

# Scientific Management and World Economics

Report on the Economic Conference at Geneva—Work of Important Committees—  
Influence of Scientific Management—Challenge to Scientific Management

By EDWARD EYRE HUNT  
American Expert at the World Economic Conference

## I. Foreword By the Editor

THE following report by Mr. Edward Eyre Hunt, an expert invited by the president of the World Economic Conference held at Geneva May 4 to 23, 1927, will be much more significant to the reader if prefaced by the record of a chain of events which led to his mission.

Stimulated by the perplexing problems of economic rehabilitation since the conclusion of the World War, Europe, has been giving increasing attention to the causes of American prosperity and particularly to the principles and practices of scientific management as one of the factors in that prosperity. The American literature of management has been studied assiduously in Europe, and official and unofficial commissions have been sent to America to investigate industrial conditions and methods. The universality of the acceptance of scientific management principles throughout Europe has been reported as "astounding."

The first definite and official manifestation of this interest was the First International Congress on Scientific Management at Prague, in 1924, conducted under the auspices of the Czechoslovak Government through the Masaryk Academy. This was followed by the Second International Management Congress at Brussels in 1925. A third congress is to be held at Rome in September, 1927.

As a result of conferences of delegates at the Prague and Brussels congresses, there was organized in 1926 an international committee—the International Permanent Delegation of the Scientific Management Congresses—of which the object is promotion of international congresses. Co-operating with this international committee there is, in the United States, a Committee on American Participation in International Management Congresses, of which the members are appointed by the various management societies.

Perhaps most significant of all these manifestations of world interest in scientific management is the International Management Institute, recently established at Geneva. Its object is to serve as an international clearing house of information concerning management from all countries. This Institute is under the tri-part auspices of the International Labor Office, the International Permanent Delegation of Scientific Management Congresses, and the Twentieth Century Fund of Boston; and the Laura Spelman Rockefeller Memorial has shown its interest through a financial contribution. As representative of the Americans interested, Mr. Henry S. Dennison, was in Geneva during the early months of 1927, assisting in the final steps of organization of the Institute.

Early in April came cables from Mr. Dennison to the Taylor Society advising that the administration of the World Economic Conference, which was soon to open in Geneva, had requested the International Management Institute to commission two technical delegates to the Conference who could participate in discussions of rationalization (scientific management) and of rationalization as applied to cartels. One of these representatives was to be a European and the other an American. Francesco Mauro, a distinguished Italian engineer and President of the International Permanent Delegation of the Scientific Management Congresses, had been designated as the European representative. The Americans interested in scientific management were requested to act expeditiously in selecting a representative.

The American group was very fortunate in securing prompt financial support for such a

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mission, and in inducing Mr. Edward Eyre Hunt to accept the service. Mr. Hunt has precisely that combination of qualities which was desired; understanding of the principles and practices of scientific management, familiarity with economic problems and experience in international contacts. He had had a prominent part in relief and rehabilitation work in Belgium under Herbert Hoover, and in France and Italy under the American Red Cross, had been a member of the Hoover Committee on Elimination of Waste in Industry, Secretary of the Harding Conference on Unemployment and Secretary to the U. S. Coal Commission, had done much special work of an economic and engineering nature for Secretary Hoover, and had edited a book on scientific management.

Mr. Hunt sailed April 20 on the same ship as the official delegation of the United States to the Economic Conference, and although not a member of that delegation, was cordially received into its society and given its co-operation in his special service. The remainder of the story is to be found in Mr. Hunt's report.

## II. The World Economic Conference

By EDWARD EYRE HUNT

SCIENTIFIC management has been given world-wide recognition and approval by the World Economic Conference, which met at Geneva from May 4 to 23. For the first time in the history of the movement, representatives of scientific management have been officially invited to sit in a world gathering called to plan for the future of industry, commerce and agriculture; to address its meetings, to draft its resolutions, and to work in collaboration with leading industrialists, economists and statesmen from all quarters of the globe. For the first time also in the history of scientific management, the movement seems organized to take advantage of its great opportunity, for it is now equipped with a central clearing-house in the International Management Institute, with headquarters at Geneva, and with an open forum in the International Congress of Scientific Management, which meets biennially; this year in Rome.

The World Economic Conference marks an important step in post-war recovery. To the Preparatory Committee of thirty-five, representing

twenty-one nationalities, which worked for more than a year on the composition of the Conference and its agenda, and to the Economic Section of the League of Nations which prepared and published an amazing amount of data, is due much of its success. Before the Conference met, the Secretariat had published more than sixty reports—a miniature five-foot shelf on world economic conditions and problems. One of these was a helpful memorandum on "Rationalization in the United States" by Mr. David Houston; another was a pamphlet prepared by the International Labor Office on "Scientific Management in Europe."

"Rationalization" is a new word to American ears, and has not been satisfactorily defined. It is a slogan which expresses with a certain vagueness, perhaps, what we mean by science in management and administration. Mr. Houston analyzed it into three elements: stabilization, standardization and industrial simplification, and showed that progress had been made in all three fields in the United States. He referred to the American effort to minimize the extremes of the business cycle, the salutary influence of the Federal Reserve banking system and the rôle played by the construction industries which provide a sort of balance-wheel to industry as a whole. He described our statistical services and methods of industrial research as stabilizing influences, and the efforts to stabilize employment. Finally, he referred to the work of standardization and the development of simplification under the auspices of the Department of Commerce.

The pamphlet on Scientific Management in Europe began with a definition: "Scientific management is the science which studies the relations between the different factors in production, and especially those between the human and the mechanical factors. Its object is to obtain, by the rational utilization of these various factors, the optimum output." In a later paragraph the pamphlet states that "already there is in certain countries a tendency to call scientific management by the more appropriate name of rational organization" of production, and the various branches of the movement known in Germany as "industrial rationalization"—standardization, industrial concentration, mass production and distribution—are already to a large extent borrowing the methods and profiting by the results of scientific management as