

TECHNICAL ASPECTS OF THE NEW DAY

THE "New Day," which some believe to be immediately before us and some believe already to have dawned, means different things to different men. To some it signifies international amity and the disappearance of war. To others it means communal ownership and the disappearance of capitalism. A larger number see in it less radical changes, but one change which to them seems radical enough—a sharing of management, even in privately owned concerns, with labor—industrial democracy. Nearly every view emphasizes the industrial aspects. There are few who do not believe it at least involves a continuance of high wages, a shorter working day, various kinds of industrial insurance, safer and more agreeable working conditions, and an additional overhead of managerial mechanism pertaining specifically to industrial relations.

The minimum of these expectations cannot be realized without paying a price. No one of business experience would dispute the statement that any private concern adopting one or more of these features of the new day would find its expenses increased. Likewise were a community or a group of related concerns to take such a step, their aggregate expenses would be increased. The result would be the same for a nation, a continent, the whole world.

Individual concerns, or any group of them, can accept these added expenses without the elimination of profits and eventual bankruptcy, only on certain conditions. There must be also either a compensating reduction of expenses elsewhere; a compensating increased income through selling the usual output at a higher unit price; or a compensating increased income through selling at the usual unit price, an increased output from the given combination of capital and labor. Under competition and some monopoly conditions a larger unit price is impossible. That leaves one or both of the other conditions. But a compensating reduction of expenses elsewhere, or a larger output from the same combination of capital and labor, may be reduced in the last analysis to the same thing—greater managerial and other technical efficiency.

In this respect what is true of individual concerns or a group of them is equally true of the entire world, were it suddenly everywhere to experience the additional costs due to the new day. It is superficial reasoning or no reasoning at all which inspires the belief that were all subjected simultaneously to the

same increase in costs, differential disadvantages would be removed and a higher unit price could be charged by all concerns, thereby saving profits and permitting higher wages and shorter hours all at the same time, output from a given combination of capital and labor remaining the same. The higher nominal wages would have to be used to purchase higher priced commodities and higher real wages would disappear; or in terms of a shorter day instead of higher nominal wages, the unchanged wage would purchase fewer commodities, the standard of living would be reduced and the new day would disappear. The only way to meet the costs of the new day, for individual concern, group of concerns, nation, continent or world, is greater technical productivity from a given combination of capital and labor. Technically, that is what the new day signifies. It takes us straight to Mr. Taylor's fundamental thesis—higher wages and lower unit costs. Of all the writers on management Mr. Taylor only started with that fundamental economic concept, and that is why he alone succeeded in expounding a coherent and logical philosophy of management.

Lower unit costs, or a greater output from a given combination of capital and labor, can be effected in various ways—is actually being effected in a great number of ways. An enumeration of the methods of securing greater efficiency, now actually practiced, is impressive: the invention of more efficient machines; the invention and utilization of labor-saving devices, and in general the substitution of machines, increasingly automatic, for human labor; the standardizing of materials and conditions and methods of work, in such a way as to make possible better planning, eliminate waste and in general secure the most precise and economical control of the units of material and energy which enter into production; the selection and intensification of effort of superior employees through higher wage rates; the technical training of employees; the securing of that more intense application which automatically follows improved esprit, in some cases through betterment of physical working conditions, in some through the betterment of social and spiritual working conditions, and in a few instances through the incentive which follows responsible and general cooperation of labor in management.

This list is indeed impressive, but the impression is highly artificial. Two things should be borne in mind: first, few enterprises present more than one of these methods in their individual efforts to increase technical efficiency—the minds of managers are

peculiarly likely to run on single tracks; and second, these methods are subject to the law of diminishing returns and a point is soon reached in which the economy of use disappears. Most managements are dominated by the spirit of opportunism—snatching now at this device, now at that; hoping with the adoption of any one particular device which appeals to them, that "that problem, thank Heaven, is solved once and for all!" Few are the enterprises in which are found large, logical and consistent managerial policies, four track trunk line as distinguished from single-track-mind policies.

In fact, the newer the new day—the more numerous the costly details which distinguish it as a new day—the greater the necessity, for those enterprises which hope to live into and enjoy its sunshine, for broadminded, far-seeing managers and corresponding managerial policies. No one of the devices for increasing technical productivity which we have enumerated will, by itself, suffice. The managerial policy of that day must comprehend all and accurately appraise and wisely utilize each. The enterprise which does not, will with difficulty survive the dawn.

We believe there are signs that both capital and labor are approaching the new day with the gravity of the technical problem in mind. Capital has been interested in devices for decreasing unit costs except the device of inviting labor to share in the determination of working conditions and methods; but now there are instances of capital giving attention even to that. Labor has strenuously opposed those technical methods of decreasing unit costs which involve better-planned application of units of labor energy, not so much because opposed to these methods *per se*, but as a strategic necessity in the fight for recognition of its, labor's, solidarity. That recognition has practically been gained, as a result of the war, and now there are instances of leaders of labor approving the slogan of greater productivity. And the point of view of one Socialist at least is indicated by the following words of John Spargo: "Every serious student of the problem has realized that the first great task of any Socialist society must be to increase the productivity of labor. It is all very well for a popular propaganda among the masses to provide a great reduction in the hours of labor and, at the same time, a great improvement in the standard of living. The translation of such promises into actual achievements . . . will require a great deal of labor, and such an organization of industry upon a basis of efficiency as no nation has yet developed." There are indeed signs

of the appearance of the new managerial policies required of those industrial enterprises which wish to make the new day a day of sunshine rather than of gloom—and possibly of disaster—to themselves.

WOMEN WORKERS AND THE "TASK"

IT is not certain to what extent, as a result of the experience of the war, women will be employed in industries hitherto believed suitable for the physically stronger sex only. During the period of readjustment there is not likely to be a great call for women in such industries. But as soon as industrial activity becomes more intense the relative shortage of workers will remind employers that the necessities of war had proved that women could do much of the work once considered suitable for men only. It is quite possible therefore that we shall witness an increase in the number of women workers and in the range of industries in which they are represented.

Assuming such a probability, the principle "equal pay for equal work" becomes important. Women will have means, political and industrial, for compelling acceptance. It seems certain to take the form of "equal pay for equal productivity," for the manager will not wish to experience the uncertainties with respect to relative costs—relative to those of his competitor employing men only—resulting from the principle of equal pay for equal units of time; too little is known about the part played by physical strength and endurance, as a factor distinct from manual skill, in productive effort.

The first impulse will be to adopt piece rates for women workers. That would seem to remove the uncertainty of the influence on costs. But the far-sighted manager will take further thought. He will realize that the physical capacity of women is an unknown factor; that rates may be set which assume or induce an effort which cannot or should not be sustained; that modifying social legislation would be sure to result; and his experience will tell him that such legislation would almost inevitably involve costs to be borne by himself.

The wise manager will conclude that he had better precede the employment of women in any great numbers by measures which will give him knowledge and control of working conditions, and that his wage contracts had better be for the performance of measured tasks in a plant having standardized conditions, materials and processes. Such standardization will be a problem of development and not of installation.