

amic properties of the materials with which we are dealing. Only after all these points have been cleared as far as possible, can we get at the practical results—the "brass tacks"—because only then shall we know where to place the brass tacks and how to use them.

This idea of getting at the facts and interpreting them in advance as a guide for action is the subject of the world Industrial Relations Congress to be held at Amsterdam in the last week of next August under the auspices of the I.R.I. We call it a congress on *social economic planning*—the necessity of planned adjustment of productive capacity and standards of living. I may perhaps quote from the Call for the Congress:

In the present stage of economic life the task of achieving balance seems to demand international economic co-operation. Some regions of the world remain largely self-sufficient. Others are more closely interdependent. But interdependence is rapidly taking the place of self-sufficiency. Nations and industries, however, are not fully conscious of this actual growth toward unity, and their policies are still largely shaped toward self-sufficiency as an objective, often to the detriment of human welfare, which can be assured only if economic and political policies are based upon the realities of economic development.

One of the very important papers of the congress, dealing with the contribution of the scientific management movement toward social economic planning, has been prepared by Dr. Person. His collaboration is another instance of co-operation between the Taylor Society and the I.R.I. We believe that his paper will be a great contribution to a better understanding of scientific management and its wider possibilities. I have asked Dr. Person to allow me to quote from the synopsis which he has already prepared:

So effectively has this technique of detailed and general stabilization been developed in all areas of individual enterprise, that today great corporations owning many geographically scattered plants are able to manage them as an organic whole more efficiently than the small compact plant was managed a quarter century ago. This has offered experience of inestimable value to any attempt at collective management of still larger areas of industry.

Scientific management has not yet been applied to the management of industry collectively. But the present state of world industrial disorganization challenges society to attempt a better management of its industry. The new technology of production and distribution has made it possible for industry to be more productive and thereby increase human welfare, provided its more delicately balanced parts are not dislocated by forces outside its control.

The relations of competitive units of business enterprise in individualistic industry have not yet been brought under control, and constitute a disturbing force which causes periodic dislocations of the production-distribution mechanism, stoppage of industrial processes, unemployment and distress. These dislocations become more destructive of human welfare as the production-distribution mechanism becomes more efficient through increasing specialization and consequently more complicated functional relations. The total of industrial processes—competitive business enterprise as well as technical production and distribution—must be brought under control if disaster is to be averted.

Therefore each major industry, each total national industry, and world economic relations, must be brought to a degree of stabilization comparable to that which scientific management has made possible for individual enterprise. The technique of collective stabilization must be constructed out of that technique which private industry has already developed and proved.

All this really constitutes world budgetary control, and here I wish to draw your attention to the splendid piece of work done last year by the International Management Institute, of which, as you all know, the previous speaker, Mr. Urwick, is director. The Institute called the International Conference on Budgetary Control, of which I had the privilege of being president.

One interesting incident shows how inevitable it is today to recognize the necessity for an international outlook. After the first day or two, the Conference formed a committee to consider the desirability of some sort of organization of groups in different industries representing different countries. By the time this committee was ready to report that such groups were desirable and even necessary, the conference management found that several had already been formed on their own initiative. As a result of individual contacts of members of the Conference, six international groups had formed themselves, including, among others, the automobile industry, the cotton industry and the steel industry.

Surely today any country that imagines that it can stand aside and prosper while the rest of the world is suffering will sooner or later—let us hope not too late—discover its error.

I have heard on your side of the ocean and in Europe all kinds of solutions offered for the present depression—higher wages to increase buying power; lower wages to cut prices; destruction or storing up of stocks in order to raise prices and

in so doing to bring prosperity. Some explain the situation as due to overproduction; others say it is underconsumption; as if it were not actually a question of relativity, of balancing. Not being an economist, I shall not offer any opinion; if I were an economist, I might still less wish to do so. Even economists disagree a little. You have probably read that Professor Robbins, of the London School of Economics, disagrees with Sir Josiah Stamp and Professor Keynes, who wish to institute protective tariffs.

Whoever may be right, the point is that interchange of experience and knowledge is needed today if we are to see the picture as a whole and gain the understanding which is essential to wise action. In other words, economists and industrialists and labor will have to come together internationally and through exchange of views gain a larger understanding of present realities in economic life. The approach needs to be economic, since that is where the problem lies. Politically, this exchange of views has already been attempted; you yourselves are able to see the results.

Mr. Huston Thompson's spirited speech at an earlier session of these meetings, touching on this international aspect, deeply interested me. I would only question his solution of instituting a kind of Hague court for handling industrial complaints. He described some of the difficulties of the Federal Trade Commission in the United States, including delays in settlement. Could an international court of industrial complaints escape these difficulties? Moreover, would not the handling of complaints be merely treating symptoms? What we need is

to gather facts and by properly grouping and interpreting them arrive at basic principles and the root of things. Only then can measures be taken which will actually stabilize conditions.

I rather believe that a body should be created of economists, industrialists and labor, from different countries, to do exactly this work and in addition to give information to the public, which I think is getting rather tired of the present political scramble—an attitude on the part of the public which might become a very real danger. We might even conceive of such a body's dealing with so difficult a subject as the tariff and finding a temporary or even a permanent tariff wall desirable, but it would reach its decision not casually or through political manipulation, but only after careful study based on facts viewed internationally and with the mutual interest of those involved in mind.

I hope that you will not consider me sentimental if I end by saying that in all these discussions one of the things we ought to bear in mind is human happiness. Every man is seeking happiness, not all in the same way—some in very queer ways. I hold it to be the task of everyone having the least influence in business or industry, along with his economic or technical work on this gigantic industrial problem, to bear this happiness in mind and to realize that however splendidly we may build the machinery of industry and of the world's affairs, it will be a perfectly useless and even dangerous accomplishment if in the end it does not promote this human happiness which everyone strives after, whether for himself or for others.

**F**URTHER aspect of the development of Scientific Management which is of interest to employers, is the rapid spread of an international movement for the exchange of ideas and experience bearing on industrial management. The government of Czechoslovakia, very ably led in the difficult period following the Armistice, saw the value of the idea, and the contribution it could make towards the reconstitution of European industry. The first International Congress was held in Prague in 1924. . . . In 1925 a further congress was held at Brussels. . . . The third congress took place in Rome in 1927. . . . The congress was

attended by over 1400 delegates, representing forty-five nations. . . .

In several European countries, notably Czechoslovakia, Germany, Italy, and Russia, national institutions have been established with government support for the purpose of research and propaganda along Scientific Management lines. . . . All over the world inquiries and experiments are proceeding which are inspired with the idea of eliminating waste and perfecting administrative methods by the application and extension of the scientific technique first employed in this field by F. W. Taylor. (L. Urwick, *The Meaning of Rationalisation*, pp. 75-76.)