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**COMMON SENSE
AND LABOUR**

COMMON SENSE AND LABOUR

CHAPTER ONE*

THE FUNDAMENTAL CAUSES OF LABOUR UNREST

A LARGE employer who has never had any difficulties of moment with his workers and who has given a great deal of his time to the study of how the employment relation might in all fairness be adjusted, remarked somewhat hopelessly the other day:

“There is something I do not understand in my workers. In former years, we have always been able rather easily to arrive at adjustments and I have rather prided myself, I think, upon the sincerity of the union between myself and those I employ. I have scientifically worked out wage payments and they have always been satisfactory. I have so adjusted my affairs that the volume of work passing through the shops seldom decreases. If our selling orders drop off, we produce for stock, and for the past

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five or six years we have never laid off a man because there was no work for him.

“But to-day there is something different, there seems to be something stirring, something which I cannot comprehend and I am not sure that the men themselves comprehend—for I have talked frankly with many of them. There is something one might almost call a subconscious restlessness that makes them seem different. I cannot put my finger on it and say ‘it is this’ or ‘it is that.’ The quality eludes me.”

I have heard the same sort of statement from many other employers variously expressed, and undoubtedly there are new and strange currents circulating through the minds of workers everywhere. It is not precisely a profound dissatisfaction with labour as a means of livelihood. It is not so much wages and hours, for although wage disputes are frequent enough, they very often seem rather to be pegs on which to hang trouble than real causes of themselves. With the almost universal habit of eventually granting most demands for wage increases, doubling the increase and then adding it into the cost of the product, employers generally are not a great deal concerned about the wages they pay.

The matter of hours is on the same basis. The desire for an eight-hour or a six-hour day would be perfectly comprehensible if the workers gave any evidence at all of desiring so to limit their working time, but they seem to want the eight-hour day as a basis of pay and not as a period of work. We have had several strikes because the request for the eight-hour day was granted literally, whereas what the workers wanted was a ten-hour day with overtime during two hours of it.

The unions have no answer. They have gained the eight-hour day, which used to be a shibboleth, they are talking of and also succeeding in extending union control, but beyond that they have only vague formulas and some interesting excursions into internationalism, possibly with the thought that if you cannot set your own house in order, it is diverting to poke about your neighbour's premises. The progress of events has caught up with trades unions' platforms and the workers are less happy than ever they were.

The attitude of the worker is curious; his outstanding characteristic to-day is a reluctance to work. It is extraordinarily hard to buy good service at any price. Per man production has, to a considerable extent, dropped off in America; it has dropped off

50 per cent. in England and Germany. It is hard to get men to work at any wage. You will rarely meet with a manufacturer or a retailer who is not seriously hampered by his inability to obtain employees.

What is the reason for this restlessness everywhere? Why is England practically on her back and unable to produce? Why are France, Italy, and Belgium always in and out of great strikes? Why do you find such an intense dissatisfaction with everything here?

The worker cannot tell you. When he is in the midst of a strike, he can express some specific things which he thinks he wants then but if you give them to him, he will be around again in a week or two for something more, and just as much and just as vaguely dissatisfied as he was before he went on the strike.

The glib answer to all of this is of course the war, but that is not an answer at all. It is only an evasion. It is as though a man, being asked to write an article, should forward a dictionary to the editor with a comment that he would find all that he desired within its covers and that all he had to do was to pick out the words and arrange them.

The conduct of the war is responsible for the unrest of the working man to-day, but that unrest is very

slightly a reaction of the years of surging chaos. It is due to the fact that the war activities destroyed values—destroyed the relation between work and production. They opened up to the unthinking mass of the population (employers as well as employees), a vista where somehow in a new order of things an existence might be possible without work—that money is something of itself and can be invoked by prayer or by blasphemy as a kind of manna from above.

Let us go back and see just what has happened everywhere. The idea prevailed that, because in peace times and in isolated cases you can get production by offering money, the vast needs of war production could be met by offering money. As a matter of fact, in very few instances was the production actually greater than in peace, but it was of a different character and because it came in one order given by the Government rather than in some millions of orders given by individuals; the very size quite naturally dislocated reason. It did not seem possible that such amounts could be produced except by extraordinary and dramatic means. It did not seem possible that there were such supplies of commodities in the world. If you will look back you will find that governments bought feverishly with

the spectre of a shortage always stalking about them. I do not recall any commodity which somebody or other did not at some time discover to be short, although the actual shortages were rare. Whenever anybody attempted the impossible calculation of how much of any one commodity was in this country, he was absolutely certain to find that there was not enough of it. The example of the member of the Quartermaster's Department who happened to be let loose in Spain and promptly bought 4,000,000 gallons of vinegar for our army was not unusual. He was not suffering from the hallucination that soldiers take beauty baths in vinegar. It was simply that the amount needed passed his comprehension and he therefore bought an incomprehensible amount of vinegar. Probably if the Spanish producers could have dug up a billion gallons he would have bought the billion. He was only one of many thousands who in Washington, in London, and in Paris, with infinite dignity and infinite secrecy, bought everything that could be bought.

Here in the United States we at no time during the war had an actual shortage of labour, but the companions of the commodity shortage sharks discovered a labour shortage and they convinced employers all

over the country that a worker was a rare bird and one to be caught and kept at any price. The workers were not slow, because they were human, to confirm this impression of their extraordinary value.

So while on the one hand the Government was buying up everything that was to be bought, they began to induce employers to pay enormous amounts for labour service, thus throwing into the world an overpowering buying power while at the same time taking out of the world the things which might be bought. The quick and inevitable result was that prices began to go up and the high wages to lose their purchasing power. The wages had to be raised and then in order to quiet popular discontent nearly everywhere in the world, the governments started in to fix prices. It has been well said by an economist that although there is no insuperable economic difficulty in the fixing of prices, no man has yet been born into the world with the wisdom to fix a price.

In normal times a price is not fixed by any one, although every little while a few producers do get clandestinely together and think they fix prices. Prices are fixed by the law of supply and demand and both the demand and the supply depend upon the cost of production. The fixing of a single price, there-

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fore, has more results tangential and otherwise than any one has yet been able to estimate. But we are here concerned with the effect upon the cost of production.

In England certain prices were fixed so low that it became necessary for the government to subsidize producers, thus wholly destroying the relation with costs of production and fundamentally dislocating the foundation of British labour.

We did not go to such length here but we did madly follow the theory that production might be had merely by hanging up a bag of money in front of the workers as one suspends a bunch of hay before the mouth of a greedy but unimaginative mule. As time went on, we offered more and more money, although as a result we did not get more and more production. In most instances which I have investigated the successful production came about through the perfecting of means and almost in spite of the money involved.

Money came too lightly; a man soon discovered that he might get almost as much by working easily as by working hard and of course he worked easily. In spite of all the panegyrics that have been written, such is the war labour record everywhere. The facts

were not made public but in every country the per man productivity decreased as the war grew older. You can say that it was due to war strain if you like, but the only fact of interest in this connection is that as wages increased the individual productivity decreased, although perfecting of machine methods may have increased gross production, and in America it did. But the effect of increasing wages and decreasing production was further to add to the inflation of values which is always the companion of war. The governments had unlimited credits and they poured unlimited purchasing powers into markets which had not their usual supplies of ordinary commodities. Prices shook off their shackles and went a-soaring.

The worker found very quickly that his dollar, shilling, franc, or mark was not what it seemed to be and of course that aroused his resentment, for there are very few people who have the slightest idea what money really is. If they receive something which is said to be money and it does not turn out to be worth face value, they immediately want to start trouble. It is easy for an agitator to convince them that their money has been depreciated by some capitalistic trick to avoid the payment of high wages.

As the Government payments everywhere grew and bank credit followed bank credit, the total of bank deposits artificially swelled (for every credit is also reflected in the deposit account) and individual concerns began to show large profits. The workers everywhere in the world viewed this accumulation of capital as proof certain that the radicals were more or less right in saying that it was to the advantage of capital to wage war. What they did not and do not realize is that the bank deposits are largely fictitious and that the profit balances of the companies are composed of the same sort of money which they get in wages—that is money which is not all that it seems to be.

Apparently their delusions are shared by many employers, otherwise we should not see so many company presidents congratulate themselves and their stockholders on the profits earned in war.

Through all of this time it was thought necessary by all governments, animated by the surprising but universal idea that war patriotism is confined to those in authority, to urge forward all workers by posters, advertising, and literature to the general effect that the labouring man was the second line of defence, that the war would be won in the factories and so on.

The employer and the employee alike were told that in accepting a government contract at a high price they were performing a patriotic duty, a duty quite as high, although different, as that of the soldier who went into the field. Profiteering was stamped patriotic.

The soldiers in the volunteering days, and this is especially true in England, were promised after the war everything that the recruiting speaker happened at the moment to be able to think of. In England it was generally represented that the man who went out to fight for his country would return to a life of such luxury that the chief precaution in the future would be to see that he was not cloyed by luxury. It was represented to him in effect, if not in actual words, that a wise and wealthy government would care for him, not only while he was with the colours but forever thereafter and a day.

The worker, viewing his pay more or less on pre-war standards, concluded that governments could pay anything. The returning soldiers, having had complete support through some years, saw no particular reason why the government should not continue that support and in addition felt it was the duty of those for whom they fought to save them from want as they went back into civil life. "Being

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saved from want" depends a good deal on the point of view but, generally speaking, on the receiving end it means a life without work.

