

Objects of the Taylor Society Incorporated

The objects of this Society are, through research, discussion, publication and other appropriate means:

1. To secure—for the common benefit of the community, the worker, the manager and the employer—understanding and intelligent direction of the principles of administration and management which govern organized effort for accomplishing industrial and other social purposes.
2. To secure the gradual elimination of unnecessary effort and of unduly burdensome toil in the accomplishment of the work of the world.
3. To promote the scientific study and teaching of the principles governing organized effort, and of the mechanisms of their adaptations and application under varying and changing conditions.
4. To promote general recognition of the fact that the evaluation and application of these principles and mechanisms are the mutual concern of the community, the worker, the manager and the employer.
5. To inspire in labor, manager and employer a constant adherence to the highest ethical conception of their individual and collective responsibility.

Membership

Membership in the Taylor Society may be either individual or firm. The following is a statement of membership classes. The fees and dues for members in other countries than the United States are one-half of those specified. The exception is the organized branch which is permitted to remit one-quarter of the regular fees for each of its individual or firm members. Application for membership should be made on a regular form which may be secured from the Society. New members may be elected directly to the grades marked*.

1. ***Member:** An individual interested in the development of the science and the art of management as engineer, executive, operative, scientist, investigator or teacher. Minimum age 28. Initiation Fee, \$15. Annual dues including subscription to the Bulletin, \$15.
2. ***Junior Member:** A younger member. A Junior Member may become a Member without payment of additional initiation fee at 28 years of age and must change to Member at 30 years. Initiation Fee, \$5. Annual dues including subscription to the Bulletin, \$7.50. For any of the above grades a person engaged in educational work, state service, government service or the service of any other non-commercial enterprise of an eleemosynary nature shall pay one-half the initiation fee and one-half the annual dues of the grade to which elected.
3. **Honorary Member:** A member elected by the Board of Directors for exceptionally distinguished service in the advancement of the science and the art of management.
4. ***Life Member:** Any member who has prepaid all dues by the payment of \$500.
5. ***Firm Member:** A firm or organization interested in the advancement of the science and the art of management which desires to make the service of the Society available to members of its organization. A firm member designates two representatives (who may be changed from time to time at the organization's discretion) who have all the rights and privileges of membership except the right to vote and to hold office. Annual dues, including two subscriptions to the Bulletin, \$30.
6. ***Contributing Member:** Any individual, firm or organization desiring to promote the work of the Society by an annual contribution of \$100 or more. A contributing member has all the privileges of personal or firm membership, as the case may be, including one subscription to the Bulletin for each \$15 contributed.
7. ***Student Associate:** A regularly enrolled student of management in any school of engineering, business administration, commerce or arts, of collegiate rank, or a graduate of such institution who has applied for membership not later than one year after graduation, elected upon recommendation of the instructor in charge of management courses. A Student Associate may become a Junior Member, without payment of initiation fee, any time after graduation and must become a Junior Member at the age of 25. Annual dues including subscription to the Bulletin, \$3.

All dues are payable in advance, either annually or in semi-annual instalments. The fiscal year is November 1 to October 31. Members elected other than at the beginning of the fiscal year are charged pro rata (quarterly) for the first year.

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Reserve

December 6, 7 and 8, 1933

for the

Annual Meeting of the Taylor Society

see back cover for tentative program

Comment

WE ARE not merely exploring new economic territory; we are occupying it. Those industrialists who assume that after a year or two of acceptance of new conditions and ways of doing things we shall gently drop back to the accustomed conditions and practices of the past face disillusionment. The essence of the present dominant point of view and the framework of new institutions now being created are likely to be permanent. Among other changes now developing is that in the capital-labor relationship. We are using the word capital in a broad sense which includes the business enterprise as well as the specialized provision of capital funds. It is not unlikely that we are on the way to a complete reversal of the capital-labor relationship.

IN THE past capital has been able to claim a specified income secured by mortgages on productive property, and ownership has been able to establish the presumption of a "fair return" for organizing and conducting a business. If at any moment an owner has been able to realize an exceptional return he has established the presumptive right to try to make it permanent by capitalizing the differential—creating a new property forever entitled to a return. Although this has not been the case with every business—especially the small business, for the corner grocery or drug store must still face many risks and earn its way by economic service—the presumption has become strong in the field of corporate organizations and is fortified by corporation law. This has led to the general point of view that the variable expenses in business must be materials and labor—especially labor, for it accounts for a large portion of the expense of materials—and that above a subsistence wage labor must be satisfied with what is available after the claims of capital and ownership have been satisfied. Let us not deceive ourselves by the fact that wage rates are not changed readily; wage income is changed readily by variations in employment.

STUDENTS have raised the question whether this could endure, but at a time and under conditions which made their questioning seem academic. Ten years ago one of our ablest economists, John M. Clark, made an important study of overhead costs in which he says: "The wage system makes labor a direct and variable cost and the system whereby corporations own their own fixed capital makes that an overhead cost. There are reasons for this system; natural reasons and historical reasons; but it would be quite possible to draw contracts in such a way that labor would be the overhead expense to the employer and machinery the direct and variable expense." Now our proposition for consideration is that, earlier than any one would have expected ten years ago, we are definitely on the way to making the cost of labor a fixed overhead—relatively, progressively, and not statically—and asking capital and ownership to be satisfied with the variable portion of social income. The natural and historical reasons for the earlier relationship, to which Professor Clark referred, are disappearing.

Gradually within the past half century and more perceptibly within the past decade the balance of forces has been shifting. For instance, for the first hundred years of our industrial development we were in a deficit economy. We were a group of moneyless settlers opening a territory of rich natural resources. We had labor power in addition to the resources, but capital was wanting; and capital was necessary to utilize the new technology of the industrial revolution which the mother coun-

(Continued on page fifty-two)