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# INDUSTRY AND CIVILISATION

BY  
C. DELISLE BURNS



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## PRÉFACE

THE following analysis and criticism of the moral standards operative in regard to economic activities is intended to result in (a) increasing a knowledge of moral philosophy, and in (b) correcting some of the traditional moral assumptions of economics. Systematic ethics is not much studied. Material has accumulated, but it has not been analysed : for the tendency has been to treat customs as mere matters of fact, without regard to the standards of value implied in them. Casuistry, or the discussion of moral problems taken separately, has been discontinued ; but the alternative, a general review of principles affecting the whole of life, seems to give no great promise of results. It has, therefore, seemed best to select a particular area of experience (economic activities) and to deal with moral problems and moral standards operative in that area. By such methods the meaning of " the good " and of right action may be made clearer without the subtleties of casuistry. This should be a contribution to Ethics. But the results should also indicate the meaning and validity of certain assumptions made by those who analyse economic activities ; and thus the discussion may be a contribution towards prolegomena to Economics.

Finally, the grouping of all economic activities with respect to their moral value implies a compre-

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hensive view of the psychological data of economic life: and this should result in contributions to Psychology.

In general terms the results appear to be as follows: in Ethics the moral standard which is found to be operative is a form of "harmony," the good being an adjustment of growing impulses, which is personality, and an adjustment of such personalities in a social unit. The most interesting moral phenomenon in industrial life is the growth of the perception of an "economic community" similar to but distinct from the political community (the State) and the religious community (the Church). For the prolegomena to Economics the most important result is the integration of all activities across or between the boundaries of personality. This would make it necessary to revise all the traditional language about "motives" in general and particularly "self-interest." It should be impossible for the economist to assume that each man ought to pursue his own interest, especially as there is no such interest.

For psychology the result seems to be that mental life should be viewed as expressive rather than receptive; and so both producing and consuming are instances of *horme*. The further point that all taste, like all production, is group-life may also be fundamental, for little but the preliminaries to social psychology have so far been investigated: the group-mind can be read in such economic phenomena as factory production, advertisement and social fashion.

It will be obvious that although the field surveyed has not been viewed as a whole by any writer, the following investigation owes much to certain



scholars. Professor L. T. Hobhouse's *Social Justice* is taken as valid, and his conclusions, especially in regard to economic services, are implied in what follows here. Mr. J. A. Hobson's *Work and Welfare* has affected the outlook so intimately in the criticism of industrial practice that it is hardly possible to say what sentence is not dependent upon his work. In the general theory of Ethics, Taylor's *Problems of Conduct* and Alexander's *Moral Order and Progress* have both been used; and some smaller modern books have been particularly useful, as for example R. H. Tawney's *Acquisitive Society*.

In psychology nothing more is attempted here than a summary of those data which should be in view when moral standards are discussed; for it is impossible to say how persons ought to act unless we know what sort of persons they are. But the modern psychologists who are concerned with industry have not produced any comprehensive view of economic life; and Tarde's *Psychologie économique*, to which reference is made in what follows, is too indefinite for our purposes.

Since the subject-matter is economic life, some evidence has been found in the writing of economists, for example in Marshall's *Principles* and in Pigou's *Economics of Welfare*. Ethical and psychological assumptions can be found in any treatise on economics; but since they are assumptions they are not of much importance in our investigation into actual moral practice. More important evidence, therefore, has been found in conversations with trade unionists, employers and financiers, and in periodical publications such as trade journals and the speeches of chairmen of companies. But, of course, the chief evidence for operative moral

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standards is to be found in the principles underlying legislation which affects industry, commerce and finance. Dicey's historical review of such legislation and Jethro Brown's *Underlying Principles of Social Legislation* have provided the necessary background ; but the following analysis deals only with contemporary practice. Naturally, since the field is hardly yet mapped, and since it lies upon the confines of Economics and Ethics, the following essay must be regarded as a suggestion rather than a statement of final conclusions. Many important moral issues have been treated summarily in order that the whole field might be included in the survey.