Up until the time of the Armistice none of these matters was serious because few people had the leisure to express themselves. Had peace been made say within a few weeks of the Armistice and all restrictions everywhere lifted, it is quite probable that industry might easily have returned to an approximate normal functioning. But as peace was not made, the armies of England and of Germany were gradually demobilized and industry could not absorb the workers. It could not absorb them in Germany, because the Allied blockade prevented both exports and imports, while England, although not blockaded by a recognized enemy, had just as tight a cordon thrown about her shores by a multitude of government regulatory boards and commissions.

The people, not finding work, at once turned to their governments and asked that the promises of support which had been so freely given be redeemed. They got unemployment allowances and thereupon absolutely confirmed the growing impression that it would be easily possible to live without work and that it was the duty of the corporation

or of the Government to support its employees or citizens without any value being returned by the recipient of the bounty. They got unemployment allowances which in many countries were as great or greater than the pre-war wages.

The unskilled labourer in England or Ireland received a higher allowance from the government than he earned as wages before the war. In Germany the average unemployment allowance was actually double the average pre-war wage.

It will be said at once that these figures mean nothing, for the purchasing power of money has decreased, but the fact that money has a variable purchasing power is something that cannot be put into the minds of the mass of the people. They will insist on high wages in order to live, but they will protest against high commodity prices. You can convince one worker out of every twenty thousand that unless you have high production, high wages mean nothing, but when you have convinced him, he will not leaven the mass. Trades union officers and politicians find it personally profitable to support the proposition that the offensive subject of work should not be introduced while discussing the infinitely lovely topic of high wages.

The man who would come out with the following statement would be hissed:

“It does not make any difference how high wages are, provided they are represented by production. High wages and high production make the ideal situation in industry, but let me tell you with all emphasis that if you ask for high wages and do not offer high production, you will never attain even a living wage, no matter how many dollars you happen to receive. The price of the commodities will overtake and pass the buying power of your wages.”

But this next statement would be applauded, and it is made every day in the week in ten thousand places:

“You are entitled to ten dollars a day and a six-hour day, five days a week. If the company you work for cannot pay it, then take the company and make them pay it, or turn around and make the Government pay it. What did we fight this war for, anyway?”

The first statement is economically true; the second statement is economically absurd. Many of those who voice the second statement know that it is absurd and make it only for the purpose of bringing about a complete disruption between capital and

labour, so that capital may be destroyed, just as Lenin prints money as fast as his presses can turn it out in order dramatically to demonstrate to the people that money is useless. The second theory has gained ground—as in Lawrence, Seattle, and Winnipeg—and is at the root, expressed or unexpressed, of what we call labour trouble everywhere in the world.

The reaction to the paternal war control is that governments exist for the people, that they are something apart, and derive a power and a wealth other than from the citizens, that the workingman is a privileged person who produces all wealth and, therefore, should have all wealth, even though he does not produce. It is an absurd idea but it finds sanction in many quarters which would be quick to resent the implication that they believed any such thing. For instance—"Give a Soldier a Job," "Pay a Living Wage," "Be Good to Your Employes," and like slogans are only reflections of fundamental paternalism.

Quite as absurd, however, are the ideas of many capitalists that they are public benefactors in employing great numbers of people; that they do a man a "favour" when they hire him or that they cannot

cheapen production without cheapening the hire of the human element.

A few employers have met the question of wages squarely, have paid whatever was asked, and have made up for the high wages by increasing production through better methods, and have cut their selling expense ratio through a more rapid rate of turnover. They have not had to raise their prices to the consumer and they are making money. A few other employers are likewise, through frank conferences, asking the men what can be done, but it may truthfully be said that the majority of employers everywhere are filled with precisely the same idea of the sanctity of the value of a coin that the workers have. The employers have often turned backward toward what they think are the old values and of course they meet with the great body of workers marching forward to the new values. Since both the employer and the employee are suffering from the same delusion but apply it differently, their differences often seem to be scarcely possible of reconciliation.

The serious part of it all, however, is that in England and on the Continent unemployment allowances have broken the last bond between wages and production and are so rapidly inflating the currency

as to permit the thought that it is not worth while to work for wages. From that opinion it is only a step to the theory of production for use and the entire abolition of capital. That same thought is growing in the United States. Thus far it has not to my knowledge been met by intelligent argument, but merely by denunciation and by somewhat silly falsehoods as to what is going on in Russia. The actual truth concerning what has happened in Russia would be far more effective than police raids and investigations by uncommonly stupid legislators. That which we call Bolshevism is not a cause but an effect.

Another reflex of the war and its concurrent talk of reconstruction (which talk always went in the direction of confirming the idea that the State owed a duty to its people without the people owing a duty to the State) is the question being asked everywhere by returned soldiers: "What did I fight to save?"

He did not fight to save the estate of his employer; he did not fight for the right to work hopelessly at the starvation wage; he fought perhaps to save his home and fireside, if he happened to have one, and if he did not have one, for a chance some time to

get one if his fancy turned that way. He wants recognition as a human being—a somewhat different recognition from being handed a slip by a foreman and told to draw his pay and get out because the foreman does not feel well that day. He does not really know what he wants, but it is something different from what he has. Some say that he is striving for the recognition of the dignity of labour and probably they are right.

And so it goes throughout the world—this struggle of unphrased forces—this conflict of emotions which are new, incoherent, and which send a man willy nilly in this or that direction. At the bottom of it all, unseen and disregarded, is the broken relation between wage and production. Because they broke that relation and could not mend it, Bolshevism is failing in Russia. The relation is the foundation of society. It is the foundation of our House of State and yet we mostly prefer to tinker with the roof.

CHAPTER TWO

THE RELATION BETWEEN THE EMPLOYER AND THE EMPLOYED

A MANUFACTURER in the Middle West spent something more than a hundred thousand dollars fitting up the roof of one of his buildings as a workingmen's club. He had bowling alleys, billiard and pool tables, plenty of easy chairs, free lemonade on tap, and a special elevator which could carry fifty people at a time and make the trip in something less than half a minute.

He opened the club with a big bang and then settled back, satisfied to think what a splendid speech he could make at the next trade convention. The title bothered him. Would he select "Taking the Workmen into the Big Family," or "The Place of the Beautiful in the Labour Relation"? The second title made a strong appeal, for it connoted a knowledge of psychology and he had lately heard some interesting lectures on psychology.

On the opening day the workmen crowded the

club, wandering about joyously on company time, but thereafter the clubbing instinct became sub-normal. Day after day, the noon hour found but half a dozen or a dozen men using the facilities which had been provided for a thousand. The employer began to be worried, he resented the disdain of his generosity, and finally he asked a friend who happened to be in the city to look over the place and find out what was the matter. This friend was the owner of a manufacturing plant in Connecticut, which he had built entirely by his own efforts. He had started as a workman and although he had made money, he had never lost his perspective and was always able to get the workers' point of view. He looked over the place and then he reported:

“You have one of the finest club houses I have ever seen. You also have an extremely well-fitted-up employment office. The employment manager's office is better than my own. I have never felt that I could afford quite so much good mahogany.

“Your employment manager looks and acts like an executive and I noticed that he doesn't waste much time on the applicants for jobs. I was there when a Polak came in. The manager asked him where he had worked and what he could do. Then he said:

"I have a job for you at \$3.00 a day, you can take it or leave it."

"The Polak took it and went on into the shops. Now let me ask you a question. Suppose a buyer came in to see your sales manager and the sales manager after telling what you had, said:

"These are our prices, you can take them or leave them"—what would you do with him?"

"I would fire him," come back the quick retort.

"Then let me suggest that you fire your employment manager. Hire a new manager—pay him at least \$10,000 a year on condition that he never wears a white collar around the works. Give him a plain table and a couple of benches off somewhere in a corner. Tell him to shake hands with the applicants for jobs, take them around the works, show them the club house, and act generally as though he were trying to sell the plant to the worker.

"The reason that your people do not use the club house and are generally dissatisfied is that you have never sold the company to them. That is, you have never used any salesmanship to prove to them that you are a square man and that this is better than an ordinary place to work."

The employer took the advice, dropped his speech

for the time being, and made it his own job to sell himself and the company to the men he employed—to demonstrate that he had not put in the club house in any spirit of charity or as a preliminary to cutting down wages, but only because he thought it was right that all—president and employees alike—should be able to have a good time while they were on the job.

Take another case. Someone had persuaded this particular employer that it was good policy to “take an interest” in employees—that he was temporarily guardian of the careers of those whom he employed and it was therefore his duty to direct them into the right path and create a “happy family spirit.” He hired a social worker—a man who was fairly drunk with the milk of human kindness and who squared with all the descriptions of those who are said to radiate happiness. This man did radiate—he even ramified all over the place.

Here is a reel out of one of his days.

A young man having passed the employment office and being properly ticketed and numbered was sent out to this social relator—he made it a point to talk with each new employee.

“My boy,” began the ameliator, suavely and benignly, “this should be a red letter day in your career.

You have to-day become a part, not merely an employee, of a great organization and it is for you alone to decide how far you shall progress. With diligence you may become president of this company, displacing perhaps the great man who now presides over us.

“I am here to help you, to give you advice and counsel. I shall watch your daily doings and I want you to come to me often and I want you to promise me to learn some new thing every day—no matter how small it may be, learn something.”

The boy dutifully promised and went to work. A couple of days later the social secretary met him coming from the direction of the factory hospital, looking a bit rueful and tenderly nursing a bandaged hand.

“Well, my boy,” beamed the secretary, “you see I haven’t forgotten you, what have you learned to-day?”

