

with a critical public opinion, not necessarily hostile, but often suspicious. The American public feels a desire to govern its own economic, as well as political destinies. It is not much tempted to undertake an experiment with the various proposed alternatives to private business management of our economic life, but it is prepared to demand of private business justification by practical tests of serviceability. This attitude is not crystallized into an organized demand, but it is sufficiently persuasive to give the subject of public relations a position of great importance in the thought and policy of progressive business. The budget will serve to exhibit the projected scope and current plans of those units of business which are in the public eye.

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*The Democratic Way of Life*, by Thomas Vernon Smith, the University of Chicago Press, Chicago, 1926, pages xi, 211.

Abuse of the word "democracy" has been gradually extending from Fourth-of-July orations to speeches before management conventions. No word merits clearer thinking or more restraint in use than this one, especially because it is tied up with the whole problem of objectives in life and in industry. And any manager who allows himself to believe that he is finding the democratic way in industry along some obvious and easy lines, is not only confusing himself but doing no real service to the ultimate progress of the basic idea and aim.

Professor Smith's book, if it could be carefully read by managers, would tend to clear away these misty notions in favor of a point of view about democratic living and working which is philosophically and psychologically sound and far-seeing.

The purpose of this essay is to inquire into the meaning of democracy; and the author takes the familiar slogan of "Fraternity, Liberty and Equality" as the text and outline of his argument. Without trying to recapitulate the entire thesis which should be read to be enjoyed, both from a literary and from an intellectual standpoint, it may be said that the author shows quite conclusively that there are aspects of the ideas of fraternity, liberty, and equality, which are all integral to the successful development of a democratic way of life for individuals and for nations.

Because he finds that there are certain things in the day's work of unskilled manual laborers in industry which do not hold out to them an opportunity to realize these three values as he defines them, the author is concerned to see what can be done in the reorganizing of factory labor to recover some of the essential elements of real living. His comments here are astute and in line with some of the best thinking of modern industrial engineers and psychologists.

He makes an interesting point that we see in the professions today—those characteristics which are the "har-

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bingers of democracy" in other walks of life, if the professional spirit could be applied there. The socializing of experience, the offering of equal opportunity to all qualified members, the emphasis upon functional usefulness, are all professional characteristics which the author sees as necessary to restore to other work its proper quality, if it is to contribute to democracy.

The professions, he says, "spread abroad the living truth that the purpose of human life is the enrichment of human experience." He points out that the motive for the universalizing of the professional spirit must be in part sympathy, in part the fun of extending present experiments under enlightened leadership, in part a recognition on every side that the present isolation of the professional field of activity to three or four is wholly arbitrary. The surgeon, he reminds us, does work which is dirty and more disagreeable than that required by many white-collared—but at present unprofessional—activities. He asks, "If such uncompromising (work) material can become dignified and creative, why not other kinds of labor as yet unclaimed for joy?"

The final chapter on leadership is a brilliant and valuable re-emphasis upon the qualities of true leadership in a democracy. He emphasizes the distinction which other recent writers have made between the archaic conception of "power over" and the psychologically sound one, now gaining in currency, spoken of as "power with." And he emphasizes the other inspiring truth, that in a democracy every man must be a follower in many fields but may be a leader in some one.

He is, of course, throughout his discussion, at the opposite pole from those who think of democracy in terms of any one type of political structure. Democracy, both as a way of life and as a form of government, is that one which, at a given time and place is aiming at "the greatest common good through the development of every individual to his highest." The author realizes that so conceived democracy is in its swaddling clothes, but he strikes the ringing, and, to the reviewer, unanswerable, note, that difficult a way of life as it is, "there is no humane alternative." In other words, every alternate proposal of values and objectives which history records or imagination can conjecture means the defeat and the subversion of personality for some one or more groups in society.

Leadership, the development of superior ability, the cultivation of special taste and sensitiveness—these are not minimized in a democracy. They are encouraged, liberated, and generalized to the utmost extent possible. But they are to be marks not of separation from mankind—not excuses for isolation, aloofness, and snobbery—but occasions for, and tools of, special creative activity. And this activity of fine minds and exalted souls contributes, whether the individuals or groups wish it or not, to the enriching of human experience.