C. D. B.

LONDON,  
November, 1924.

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## APPENDIX I

### THE GROUP-MIND IN TRADE UNIONISM

TRADE UNIONS are facts of which some account must be taken not only by the economist, the political theorist, and the historian, but also by the psychologist.<sup>1</sup> They have been studied adequately by those concerned with history and economic theory, but they are not yet given sufficient attention by the psychologist, in spite of the great recent development of social psychology. It is proposed, therefore, to attempt a very general analysis of the mental facts or events in the groups called trade unions.

Two preliminary assumptions must be made. First, the effect of mind on mind is to form a "mind-group," the formation of which does not limit or destroy the separateness of the minds so united. The "group-mind," which is imagined to be a new existent over and above the minds of the members of the group, is a fiction. For this reason it is often wise to distinguish the mind-group from the group-mind. The association of minds in groups is of many kinds; but while in all such associations the minds forming the group are reciprocally affected by

<sup>1</sup> Both Appendix I and Appendix II have been published in the *Journal of the National Institute of Industrial Psychology*.

mutual contact, each mind nevertheless remains a distinct source of volition, thought, and emotion.

Secondly, it is assumed here that the phenomena of British trade unionism may be treated as typical of trade unionism generally. A trade union, in this restricted use of the term, is a body of men and women of the same craft or occupation, generally wage-earners, who associate for mutual benefit and protection in the economic sphere. This limits the field of observation. The religious bond is not found in British trade unions as it is in those of Holland or Germany. Nor is the more political bond of socialism so prominent as, for example, in France or Russia. We are chiefly concerned with the mind-group of an occupational character. Differences of religion are not considered, and the differences of political philosophy among even British trade unionists are assumed to be of subordinate importance.

The mental characteristics of trade unionism are of two kinds, general and specific; that is to say, some are characteristics to be found in most if not in all trade unions, others are characteristics which distinguish one trade union from another. The historical movement known as trade unionism is, in some aspects, one movement. The methods by which trade unions have won their present place in society are in most cases the same, and all trade unionists have felt and still feel a vague sympathy uniting them, in spite of differences of policy or character between trade unions. Again, the public generally tends to speak of trade unionists as a class within which distinctions are unimportant. This is a mistake, but it amounts to a recognition of similarities to be found among all trade unions.

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The similarities provide the field within which the general characteristics of the mental outlook of trade unionism as a whole can be discovered, but clearly they do not diminish the importance of specific differences between trade unions.

### General Characteristics.

#### (a) TENDENCY TO OPPOSITION.

The first general characteristic of the mental outlook of trade unionism is a tendency to opposition. The non-trade union world is viewed as if it were an opponent. Sometimes the attitude is one of vague suspicion and sometimes it is open hostility, but generally it is opposition. This characteristic is due to the historic experience of trade unionists. It is the result of the long years of opposition to trade unions from the middle of the eighteenth to the middle of the nineteenth century. Bitter memories can be inherited as many governors of subject peoples have had to learn. True, the situation is now changed, but the past is not so easily put out of existence; it survives in the mind-group. For over a century the outer world opposed and obstructed—by Combination Acts, by judicial decisions, by police measures—the efforts of wage-earners to organise their mind-group; therefore that mind-group came into existence in a fighting mood. Its determination to face and overcome opposition was necessary for its existence, and now the sense of opposition survives after the more urgent need for it has passed. It must not, however, be imagined that all need for it or all justification for it has disappeared. Law and Government, indeed, no longer obstruct trade unionism in

Great Britain as they do elsewhere; but large sections of the public, some even of the wage-earners and most of the middle class, still view trade unionism with hostility. The proof of this is to be found in the emotions which newspapers express during any great strike; for the common newspaper hostility to a strike is not due to any reasoning on the question at issue, but to a vague feeling of discomfort in face of a social phenomenon—the mind-group of the strikers. Some newspapers have now adopted the device of a labour column, but it still remains true that the greater part of the Press treat trade unionism as something contrasted with the community, perhaps thus correctly expressing the attitude of the greater part of their readers. This naturally puts trade unionists in opposition.