“I learned to keep me fingers out of the cogs.”

Both of these employers really thought that they were doing something in the way of establishing a right relation with their employees, yet neither had given the slightest thought to the fundamentals of that relation. The first established an employees’ club, just as he might have endowed a hospital or

any other charity—although he would have resented any remark to the effect that he held his people to be objects for charity. The second man really took the view that his factory was a good place for a little settlement work although he imagined, with perfect sincerity, that he was helping his people. Both men had quite involuntarily adopted the paternal approach. There is nothing paternal in the relation.

Let us look somewhat coldly at the bare facts. The employer, representing capital, hires a man, representing labour, to do certain work, under direction, so that an amount of capital may be put through a series of transformations and complete the cycle of business with a greater value than when it started.

In swinging through the cycle, various amounts are paid out for wages and other expenses, but unless the intent is to have the capital come back greater than when it started, the operation cannot be classed as business. If the capital unintentionally comes back less than when it started, the business is unsuccessful. If it comes back greater, then the business is successful.

There is nothing essentially eleemosynary in this relation and there is no particular reason why the person or persons who own and direct the progress

of capital through the cycle should be inclined to regard themselves as being made of a metal different from those who, as employees, add to the value of the capital in its progression. It is but natural to suppose that those who own, and certainly those who direct the course of capital, should have a somewhat larger mental calibre than those who only accelerate its progress; but the services which they severally render to society are entirely honourable.

If the capital returns to the starting point without an increment, it is of very little use to its owner and most emphatically there exists with him no particular reason for again starting it on such a perilous voyage—because it might come back from the next trip considerably battered.

Unless the worker finds it personally profitable to add to capital as it passes through his hands, there is no particular reason why he should work and there is every reason why he should turn his attention to the devising of some means of living without work. If work does not bring more than a bare existence it can hardly be said to be worth while.

The most natural thing in the world is for the man whose work permits him only to exist, to turn to something which promises existence without work.

Of course, the second line leads to dishonesty, but the importance of being honest varies with the point of view. The man who has nothing does not fear the thief. Preaching the importance of property rights to those who have no property is about as effective as preaching in Eskimo purist to a Hot-tentot. In order to be understood we must have some conceptions in common. Even if one could talk mules[§] it is very doubtful if a mine mule who had never seen the sky would be deeply interested in aeronautics.

We like to dodge the terms "capital" and "labour" and to say that they are not distinct entities but, because both make money out of the same general set of circumstances, that their interests are mutual.

The only mutuality that exists between capital and labour is of the variety which exists between a buyer and a seller. In any single transaction it is to the interest of the seller to get the highest price and to the interest of the buyer to pay the lowest price. They are in a sense antagonists. But American buyers and sellers have found through bitter experience that it does not pay to cheat. The buyer has learned that if he does not pay a fair price, the seller skimps the goods, while the seller has learned

that if he charges too much the buyer will not get his money's worth, either in service or on resale, and will not be able to come back to buy again. It is a give and take arrangement without mutuality, but with natural cupidity tempered by forehandedness.

Naturally we are all in a way capitalists and also all labourers. Although the labourer may be a capitalist when he has a dollar in his pocket, he is a labourer and nothing more when he works for hire, even if he happens to have a million dollars in his pocket. The capitalist is a buyer of labour and the worker is a seller of labour; it only obscures to decorate the capitalist with epithets or the labourer with encomiums. There is no moral turpitude involved in being either a labourer or a capitalist. The workman in selling his services may profiteer—that is, he may sell a poor and useless thing at a high price. The capitalist as a buyer may seek to beat down the price to such an extent that the seller loses. And also he may be a defaulting buyer. But these are individual and not class characteristics; there is nothing intrinsically invidious in either buying or selling.

But the parties will not deal with each other continuously unless each finds some sort of a profit. In

the case of capital it is not profitable to buy labour unless that purchase adds sufficiently to the value of capital to make its engagement worth while. In the case of labour it is not profitable to sell, unless by reason of the sale there results a full family life, a horizon as wide as the sight of the seer, which means an entire opportunity to go forward as far and as quickly as ability propels.

The proponents of the wage system—that is, of production for profit—say that it is perfectly feasible to bargain and sell in a way satisfactory to both the buyer and seller. The opponents, on the other hand, say that this relation is not possible, that both capital and labour must be abolished and a new system of society inaugurated, in which capital shall be owned in common and production be solely for use and not for profit. This is essentially the present Russian experiment. These two systems are up before the world to-day.

Capital believes in the wage system—it believes in itself—but cool-headed men very frankly acknowledge that they do not know how to apply the wage system.

Labour does not know what it believes. It is more or less in the position of a drunken man, lurch-

ing down the street with a very indefinite idea of where he is going, and sometimes falling on the capitalist sidewalk, and again on the anti-capitalist sidewalk. Take, for instance, a recent meeting of the American Federation of Labour. The members set themselves resolutely against Bolshevism (which is essentially production for use) and thus declared themselves in favour of the wage system, but they applauded every attack on capital, they declared for various anti-capitalist schemes, and one man in the course of a discussion on the daylight-saving law thought he had made a splendid point against it by saying it enabled employers to save money! They asked for wages and hours without a word as to results and seemed to repose a vast confidence in sonorous phrases.

The average employer or capitalist—call him what you will—is equally at sea. He puts down labour unrest to pure cussedness, just as though there were any particular reason why a man should work if he does not want to and can manage at the same time to exist. The employer is apt to think that in the management of capital he is entitled as of right to the service of such individuals as he may desire and at the wage he would like to pay them.

Between the employer and the employee exists for the moment a vast misunderstanding, not so much of each other, but concerning their respective aims and what they are really trying to decide. In this confusion it is those who have given least attention to the theory who claim the greatest public attention. The most serious quarrels are not when the parties know what they want, but when they, not knowing what they themselves want, are certain they are against whatever it is that the other fellow wants. When words and reason fail, force is natural. A few employers want an autocracy of capital and a few employees want a revolution—but both extremes form insignificant minorities here. The parties are equally inarticulate and hence they tend to fight. It is a reluctance to articulate that is causing employers and employees to make ready to do a number of very silly things, rather than sit down and see if they really know what it is all about.

Reduced to its elements the question is not complex. It is this: Is production for use better than production for profit?

The worker wants a place and a dignity in society. He wants an opportunity to live and to expand. When he says he detests work and asks for very short

hours, he really says that he cannot express himself in his work and therefore needs an outside opportunity.

Why should there be so much more trouble to-day than yesterday? Was not the old way good enough, and where are we going, anyhow? Has a new element come into the world to change it and is there no way out?

The quick answer is the war. The war was so big and its effects are so entirely incomprehensible that one may safely blame almost anything on it. Has the war really anything to do with the present situation?

The war did not create a general desire to live better; the war did not give birth to Lenin and his marvellous faculty for winning the support of many people. The man who was content in 1913 to work at a lathe in an automobile factory through ten hours a day and at a wage is not different from the man who in 1920 professes a complete disdain for the successor of that lathe and says that if he works at all, it is going to be for a precious short time each day and for a lot of money. The mere fact that this man happened during a few years to make something more frankly designed for killing than the automobile

did not change his character. Then why all the row?

Before the application of power to industry, labour troubles were very infrequent. The employer did not need much capital to begin business. Whoever owned a set of tools might start up on his own account if he had an order or two on hand. The carpenter, the plumber, and the automobile repair man, among others, can do that to-day. One man formerly worked for another simply because he lacked the courage to venture out on his own. As the application of power developed, starting a business required more and more capital. The average worker could not look forward to working for himself.

He still remained, however, a craftsman and could exercise an intelligent creative skill in all that he did. When he made a steam engine, it was his steam engine. He and his fellows had worked on every part—it was their steam engine.

Then came the sub-division of labour wherein a man instead of building all of one thing, built only a part. Gradually that sub-division became more intricate, until now in thousands of cases the worker at an automatic machine has but a slight idea what the part he makes is intended for, and no idea at

all as to whether or not he has made a good part. It is not his part. The opportunity for self-expression has apparently left the job. Work became only an uninteresting ordeal out of which the means of subsistence might be had. Capital—ownership of the machine—became the whole thing, and the worker, feeling his inferiority, bowed to capital. And capital, acting after the manner of a short-sighted buyer, thought only of buying labour at the cheapest price.

The conditions in the industrial districts of England—the under-sized, under-nourished British Tommy—are striking evidences of how far that domination could go. We did not go so far here, but it must be said in all frankness that the continuous supply of ignorant immigrants gave the buyer of labour a distinct advantage which he was not slow to grasp. We like politically to talk about the great American workman, but it is many years since we had any American workmen. The native-born American, as the machine became more prominent than the man, passed on to the direction of industry, or got out altogether. The newer generation took the white collar and went into the offices, so that to-day it is rare to find a native-born American in a shop.

The theory that the machine is the whole thing is a fallacy. It has been demonstrated that no matter how perfect the machine may seem to be, it is more effective when its attendant has its mastery than when he is but a human adjunct.

Robert B. Wolf made some interesting experiments in this line. He was manager of a large paper mill, turning out news print. One of the most important processes is that in which the wood and the chemicals are mixed in a "cooker" at a certain temperature. The quality of the finished product depends to a large degree upon the evenness of this process. The cooking machines are more or less automatic and the labourers attending them are regarded as "unskilled." The men did not know why they did anything, neither did they know the results of their work.

