brief as has been my opportunity to examine the two bulky volumes which Dr. Person thrust into my hand in New York only a short time ago, there has been ample time to appreciate that here is a summary of American economic conditions of immense value, absorbing interest and comprehensive scope—an inestimable index in business policy making, a most serviceable check on the attainments of individual businesses, and a highly inspiring incentive to further progress on sound economic lines.

The detailed statistics and data furnished in these two volumes are, of course, in themselves of exhilarating interest. The outstanding value of the work, however, seems to be in the massing of all this information into one related whole, and the summarizing of it into considered and digested reports. Every word and phrase of the main committee's report is significant and thought provoking when one knows, as these volumes testify, that the conclusions have been reached on a comprehensively factual basis. There have been many attempts particularly by visitors from abroad, to analyze the causes of American prosperity and forecast its future; these two volumes provide the sifted and balanced facts which are necessary to their purpose, and the judicial summary which tabulates all that the best American thought has to say on the subject.

And how vitalizing is this summary! "The changes have not been in structure, but in speed and spread" . . . "The breadth and scale and 'tempo' of recent developments give them new importance." . . . "The rising standard of living characteristic of this period was widespread, and has reached the highest level in our national history." Then follows a rapid review of causes. "As a nation we now use as much electrical energy as all the rest of the world combined." . . . "The unit cost of production has been reduced, the drudgery eliminated from much unskilled work, and wages maintained or actually increased." . . . "The earnings and savings of the people supplied the additional capital for financing the rapid development of industry." . . . "In the period from 1922 to 1927 the purchasing power of wages rose 2.1 per cent a year." . . . "The increase in per capita productivity in manufacturing from 1922 to 1925 was 35 per cent." And so the tale of achievement goes on. Then come the lessons and warnings for the future —the importance of maintaining economic equilibrium (a most absorbing thought), the need for further study of the principle of high wages and low costs, and the necessity of "informed leadership," "incessant observation and adjustment," "hard, persistent, intelligent effort," "consideration and sympathy" and "mutual confidence." There is, in this report alone, apart entirely from the galaxy of facts behind it, enough food for thought for industrialists the world over to occupy their minds and direct their policies for a generation.

Speaking for myself, I have read with special interest the sections of the main committee's report on "Optional Consumption," "Consumption and Leisure" and "Economic Balance"; the reports on the "Changing Structure of Industry," "Marketing" and "Labor," and of course, the exceedingly able Chapter VII on "Management." The last strikes me as by far the most sober and judicious review of the present position of management technique that I have read. Unlike a good deal of published material, it makes no extravagant claims as to what has been achieved. It admits, for instance, that "organization charts are maintained by relatively few companies, and fewer still keep them up to date," whereas a stranger might imagine from much that he could read that organization charts were one of the primary adjuncts of American industrial success. Similarly, one is told that "selection for promotion rests as yet almost wholly upon the general judgment of results," whereas much published literature—valuable enough in itself—might lead one to think that scientific schemes of "rating" were indispensable to the present standard of American efficiency. The report on management, in fact, states soberly and impartially the present position, whilst indicating the directions in which pioneering minds are moving, without claiming in any degree that the work of the pioneer has as yet received general acceptance. It is, in my view, an admirable statement.

A singularly interesting train of thought will, I think, be set up in the minds of many by the emphasis laid by the committee on the subject of "the principle of equilibrium," applied in every economic relation. It is, I am convinced, a fundamental principle, applicable not only to the whole economic structure of a country, but equally to the structure, efficiency and trading activities of the individual business. Equilibrium, for instance, is a vital principle in building the structure of an organization—the preservation of balance between functions, the relationship of facilitative functions to executive functions, of research to production, of administration to management (using the definitions I have ventured from time to time to emphasize). Balance or equilibrium is the restriction of what is auxiliary to purely auxiliary work so that the responsibility for executive action may remain unimpaired; the assumption and execution of its proper duties by Administration so that, by a proper balance between the two, Management may work efficiently under soundly conceived and clearly presented policies. Then, again, there is the need for equilibrium in the development of efficiency. How often has one witnessed the high potential efficiency of a manufacturing unit impaired by a maladjustment between production efficiency and marketing efficiency? Or, a maladjustment between productive capacity and the market requirements? Or, a maladjustment between process research and market research? Is it not largely true that every business tends to become out of balance, unless those who direct it constantly review the "spirit-level" and put matters right? We have all given thought to the harbor toward which we would guide our industrial ship; we have studied its equipment and all the problems of its engineering; we have given much thought to its crew and officers. The thought before us now is the principle of the "even keel"—balance, equilibrium. And, in these few notes, I would venture to suggest the importance of studying this in every branch of industrial activity as a separate problem —the problem of equilibrium—in organization, in research, in plant capacity, in trading, in staff relationship and in goods.

It is not a far cry from the subject of equilibrium to that of mergers—the subject dealt with under the heading of "The Changing Structure of Industry," and one which I feel it would be foolish to omit even from such brief notes as these. It is difficult to pick out significant figures without a more detailed study than time has allowed me, but the fact is surely impressive, that whilst an annual average of ninety-seven manufacturing and mining mergers took place in the years 1919-1923, the years 1924-1928 witnessed an annual average of 156 such mergers, and that from 1922 to 1928 annual figures have shown a steady increase. It is highly significant too, that what one may call "the urge to merge" is found to be a general movement, not confined to any particular industry; and, still more so, that the incentives behind the mergers are today normally rather the need for additional capital and for the adoption of up-to-date marketing methods than the earlier motives of forming monopolies or reaping the profits of company-promotion—motives of permanent value rather than of ephemeral and chance occurrence.

We are facing the first stages of a new era of industrial structure; the facts presented in this report give a foretaste of it, and subsequent facts in 1929 continue to bear it out. If the past twenty years have deserved the title of the "era of large-scale industry," the next fifty years will, I am convinced, merit the title of the "era of industrial combination." It is, of course, no task of the committee responsible for these reports to essay flights into prophecy, but those of us who read are inevitably driven to a probing of the future, and I can foresee that the problems consequent upon the new era of combination in industry will be new problems, of a different order, and on a different scale. They will not be solely industrial problems—problems of management, organization, labor or accountancy; they will be vast social problems; and once again the "principle of equilibrium" will have to be invoked and respected if this new era is to win through to success. The social reactions of a system of industrial and general combination, such as is now upon us and growing before our eyes, constitute a problem which it will well repay our best minds to study. I can dimly see a shifting economic world—fresh developments in industrial organization and methods; new circumstances governing the relationships of capital, management and labor; a new role opening before the whole body of consumers; and a change in the whole constitution of the ownership of industrial capital—and this shifting economic world will revolve around