The tendency to opposition is not, of course, peculiar to trade unionism. It is to be found among groups of so-called Liberals or Radicals. It is, indeed, a mental characteristic of all groups whose early and most intense experience has been that of a minority; and one of the peculiarities of social experience is that this characteristic of a minority is sometimes preserved by the same group even when it becomes a majority. The tendency to feel that you are in opposition remains even when you are in control, if your early experience has been that of a minority winning its way against odds. This does not imply that the tendency to opposition will inevitably and always be characteristic of trade unionism, for indeed there are signs of its disappearing in the larger unions even to-day, and perhaps some day the past will be forgotten. But it is still true that in the majority of unions there is a feeling of being face to face with a hostile, or at least an unfriendly, outer world.

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### (b) SENSE OF GROWTH.

A second general characteristic is the sense of growth. All trade unions seem to feel that they are a part of a movement which has had a surprising development, promising perhaps a still greater future. It is, indeed, remarkable that in 1869 there should have been only about 250,000 trade unionists in Great Britain, in 1892 only 1,500,000; whereas in the Trade Union Congress of 1921 as many as 6,000,000 members of unions were represented; and the winning of these new fields for trade unionism has deeply affected the trade union attitude, for the advent of reinforcements naturally encourages any group. The loss of members during the depression of the past few years had a corresponding effect in the weakening of confidence among all trade unionists, but a temporary setback does not destroy a secular tendency. In general, trade unionism tends to increase with the development of industry. The specific changes which have resulted within trade unionism will be dealt with later. Here the common effect on all trade unionists, new and old, is most worthy of note. The sense of being part of a great and growing movement may lead at times to truculence or "uppishness," but by far the most common emotional result in Great Britain is a quiet confidence and self-assurance. The British trade unionist does not conceive his group as an immediate and absolute destroyer of established order; he is patient perhaps to the verge of inertia. This greatly annoys and puzzles Socialist groups on the European continent, but the British trade unionist persistently feels that the growth of his group, slow as it may



be, is marked by a consolidation and a determined progress which could not be achieved by spectacular "conversion" of the industrial situation. It would be difficult to say whether this is peculiar to the British mind or is simply the accidental result of the continuity of economic development in Great Britain. In any case, of the two general characteristics of a quickly increasing group, revolutionism and reformism, clearly British Trade Unionism embodies the second.

#### Specific Characteristics.

##### (a) CRAFT-FELLOWSHIP.

Of the specific characteristics of trade unions, some are due to diverse occupations. The mental outlook of any group of persons similarly occupied is naturally the same; this is reflected in their very language. Carpenters have a special language of their own, including words, which are not used by ordinary men, for the parts of doors and windows. Seamen have their own language; railwaymen have theirs. All these specifications are communal and do not occur except where there is a mind-group. The more the group is a co-operation between its members, the more useful the special language or special grouping of ideas tends to be. The looser the connection between the members of the group, i.e. the more "individual" the occupation, the less useful are the common ideas and words. The artist tends to develop an art jargon, but it is less valuable as a group instrument than the technical language of the carpenter. Indeed, a jargon is distinguished from a language because a language is a group-instrument, practical thought being a group enterprise.

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The cause of a common language and its effect in keeping a group together are examples of the way in which occupational likenesses and differences result in mind-groups. Not only language, but dress, the time and place at which work is done, and the conditions under which it is done, all go to the making of the group. Men in such conditions think and act similarly, and in so acting affect one another. Thus the attitude and action of the trade unionist are consciously affected by the attitude and action of his fellows in the craft, and therefore the trade union tends to embody in a well-defined form the mental attitude of the craft. The prominence of customs in regard to apprenticeship in engineering unions shows the importance of tradition in this mind-group.