Mr. Wolf arranged that samples of each heating should be taken and he had the data on each plotted on a chart across which ran a straight line representing the standard desired. As each "cooking" was finished the workers had before them in dramatic form the results of their work. They could see whether they had done well or ill and very quickly they wanted to know why. If one lot deviated far from the standard, they investigated to discover why

that had happened and they used the results of their investigations on the next lot. This mill had been turning out a very low grade of pulp which, taking the standard as a hundred, seldom ran above eighty; within six months, under the new system, the men were regularly averaging above ninety-five. What is more, they turned out nearly double the former quantity. The workers gained no direct financial benefit from their increased skill, but they found an interest in life and consequently in their work which they previously had not. That is, being given the knowledge which permitted them to become masters of the machine, they exercised their creative instincts and more than doubled the value of the machine. Where they had before worked shiftlessly, they now worked steadily. Considered as machines these men had been inefficient; considered as men, they became efficient.

Sweeping a factory floor apparently requires a minimum of intelligence—any one can sweep. But is not a job which requires no intelligence the better for its addition? Take this instance. A factory had twenty men who wandered about sweeping floors with tender regard for their own energy and stopping together when not under observation. That

factory was always dirty. An engineer broke up this leisurely gang and divided the factory floor space into zones, varying in size according to the amount of débris which daily collected. He put a sweeper in charge of each of these zones and made it the duty of that man to keep that zone always clean. Inspection might occur at any time. If the floor were clean the sweeper got a mark which entitled him to a specific addition to his wages. Within a month ten men were keeping that factory spotlessly clean and none of them was working as hard as before. Instead of a shiftless gang always dodging work, there were substituted a number of intelligent caretakers each of whom made much more money than a sweeping job is supposed to pay—yet it cost the company considerably less for sweeping than before. What is more to the point, they had a clean factory instead of a dirty one.

But in general, industry has not to any large degree recognized the human factor excepting as something which might be stimulated to more intense work by hanging up a money bag. This is in apparent contradiction to welfare work—to the prevailing desire to provide better living conditions, cleaner shops, and facilities for amusement and recreation.

But these provide for humanizing surroundings—not the work itself.

The worker has simply been a machine—a mere adjunct without a place in society. Regardless of whether his work was big or little, high-paid or low-paid, he was hired only because he could do something which no machine had yet been designed to do. The impotence of that position is being resented, and if you will investigate the more recent strikes you will discover that wages and hours are not the real causes, but are merely convenient modes of expression. Most of the strikes abroad are against capital as such, although they are expressed in money and hours values. For instance, in the great Clyde strike in 1919, the leader told me very frankly that they were asking for forty hours and higher wages, not in the expectation or with any particular desire of getting them, but simply because they wanted to ask for something the employer could not give and if their demands were gratified, then they would again strike for still shorter hours and still greater pay, until finally capital would throw up its hands and quit. They wanted to go on to production for use. The I. W. W. follows the same theory here, while most of the unions that presently sanction strikes in Amer-

ica couple union recognition with the money demands. Union recognition is only a step toward greater dignity for the worker. It is the loss of position and dignity which hurts the worker and especially here in America where we have so little class consciousness. ✓

The unions are in an anomalous position in all this. They say that they want the "closed shop" and union recognition, in order to make collective bargaining universal and thereby force the very highest rate of wages. They want high wages and low prices, which two desires are not in the least incompatible, but which the unions render incompatible by opposing the introduction of such methods as are directed toward making high wages also spell high production. The unions have had to oppose these methods because most of them were directed toward forcing the worker to a pace which hurt his health; in order to satisfy their constituents they have had to oppose all methods, good or bad, which lead to better work.

They have had to oppose high production also, because the theory is widely held, especially in England, that there is only a certain amount of work in the world to do. There it resulted in the strict

limitation of production on the theory that the less work a man did the more men would find work. Before the war if an English manufacturer introduced a machine capable of turning out a thousand parts a day, and the worker with his old machine had been capable of turning out only 500 parts a day, then the union would either set a limit on the new machine of 500 parts, or so raise the rate that the increased efficiency of the machine would be absorbed in the higher wage. The English unions removed the limit on production for the period of the war, and although it is popularly supposed that they have now agreed not to re-establish those limits, I could not find, while in England recently, any actual evidence that the unions had taken on a new economic theory. On the contrary, unemployment has served to strengthen the old theory, and in cases where the restriction of output was removed, the men, with or without the sanction of the union, immediately replied by striking for hours so short that even the former limit of production could not easily be reached.

It should be perfectly apparent to everyone that the progress of industry, if it is to increase, has to be constantly in the direction of the cheapening of output. It takes only a moment's thought to

prove the fallacy of the theory that there is only so much work in the world to be done. The buying power of a people cannot be estimated. Yet employer and employee alike think that markets have limited capacities. Because a certain country bought 5,000 automobiles in one year at a price is some indication that in the next year it will probably buy at least that many at the same price. On that theory unions limit production and owners make desperate efforts to keep competitors out of the market. But if we lower the price of an article, then we tap a new buying power which cannot be estimated and we provide more work for the workers. They have more money to spend and further swell this new buying power.

The Ford car is the best illustration of how lowering a price not only uncovers, but adds, to hidden purchasing resources, and the extraordinary part of it all is that the sale of the inexpensive Fords seems to increase the demand for more expensive motors—which only goes to show that probably one of the reasons we have not found a way to correlate the parts of industry is that we really do not know what industry is.

No economist has yet been able to trace, in other

than the most superficial manner, the relation between price and demand. We can find in a single year that lowering the price of a single article increases the demand for that article by so much, but we do not know how greatly the demand for other articles is increased thereby. About all that we can safely say is that no single factor in industry is static. The productive capacity of a man or machine is not static and neither is the buying power of a market, for both of these depend finally upon the ingenuity of the individual, which is something which cannot be mapped and charted.

If any accurate national statistics have ever been compiled anywhere, which I doubt—certainly the most accurate would have been compiled in Germany. (Among the various crimes for which Germany might well be tried, not the least is the responsibility for the present international passion for statistics.) But take their estimates of the food supply. When I was in Germany in March, 1919, the government had divided up all the food of the country on a *per-capita* basis and had rationed it out in miserable little doles at fixed prices. That was all the food which the most accurate statisticians in the world could discover in Germany. But I could not find a single in-

dividual who was not consuming, in addition to his ration, at least three times as much food bought on the outside, and the well-to-do people not infrequently did not even bother to draw their rations. In the cold, clear, statistical eye of the government this additional food did not exist, because it was not on their ledgers.

Coming back to the field of labour, statistics here are equally useless, except as affording material for the compiling of startling tabulations on the state of the nation. New York, beginning about 1915, developed an uncontrollable desire for social work and an equally uncontrollable desire that each bit of work should start with a comprehensive census. Somebody wanted to take up farm labour in a serious way and of course they began with a census. They delegated the school teachers all over the state to discover from the farmers of their districts how many hired men would be required during the year. The farmers, since it did not cost anything to hire a man mentally, were liberal in their estimates. A farmer who had been accustomed to getting along with one additional man thought that he could use three in the spring, four in the harvest, and perhaps two in the fall. Thus he put down that he needed nine men.

The investigators also compiled statistics on the number of farm hands available.

When the results were tabulated at Albany, they were indeed startling. Comparing the number of men needed with the number of men available, there did not seem to be a chance in the world that New York would be able to plant or harvest any crops, and out went the news that New York was in a shocking way for farm help. Then somebody happened to note that the demand for farm labour was several times greater than what had been thought to be the entire agricultural population of the State, which seemed odd indeed. They checked the census in a few districts and found enough errors to withdraw all the results. But in the meantime, the farm labourers of New York had been officially informed that they were among the rarest and most valuable creatures on earth and they fixed their wages accordingly. That census was checked; most census returns are not.

For instance, at no time during the war was there a shortage of labour, yet a Government census compiled on much the same lines as the New York farm census showed such a shortage that employers everywhere started bidding wildly for men.

When we start out to remake society on the basis of statistics, it is perfectly certain that we shall break something, but it is not at all certain that we shall make anything. What the world succeeded in breaking during the war was the relation between profits and production.

High wages and high profits can be legitimately earned only by improvements in methods which lower the price of the finished article. Then the wages and the profits retain their purchasing power. But when wages and profits are obtained by adding to the price, the actual increase in purchasing power is but temporary. The increase romps around the circle and both the employer and the employee find that the additional money they thought they had made does not really amount to anything. This is so self-evident that it is never recognized.

The cost of living is regulated by the cost of production but, during the war, the cost of production being disregarded, wages were soon demanded on the basis of the cost of living, and capital's profits were likewise so based.

The Emergency Fleet Corporation gives probably the best sample of the absolute destruction of any relation between cost and production. That cor-

poration, having undertaken a job far too big for any human organization, thought it might accomplish miracles by spending money. It spent the money but did not accomplish the miracles. It had all kinds of welfare workers, all kinds of employment policies, and also an infinite number of employment experts, but the efficiency of labour was less than 40 per cent. and did not begin to approach the efficiency of the baseball teams by which the units were so adequately represented.

I have noted that the progress of industry produced a situation in which the work did not absorb the creative instincts of the individuals. The Emergency Fleet workers found more to interest them in their baseball teams than they did in their work. They could not be attracted to work by money.

Considering all these factors, is there any particular reason why industry should not be disturbed? If the work itself does not satisfy and the money which one gets for the work does not satisfy, then what is left? If we seek to justify the wage system, is it not entirely necessary to have an expression of wages in terms of production?

