

generally speaking, receiving at the present time more than its fair share of the joint return given to capital and labor. And the eyes of the laboring people are continually directed to the wrong spot when they are focussed upon the great and unjust rewards which capital is now receiving.

I feel very certain that one of the greatest misfortunes under which laboring people now are suffering, is that they are not correctly informed on this very subject. One of the most illuminating articles that I have ever read appeared in the June *Atlantic Monthly*, and was written by Mr. Chas. Norman Fay. It begins on Page 758. I am sending you an extra copy of this number, which I have procured. The apparently reliable statistics given towards the end of this paper constitute, to my mind, its very great value, and show, for instance, that if the entire reward which now goes to capital were divided equally among all the working people of the country, the average head of the family could receive an addition of only 60 cents a day to his wages.

That means that if the entire reward now received by capital were divided equally among all the people in the United States, each individual would receive only 13 cents a day.

Now I have not the slightest idea that the ordinary mechanic or employee of a company knows the facts in this case. He is under the impression, as I was to a large extent, that capital received entirely too large a share of the joint product of capital and labor. (This of course is true, and true beyond the slightest doubt, in the case of certain aggregations of capital throughout the country, but is the exceedingly rare exception and not the rule.) Now, if the reward which capital is receiving is so small that if all of it went to the working people there would only be an increase of 60 cents to the head of each family, we certainly cannot look in this direction for much greater prosperity to the working man.

I have felt sure, both from my personal practical observation, and from everything that I can read on the subject, that the only true hope for an increase in prosperity to the working people lies in an increase in the productivity of every working man, throughout the country. Whether this increase comes through greater personal efficiency, through a better order of co-operation, through the introduction of labor saving machinery, or from whatever source, it is to the increase of productivity of the whole mass of our people that the working people must look for an increase in their prosperity.

This I conceive to be at the root of the whole labor problem, and it seems to me that it is of the very first importance that the laboring people of the country should be brought to understand this fundamental

fact. They are now—through labor leaders, through the press, through public opinion—taught to believe that there is something radically wrong with the division of the surplus earnings, and that if they only got their fair share of the joint product of capital and labor, everything in the world would be *couleur de rose* for them.

Now, as to profit sharing. If profit sharing would result in so stimulating the workmen who come under it that each one would very materially increase his daily output, say double his productivity, then I should look to profit sharing as the cure for the present troubles. My judgment and observation and study of men leads me to the conclusion, however, that profit sharing, while it would induce workmen to become slightly more productive, would not have the effect of greatly increasing the average output of the individual. This has been the history of practically all profit sharing institutions up to date. It has not greatly stimulated the output of the individual.

And the fundamental reason for this lies in the fact that the human animal is so constituted that he looks upon his own immediate individual welfare and happiness and ease and comfort as of vastly more importance than the welfare of his fellow beings. The only way to get a large output from the individual is to let him have, in plain sight and in the immediate future, a personal reward to him which shall be proportional in a way to the exertions and endeavor which he puts forth; so that the profit which the men receive under profit sharing, and which comes to them only at the end of the year, or say every six months, is not a sufficient stimulus to affect them materially in their every day work. This reward is too remote.

I have seen this fact illustrated in so many different ways that to me it has come to be an absolute certainty. The average workman, for example, cannot look forward for more than three weeks to a month for a reward. His reward must come to him at shorter intervals even than this, if he is to be stimulated to greater endeavor. As the character of the individual becomes less formed and weaker, this period must be made shorter and shorter. In my book on "Shop Management," I have referred to the case of a lot of girls who were inspecting bicycle balls. (See pages 85-91, Harper edition). We found distinctly that unless these girls were informed every half hour as to whether they were keeping up properly with their work, they would become entirely indifferent and fall away behind; not just lapse off a little, but they would completely collapse in most cases. This of course is at the extreme lower limit in this respect, but in principle this is practically true of all laboring people.

It is for this reason that the contract system, even,

does not in any way compare with the scheme of daily giving a carefully measured task to each workman. To get much of any large return from working men, you must give a short task, to the end of which the workman can look with ease, and against which he can measure himself throughout every hour in the day.

And you *cannot do both*; that is, give the workman an extra large reward day by day, and then also give him a large share of the profits at the end of the year. Let us therefore use the total profit which the workman is to receive in the way which will most increase his productivity.

Now, under scientific management we deliberately plan to increase the workman's wages, or his profit, to the extent of from 35 to 100 per cent each year. By giving him this extra profit day by day, as a reward for accomplishing the tasks laid before him, instead of giving it to him at the end of the year, and also by giving him the help and co-operation of the many men who are working jointly with him on the management side, it is possible on an average to more than double the output of each working man. If the same profit, that is, a profit of from 30 to 100 per cent on his wages, were offered to the working man through the profit sharing scheme and given to him at the end of the year in the form of dividends, my judgment and observation is that it would not increase his productivity to the extent of 10 per cent.

And that is my main reason for not favoring the profit sharing scheme. I am exceedingly desirous that the condition of the working man should be bettered. In fact, I am devoting my whole life to this cause. But I am profoundly convinced that the road towards prosperity does not lie in any better scheme for dividing the joint product of capital and labor than those which now exist, but that it does lie in a great number of schemes for greatly increasing the productivity of the average working man, so that my whole time and attention is given to the promotion of schemes which have this for their main object.

Yours very sincerely,

P. S. One more thought in this matter. The only way to make the world happier in a material way is to increase the riches of the world, that is, the material things which are useful to man; and all of these come from two sources only—from what is produced by the earth, or comes up out of the ground, and what is produced by man. An important fact to bear in mind is that more than nineteen-twentieths of all the wealth produced in the world is consumed by the poor people, and not by what are called rich people.

Any increase, therefore, in productivity of the individual simply increases the wealth of the world to that extent, and nineteen-twentieths of this increase goes straight to the poor people.

F. W. T.

PERSONAL HISTORY

SOME INTERESTING FACTS AND COMMENTS ABOUT HIS EARLY TRAINING AND LATER PASTIMES, BY THE
FOUNDER OF SCIENTIFIC MANAGEMENT.
A PERSONAL LETTER.

December 2, 1910.

Mr. Morris L. Cooke,
Boston, Mass.

My dear Mr. Cooke:—

In answer to your letter asking for facts in my personal history, I can hardly think of any with which you are not already familiar.

The two years of school in France and Germany, then a year and a half travel in Italy, Switzerland, Norway, England, France, Germany, Austria, etc., (all of which I disapprove for a young boy), then a return to the healthy out-of-door life of Germantown, than which I believe there is nothing finer in the world, in which sport is the leading idea, with education a long way back, second. Then two years of really very hard study, coupled with athletics, at Exeter, and what I look back upon as perhaps the very best experience of my early life, namely, the very severe Exeter discipline, in which no excuse was

taken for any delinquency whatever, and in which every boy had to toe the mark in all respects.

At that time one half of the scholars at Exeter were dropped each year (they have again returned to the old Exeter idea, in which one quarter of the boys were dropped). It was the wrong side of the Exeter training, however, which ruined my eyes and left me no other alternative than working as a workman for the four years following 1874. At that time the great ambition of all boys at Exeter was to be at the head of the class in studies, and the competition was so severe that all of those who were not very brilliant had to work away late into the night in order to get there. It was this competition that broke my eyes down, and it should be also noted that the three other men who led the class before I did also broke down and had to leave Exeter, on account of poor health.

The very best training I had was in the early years of apprenticeship in the pattern shop, when I was under a workman of extraordinary ability, coupled