

*The Economic Basis of Fair Wages.* By Jacob D. Cox, Jr., The Ronald Press Company, New York, 1926, pages v, 139.

Upon picking up this comely little volume with its dozen statistical charts one is almost seduced into the hope that a discovery has been made, that at last someone knows what fair wages are and how to arrive at them. But the disillusionment comes soon.

With confident reference to classical economists the author sets out to "lay a foundation in economic theory," his thesis being that production costs tend to rise proportionately to the price level. In considering wages and prices, the long run interests him most, and the "world's standard of living." The general wage level is of little importance, for wages are residual. The volume of goods produced is the important thing—the larger the volume the more goods will be exchanged for a dollar, thus a higher real wage and standard of living. "Wage levels and living standards are always high or low together, as both are results of the same cause. This accounts for the common delusion that high wages are the cause of good living conditions. They are not, of course, but merely concurrent results of the same cause, namely, high individual production." He urges that prices and wages be allowed to take their "natural course" which is the only "fair and just" way. But with all this, the fundamental problem of fair wages, to him, is ethical, a sense of "what is right or wrong."

Considering the merits of the collective bargain, Cox observes that "only a limited number of men can be found whose necessities or disabilities compel them to accept less than the fair market rate of wages." He explains that large-scale production has broadened the market and eliminated inequalities; and he finds it "indeed strange" that the belief has become widespread that collective organization is necessary to prevent modern producers from depressing the standard of living of the workers. The need of submitting such a theory "to the test of the touchstone of facts" he believes has never been thought of. In truth, the collective bargain has developed "privileged groups" among the workers whose unduly high wages are shifted directly upon the consumer. Employers are helpless to do otherwise, for their profits "are ordinarily kept within narrow limits by competition." In proof of this, the author states that "while labor's return has trebled in a century, the rate of return on industrial capital has steadily fallen in this country."

Perhaps this is the most specious passage of all. The president of the Cleveland Twist Drill Company makes himself sound like a Rip Van Winkle just returned. In his zeal he overlooks the phenomena of fortuitous profits, stock dividends, and stock splitting. And any elementary student of the labor problem could tell him that the worker's real income was far less dependent upon his wages a century ago than now. Had he shown that real wages have only caught up with their level of the nineties he would have been on firm footing.

It should be said that there is a "Second Man" in Mr. Cox who evinces acquaintance with recent experience in increasing production. He even suggests that the standard of living can be increased forty per cent by scientific management including personal incentives to the workers.

The book ends on the well-worn key of American individual liberty and the "policy of equal opportunities and fair play." It can do little but harm in the increasingly delicate business of fixing the wages of labor.

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*Labor Economics.* By Solomon Blum, Henry Holt and Company, New York, 1925, pages ix, 579.

This book represents the life work of a professor of economics in the University of California. It is philosophic, thorough in its citation of court decisions, and rich in facts and illustrations introduced on many phases of labor economics.

Professor Blum regards the labor movement not as a "problem" which might be "solved," but as one of the permanent processes of economic life. Private enterprise is mechanistic. Its valuations are simply those of the market. The labor movement is the most prominent of those opposing forces which attempt to introduce human valuations, to restrain, and, from the social point of view, standardize. The book first traces the origin of this latter point of view in the philosophic questionings of the twelfth and thirteenth centuries, and the industrial events of the English Industrial Revolution. The fuller fruits are discussed in chapters on labor legislation, social insurance, attempts to mitigate unemployment, and, many chapters on trade unions, their form, legal status, tendencies, tactics, conflicts, etc. Concluding chapters deal with socialism and other forms of collectivism.

The chapter of most direct interest to members of the Taylor Society is that on "Unionism and Conflict of Interests." This considers various attempts to substitute fraternity of interest for conflict of interest between capital and labor—including Welfare Work, Personnel Administration, Job Analysis, Profit Sharing, Labor Copartnership, Scientific Management, and Industrial Democracy. In the section on Scientific Management the author offers the following objections to the idea that under universal scientific management there would be no conflict of interest between employer and employe:

First, he says that it is absurd to assume, as did the original proponents of scientific management, that the efficiency engineer can determine the maximum wage that is "good for a man."