The public is patient and long suffering, but when

any group of employers or employees get together and decide that each will take a fine big wad of money and pass on the cost to the public, the public eventually gets its revenge—although quite unintentionally—by destroying the purchasing value of the increments which the producers have so blithely divided among themselves.

If employers and employees believe that it is the count of money and not the purchasing power that matters, and if they conceive that the democratic control of industry is for the purpose of presenting a united front against the public, then they can only prove in the end either that the Bolsheviks are right, or at least that they are not wrong and that the wages system is a failure.

But there is no need for that pessimistic view. Throughout the country a great deal of common sense is at work and there is a growing conception that capital and labour are complementary, that it is perfectly possible to effect a bargain and sale with a reasonable profit to both sides and without more than a natural amount of bickering. And further, that there is enough slack in industry to provide for good wages and profits without raising ultimate prices.

When a bank hires a president for \$50,000 a year,

the operation is not one of stilted acrimony, but an amiable give and take without a loss of dignity on either side.

Why is there no trouble here? Because they are dealing on a level plane. Which points the way out.

CHAPTER THREE

THE WORKER AND HIS WAGE

THEY wanted lathe hands and they wanted them badly. The lid had been taken off costs. All that the Government asked was production, and to the factory management, production meant men and more men.

Jim, we shall call him, slouched into the employment office. In ordinary times he would have passed back through the door faster than he came in, for that establishment did not employ "rum hounds" or tramps, and Jim was obviously both, but the place needed men. And Jim answered the general description of a man.

"Can you run a lathe?" the employment agent asked, skeptically.

"Sure," came from Jim, nonchalantly, "any of your tools."

"All right," said the agent, "I'll put you to work."

This was supposed to be a first-rate company. It called itself "efficient"; it had welfare work, all

kinds of mechanical conveyors, a gross or so of "Do it Now" signs, and, since it had taken on munitions work, Liberty-Bond, Win-the-War, Red-Cross, War-Saving-Stamps, and nearly every other kind and variety of poster decorated the entrances and the blank walls of the shops. The management prided itself on being up to date and hustling.

Jim went to work on a lathe, his particular job being known as the "second rough turn," which means that the shell forgings were turned to the point where they had just enough rough metal left to be cleaned up on the finishing operation. Jim soon found that his lathe was not well suited for the work—but, being on day rate, it did not concern him much. He was more interested in what he was going to get—not what the company would get. So at noon he made a play for an advance in pay and got it.

The lathe operation at first seemed right enough; they used a light feed making two cuts. A heavier feed did not seem possible. The very novelty of being at work again—although it was only choice that had kept him out of work—roused in Jim something of the old craftsmanship. He saw that the way the tool was ground caused it to absorb too much

power. This particular firm allowed its hands to grind their own tools. Jim reground his and found, as he had expected, that the whole operation could be done in one cut instead of in two, and then a little more experimenting convinced him that a higher speed might be used. The net result was that by noon of the second day he raised his output of six shells per hour to twelve. Jim was rather inclined to be proud of himself.

At the noon hour the man on the next machine, whose name happened to be Slim, sidled up to Jim, and asked somewhat cautiously, "Got a union card?"

"No," snapped Jim, "and I ain't going to get none."

In the middle of the afternoon the foreman, who had hitherto given no attention whatsoever to Jim, held a moment's conversation with Slim and, turning to Jim, demanded:

"What are you trying to do, wreck that machine?"

"Do you see it falling apart?" snapped Jim.

The foreman did not answer. Instead he turned to Slim: "Show that guy how to run his machine."

"Have you got that card yet?" was the instruction from Slim.

"No," came back from Jim, "are you capping for

the union? What do you get out of it? What's the matter with me, ain't I doubled the production? There ain't a machine in this place that is doing half what it ought to."

"You can that stuff," said Slim. "We are looking out for ourselves. If we doubled up we would catch up with the forgings and half of us would get the gate. Anyhow, I ain't going to break my back lugging that many forgings. When are you going to get your card?"

"I ain't going to get any."

"You ain't, eh, that will be all for you," snarled Slim, and beckoning to the foreman he went on:

"This guy don't know nothing about a lathe. He'll smash this one before the day is out."

The foreman lost no time: "Go get your money and beat it."

"Beat it? Where's the super?" yelled Jim, thoroughly mad.

"The super won't see you, I'll attend to that," grinned the foreman. "All you've got to do is to beat it."

Jim got his money from the cashier's cage, then determinedly he headed to the general manager's office only to be sent from there without a hearing

to the superintendent, whose stenographer quickly shifted him to the employment office, and in another minute he was out on the road again. The intelligent employment manager informed him on the way out that he wished bums would keep away from that plant.

Some weeks later the president of the company, in consternation because the plant was steadily running behind the government production schedule, retained an industrial engineer of reputation, who, after a very little study, brought all of those machines to the one-cut basis and increased the speed of the feed, thereby saving 216 seconds on this one operation alone and increasing the per-machine production of 67 shells in a ten-hour day to 128 shells.

The contract was for half a million shells and the men on this operation were paid \$5 a day. Translated into dollars the saving in labour on this single operation of the contract was \$15,000, and that without taking into account the saving on overhead expense.

If you will just think over that incident you will get a clue as to what wages really mean—and when they are high and when they are low, and that the amount of a wage is not an absolute but only a relative

fact. When Jim entered that shop the wages were too high regardless of the profits of the company or any other factor; because full value was not being given for wages. Such a wall of ignorant prejudice had been erected that any suggestion for better methods was resented. The suggestor found himself out on the street, a "bum"—yet every man in that department might have increased his pay by one third without working a bit harder than he did before. The foreman and the men did not know their business and the management, being ignorant of such a condition, therefore did not know its business.

It seems almost incomprehensible that a man should be fired for suggesting a better way to work, yet in two thirds of the manufacturing concerns of the United States a suggestion that there is a better method will be met by a snarling, "Who's running this place, anyway? Your work ain't none too good at that." And an insistence on the suggestion will be considered such a personal insult that the man will be slated for firing at the first convenient opportunity.

The curious part of it all is that in most discussions of wages, what the man does for a wage is seldom considered, while page after page of testimony is

taken as to how much it costs to live, although it must be self-evident that as long as we work under a wage system, if production be not returned for wages, then a living wage can never exist. Inevitably a wage paid which is not wholly earned must be added into the price of the finished product and eventually raise the price of all products, so that when the wage earner goes to buy he is bound to find his money insufficient.

. Two glaring examples of this are England and Germany to-day. In both countries great numbers of people are getting unemployment allowances. They are paid for doing nothing, while those who are at work are giving but little in return for their wages. The consequence is that the price of all commodities is so high that although the workers are receiving unheard-of sums they are not able to live as well, in most cases, as they did before the war.

If a man should buy a tract of land and then instead of ploughing and sowing he should merely sit on his porch and contemplate, he would get scant sympathy if he said that his income from the farm was wholly insufficient to support life decently. Yet that is exactly what millions of workers are doing to-day and are asking for Government aid because

of the straits in which they find themselves—because they will neither plough nor plant.

There are two sides to this. Some workers are willing to plough and plant, but they think that the owner of the field takes more than is coming to him—that is, the employer is getting too much and they are getting too little. There are employers just as unintelligent as the workmen, who think that they, too, can get something for nothing—that they can get production without using brain power in the movement of their capital, in the planning of the work, and in the adequate paying of their men. Ignorance is not a class trait and, comparatively speaking, there are just as many employers who do not know how to do their work as there are workmen who do not know how to do theirs. That is one of the reasons that we are having so much trouble about wages.

Spurred on by the cost of living and not a little convinced that maybe something after all can really be had for nothing, the wage earner has taken the bit into his teeth and is off at a gallop. It remains to be seen whether he will tire himself out before he spills the milk wagon.

The trades unionists, headed by Mr. Gompers,

say, after the manner of oracles, that wages must stay up. A few impolitic owners say that wages must come down and at once, but whenever an organization attempts to reduce wages it has a strike.

The workers and the employers alike talk about wages as though they were definite payments quite detached from mundane affairs and as though a dollar yesterday were the same as a dollar to-day and a dollar to-morrow—that there is some particular sanctity attached to the payments they made back, say, in 1913 or 1914. Both sides quite forget that, since the beginning of time, the average worker has considered his wage too low, and the average employer has considered that same wage too high. Neither side talks of production and its relation to wages, but they agree that a dollar is a specific thing and, for the purpose of wage argument, they are very apt to take it as a standard of fixed value. The employers forget that the dollar-a-day man disappeared long before the dollar watch went off the market and that we to-day are dealing in a different sort of a currency. A moving-picture producer who is thoroughly acquainted with the country said to me most significantly not long since:

“We used to reckon the nickel as the multiple

of value for admission but now it is the dime. It is foolish to raise an admission fee only five cents. We have made many experiments and we know that the man who formerly had a ten-cent show has just as big an audience if he goes to twenty cents as if he goes to fifteen."

Whether wages will stay up or come down does not depend upon the employers, or upon Mr. Gompers, or upon any other man or group in the world. The particular number of counters used is not of the slightest importance anyway. Wages are too high when they do not give production. They are too low not when they do not support life, but when the return to the employer is higher than it should be. This is a very indefinite statement, but the whole matter of wages is indefinite because it gets down to particular cases, and the balance between labour and capital is not a thing which can be decided, except in the crudest manner, by national boards, for it is largely a matter of individual brains. Nationally fixed wages promote sloppy production and inevitably raise prices.

