

have them go through such an experience as Mr. O'Connell has related. In Section VI there is a statement to the effect that standards should be reviewed periodically "with the presumption that improvements in productive capacity should be reflected in increased earnings." If that presumption could be acted upon, and if workers could be made to believe that it would be acted upon, I think a great deal would be accomplished toward removing the fear with which time study is regarded.

I was a bit amused, if that is the proper word to use, to see the position that is taken in the code on night work for women. Whenever I hear such a statement, with which I am in complete agreement, my mind goes back to those embattled hearings in Albany. Evidently there was no "Equal Rights" representative on the committee.

Under "Security of Employment" it seems to me there is some slight contradiction between the first and last half of the paragraph. The first half states that "involuntary unemployment . . . is . . . beyond the scope of discussion in this code." The following italicized statement sets up security of employment as one of management's major objectives. I take it that the reconciliation is this: security of employment is recognized as a major goal toward which management should strive but the difficulties in the way are admitted to be so serious that management alone may not be able to overcome them.

I think the suggestion under "technological improvement" a very helpful one. The term technological unemployment may be comprehensible to you people, but to many outsiders, even industrialists, it is, I fear, a mere mouth-filling phrase.

If this document as a whole were to be put into effect in industry in the next ten years I think it would be a pleasant surprise to the great majority of people in the United States. My impression is that most people believe that no organization of employers would be anything like so liberal and far sighted. For that reason I hope you will speed up its adoption—not put it out fifty, twenty-five, or even ten years hence, but at a very early date.

There is one topic that has not been mentioned this afternoon. Under "Personnel Organization" the last paragraph refers to foremanship. It is my belief that the ideal foreman is so rare as to be practically non-existent. And yet the selection and training of good foremen is the most important factor in plant operation. I am glad you put this

statement in italics. No matter how good the plans of management may be, if there is no foreman capable of interpreting them they will not get across to the workers.

I am very glad that chemical hazards are mentioned especially under "Safety and Health in Work Rooms." It is an exaggeration, I suppose, to say that the chemical revolution today is comparable to the industrial revolution of the third quarter of the nineteenth century. It is certainly amazing in scope, however, and puts upon all of us—especially employers—an added responsibility to see that workers are protected against this new type of hazard.

There is something of this random character that I could say about every paragraph in the code, but I will close with one more comment. The last sentence of the document says that "Co-operation with government departments in providing data on employment and earnings for current use as a guide in business policies is a contribution of the industrial establishment to general industrial stability." I am very glad to have this statement in the Code. For several years a number of States and the Bureau of Labor Statistics of the United States have been collecting monthly reports on factory employment and payrolls. These reports have served a highly useful purpose in estimating the volume of employment throughout that period. I should like to see still further co-operation on the part of industrial establishments and the furnishing of additional information, especially on employe-hours of work. The New York State Department of Labor, which has been issuing reports on employment and payrolls in factories for sixteen years, plans to issue a similar series of figures this winter based on reports from construction firms in the State.

H. V. R. Scheel.<sup>7</sup> Speaking from the standpoint of manager, I believe the very formulation and appearance of such a document as this can be said to have great and constructive value; a value which will be enhanced upon its adoption in code form. The fact that today the Taylor Society is giving consideration to ideas of this character marks the beginning of its influence.

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In considering what might be said on this subject, I have tried to envision the responsibilities of management. May I try to make clear what I think the relations of the investor, the worker and the consumer are to each other? It can be said that in a narrow sense the interests of each are inimical to those of the other two. The Simon-pure, selfish, unsocial investor would not care what labor is being paid or what the consumer is being charged. Similarly the worker is not primarily interested in whether there are dividends or not, or in whether the prices to the consumer are too high. And as to the consumer! He can be said to be without much conscience as to whether there is a fair return to either labor or investor. Does today's consumer seem to care whether the raw material was stolen, or whether the labor for converting the raw material into the finished product is that of a Chinaman living in China on a handful of rice a day?

Diagrammatically this opposition of interests of investor (capital), worker (labor) and consumer (public) is shown by triangular lines at 120° to each other. Management operates to co-ordinate

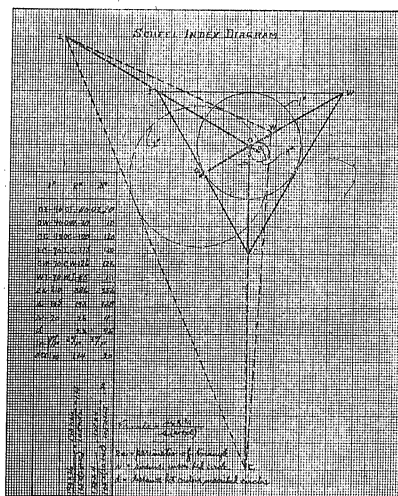


Figure 1

the efforts, abilities and the contributions brought to the joint adventure by each. When management is successful in effecting substantially just participation in the resulting gains to I, W and C, then the lines OI, OW and OC will be equal in length. The area of the triangle is in some proportion to the net gain of the endeavor to society as a whole. Can we by calculation obtain an index figure which represents the relative effectiveness from the social viewpoint of management for the same concern or industry in different periods of time? I think we can, for if we find that in a second period the advantage to investor is doubled, the line OI becomes OI<sub>1</sub>; if the advantage to workers is quartered, then OW becomes OW<sub>1</sub> and if the advantage to consumer is tripled, OC becomes OC<sub>1</sub>. The enclosing triangle becomes I<sub>1</sub>W<sub>1</sub>C<sub>1</sub> and the inscribed circle has its center at O<sub>1</sub>. The distance OO<sub>1</sub> is designated by d. The calculation then shows the relative effectiveness of management from the social viewpoint to be:

$$\frac{\frac{1}{2} (I_1W_1 + W_1C_1 + C_1I_1) \times Or_1}{\frac{1}{2} (IW + WC + CI) \times (r + OO_1)} =$$

$$\frac{\frac{1}{2} \text{total perimeter of new triangle} \times \text{radius of its inscribed circle}}{\frac{1}{2} \text{total perimeter of old triangle} \times (\text{sum of radius of old inscribed circle plus the distance between the centers of the inscribed circles})} =$$

$$\text{Index of relative effectiveness of management from}$$

$$=$$

$$1.14 = 114 \text{ per cent}$$

This perhaps indicates the accomplishment of Ford.

Now should the advantage to investor be reduced to zero, due perhaps to error in the buying of raw materials, or the creeping in of wastes, all without changes of advantage to workers or consumer as such, then our triangle becomes O, W<sub>1</sub>, C<sub>1</sub> and its index figure works out to be 20 per cent.

Indeed the triangle may come to have negative value, for instance if investor suffered a loss, or if worker received short-time pay, or an amount of pay lower than his cost of living. When such

<sup>8</sup>Let r<sub>1</sub> be the radius of the new inscribed circle.