

products, there still remains the problem of proving to business men in general that supplying such data to a central agency, like the Census Bureau, is not an "inquisition," and is not a further attempt at government restriction, regulation, or control. Since the war, there has been a decided reaction against any efforts to extend the arm of the government; consequently there has not been the discrimination that should be applied when opposing activities that are manifestly of a constructive or service-rendering nature.

It would seem that the Taylor Society has before it an opportunity to assist in the movement to develop an adequate national statistical service covering the trend of business movements, by its members encouraging the industries with which they are connected to participate more fully in this effort. Industries organized along Taylor lines have in their stores records, their production schedules and route sheets, etc., the basis for a monthly report requiring relatively little effort to compile. Hundreds of such reports feeding into the Census Bureau, either directly, or through the trade association of which the firm is a member, would soon permit the issuance of a summary statement, or index numbers, for a specific industry which would be a true barometer of that industry. As it is now, we know only one side of the story, namely, "production." We can only guess at stocks and consumption. Naturally we have over-production and speculation in booms, labor shortages, etc. All of which is waste which might be greatly reduced by a more comprehensive knowledge of the facts of the true demand for commodities, and the more intelligent planning of production activities to meet that demand. Those of you who agree with Colonel Babcock in his definition of scientific management should write to Mr. Lane and tie in with his effort to provide American business with really dependable barometers.

Nearly every production manager has his vision of a plant running efficiently and to capacity the year round, and he puts in a lot of hard work trying to make that vision come true, but he finds himself checked every once in a while by a "front office" order to slow down, maybe lay off some men, and stop piling up finished product. Or, if he has been "marking time," so to speak, he is suddenly called to increase production, build up his labor force, and do all the other things that make him prematurely old. And why all this has to be more or less of a puzzle to him. One thing that helped a lot of firms during the depression was

overseas business that helped fill the valleys in the domestic sales curve. Now that the Society is interested in "distribution," as well as "production," there is a chance for the further development and application of commercial research, or market analysis, as a fundamental of better management. The Bureau of Foreign and Domestic Commerce, under Dr. Julius Klein, formerly of the Harvard School of Business Administration, is organized along commodity lines, and is prepared to furnish data regarding trade opportunities for American goods in foreign countries. Many sales managers are finding this information very helpful in building up the volume demand that keeps the whole plant humming and the production manager smiling. You can get the details of the service from Dr. Klein. All it costs you is a letter, and the answer will bring you another complete story of what your government is doing to help serve and build up American business.

Just now "shortage of labor" is a common topic around factories and employment managers are wondering whether Judge Gary's views on immigration offer a real solution of their problems, or whether the recommendations of the Committee on the Business Cycle come closer to the ideal answer. The complete report is just off the McGraw-Hill press, and every employment manager will want to read the part on "Labor Distribution." We have a tremendous potential reservoir of labor in this country, if it were more equitably distributed and effectively utilized. We might worry less about the limitation of immigration and consider more seriously how we can make better use of existing facilities. For example, where costly hand processes can be replaced by machine processes, where better industrial relations will lessen artificial restrictions of individual productivity, where broader understanding of the mutuality of interest of employers and employees will work to increased earnings for both, wherever the application of scientific management principles will conserve capital, material, labor, and time—in all these places and ways, we have the opportunity to meet the increasing production schedules arising out of the greatest demand for consumers' goods this country has ever faced. It is easy to be "prosperous" when times are good, but such prosperity is never permanent. Prosperity to be permanent means broader understanding, and wider adoption of the great principles of industrial philosophy promulgated by Taylor. Attain to maximum use of available resources!

RAY M. HUDSON.

SAFEGUARDING INDUSTRY BY STABILIZING EMPLOYMENT¹

BY WILLFORD I. KING²

DOUBTLESS many of you will wonder that an economist should have the temerity to appear before you to discuss problems of factory employment and finance—especially when he must admit that he has had no extensive experience in hiring men and has but occasionally been inside a factory. Those of you, however, who read *Der Waldschulmeister* at college will remember how the quaint old man called attention to the difficulty of seeing the forest for the trees. Since this difficulty is a real one, perhaps I may be able to point out to you some of the more obscure characteristics of the forest even though you know infinitely more about the trees than I can ever hope to learn. Each of you understands thoroughly conditions in his own business. Our Bureau spent last year in trying to collect this knowledge from the different groups of business men, and consolidate it in order to discover the general facts pertaining to all the industries in the country, and to ascertain how these facts are related to each other.

It may be of interest to you to know something about the National Bureau of Economic Research, the Bureau which has collected the information upon which I shall base my talk to you.

This organization is comparatively new, having been founded in 1920, but it has already accomplished a considerable volume of work. The founders of the Bureau believe that it represents a new way of attacking an old problem, the problem of lessening friction between different groups in the body politic. They have observed that most acrimonious debate is based upon a disagreement as to facts, and that, as a rule, neither side is willing to accept the actual basis set forth by its opponents. The hope of the founders was that the Bureau would be able to study the chief facts at issue in important economic controversies, and present a series of findings which would be generally accepted. They believed that such an agreement as to the facts

would allay, to no small degree, the friction too often existing between the two great economic groups, namely, employers and employees.

The aim of the Bureau, then, is very much like that of certain physicists of the present day—that is, to produce more light with less heat. The device utilized for the purpose of securing general acceptance of the Bureau's findings is unique. It is to have all of the reports ratified by a Board of Directors composed of representatives of the chief classes in the present industrial order. In general, at the present time, our Board may be thought of as consisting of three groups representing, respectively, Science, Capital, and Labor, though the division is by no means clear-cut, for practically all of the members of the Board are scientific in their outlook. I may say that this novel device has thus far met with surprising success, for no friction has developed within the Board, in spite of the fact that it contains socialists, labor unionists, and representatives of "big business," and the estimates made by the Bureau have thus far been almost unanimously accepted as being earnest and unbiased attempts to arrive at the facts.

A little more than a year ago, the Bureau was asked by Secretary Hoover to prepare for President Harding's Conference on Unemployment, a statistical report showing the facts concerning cyclical unemployment, and in addition describing the various measures which have been suggested for its relief. Since this investigation fitted in very well with the inquiry already made by the Bureau concerning the income of the people of the United States, and since the Bureau was planning to engage in a study of the business cycle, we were, of course, glad of the opportunity to aid in this work.

My particular part in the investigation was to discover as fully as possible the facts concerning unemployment during the 1921 depression, and to ascertain how labor conditions were affected at that time. The purpose of the President's Conference was to discover remedies for unemployment, hence one would naturally suppose that I would have devoted my first efforts

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