There is no particular reason why there should be a limit to wages, unless we are prepared to say there is a limit to skill and intelligence. Skill and intelli-

gence are as much the business of the employer as they are of the worker. When an employer says he cannot pay more than \$5 a day in his business he really says in effect: "I have reached my limit of intelligence in the conduct of this business and I do not know how further to improve the process of fabrication."

Take a case in point. A factory making automobile parts in Cleveland was swamped with orders. It had risen through a somewhat hazardous career, having been originally financed on about half a shoe string, and like so many firms connected with the automobile industry, it went ahead faster than its capital. It wanted to borrow money, but the security from the banking standpoint was none too good and the only rates offered were exceedingly high. The workmen asked for higher wages but the cost sheets showed that the company could not pay materially higher wages without so increasing the cost of the product that it would lose business to competitors.

In their straits the company had recourse to an industrial counsel. He discovered a number of things. Among them was that by the bad arrangement of the machinery, stock room, and the transportation in-

side the plant, 60 per cent. of the total shop wages was paid for walking and not for working. He found that the concern was carrying nearly a million dollars' worth of raw stock whereas it used only about \$300,000 per month and all of the stock was at that time readily procurable from day to day. He cut down the stock, rearranged the factory, and adjusted credits so as to be able to turn the capital every sixty days instead of slightly more than once a year, with the result that this concern found that it did not need more capital at all. It needed only better management and planning. The managers arranged to pay the men on performance and shortly they were able, with the former plant facilities and without increasing the number of men, to do nearly double the business which they had previously thought impossible without a large increase in capital. The workers not only earn large amounts but the company has greater profits than ever before.

If that company had succeeded in borrowing all the money it wanted it would not have put its house in order, but instead it would have gone sprawling along wasting money in every direction and trying to pay a satisfactory dividend on the additional capital which it did not need. With all of this man-

agement wastage added into the price of the product it could not adequately have paid the men.

The workers are quite right when they say that capital which performs no service in an enterprise should not expect a profit and, although the largest dividend paid upon capital will seldom mean a considerable increase in wages if spread over the dividend period, yet the principle is entirely correct that watered stock or idle capital should not expect to receive a dividend. The converse is equally true, workers who insist that more men than are necessary be kept on a job should be prepared to pay the wages of those men. And men who do not give a return are no better than capital which does not give a return.

But in many cases wage disputes do not seem to turn so much on the gross wages paid as on the relation to what the company itself is earning. A very large company, which is noted for extraordinary stupidity in treating with workers, not long since announced a cut in wages and almost at the same time a special dividend to stock holders, and very naturally and very properly they immediately had a strike on their hands. This strike will cost them considerably more in lost business and in idle plant charges

than the comparatively small amount of money which they expected to save by cutting wages. It is not so much that workers object to the reduction of wages as they object to being taken in, to being made the goats, so to speak, for extraordinary profits. Profits may not be extraordinary but if the workers think they are, it amounts to the same thing. If a thoroughly representative body of the workers is supplied with all the facts, wage adjustments on a fair basis can always be arrived at.

An illustration of this is the Filene Store in Boston. Many years ago E. A. Filene received a protest from a cashier who, being accidentally short in her accounts, asserted that the sum should not be deducted from her wages because when she was over in her accounts it was the company and not she who received the money. She thought mistakes could work both ways. Mr. Filene said: "Let us leave it to a third party." They did, and the third person decided against the firm, but the idea gave such general satisfaction that out of it grew a coöperative association of the employees which now to a very large degree helps in the management of the store. This coöperative association appoints a committee to audit the finances. Every employee in that store knows how

much the company makes and more or less accurately the salary of every executive officer, and although they do not fix their own salaries, yet through a system of committees and arbitration boards every person who believes that his salary is not right has an opportunity to show why it is not right. The employees have a flat wage and a commission on all sales made above the point where they have earned their wages according to the calculation of selling expense. It is a curious fact that the decisions of the board of arbitration will from year to year average about one half in favour of the company and one half in favour of the employees.

Or take another case, which has to deal with "roughnecks," with unskilled labour, and with the class of anarchists and I. W. W. who staged the Seattle strike. When General Disque went into Oregon and Washington to get out aeroplane wood, he was met with labour conditions about as serious as it is possible to conceive. The employers were mostly men who had once been workers. They were hard-headed and hard-fisted. They fought to keep up prices and to beat down labour. They hired a man when they needed him and they fired him the moment his services were unnecessary. The labour-

ing men, a large number of whom were ignorant foreigners, retaliated in kind. They worked only when they had no money; they "struck on the job"; they practised sabotage. They delighted to leave in a body when the employer particularly needed their services. Whenever they found their employers rushed for production and in pressing need of getting out timber, they struck for more money. General Disque found that it was the universal belief of the employees that the operators were making enormous sums of money—that they were gouging the Government. The workers felt that it was only right and just that they should in turn gouge the employers.

General Disque organized the Loyal Legion of Loggers and Lumbermen on a quasi-patriotic basis, but almost his first act was to require a comprehensive audit to be made at each camp, showing the exact cost of getting out the wood and how much the operators were making. These he laid before committees of each camp and the wage troubles ceased.

Having all the facts, there was no difficulty at all about arranging a satisfactory scale of wages and an eight-hour day. They started in to make the camps livable—which they had not been before—the workers stopped travelling from camp to camp, and the

labour turnover, which had been 1,000 per cent. a year, dropped to nothing. What that means is possibly more easily comprehended from the fact that, before the Legion came into being, the employment agencies in Spokane found jobs for 8,000 men a month while only about 12,000 were employed in that district.

The Legion performed a splendid service during the war, but from an employment standpoint their most remarkable achievements have been since the Armistice. They then adopted two very notable policies, especially notable in view of the general attitude of employers and employees everywhere. Let me give them in the words of General Disque:

It was agreed that wages are not represented by dollars but by purchasing power and that as the purchasing power of the dollar increased, the wages and the employers' profits would decrease in order to promote the public buying of lumber. Several wage reductions took place after consultation and agreement and were accepted everywhere as fair. Since then the demand and the price of lumber have risen and with them the wages, by agreement, have increased.

That a man shall not be discharged without cause and that it is to the advantage of the employer to provide continuous employment as far as his business will permit. It is recognized that during the season when lumber cannot be cut, wages will not be so high as in the active times, but that jobs can be found in and about the camp in repair and construction work.

Take another case. Up at Bantam, Connecticut, is a machine plant employing about one hundred men. These men hold a mass meeting once a month to talk over business affairs, to hear complaints if there are any, and more especially, constructively to discuss the advancement of the business. A small percentage of these men are American born, nearly all of them came into the plant as unskilled labourers. They gained their training within this place. They have committees to attend to various details, but the working body being small, they transact most of their business at mass meetings.

That plant is in the war zone only thirty miles from Bridgeport, and at times during the war Bridgeport was offering three times the wages which were being paid at the smaller plant, but during that time only two men left for the high wages and after a few weeks both of them came back. Long before the Armistice the meetings began to discuss what they were going to do when peace came. Their wages had been increased, they knew exactly what the company was doing, what the company was making, and practically what each executive was drawing in the way of salary. Over and above their wages they receive a dividend on the gross factory production on the

theory that if the factory turns out the proper amount of goods, it is up to the management to make the sales. They agreed among themselves that the big thing was to keep going after the Armistice and that, if it were necessary, they would reduce their wages and go upon shorter time.

The salesmen of the company also attended those meetings and those salesmen went out and secured sufficient orders for advance work for delivery after peace—the company was 100 per cent. on war work—and where many companies were demanding that the Government pay money for the cancellation of their contracts, this company on the day of the Armistice wired Washington for permission to cancel its contracts and within two days was going ahead full time on peace work! The only reason for the delay of two days was that most of the workers participated in every parade within a radius of twenty miles.

That plant has not found it necessary to reduce wages. Other employers in that same valley, whose people do not help them manage, have reduced wages and have been most of the time tied up with serious strikes.

Take another case. Out in Fort Wayne, Indiana, is a piano factory which is organized as a kind of

industrial democracy. The executives of the company form a cabinet; the superintendents and foremen meet in a body, which is called the Senate; while the workmen elect by secret ballot to the House of Representatives. These three bodies legislate for the plant. These men in 1914, during the depression, by their own action reduced their wages and went on part time. There were then 265 of them and gradually economic reasons caused their number to dwindle until only 168 were left. These remaining men devised so many new methods and so many new machines that later, when times picked up, and finally when the boom began, they were able without increasing their number to double what was supposed to be the former capacity of the plant. There has been no wage trouble. Their productivity and ingenuity have made them masters of their craft, and it is profitable for the company to pay them double what men in similar lines receive. In more than one case, after having devised a better method, the men have voluntarily rearranged their piece rates because with their new methods the old rate produced an income which they felt was disproportionate to the job. In addition to their rates and wages each employee shares in what is known as an "economy dividend"

—the relative savings in production costs are divided fifty-fifty between the company and the men.

What is a job worth? The average manufacturer will tell you that he cannot pay above the market rate, whatever that may be, and he will view dollars of wages exactly as a workman views them—that is, without any relation to what the one is going to get, or the other to give, in return for the money. A certain trade can pay so much and it cannot pay more, that is settled. The wage is high or low according to the number of dollars it contains, regardless of production—that is, regardless of return per dollar of wages. Because a man who formerly got \$18 a week now finds \$25 or \$30 in his envelope he is convinced that he is receiving fairly high wages, while the employer is quite certain that he is paying high wages. One hears everywhere the complaint that the price of an article is so high because of the wages which must be paid. Somehow or other every discussion of employment troubles eventually gets around to wages. Now just what have wages to do with what is called “labour disorder”?—when are they high and when are they low?—and is there any particular reason that wages should be lowered or be raised?