### (b) CONSERVATISM.

From this it follows that the mind-group in trade unionism tends to conservatism of craft or trade practice, and hence also the trade unions are sometimes looked upon as obstacles to changes in machinery or working methods. The long controversy as to trade union rules and the practices in munition works during the war would provide many examples useful to the social psychologist. It was easy enough for the unskilled and the general public to expect the engineering unions to be more flexible than they were, but those who have never before faced a social issue are seldom open-minded when that issue arises. The craft unions were expressions of a tradition. The mental outlook was stabilised by a common experience, organised in certain rules and customs. To shake or destroy such customs

necessarily increases the uncertainty of those who have found them useful, and the hostility to the uprooting of custom is one of the securities of all civilised life. The conservatism of craft unions is not therefore selfishness, but a contribution to the whole complex of civilisation.

This conservatism, however, is found not only in craft unions, but among all unions of similar workers, and it varies in intensity in proportion to the length of the occupational tradition or the absorbing character of the occupation. Unions differ in the way their members regard rules and customs. In some cases the whole of a man's livelihood may be endangered by a change of custom, as the cab-drivers knew when motor-cabs began to be used. But what endangers one man's livelihood may increase another's. Hence hostility between some unions, as during the war between the A.S.E. and the Workers' Union.

Differences which spring from methods of payment in different occupations also sometimes involve conservatism in one union and restlessness in another. For examples, workers who are paid a time-rate tend to think chiefly of large national issues, such as the length of the working day ; whereas piece-rate workers are more alive to personal risks of loss or small problems of detail. This contrast will be found to distinguish the building trade unions from the engineering unions. But within the group of piece-rate workers there are differences of outlook. The cotton trade unions are much more conservative in outlook than the engineering unions, where workers are paid a piece-rate, because the piece-rates in the cotton trade are standardised and easily calculated. A well-known trade union Secre-

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tary in the cotton trade obtained his post as Secretary by examination in regard to the technique of the trade and other facts on which the wage-rates are dependent. On the other hand, piece-rates on engineering work are complicated and are based upon variable factors. Hence there is more danger of rate-cutting in the engineering shops, and therefore the engineering unions tend to be suspicious, restless, and always on their guard.

### (c) SIMPLE-MINDEDNESS.

Another specific characteristic arising from occupational differences is the simple-mindedness of certain groups. By simple-mindedness is meant the attitude from which reaction only occurs if issues are presented in a very simple form, as for example when a war is presented as a dog-fight. Some unions of unskilled workers consist of a continually changing membership. In some weeks the men and women may be unable to pay their contribution and fall out of membership. Thus a union may always have an average membership of a certain number, but the actual individuals may be different. The mind-group thus formed is very simple. The connection of each member with the others is slighter than in such unions as that of railwaymen. Similarly, a seaman's union is peculiar because the members while at sea are disconnected; when "paid off" they tend to leave the union, and some, while waiting for a ship, take up other occupations. The officials of such a fluid unity have exceptional independence, and the mind of the group is simple. Indeed, it is sometimes doubtful whether the voice of such a union expresses a mind to which anything at all is

contributed by the rank and file, for a mind-group of stay-at-home officials may be powerful enough to sway the continually changing rank and file. The crisis in such a union as that of the Seamen and Firemen comes when criticism of their officials takes the place in the members' minds of violent and simple hostilities to foreigners or pacifists. Seafaring and casual labour are not naturally spheres for trade unionism, and where union is achieved the resultant mind is "simple." Hence the phenomena of the I.W.W. among casual labourers in the lumber camps of the United States. In these camps men are without home, wife, or child; they are nomads, and their companions are always changing. They accept most readily the very simple organisation of the I.W.W., and they tend psychologically to express the very real inhumanity of their lives in crude, simple advocacy of a complete *bouleversement* of the social system. To suppress such views or the organisation which embodies them is simply to drive the mental disease beneath the surface. The mind-group of such a class is the inevitable result of creating a nomadic group in the midst of an otherwise fixed population. This is an extreme example hardly to be found in British trade unionism, but the same kind of simple-mindedness exists in some unions, as a result of casual occupations.