Finally, the author strikes a telling blow at the inevitable criticism that, under the kind of functional and specialized working which he assumes must develop, there will be no social unity, no answer to the question, "What is the chief

end of man?" On this natural query the author speaks with a lyric yet realistic sense in what is perhaps the finest paragraph in an otherwise prophetic and ennobling book: "By substituting for specious mystic insight the common human power of observation and by then refining raw observation into scientific accuracy through laboratory experimentation in natural science, through statistical methods in social science, through criticism in the humanities, and through reflective procedures at law, the modern age approaches a more meaningful unity than has been known among men before, whatever the reputation of the Middle Ages in this regard. The only hope for a common goal that does not involve coercion is to make the going itself the goal and to cultivate a taste for variety in travel."

The reviewer's enthusiasm for this volume does not lack in discrimination. But the last few years have witnessed the outpouring of so many collective bargaining, employee representation, employee stock-ownership, employee-director plans of organization and balloting that it is refreshing to be reminded that what may be democratic today for one group may be no longer democratic because no longer educational and developmental tomorrow.

The democratic way of life can manifest itself in industry through divers forms. But whatever form is in use, it must be recognized to be not perfectly democratic if in the last analysis important checks upon personal liberty and upon functional effectiveness are imposed from without by some related and yet unintegrated group. The relation of the banking world to industry perhaps supplies us with the most poignant example of inadequate integration today, and leaves us with a proper sense of the leagues and years which are to be traveled in the process of rendering industry democratic because truly contributory to personal growth.

ORDWAY TEAD\*

*Employee Stock Ownership in the United States*. By Robert Foerster and Elsie H. Dietel. Industrial Relations Section, Princeton University, 1926, pages viii, 174.

Professor Foerster and the Industrial Relations Library at Princeton have brought the student of management under a very real debt for their recent study of employee stock ownership in the United States. Although primarily factual in intention, this study opens up enough suggestions and questions to move the economic philosopher to prolonged reflection. For here we witness the novel phenomenon of some hundreds of thousands of employees of the rank and file holding well up toward a billion dollars worth of securities in American corporations, an arrangement which is extending from company to company with an almost unbelievable rapidity. A wholesome variety of plans and methods is being experimented with, and there is every reason to expect that out of this vast body of

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experimentation certain forms of procedure are likely to develop which may considerably modify the typical "capitalistic" absentee ownership corporation, which has been the familiar phenomenon of the last quarter century.

Professor Foerster is most guarded in drawing any conclusions from the bewildering array of facts which he offers; so much so, that his document is a model of scientific industrial inquiry. Perhaps part of the fascination of this volume is the stimulus it gives to one's imagination as to the modifications to which the typical corporate structure may be destined in the next generation. Certainly the effect of this movement upon what is usually called working class psychology is destined to be appreciable; and whether or not it will be in a direction which will tend to develop the avowedly social purposes of corporations more fully than under absentee ownership yet remains to be seen.

It is conceivable that employee stockholders, as their holdings become more substantial, will take the color of their industrial views from the present typical capitalistic stockholders. On the other hand, the tie-up which is increasingly evident between stock ownership plans and employee representation plans suggests that there is in process of growth a structure of representative control which may at the same time be in a democratic direction and subject also to purposes which are scientific and social rather than competitive and selfish.

The present reviewer cannot but feel that any consideration of the science of management which today ignores the problem of the potentially increasing influence of the employee stock owner is an attempt to solve a problem without the use of some of the most significant data. The problem of ownership is inevitably tied up with the problem of incentives, of morale, and the larger problem of a competitive as against a scientifically co-ordinated industrial growth. Every student of the science of management will find data for his thinking about tendencies in this book which it will be little short of disastrous to have ignored.

ORDWAY TEAD\*

*Procedures in Employment Psychology*, by Walter V. Bingham and Max Freyd, A. W. Shaw Company, Chicago, 1926, pages xi, 269.

Messrs. Bingham and Freyd have performed a valuable service to the world of management in setting forth in clear and scholarly fashion the procedure which must be used in developing, evaluating and installing measurement methods for vocational tests. The fact that they do not minimize the difficulties of this procedure and do not hesitate to embark upon rather elaborate mathematical calculations should help the enthusiastic manager to give pause regarding the attempt to use tests for selective purposes.

The authors realize that there is no primrose path in this field, but on the other hand, they are hopeful as to its promise, if it can be scientifically and conservatively de-