Wages have this much to do with labour trouble

and no more: if the wage which a man receives for a day's work is not sufficient to support him and leave even a moderate amount for pleasure, the wage is indeed too low; if the wage does not increase with the intelligence and production of the man, if it is possible for him to look ahead and see an absolute bar beyond which he cannot go, then something is the matter with the wage. High wages do not mean contentment, and if employment is arranged solely on the basis of wages, the men will neither give good service nor stay on their jobs. During the war it was the highest- and not the lowest-wage concerns which had the greatest turnover of labour.

Turnover of labour is the number of men who must be employed each year to retain an average force, and during the war, in some very high-wage establishments, twenty-five thousand men were employed during the year to retain an average force of five thousand.

Wages are high when they do not result in production; they are low—no matter how many dollars are contained in them—if they give production. The union between wages and production is inseparable, but it is neglected by nearly all employers and by most employees. There is somehow an idea, regardless of all the facts, that a particular job is worth

just so much and no more. Hence we have what is called the market rate which in turn varies according to the demand, as compared with the supply of labour.

But the best employers of the country have long since given up any idea that there is such a thing as a market rate for labour. There is no market rate for professional men above a certain grade, there is no market rate for surgical operations, or for good portrait painting. In fact, we find the market rate only in mediocrity; and that is what farseeing employers have discovered and, by lifting themselves out of mediocrity, have found it unnecessary even to inquire what the market rate is.

The market rate does not amount to much in merchandising. If an article is thoroughly good it is bought eagerly regardless of the price, because it gives service. And that is just the way some employers have regarded the value of the service of those whom they hire; instead of looking at wages as so much paid out, they have looked at them in the longer way of service purchased, and they have found that for \$2 rightly paid they can purchase more than twice as much service as for \$1.

There are many ways of paying wages and there is no rule at all involved, there is no best way—the

best way is that which suits the circumstance. In many places what are called "piece rates" obtain; that is, a man is paid for the number of articles or operations which he completes during the day. Piece rates are generally unsatisfactory, because it is a very difficult matter properly to fix the rates. A very common loose method is this: suppose a group of girls has been working on a certain article for some time. The superintendent drops in, chats with the foreman, and then asks why those girls shouldn't go on piece rates.

"What will the best of them do a day?" he queries.

"Well, the fat girl will do about 200 and the big Swede about 210."

"Then if we make the day's quota 225 they will all have to hustle to get the money they are getting now?"

"You bet they will," responds the foreman, "and it will do them good."

And on that basis the rate is fixed with the idea in mind that an economy has been accomplished, when, as a matter of fact, the only accomplishment has been in the way of creating a certain amount of resentment and dissatisfaction, which means that the goods will suffer.

There is a scientific method of fixing piece rates by means of the stop-watch, and the use of the stop-watch in industry is a whole subject in itself. It is objected to generally by workers because it has been used as a basis for inhuman forcing by unintelligent efficiency engineers. So great is the resentment against stop-watches and efficiency that the mere mention of them will often send a whole factory out on a rampage. In the right use of the stop-watch each motion is timed, the motions are studied, and it is sought to eliminate every unnecessary motion. The trainer of a track team watches his sprinters closely to see that they do not throw away any exertion but put every ounce into going forward. The late Mike Murphy could add seconds to a runner simply by taking away from him the motions which amounted to nothing more than pawing into the air. The stop-watch finds out by a study of the various movements—and this is a long and elaborate process—just how long it should take a man to perform a certain operation; then it adds periods for rest, and sets a standard of about 60 per cent. of the ideal performance. If the piece rate is fixed on this standard, then a man will earn an ordinary day's wages if he performs to the standard; when he goes over the

standard he is paid an additional sum which gives him more than the market rate for wages. The reason that efficiency has fallen into such disrepute is that charlatans sometimes fix standards without knowing how to arrive at those standards, and make the standards so high that the man, improperly instructed in his motions, has simply to wear himself out in order to make even a good day's pay.

A man can always do a job better if he has proper instruction—that is axiomatic. An amateur baseball pitcher, aspiring to become a professional, will hang around a well-known professional all day long in the hope of picking up some better way of pitching. But it is more or less the fashion among workers to resent the idea that they, too, might learn from a coach; and in this they are for the moment at one with a considerable number of employers who insist that whatever way a thing has previously been done is undoubtedly the best way—and they will not change. The employee who refuses to learn new and better ways to do his work has his complement in the employer who will not change methods. It is not at all curious or remarkable that the most considerable wage disputes usually occur in the most backward establishments.

The objection of intelligent workmen to better methods is that, when they do give service and make money, they immediately find that their rates are cut to such a point that their additional service results in no greater financial return to them than the previous poor service. In this, in many instances, they are perfectly correct, for the short-sighted employer does immediately cut down when he thinks a group of men are "making all they ought to make."

From the experience of many able men this can be deduced in regard to wages: "A wage is never of itself high or low, but the amount is relative and its righteousness depends upon the coördination of the respective skill of both capital and labour. It is not a fixed but a shifting payment, depending upon and adjusted to performance, and that adjustment is best made by frequent conference between the employer and the employed."

But recently no fixed wage has been of itself satisfactory and there have been devised methods, some good and some bad, further to compensate according to mass performance and to establish a reason for working with the company.

The wage is the measure of the worker's contribution—how is it to be measured?

CHAPTER FOUR

WAGES AND PROFIT-SHARING DELUSIONS

A LIGHTNING journey to unpopularity might be made by that public officer who would announce: "If the employers and the employees were to stop talking about profits and wages for a while and talk instead about work, it would not be long before profits and wages would take care of themselves."

We have all talked ourselves into the notion that the war has changed humanity, that all the old relations have shamefacedly backed out, and that work and wages are something very different from what they used to be. We talk about the dignity of the worker and all that, but seldom about the dignity of the work. We try to express dignity in money terms instead of in work terms and—we get nowhere. We have talked so volubly of reconstruction, but we have forgotten what it is we were going to reconstruct. The extraordinary fact stands out that the three large concerns in this country which might be said jointly to hold the long-distance record for industrial peace are, judged by the standards of to-

day, utterly unscientific in that they have no labour methods at all, and they strikingly violate the dictum that the relation between employer and employee needs quick surgical attention.

The Baldwin Locomotive Works is 94 years old and employs about 17,000; the Disston Saw Works is 79 years old and employs about 4,000; the Endicott-Johnson Company is 30 years old and sometimes has as many as 19,000. None of them has ever had a strike or even a serious wage dispute. (A few men went out from Baldwin's during a car strike some years ago but it was not a real strike.) The heads and the workers together devote themselves exclusively to work. The wages seem pretty well able to care for themselves. They have had, of course, differences concerning wages, but adjustments have always been quickly arrived at. And here is another fact to bear in mind: these employers have been more interested in the work than in the stock market—in the product than in its price.

The reason is not hard to find. Back of every wage dispute, back of every labour difficulty, lies some kind of a suppression or a distortion of the creative instinct. The animating force of man is the creative instinct; he finds his happiness in creating.

A real leader of industry seldom finds any particular pleasure in the money he earns. A very few years of success will give him more money than he can possibly spend, and from then on the money earned is only the score of the game. The real fun is in doing things. The workman who is creating something never bothers about wages or hours, because his chief fun is in doing. But you cannot have the creative expression in the shop if you do not have it in the office. The president who thinks that his company exists mainly to supply stock quotations is in exactly the same case with the workman who looks at his day's work not as a means of doing something, but as a means of getting money without exertion.

Look at the progress of these three record holders. The Baldwin Locomotive Works is something more than a locomotive building plant—it is an institution. For some time past Samuel M. Vauclain has been its president, but for twenty years he has been the dominating figure. Mr. Vauclain worked his way up from an apprentice in the Altoona shops of the Pennsylvania Railroad. His principal joy in living is to build locomotives. He reaches his office somewhere around seven in the morning and leaves between six and seven in the evening, although sometimes he will

work eighteen or twenty hours at a stretch. He has never taken a vacation, because he never could find anything to do that would give him as much fun as building locomotives. He has never bothered with personal finance, and he further told me that he had not for fifteen years known what his own salary was—he said that he did not have time to bother with money and simply had the company pay his salary to a trust company. He knew the amount could not help being enough because he was doing his work and therefore it was of no particular use to bother about it. He is a locomotive builder. He will not build a bad locomotive at any price. A locomotive leaving those great shops is regarded as tenderly and with exactly the same spirit as a sculptor regards a finished statue going out of the studio for its eventual pedestal. The tradition of the company is: Good work. Every man in that place from draughtsman to the lowest grade of mechanic knows that Mr. Vauclain is a locomotive expert from any angle and could turn to any job in the shop and do it better than the man who is doing it. The people regard him just as art students regard the master who drops in to criticize. They know that he has done everything which they are doing and has done it better than they are now doing

it. He is their natural leader. They honour him as such. Taking his personal example they resent bad work as bitterly as he would resent it. They are satisfied that if they work well they will be well paid, and they always are. They do not work for wages—they create locomotives.

