

it is sound psychology to interpret business, and particularly the problem of human relationships, from the point of view of the necessity that the manager should earn profits.

I believe sound psychology demands that the discussion must be primarily from that point of view. In this particular industrial régime, in which nearly every industry represents property ownership and corporate organization, in which ownership is widely scattered and in which the manager is merely a trustee,—an industrial régime which will not change rapidly,—it is absolutely necessary that the individual manager have regard for profits. If he does not, he will, as Mr. Hathaway said, not only cause his principals to fail in business but will also cause himself to fail in his trusteeship and in reputation; he will cease to be a self-supporting, self-sustaining individual.

But I believe also that it is sound psychology for the social scientist to inject discussion from the point of view of a régime of no profits. That serves as a corrective to too extreme or narrow a point of view on the part of those who must assume the necessity of profits in their discussion; as a corrective to their failure to observe an evolution which is modifying the esteem in which not only profits but also individual ownership of property and even individual rights are enjoying in human opinion. In fact it is the thesis of my address that the views of the manager, the workman, and the social scientist are the views of functionalized specialists in reasoning, each of whom assumes different premises or emphasizes the same premises differently in his reasoning. It is the fact that we welcome such different points of view that gives the society vigor.

With respect to the advantages of the manager it was asked whether I did not attribute to him too great individual ability. I trust I am not accused of attributing to every manager the ability I attributed to the average of the group. There are individual cases of pathetic narrowness of mind and ignorance of agreed-upon industrial facts. The questioner evidently had one such case in mind. I was referring to the group of managers and of their average ability. I believe that the manager, through his intellectual ability and through accurate knowledge of industrial facts, is better qualified than any of the group I mentioned to render sound opinions concerning the immediate practicability of proposed industrial policies, and is well qualified to render judgments concerning industrial tendencies. No one of my acquaintances has sat for an evening in the company of able business men and not come away with such an opinion.

The suggestion was made by one of the speakers that he does not agree with my statement of the two limitations of the workman: first, the narrow-mindedness resulting from his limited experience; and, second, the militancy of his point of view.

I simply join issue without trying to argue further. My purpose with respect to manager, workman, and social scientist was to pick out certain high lights and not to make my analysis so exhaustive that we would lose ourselves in the consideration of minutiae. I endeavored to pick out what seemed to be certain great advantages and great disadvantages pertinent to each, and to allow you to add to them, *ad infinitum* as you wish. Now I picked out the two disadvantages which seemed to me the great outstanding disadvantages of the workman. I was not thinking of the exceptional workman. I have met him. But I was thinking of the average workman, not especially informed concerning the industrial mechanism, industrial process or industrial policy. He has not the breadth of view possessed by the manager or the social scientist. I will not deny the intellectual keenness or mental power of the workman, but merely the lack of information on his part regarding what is essential to an understanding of the industrial mechanism. I believe that if we are considering the more immediate influence of a policy, let us say, tomorrow, or next year, it is probable that the workman will not reason very accurately on the basis of the facts. At the same time, if we want to know what will be the influence of a certain course of acts in the long run, without limiting ourselves to any stated term of years, I do not know but what the workman may have certain faculties developed out of his experience which will intuitively tell him something near the truth as to what the results will be.

Professor Metcalf suggests that we are not apt to get very far as a result of our discussion of these problems. I think, however, that it is absolutely essential that we make the effort. Experience teaches all of us that to make real progress with a new movement we must be frank in pointing out both what we believe to be conspicuous advantages of that movement and what we believe to be conspicuous disadvantages. I wish to say that I was ready to discuss all phases of this problem with representatives of labor, if they had been here this evening in accordance with arrangements; and my greatest regret is that no representative of labor had a part in the discussion.

