

on each man to shoulder his own misfortunes. We forget our rebel tradition toward misfortunes which are handed down to us. We preach a robust individualism that does not reckon with the fact that sturdy legs are tassels if they have no ground to stand on. It takes a wrench of our imaginations to regard industrial unemployment as something that concerns not alone the self-dependence of the individual wage earner, but the self-dependence and self-respect of American industry as a whole in carrying its own risks.

Now is the time, when depression drives the need home, to push for enduring solutions.

Allan C. Reiley.³ The idea that the principles of organization which have been attaining recognition during the past few decades should be applied to the integration of industry in general seems to me a tremendous one. Twelve years ago such a possibility would probably not have occurred to the people who planned this program. I cannot help but think that such a possibility was suggested by the greatest economic experiment⁴ in human history. I expected to hear the Russian experiment figure prominently here tonight, and I have not been disappointed.

The propositions of the evening as I understand them, however, are offered directly and immediately to the United States. The communism of industry in Russia has been superimposed by an autocratic government, and as I understand Mr. Bliven, he prophesies that a similar system will be imposed on all the industries of the world by some international supergovernment. This may happen, but as I understand it, we are not here to discuss the ultimate future but the immediate American present. It does not seem to me that any immediate industrial problem in the United States can be solved by government or supergovernment. If we are to have what these propositions indicate, a complete organization of all industry, it must come through the industries themselves, that is, through an integrated correlation of all the industries of the United States. Not all the organizations but simply their mutual interests should be integrated through organization.

But where in competitive industry are we to find the basis for this integrated correlation? I think

³President's Staff, General Motors Export Company, New York, N. Y.

Mr. Bliven gave the cue when he described the legitimate objective of industry as service to human society. Industry has never even tried to render such service to the whole population of the world. If you go back to the trade and merchant guilds and the chartered companies of the Middle Ages and later, you will find they had no such purpose. They rendered specialized and selective services and sought monopolistic privileges within certain areas. The service of humanity as a whole was entirely beyond their horizon. That same tendency survives today in tariffs, favored nation clauses and every form of preferential and restrictive legislation in the commercial sphere. The reason is that industry has never had as its object universal service.

How can such a concept be brought about? The great problem of industry is no longer production but distribution. We have wonderful production machinery in this country, as they have in other countries. There is also much potential capacity and idle capacity, while people are without the necessities of life that this machinery should supply. This is not due to periods of depression, either. During the recent years of greatest prosperity in this country, millions were none too well fed, or clothed or housed. If this is true of our country, how much more true it must be of the more backward nations of the world.

The distribution problem is unsolved. If we are to have an industry serving humanity we must have an integrated distribution. Distribution is more than transportation and communication, more than merchandising or marketing, even in the broadest sense in which those terms are used. To be effective it must cover the actual organization of markets, which includes the organization of participation in those markets. The most perfect production and distribution systems cannot render any human service to the great masses of people who are prevented by poverty from purchasing. Industry can and must confer this purchasing capacity.

The organization of markets through participating activities is an expression that may require further definition. Such activities refer to the employment of the people whose services are required in the execution of productive and distributive plans, the further services to these ends that are required from without the organization, and the increased purchasing power that is conferred by all of these forms of participation. The term "or-

ganization of markets" may be unfamiliar to many, but there is nothing unfamiliar in the phenomena that this term describes. They are the commonplaces of every-day industrial experience. Every industrial institution, whether consciously or not, is engaged continually in the organization of markets, resulting in extended purchasing power.

What is needed, therefore, in order to find the basis for a true industrial integration, is a general recognition of this fact. The extension of general purchasing power constitutes a mutual service to which each and every industrial institution must contribute in the service of all. Here if anywhere, in an interest both universal and mutual, is the basis for organized integration of all industrial interests.

Mary van Kleeck.⁵ May I bring the discussion back to the challenge to scientific management as Dr. Person has outlined it, and suggest its applicability to our present situation in this country?

Evidently it is generally accepted in this group that our trouble today is not the same as it was in 1921, when it was said that the cause of depression was primarily the over-expansion of inventories and that hereafter more careful control of stock on hand would prevent undue fluctuations in the business cycle. We learned that lesson so well that, relying upon hand-to-mouth buying, we thought we were prosperous even up to the fatal minute in October, 1929. But apparently the fates that control education in economics had other lessons in store for the United States. We began to learn something about the uses of money in the stock exchange; some feeling for international trade stirred within us, and finally the whole question of the relation of productive capacity to buying power became important.

At that point some of us who are in the social-work group began to feel at home. At times social workers who are dealing with problems of poverty in this country have wished that business management would learn how to run industry so as not to place such a heavy burden of poverty upon wage-earners' families, and then rely for relief upon the charitable activities of the community. Now, happily, business managers are beginning to learn from social workers what is implied in the term "standard of living," because the balance of industry is

⁵Director, Department of Industrial Studies, Russell Sage Foundation, New York, N. Y.

being tested by this standard. The term simply means the size of the income as tested in its power to purchase the goods and services which the individual or the family needs and ought to have in proportion to the economic potentialities and stage of development of the community. In so far as the incomes of large groups of families are inadequate to purchase the products which industry has learned to make, the power to balance resources, production and consumption has been found wanting.

If I may digress for a moment to speak of foreign countries, I should like to urge that in our attitude toward Russia we do not overlook the fact that its stage of industrial development is far behind ours. Russia has chosen as its immediate objective rapid industrialization, and until that is achieved the ultimate objective of raising living standards for her people is delayed. Russia will conceivably reach a stage soon in the task of industrialization when she will be focusing attention upon distribution. Present conditions in the United States are not comparable to those in the Soviet Union. We are highly industrialized. Our immediate need, and responsibility, is to distribute purchasing power.

The problem in the United States is distinct and unique because of our economic position in the world. We have to plan our economic life with a view not to our own boundaries alone, but the boundaries of the world. This is because of the realities of economic development. We cannot limit our thinking because dollars do not remain in one country. We are a creditor nation to which war debts are owed. All policies of government in international relations must in the last analysis be tested by their actual effects on industrial and business life in our own and in other countries. The new challenge to scientific management in the United States today, then, is to take account of an array and a complexity of facts such as business in this country has never faced before. The challenge lies in the necessity for studying all the facts until we become aware of their significance.

I may use the Regional Plan of New York as a small illustration of the difference between having facts available and being aware of them. Under that plan economists studied the space requirements of industries in this region for fifty years in advance. The printing industry was among those studied. A joint committee representing employers and labor in this industry went over the findings