(d) MENTAL EFFECTS OF OCCUPATIONAL ENVIRONMENT.

From the same occupational source come other differences in the characteristics of mind-groups in different trade unions. For example, the attitude

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and emotions of a member of the National Union of Railwaymen are very different from those of a member of the Miners' Federation. The railwayman is always in contact with men of other occupations—passengers or traders; if he is employed on the trains, he is often in different places, where customs and dialects differ. Further, in the very services he performs his world appears as a part of a much vaster and more complete world. The persons served are sometimes near at hand and obvious.

By contrast, the coal-miner lives in one spot surrounded by fellow-miners. His environment is homogeneous, and in that environment the coal-miner is clearly dominant. He does not see the persons who use most of the coal he produces, and is therefore more likely to regard coal-mining as a source of income than as a service. These are differences of occupational group-mind. But the positions of the two great organisations in the services add to those differences; for the National Union of Railwaymen is (1) a very complex union of many different grades of workers, including women, (2) it is not the only organisation in the field, and (3) it does not include half of the workers on and about railways. The Miners' Federation, by contrast, is (1) much more homogeneous, although its members are divided by local differences; it is (2) practically the sole organisation in the service; and (3) it includes 90 per cent. of the workers in and about coal-mines. Therefore the attitude of mind of the N.U.R. is more hesitating, more subtle, more amenable to external influences; whereas the Miners' Federation is more downright, more intractable, and not easily swayed by public opinion. The

occupational characteristics of the mind-group have been reinforced and added to by the trade union organisation.

It should also be noted that in the case of workers who live apart from the rest of the community, the general public tend to be ignorant of their grievances and to be hostile to any assertion of their will. This reinforces the tendencies to "downrightness" on the part of the segregated group. Segregation of occupational groups may be of two kinds. In the case of the miners the areas are in many different parts of the country, but in the textile trades the workers are all in one part of the country. Further, the unions in the textile trades, especially cotton, preserve their distinction in spite of being federated, and the small union tends to be conservative. In the wool trade the unions are less highly organised and are less traditional in their outlook, although in them also there is evidence of a sense of living apart from the community as a whole.

(e) **MENTAL EFFECTS OF SIZE OF UNION.**

Another characteristic in the group-mind arises from the size and organisation of the units. Everyone knows that it makes a difference to one's attitude if one is a member of a large or of a small group. The characteristics of a citizen of a very small State are noticeably different from those of a great Empire, and in the same way the group-minds of trade unions differ. There are about one thousand trade unions still in Great Britain, each with a very small membership of a few hundred living in one locality and interested in a very narrow range of

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activities. They are still hardly more than clubs or benefit societies such as existed in the early days of trade unionism. The group-mind of such small groups is usually narrow, conservative, and unaware of the existence of world industry. Their aim is negotiation for wages or conditions with small employers; their officials or their old members are opposed to the general tendency to form large units because they fear for their own prestige or the peculiar interests of their own little section. But like the small State or small unit of local government, these small unions preserve a group-mind which is very democratic, and they are perhaps the best training-grounds for "self-government." The attitude of mind which implies that the business of all is the business of each is more easily preserved in these small units than in the large amalgamations, and there is less confusion in regard to the position of "leaders" in the groups. By contrast with these small unions, the great unions or amalgamations such as the A.E.U., or a great federation like the Miners' Federation, have a type of group-mind which waives small issues and pierces to fundamentals. Men in large, varied groups naturally find that what is similar in the position of vast numbers is most important. Wages differ, conditions in different shops or districts differ, the characters of different employers differ; but everywhere some facts are the same—for example, the danger of unemployment, insecurity of tenure, control by irresponsible capital. Hence it is that the larger unions tend to base their policy not on negotiation as to wage-rates, but on modifying the prevailing system in industry. Hence the demand for nationalisation made by the Miners' Federation



and for "workers' control" by the National Union of Railwaymen.

