

or in industry, I think you can depend on their good judgment to take it along the lines that will be healthy.

Let us take into consideration the points which he has made. He pictures a machine so cumbersome that it will not work. He thinks that the people who drew up the Constitution of this country were not thinking of democracy. They were revolutionists, themselves. England perhaps thought very little of them. There isn't a doubt but that we took a step forward at that time. The conservatives—I expect I think as little of them as some people do of radicals!—the conservatives of this time say that if we are to take a step forward in this direction it means that we must upset our whole economic structure. My experience has been that it does not upset, but it gets for us exactly what is necessary to broaden our field of opportunity—increased productivity.

The only question which arose in my talk was about a division. I think there is plenty for all. I hope that by applying scientific methods of management, installing labor-saving machinery, we shall soon be able to produce all that the world needs in one or two hours a day, and although you may claim that people will degenerate because they have too much time for leisure, I know that I could devote more leisure to the advantage of myself through my own development, if I only had it. I know there are thousands of books filed away in libraries that I ought to have the opportunity to read, and I imagine that I could profit by them. I am sure I could. That is the theory on which we are going to work, that we wish to have more efficiency so that we can give all the people a greater opportunity, and not permit a few people to appropriate to themselves more than is fair, more than is good for the nation—for they do get to a point where they have control over our lives. They dictate to the people as a whole, because of their economic control. Because they control the things we need, they tell us what our standard of life should be, and so on. Now, I want to make myself clear on that point, and I am going to use Henry Ford as an example. Henry Ford has performed a great service to humanity, because he has made an automobile available to a great number of people who could not have had an automobile at a higher price. The money that he has made is more a reward for his services to humanity than anything else; and no question can be raised as long as he continues to use that money to do that—making automobiles available, bringing them within the financial possibilities of the working peo-

ple. I may some day have one myself!

Mr. Royal Meeker: Let us consider this rising and setting sun proposition. Let me remind the gentlemen who used that figure of speech that it is the same old sun that rises and sets. It may be a setting sun to the old-time plant manager. If it is a setting sun to that individual, what is he going to do about it? The sun that sets on one individual and one land rises on another individual and another land.

Now, as to the cost of living. It is a well-known fact to anyone who has made a study of prices and cost of living, that wages, invariably lag behind increases in the prices of the necessities of life. The present period is no exception to that rule. I grant that some specially favored classes of workmen have had increases in wages in excess of the increase in the cost of living in this country. So far as I can estimate it, the increase in the cost of living since 1914 has been more than 80 percent. That is quite considerably in excess of the increase in wages in general throughout the country, although some laborers have had an increase amounting to 100 per cent or better. The speaker said that the increases in wages could not overcome the increase in the cost of living. Well, what in God's name will overcome it, then? He spoke of the necessity of a decrease in wages and in raw materials, foodstuffs, and so forth. This is the way the prices of raw materials are decreasing at the present time. I have to speak from memory. The wholesale prices index which I got out for July was 219. That means that prices in July were more than twice as high as they were upon the average in the year 1913, the base year. In August, that same wholesale price index was 226, an increase of nearly 10 per cent in two months. That is the wholesale price index. The retail food price index—I can speak merely from memory—in July was about 190, I think. In August there was an increase of two points, making 192. In September there is a slight decline, but it does not come back to the July level as yet. Now, under the existing condition of increasing prices for the things the working man must use, how can we have the face to advocate a decrease in wages? Wages cannot decrease until the cost of living decreases.

Mr. Dwight V. Merrick: I have read with great interest Mr. Otterson's paper and heartily endorse the sentiments that he has expressed. It is easily seen that he has thought deeply on the subject so ably presented.

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There are some that believe that our present day industrial unrest is so deep seated that methods of organization and management must be revolutionized before we can hope to have contentment and efficiency among the workers.

It seems to me that the psychological results of the war and its reactions are the direct cause of the present unsettled state of mind, and when this condition can be overcome and men brought back to normal, much will have been accomplished on the social and economic sides of industry. I agree with Mr. Otterson that those who can exercise calmer judgment under the present circumstances should use their influence to bring about a constructive change.

It has been my good fortune to have been associated with the industry that Mr. Otterson has brought up to a high state of efficiency, and the lessons that I learned from the evolutionary development in bringing into existence this highly organized and functionally managed plant, leads me to believe that the method of conservative progress leads to lasting, harmonious relationships.

For myself, I mean to do all that I can to bring about harmonious relationships along the constructive lines so ably outlined in Mr. Otterson's paper. It is the course that I have subconsciously followed since the beginning of my association with industrial activities and I believe is the one that Mr. Taylor's teachings ultimately lead to:

Mr. Henry W. Shelton: The war has upset many things, including many of our long-accepted ideas and theories. I believe the economic theories advanced by Mr. Otterson tonight are already out of date, in the dawn of a new era, at the nature of which Mr. Cornick has hinted.

The old theory that industry is organized for profit, is giving way to the recognition that industry must be organized primarily for the service of mankind. Competition for profit is nothing less than industrial warfare. Like all warfare, it is essentially destructive.

The incentive of competition for profit is giving way to the incentive of cooperation for service. "The greater the service the greater the reward" is an axiom.

Need we fear reduced production and consequent privation from this change? On the contrary we shall see such production as we have never dreamed before. The war has already proved that productivity of people united in a common purpose in spite of all

obstacles of inexperience, haste and poor organization. Let us accept that lesson, and its inevitable corollaries, with open minds and hearts.

Cooperation will bring such production of goods for use, both necessities and luxuries, as will content us all. And remember! Where you and I *really* cooperate in mutual service there is never a question of greed or jealousy about getting our share. Remember, too, real cooperation is no mere abstraction. It means "working together". To work together for service involves all the skill, science, intelligence and ability available.

When we all can see that the old economics was based on an inverted conception of human welfare and the way to achieve it; that by helping each other (i. e. cooperating) on the road of human progress we all of us get along farther and faster than we can by limiting each other (i. e. competing) and thereby blocking the traffic, we shall be glad the war jolted us out of our thinking ruts, and helped turn many of our old theories and ideas from upside-down to right-side-up.

Mr. D. M. Bates: Mr. Chairman, I am the servant of a corporation, an executive. I have charge of a small or medium-sized plant, but I am just living for the time when I can get into the employer class, because I want to take the laborers in on a 50-50 basis of partnership. Mr. Cornick has asked, "Why not 50-50?", the Willys-Overland automobile concern has asked "Why not 50-50?", and the question is "Why not?" The thought has been expressed this afternoon, and again this evening, that if you did such a thing you would probably make more money than if you did not do it. That is just the point I am getting at. If you get together and share in a liberal way, so that there will be no question of greed, grasping and money-lust, you will, to my mind, loosen such springs of good will, coming up subconsciously from the being of every man in a plant, that you can just beat the devil out of the whole world!

Mr. Hugo Diemer: I should like to ask, if the increase were in a steel plant, where a metallurgist, say at about \$1800 a year, reduces the percentage of defective forgings, say, 40 to 60 per cent, and thereby saves two million dollars, would he give the 2,000 employees of the steel mill half the saving, or would he give the metallurgist half the saving? I am asking the question of the last speaker.

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