

ing classes and through them the welfare of society, I cannot agree that the workman is any less intelligent or more narrow-minded than the average employer. I am convinced that the one side is just as human as the other, that both are liable to about the same short-sighted and narrow interpretation of the true function and meaning of business, namely, the liberation of the creative capacities of man.

I am further persuaded that had our business system been conducted more in the spirit of science and art, the deplorable militant attitude of both capital and labor would not have appeared. Labor probably has a keener, safer social instinct than capital. It appreciates the vital determining values, *i. e.*, the spiritual values in the business world more quickly and more completely than does the average manager. Labor knows the meaning and worth of the brotherhood bond better than capital and instinctively fights to protect it. The methods of aggression of the workman and manager are quite different but their attitude and narrow-mindedness are, I believe, essentially the same.

With reference to what the author has to say about the third part of his paper, namely, the social scientist, I find myself in hearty accord. I am glad that he gave the interpretation that he did to the terms "practical" and "theoretical." They have always been more or less of a hindrance in the way in which they have been interpreted by those within and those without business. Anything that will help remove this misunderstanding of the proper use of these terms is helpful.

I regard the paper by Dr. Person, ladies and gentlemen, as a noteworthy contribution to the theory of the science of management. It impresses me as particularly timely and of great value coming as it does before this Society. You have been criticized not only by organized labor but by many students of industrial and social problems as tending to interpret industry in too narrow and perhaps mechanistic a manner. Some able critics have held that you did not regard industry always as the vital social organism that it is. It seems to me, therefore, most timely and wholesome to have Dr. Person's broader social interpretation of industry brought before you.

No society in the country has a firmer foundation on which to build the broader social industrial concepts than your society.

You have given the business world the best scientific object lesson it has thus far received. What is above all needed now is the advancement of economic democracy and in this advancement we must more fully incorporate the elemental facts of human nature.

The scientist in the future will have to give a broader meaning to the "facts," and if we are to have

genuine industrial efficiency and harmony there will have to be worked out more genuine cooperative methods for the discovery, interpretation and cooperative agreement as to just what constitute the "facts."

As I interpret the paper by Dr. Person it focuses our attention upon the necessity of getting at the whole truth.

I stated at the outset of my remarks that my chief disappointment with the paper was due to the fact that it offers no constructive machinery for putting the ideals which it develops into practice and I hope before the evening is over that Dr. Person will offer some suggestions as to how he thinks his ideas may be made a practical business asset. I am a firm believer in the practical-theoretical method. Knowledge is power only when put into action; and the business world is crying out at the present time for constructive machinery for putting just such ideals as the paper embodies into practice.

The paper has been a real inspiration to me and I regard it as a vital contribution to the literature of your society.

MR. CECIL GREGG.¹ In to-day's discussion, you have talked only of the manager, the workman and the social scientist. Is there not another person, perhaps of no more importance, but whom it would be well not absolutely to forget?

Some time ago, when you gentlemen were in the habit of calling on Sunday night, you may remember that while you were waiting, you found on the center table a little book containing Charles Dana Gibson's drawings on the Adventures of Mr. Pip. Mr. Gibson has a faculty for illustrating the ordinary American life which most of us have led,—where the ladies naturally take the predominant part; and caricatured Mr. Pip as having the attitude of a human earth worm. Mr. Charles Darwin, of course, has said something fairly favorable to the earth worm, and the little work that it does in a quiet and unassuming way. And it is only in that attitude of Mr. Pip, that I most modestly,—not as a practical business man as you have explained the meaning of the term to-day, but more as a theoretical man,—have suggested and asked the question this afternoon—just in that earth-wormy manner: Where does the stockholder get off?

MR. H. K. HATHAWAY.² I told Dr. Person, when I came into the hall to-day, that I was not going to discuss his paper, and I don't believe I am, even now that I am here before you.

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To me, Dr. Person's paper is not something to be discussed, at least by a mere manager. To me it is an answer. Dr. Person has answered a lot of questions which I have "sensed." As Dr. Person points out, the manager frequently senses things that he is not able to define and analyze and express in words, and my reaction to Dr. Person's paper I find very difficult to express.

There is one thought, however, which Mr. Gregg expressed in a measure, that was brought up in my first reading of Dr. Person's paper, and that is, that there are three persons interested in this problem: there is the workman, the manager, and the social scientist, each of them asking something, the workman and manager perhaps asking more than the social scientist asks. The social scientist is merely trying to help the two. But there is only one of those three upon whom the responsibility for results falls, and that is the manager.

When it comes to questions of decision, questions of policy in the running of the business, the manager is the man who has to assume the responsibility for the results.

Let us suppose that we meet, three of us, around a table to decide some important question concerning the business. One of us is a representative of the workman, another is a social scientist, and the third is the manager. There is only one of those three who, if he makes a mistake, stands a chance of losing his job, of losing his reputation, and that one is the manager.

Now, I am heartily in favor personally of having the workman have a part in the management, of taking into consideration his views, his welfare, and everything that he is interested in, just as the social scientist is, and I think the majority of managers are. But the manager is responsible. He is the man who has got to decide. He is the man who has to bear the brunt, who has to pay the penalty if he does not decide correctly. The representative of organized labor—it is nothing to him if the business fails to continue. But it is something to the manager; and let me tell you it is something to society, as to whether the business succeeds or fails.

Now, no business can continue under our present conditions without earning profits. I mean by that, profits sufficient not only to give labor what it wants, but to pay a reasonable return on the money invested, that money invested representing not as some people suppose the surplus wealth of a few but representing the savings of a great many, and as time goes on I venture to predict that the capital invested in business will represent the savings of people generally, of the workman just as much as it is supposed to represent the surplus of the capitalist. And on that point

it seems to me that that solution of our social and industrial problems rests very greatly upon people becoming equally workmen and capitalists.

To get back to my subject: the manager is responsible, first, we will say, to his stockholders, because up to the present time under the present order of things he must earn dividends or his business will not continue, and not only he will be thrown out of work but a great many others. His next responsibility is to the consumer. He has got to produce his goods at a price which will enable them to be sold in competition with others and at a price which the consumer is willing and able to pay. There are two people he is responsible to. The third person he is responsible to is the workman. He has got to see that they are properly taken care of, that their interests are properly safeguarded if they are to work steadily and efficiently. Those three make up society, and the manager is the man who is responsible to society.

I do not think, for one, that the social scientist and the worker are entitled to the same say in the management of the plant, bearing no responsibilities, as the manager is entitled to, and as a matter of fact they cannot be. The manager is the man who has got to decide. He may be advised, he may be guided by the social scientist, he may be guided by the representatives of the workers. But under present conditions, don't forget for a minute that in the last analysis the manager is the man who has got to decide.

Now, I would be perfectly willing to be one of a board of three to run a plant, I representing perhaps the stockholders, another person representing the workman, and a third representing the public, if each one of us had the same responsibility; but under the present conditions I would not be willing to manage a plant unless my vote was the deciding one, as long as I was responsible for the running or continuance of the business.

If the social scientist and if the workman would assume the responsibility for running a plant, I would like to see it. I would like to see an industry run by a labor leader for the benefit of organized labor. I would like to see a business run by a social scientist, in the interest of humanity. You may say—as Dr. Person points out in his paper—that perhaps if we do bring in this element of industrial democracy, do have the laborer share in the forming of policies and reaching decisions with reference to the management of a business,—perhaps he will make mistakes, but what of it? It will develop him. That is fine. But do you know of any owner of a business who is willing to take a chance at it?

The way to work that out is to have some philanthropist who owns a business say: "Here, for three or four years I will place my business in the hands