From the large size of the groups new forms of organisation arise. Officialism is an inevitable result. The mental attitude among the members of the large union includes, therefore, a vague suspicion of differences of interest between the rank and file and the officials or the Executive. Hence the group-mind of the large union is often very excitable. The "leaders" must show that they are not traitors; the rank and file must feel certain that their own outlook is represented in the action of their officials. Therefore, although the great union tends to take long views, it also tends to take strong views. The specific difference in the group-minds of different great unions is probably due to the different forms of organisation adopted. When the organisation is very highly centralised, as in the new A.E.U., modelled upon the old A.S.E., the Executive will dominate the formation of the group-mind. The Delegate Meeting may contribute something, but the Executive will always be at an advantage because it is a closely united homogeneous small body continuously taking what may be called the "central" point of view. On the other hand, the less highly centralised organisation of the Miners' Federation or the National Union of Railwaymen limits the power of officialism in the forming of the group-mind. The Executive puts its case; but even the Executive is heterogeneous, for its members come from distinct "grades" or leave distinct districts for each meeting, and are not all in the strict sense of the word central officials. They do not live at the centre of government, and they are therefore more easily influenced by the rank and file.

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### IMPORTANCE OF THE STUDY.

Enough has now been said, not to cover the field, but to indicate a possible analysis of group-minds in contemporary society. Unfortunately, social psychologists are more familiar with the literature concerning savage tribes than with the daily experience of the majority in an industrial society; and therefore the governing conceptions of social psychology tend to be derived from the passions of aborigines and the peculiarities of a philosopher's household. The vast field of contemporary social life is left by the skilled psychologist and the philosopher to the mercy of economists who know nothing of psychology, and of historians who know nothing of ethics. For such reasons it may be important to call attention to the characteristics of the group-mind in trade unionism.

## APPENDIX II

### THE NEED FOR A PSYCHOLOGY OF BUSINESS MEN

#### PSYCHOLOGY IN ECONOMICS.

INDUSTRY is a system in which the functions performed by manual labour can hardly be understood without reference to the work of managers, directors, and investors. Therefore the science of economics covers all such work. Economics is the study of banking, salesmanship, and industrial management, as well as of the uses of manual labour ; and this study involves constant reference to psychological facts, for all exchange of goods and services between human beings involves psychological attitudes and processes. But so far the psychologist has tended to confine his attention, within the industrial field, to the workers and their immediate superiors, such as foremen. This is too narrow a view of the province of industrial psychology.

#### INVESTMENT AND MANAGEMENT.

The psychological make-up of a director of a company or of an investor may be most important to the success of an enterprise. Far be it from us to imply that there are any directors who are

incompetent or any investors who are ignorant. But as a great writer has said—if anything is bad, it is best to know the worst. In any case we may admire the more reasonably if we know more of the character of what we are admiring. Seriously, the study of the psychological phenomena in the life of a great industrialist may illuminate some issues in economics. For example, it is hardly possible after a study of the biographies of successful business men to believe that they were moved primarily by what is crudely called by the economists the reward of enterprise, or by the moralists the love of riches. It is possible that the chief psychological fact is their impulse towards realising their peculiar form of ability in the manipulation of men. The economists have often misinterpreted industrial life by reducing it too crudely to money-values. Of course money values are the concern of the economist, and not psychological states; but the economist must not simplify the facts too much. The exchange value of a man's energy may not be very frequently in his mind; but if it is, that is an important psychological fact. We cannot assume one or the other.

The organiser of any unit of production, either as managing director in a big combine or as owner-manager of a small enterprise, brings into play in performing his function many complex psychological forces. He may be governed by the desire for gain. On the other hand, he may be affected by the impulse to exercise power or to "express" himself. He may be swayed by the desire to found a family, or he may have no regard for private and family interests, if he is absorbed by the delight in exercising his power of organisation. But we

do not know what part all these psychological forces play in actual business. It is a problem worthy of careful investigation.

