The policy of the American bankers has been increasingly responsive to the urgency of our great industries, and the stabilizing effect of the Federal Reserve System upon credit operations has been reinforced by a constant strengthening of the stream of scientific information by which sound credit policy is guided. Our bankers engage economists and engineers to advise them on industrial policies, and the best financial minds of America are now beginning to be intent on discovering, if possible, the right relations of finance to scientific production and distribution so that these may be regularized.

II. The High Level of American Wages

It has become increasingly plain that high wages are fundamental to American prosperity. Some economists have suggested that high wages are the strongest incentive to lower costs of production and distribution. But at the same time that the high payroll brings pressure to bear on the management to increase production and to decrease costs, it is also increasing the purchasing power of the consumers and sustaining or increasing the market for goods. For more than a generation real wages, that is, the amount of goods which wages can buy, have been higher in America than anywhere else in the world; in the period since 1921 they have jumped about thirty-six per cent. This has stimulated scientific management to still further savings, made effective through master controls and predetermined programs, bringing materials and men together at the right moment to permit the nicest precision of movement and a subdivision of work throughout standardized processes.

III. Willingness of Workers to Improve Technique

Scientific management in America has brought changes in technique and has forced rapid adoption of new industrial processes in a period of extraordinary developments; it has also encouraged a definitely co-operative attitude on the part of the workers. The point of view both of management and men has changed for the better. During the years 1916 to 1922, the number of employes directly involved at some time during each year in strikes and lockouts averaged more than 1,700,000; from 1923 to 1926 these figures showed progressive decreases, averaging 540,000; in 1925 only 330,000 men were thus involved—a fact extraordinary in a period of marked prosperity.

There are co-operative systems of workers and managers now installed on certain transcontinental railways. The workers hire their own consulting engineers; employers solicit suggestions for betterment from the employes, adopt them and share with them the resulting savings; and this movement to eliminate waste and to reduce costs is sponsored officially by the American labor unions. Mr. William Green, President of the American Federation of Labor, wrote in a recent article in the Manchester Guardian Commercial, "Holding that only through increased productivity can higher standards of living be maintained, and that all groups, therefore, have a mutual interest in increasing the efficiency and hence the productivity of industries, our trade unions recognize the interdependence of management and wage earners, though their interests may not be necessarily identical."

IV. The Effort to Keep Men and Machines Fully Occupied

Since growth and change are the outstanding characteristics of American industrial conditions, a result is that more attention must constantly be paid to the task of keeping men and machines fully employed. Our immigration has been restricted, and our population has increased since 1919 by only two per cent a year, yet 8,380,000 workers produced in 1925 an output one-quarter greater than 9,000,000 workers in 1919. There has been a reduction in the number of persons engaged in agriculture, in manufactures and in transportation since 1919, yet output has greatly increased in every one of these fields. Most of this increase has come about since the depression of 1920-21. In spite of this extraordinary fact little if any unemployment has resulted. The astonishing growth of the services connected with the distribution of goods, the professional and personal services, and the new activities called into being by the automobile, have apparently absorbed those who in other circumstances would have gone into industrial production or else would have been idle. Close to a million persons must now be employed, outside of automobile factories, in work connected with operating or keeping in operation the more than twenty million automobiles and motor trucks in the United States. The building of highways has absorbed

others. In the period from 1920 to 1926 the consumption of rayon mounted from less than 12,000,000 to more than 75,000,000 pounds; sales of radio goods rose from practically nothing to almost $500,000,000; in 1926 more than a million washing machines and nearly a million and a half vacuum cleaners were sold. And at the same time that these industries were growing they were stimulating all those dependent upon them and were thus creating a constantly widening circle of profitable employment.

To take a single example, the automobile industry in 1926 consumed approximately fourteen per cent of all finished iron and steel products, and stimulated the iron and steel industry and its branches.

With the rapid development of new industries and the stimulation of the old, the American manager is forced to keep machinery employed or to scrap it; to keep men employed or to lose them to a better manager who will keep them employed. New types of machinery may be gradually introduced at a rate no more rapid than that of the normal labor turnover. Employers are ingenious in working out methods of training workmen to use new machines, so that the labor force may be kept intact. Our practice is far from perfect in these respects, yet its tendencies are plain and there is growing appreciation of the fact that industry must be stabilized, that employment must be secure if prosperity is to be maintained.

It is because we have made real progress in these directions; it is because we feel as employers, as employes, as consumers, as bankers, as economists or as engineers that we are learning to collaborate more effectively every day;—it is for these reasons that we in America look forward hopefully to the future.

(The discussion of this paper will appear in a subsequent number)

News of the Sections

Central New York

On October 27, the group was addressed in Syracuse by Mr. A. B. Segur, Industrial Engineer of Oak Park, Ill., and writer for *Industrial Management* and other management periodicals, on the "The Ideal of Industry." As illustrative material a film showing micromotion studies of actual factory operations was given and a practical demonstration of the transference of skill through the use of motion studies was made with the audience as subjects.

The November and December meetings were combined on December 2, when Mr. Morton J. Baum, Assistant Secretary and Merchandise Manager for the Hickey-Freeman Company of Rochester, N. Y., told "How the Hickey-Freeman Budget Works."

New York Metropolitan

The opening meeting of the Metropolitan Section was held on October 14, at the Town Hall Club. Mr. Meyer Bloomfield, Consultant in Industrial Relations, who has been engaged in making a survey of New England industries, gave examples of what is being done through research and planning toward the stabilization of industrial conditions in New England. Mr. Wesley Mitchell discussed the paper from the point of view of the future of industry in New England.

At the meeting on November 17, at the Fraternity Clubs, Paul Kellogg, editor of the *Survey*, gave a delightful address on the need of a common ground of understanding in our present day industrial world. John Fitch, Spencer Miller, H. S. Person, John H. Williams and others contributed interesting discussion from their many points of view.

New York Southern Tier

Mr. H. O. Baldwin of Babson Institute was the speaker in Elmira on October 10. His subject "The Value of Forecasting in Making General Production Plans" proved of great interest to the group.

On November 14, Mr. Frank B. Mullin, Production Manager of the Willys-Morrow Company, Elmira, N. Y., gave a practical talk out of his own valuable experience.

The December meeting on the twelfth was held jointly with the Industrial Relations Association. Professor F. M. Edson spoke on "The Relation between Education and Industry."