Turning to a topic of greater contemporary interest, he says that the efficiency expert is quite wrong in assuming that "it is to the interest of business at all times to maintain itself at maximum productivity. As a matter of fact, it is well known that business cannot so exist year in and year out; that restriction of output is as necessary for the

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maintenance of profits as is lowered cost of production. If efficiency could be universalized, it might be beneficial in the same way that machinery has been beneficial in economic life. But it would do no more than machinery has done toward stabilizing business enterprise or cementing the worker to his work. . . . Large output may possibly mean small profits or no profits at all. Now wages are a derivative not of output but of profits. . . . The assumption that unity of interest between worker and employer can be attained by a sliding scale of wages depending upon the efficiency of the worker and of the industry is founded upon a total misconception of the basis of our social adjustments.

"The engineer, in the next place, pays no attention to that 'vested interest' which the skilled workman has in his craft. This disregard of a very real asset has been, in the machine process, a potent force in maintaining and increasing that antagonism of interest which the efficiency expert hopes to obliterate, yet he has blindly followed it.

"Lastly, the efficiency man, by the very premises upon which he works, does away with the probability of bargaining with the trade union. . . . unless efficiency plans are so constituted as to fulfill the wishes of the employe better than the trade union does, any system which makes it very difficult for trade unions to function will increase antagonism to the employer."

To those in close touch with contemporary scientific management it will be apparent that Professor Blum has overlooked efforts to cope with the various problems mentioned. His book remains, however, one of the most important general works dealing with his subject.

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*Banking Cycles.* By Lincoln W. Hall, Ph. D., University of Pennsylvania Press, Philadelphia, 1927, pages 172.

This is a highly technical book in which new methods of measuring the ebb and flow of business are developed by the use of higher mathematics in connection with banking functions, such as the rise and fall of deposits, loans, discounts, investments and other resources and liabilities, through seasonal and cyclical variations.

An analysis of these enables the author to develop new methods for definite forecasting of business changes to supplement and test what he calls the conventional indefinite forecasting. Definite forecasting attempts to fore-see the original data of a series a year or more in advance of its occurrence. It does this by separating unstable elements and using those elements which have shown some degree of stability in previous data. The author believes that those methods which give the most definite forecasting are the most useful and probably the most accurate, and are a decided improvement over chain indices.

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*Foremanship Training.* By Hugo Diemer, McGraw-Hill Book Company, New York, 1927, pages viii, 230.

*Foremanship and Supervision.* By Frank Cushman, John Wiley & Sons, New York, 1927, pages xvii, 238.

*Leadership.* By William Colby Rucker, New York, The Macmillan Company, New York, 1926, pages xiv, 171.

It is highly gratifying to see the literature specifically addressed to the foremanship problem increasing so rapidly. It indicates the recognition of a felt need on the part of managers and teachers.

Mr. Diemer's book differs from the earlier volume by G. L. Gardiner, entitled "Practical Foremanship," in that it does not aim to be a textbook for foremen so much as a brief to executives on the necessity and importance of carrying forward a foreman training program. As such, it successfully accomplishes its purpose and calls attention effectively to what has been done in this field and what can be done. The content is eminently practical. The discussion of conference methods and the activities of group leaders will be found especially helpful. The only omission to which attention might possibly be called is of any discussion of the psychology of pedagogy which would help the group leader in utilizing what psychology has to say about the nature of the learning process and the best methods of teaching.

Mr. Cushman's book is designed for a different purpose. It is addressed specifically to teachers and leaders of foremen's classes. As such, it has a stimulating and unusual discussion of a number of topics which have not thus far been brought out in the literature for foremen. The mere naming of the chapter heads will give a good indication of the concrete and helpful character of the material. They include such subjects as: Types of Educational Procedure, The Principal Types of Conference Objectives, The Job of a Conference Leader, Conference Devices and Their Use, The Training of Minor Executives, The General Problem of Supervision of Men in Industry, Conference Material, Conference Topics and Objectives for Vocational Instructors and Supervisors. The industrial executive who finds himself charged with the responsibility of supervising or actually directing the carrying on of training procedures for foremen or other minor executives will find this book a most useful record of methods.

Dr. Rucker's manual on leadership was designed for the uses of the public health service. While it is undoubtedly a valuable step in the right direction and should aid in calling to the attention of public health officials many of the problems of personal contact with which they should be equipped to cope, it does not tell how to put the author's excellent advice into practice. The result is an almost sermonizing quality, with a practical ignoring of matters of educational method. The phrases "should be"