Without some such investigation we are not able to say what conduces to (1) efficiency in organising production, (2) public advantage in individual enterprise, (3) conflict between different "functions" in industry. The psychological factors not having been investigated, the popular explanations of industrial success or industrial strife are really quite childish: many of them are like the explanation of changes of the weather by reference to the phases of the moon. A better psychological knowledge of actual procedure in business would no doubt have practical results.

Such new and exact psychological knowledge would also tend to correct some of the assumptions in textbooks of economics. In these books the assumptions are still those of the old associationist psychology: they abound with unwarranted general statements about motive and incentive. They are untouched by new psychological methods and still speak of measurement of psychological data by money. Similarly the ethics implied in the idea of self-interest is assumed, although the psychology of self-interest has never been analysed. Some modern psychologists seem to imply that what the economist treats as the rule is really an abnormality, a self-complex similar to a sex-complex.

Again we do not yet know at all exactly the effect of group-custom or group-approval upon the psychology of the business man. What he imagines himself to be may be more important than what he really is. Metaphors such as "captain of industry," and gnomic morality, such as "business is business,"

imply a vast psychological background within which the individual business man feels himself to be working.

PSYCHOLOGICAL DETERMINANTS OF THE TRADE  
CYCLE.

Again, it has become a platitude to say that trade depression has partly psychological causes. The habits of mind in investors are therefore more material for investigation. What do they believe? What can they expect? What do they desire? A few vague replies can be found in economic textbooks; but the facts are psychological. Here is a vast field for investigators in social psychology. The evidence is obscure and has yet to be classified; but perhaps as soon as anyone sets about an investigation evidence will be found in unexpected places. Pigou in his *Economics of Welfare* has noticed that those who invest in new enterprises are different persons from those who invest in well-established "securities." There are probably psychological classifications implied here.

DIRECTORS AND SHAREHOLDERS.

Again, the relation of the different classes in industry involves psychological problems. The manager is often an instrument of the directors. The directors are supposed to be, but are generally not, instruments of the shareholders. In Mr. Carnegie's *Autobiography* there is an amusing disdain of shareholders. The conception of private enterprise is partly psychological, and it may be asked how a man could realise what is best in him if he is the instrument of another's will. Again, the

psychology of the transient shareholder, who buys shares and then sells out of the company, may affect very seriously the stability of an enterprise. Brokers and investment-bankers could give much evidence on such a point as this.

#### THE CONDITIONS OF DEMAND.

Then there are the immense psychological problems of commerce and salesmanship,—not simply advertisement but the forestalling or creating of taste. Demand in economics implies very elaborate psychological processes. For example, a phrase like “the standard of life” covers a vast region for psychological investigation. There are psychological factors in “consumption,” and the old-fashioned psychology assumed by some economists to the effect that consumption is satisfaction of desires is much too simple. Individuals or groups of men may be artists in consumption. They are not merely “wants” or bundles of appetites, but persons with an impulse to express themselves in a good dinner or a fine dress. It might take a whole school of psychologists to analyse all the facts with regard to the effect of taste upon industry or industry upon taste. The Design and Industries Association has much evidence on this.

#### THE NEED FOR RESEARCH.

The science of economics already assumes many psychological statements of doubtful validity; but that is not the fault of the economists. They would use the right psychology, if there were any to use; but there is none. There has been

## PSYCHOLOGY OF BUSINESS MEN 278

no scientific observation by psychologists of the "behaviour" of investors or company directors, no exact study of the habits of mind which dominate the industrial system. Indeed, the position of economics to-day is in this matter similar to the position of political science before psychological observation began under the influence of Graham Wallas and such writers. No political philosopher now speaks so vaguely about public opinion or the will of the people as his predecessors did, because there has been some psychological analysis of the facts referred to in these ancient phrases. Similarly the economist might be assisted in his study of industry by exact psychological analysis of effort in work, group standards of honour, or standards of taste, the masterfulness of the so-called "captain of industry," and other such facts. The field of investigation should be clearly mapped and the methods of investigation carefully planned. We should then have a much more adequate view of the scope of industrial psychology.



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