The question has been asked if there is any owner of a business who would be ready to take the chances of placing responsibility for the success of his business on any workman or social scientist. The answer is both "Yes" and "No." Yes, because we know of

conspicuous cases where this has been done. The most conspicuous case of all has been named here tonight, a business concern which is usually named when men talk on this subject,—an institution whose exceptional greatness stands out like the tallest peak above the plains. But this particular success was fathered by men of extraordinary vision and largeness of heart and mind. The founders of this business had extraordinary capacity for choosing men to help them and for making men work. Not only were these unusual capacities combined in one leadership; but, in addition, this business was begun under circumstances such that its founders were freer to do with that business as they saw fit than is true in the great majority of cases today. The ownership of the business is now spread among many persons; but the initial advantage due to rare ability on the part of the founders has been preserved through the development of this ability in the institution itself. The momentum which was early acquired will carry along with it anything that the leaders want to do, or anything that their people want to do.

But in other cases the answer is "No." Ask the manager of any plant at which the point of view has been the conventional point of view, and where the ownership is widely scattered. You will not find that manager prepared to carry out any such great things as have been carried out in the above-mentioned plant, which is so often cited above all others as an illustration of what we think is possible of attainment in the future.

It was maintained by Professor Frankfurter and also by one of the later speakers that I emphasized too much the outs of the workmen's organization and point of mind. I think it is necessary to emphasize the outs. It has lately been our experience that the two particular weaknesses of the workman's position to which I referred in my paper have stood in the way of progress more than almost anything else. I am inclined to think that it is these two particular disadvantages that have more than anything else held back the people who are believers in and workers for the Taylor System of management. I wrote those two paragraphs when my mind was fresh from a reading of Congressional discussions regarding anti-efficiency legislation. The speeches, of course, did not express the real views of members of Congress, for the words had been put into their mouths. I advise you to read those speeches in the Congressional records, and then tell me if I am not justified in stating that the narrow-mindedness and militancy towards which labor tends is a serious disadvantage.

With regard to the weaknesses of the social scientist, not much has been said in this discussion; perhaps because it is thought that it is to this class that the

writer of the paper belongs. I think, however, that Mr. Fitch made a good point when he remarked that I did not say enough about this subject; and I am glad that he pointed out one defect to which I had made no reference—namely, that men who are called social scientists are often too social and not enough scientific. If I ever write the paper over again I shall mention that. What do we mean by this weakness of being too social? Certainly not weakness in analytical ability, or in logical power; the logical powers of the social scientist are probably as good as those of any of us. But correct reasoning depends not merely on logical power; it depends also on that analytical equipment which includes the ability to choose correct premises. I believe, therefore, that Mr. Fitch has made a good point; for the premises of the social scientist are not always correct. Although he may undertake difficult historical research in the hope of getting the facts more accurately than anyone else, when it comes to actual living problems he frequently starts on a false basis.

I wish by way of closing to refer to Mr. Gregg's question: Where does the stockholder get off? I might have had a fourth part in my paper entitled "the stockholder." As a matter of fact, however, the manager was in my mind standing for the stockholder; and I was discussing the stockholder when I was discussing the manager. There was, however, a good point in that question; and it could well be brought out in a paragraph, if the paper were to be presented again. The manager is not free in his relations with his stockholders, and an individual stockholder is not free in his relations with his fellow stockholders. We all know that group action is a difficult thing to organize, and operate so as to produce results. And where we have concentrated organization and operation, combined with widely scattered ownership, it is very difficult as a practical proposition to get a common point of view, to get joint action and to make things move.

I have two things to say about this proposition. First, I am inclined to sympathize with the manager. When Professor Frankfurter got through, I thought I should have to get up and defend Mr. Hathaway; even although Professor Frankfurter was apparently criticizing Mr. Hathaway for not agreeing with himself. But after Mr. Hathaway and Professor Frankfurter had had their several interchanges of views, they came so near together that I realized I did not need to defend anyone. I have great sympathy for the manager; I conceive that he is compelled to recognize frankly his situation, I do not disagree with Mr. Hathaway there. But the manager should do what he can to educate and convert his associates. Perhaps in one concern it cannot be done by a mana-