Henry Disston and Sons, another Philadelphia institution, was founded by Henry Disston, an expert saw maker. In 1840, when he began in a cellar shop, all the saws were imported from England. He made his saws and then peddled them. He sold the best saw that he knew how to make and sold it as the best saw which could be made—regardless of the price of any saw. The cellar shop grew into a factory and the factory into a great plant covering many acres. Henry Disston died a wealthy man, but always he was first a saw maker. His sons followed him into the factory; they became expert saw makers before they became executives, and they became expert by working side by side with the men at the benches for from five to fifteen years. The second and the third generations of the family have in turn gone into the shops; it is a tradition of the family and of the shop that the Disston boys shall serve their time on exactly the same conditions as any other apprentices.

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To-day the saws go all over the world and each saw goes out as a product of craftsmanship rather than as a saw. The executives and the employees are fellow craftsmen; the older workers have worked with the fathers of the present executives as well as with the executives themselves; the apprentices of to-day who will be the workers of to-morrow are working on a level plane with the executives of to-morrow. The old workers send their sons to Disston's to become apprentices in the same matter-of-course way that the owners send in their sons. An employee of the saw works is regarded as a man of substance in the community—he is of the aristocracy of workers. And he did not gain that position by talking about the dignity of labour; he got it by making good saws; the dignity followed as day follows night. You will find three generations of workers together in the same shop; you will find three generations of Disstons in the management. The names of the men who fell in the Great War hang on the same wall with the names of those who fell in the Civil War. When the Rebellion broke out, Henry Disston called the shop together to say that he would care for the families of those who wanted to fight and that the old jobs would be waiting when they got back. They organized

a full company—every man of service age went. The present executives did exactly the same thing when we declared war with Germany and they did it as a matter of course. The traditions go far back; they are founded on the single principle of good work; every other detail has cared for itself. The Disstons do not know what a labour problem is.

The Endicott-Johnson Company is, first, the guardian of a community making shoes, and, secondly, a company. George F. Johnson began as shoemaker and he is one to-day. He, too, believes in the dignity of labour—not in the phrase but in the fact, and he puts the idea into practice. Here is his creed in his own words:

It is my opinion that "Wages" is not the answer to labour's unrest. It is my opinion, also, that "Hours," and even "Working Conditions," is not the answer.

I haven't seen any plan of representation on Boards of Control by the workers which seems to me as good and *effective as our plan*, which prevailed when the "boss" worked and lived with the workmen, when the workmen and the "boss" went to dinner together, played together; in fact, a return to that simple democratic idea that the "boss" and the workers are not particularly different; if anything, the workers had the best end of it; the "boss" had to do all the worrying, find the money, and work a little harder than anybody else.

This means that, in our industry, those who control, work with, live with, and play with the working people, and this means the

families of those in control; the children play and go to school together.

We are trying to get our working people to feel that this is their business just as much as ours, and that they must, themselves, protect the business: that they must feel that it is just as much their business as ours to see that no "dead-heads," "dead-beats," or "time-killers" stay in. We want, in other words, our people to protect themselves by protecting the business.

We are working out a scheme, which must of course be gradual and take a lot of time, to this end. We believe the day is coming when the workmen themselves (this includes the workwomen,) will not permit us to put a poor, inefficient, indifferent worker into our business; they will help us to get good, faithful, loyal workers into our business; they will work together to make a success, and as great a success as possible.

The natural "Labour Leader" is the employer. If he fails to recognize this fact, and if he cannot impress it upon the minds of his working people that this is a fact, they will secure "leaders" of another sort and kind—self-elected and self-appointed, rank outsiders who could not possibly be well enough acquainted with the industrial arrangement of a large industry to be able to "lead" wisely, even though they were perfectly honest and sincere; hence, we should say the safety of industry in the future lies in a closer relationship between those who direct and those who do their work.

And Mr. Johnson's company is the only large shoe concern in the country which has never had a strike!

Do these examples prove anything more than that strong traditions and natural leaders develop a type of royalist mind that spurns modernist thought? What lessons of general application do they hold?

The dominating thought in each of these three companies is the product—craftsmanship. They prove that good work well done finds its proper pecuniary reward and, that if all is concentrated on the work, the amount of wage will never come into dispute. The cases are extreme, the situations are such as could hardly be duplicated by the ordinary owner, but this much can be duplicated—the mutual emphasis can be put upon the work, and the discussion of wage may be in terms of work and skill instead of only in dollars. That real work is always rewarded is no mere copy-book maxim. It is an economic fact never to be forgotten in the discussion of wages. The wage adjusts itself to the work if the emphasis is always on the work and not on the wage—on the creation and not on the remuneration. And there you have the key to wages; every scheme of employer-employee management which can be said to be successful will be found to be based upon good work well done and upon nothing else. Work is the measure of wages.

A wage always is unsatisfactory when the work and the wage are not balanced. If too much work is given for the wage then the gap between the wage earner and the wage payer rapidly widens, the first

going down and the second going up, and the resulting situation is deplorable. But if too little work is given for the wages—and this is what most people do not realize—we have high wages and small production, which means that the wages do not buy anything to speak of.

The doctrine of work is unpopular. The capitalist would undoubtedly like to sit back and see profits roll in without any mental exertion on his part. The labouring man would like to doze under a tropical tree and have his living drop like fruit about him. Thus baldly stated, the situation is really ridiculous, and as ridiculous it would be regarded, were it not that these respective situations have been all dressed up in words and phrases, so that unless the wanderer in the intellect of industry is uncommonly wary, he will find himself getting away from the main point and giving attention to some side issue.

Look at a few of these purely side issues which can be discussed limitlessly without getting anywhere. In fact, there is a school, learned of phrase and stately of mien, which would solve all things by further discussion.

Take collective bargaining. The very word “bargain” connotes a purchase and a sale, but the dis-

cussions on the subject rarely touch the point of what is being sold. And yet how can one either sell or buy an indefinite thing?

Take union recognition. Is that recognition asked to the end that incompetent workers be kept out of shops and therefore the average productivity raised? Or is it a device to relieve union officers of the bother of collecting dues? In the "closed shop" the man who falls behind in his dues loses both his card and his job, and the collection of dues is therefore immensely simplified.

Or take the eight-hour day with its fetching slogan of "eight hours for work, eight hours for play, and eight hours for sleep." How often is the cut in the day really advocated in order to give the worker more leisure? The eight-hour day to date is merely a method of increasing wages—that is, a man works eight hours for the same wages he was getting for ten hours and then asks time and a half for the additional two hours. The idea of doing as much in eight hours as in ten hours, which would be a justification of the movement, is only mentioned in a more or less academic way, excepting by the man who is paying the wages.

The popular appeal is always to the desire to get

something for nothing. The objection among fair-minded employers to unions as such rarely originates in a dislike for organization among employees. It arises because the purpose of the union organization is seldom to discover ways and means to increase wages by increasing efficiency of production, but usually to increase wages by decreasing the efficiency of production. The unions have been forced to be destructive because they have had to fight employers. The very moment that union leaders become constructive and tell their people that work is a necessity they either lose their jobs or lose their members. The English union leaders, after years of steadily preaching that wages have nothing at all to do with work, now suddenly find that unless they change their teachings, there will be no work in England. The more fearless of them, such as J. C. Clynes, are suggesting that the people work. What is the result? The craft unions are losing membership and the "All Workers' Union" is gaining membership. The proletarian arguments which are attracting members are simply the old union arguments with a ruffle or two added to the effect that if only you organize tightly enough, you never will have to work.

The American worker has been convinced for the

moment that he can get wages or profits without work. With few exceptions, the American worker of to-day is not producing as much in eight hours as he did in four before the war. The percentage varies, but generally speaking the efficiency is just about one half. A man who made eight articles, in 1914, will in the same time make four of them to-day, and the deplorable part of the situation is that those four will probably be represented by a third at least more dollars than the eight were. Expression of production in dollars is now meaningless. We have stopped thinking of work in terms of production. We are thinking in dollars and that gets us into trouble with profits.

Finding that wages paid in excess of the value of the services rendered do not buy, and seeing that most companies are exhibiting balance sheets containing large surplus and profit items, the mind of the worker is turning or being turned to sharing in those profits. The wages of labour are expressed in great sums and the wage looks small beside the profit. Well-meaning persons often suggest that a share of the profits of industry belongs to the worker. No two groups quite agree on what that share should be or who should determine it. Some would confuse wages, which are part of the cost of doing business,

with profits which are the result of successful business and add an indeterminate part of the profits to the wage. Others advocate profit sharing as a step toward the worker's ultimate control of capital. There is a reason for the second position, but none at all for the first, when it is urged by those who are convinced that the capitalistic system is the best.

And that profit sharing does not offer a solution for proper wage payment is proved by its operation in practice. Arising out of a delusion as to what profits are, it falls down when the workers discover that the great sums they thought they would get do not amount to much after all, when divided up. If the most profitable corporations agreed to share the entirety of their profits—not a portion, but all—and the share were added to wages, the increase of the wage would seldom amount to 5 per cent.—and a wage increase of 5 per cent. is scorned. The German steel and munitions companies are supposed to have made immense profits during the war. An investigator took the sixty-six highest-profit companies; they had a combined capital of \$625,000,000. He found that over a ten-year period the entire profits, if divided per capita among the workers employed, would increase wages only $2\frac{1}{2}$ cents an hour!

An enormous confusion exists about profits and what they are. Mere bulk seems to be a crime. For instance, the man who starts in business with a capital of \$1,000 and cannot net more than \$100 profit, that is, 10 per cent. a year, finds himself unable to exist, but the corporation with a capital of \$10,000,000 which could consistently earn 10 per cent. would be classed as a particularly shameless example of what combinations of capital can do to the plain people.

Then, too, both the workers and the public are apt to look askance at the difference between the cost of the raw material and the cost of the finished article and to say mysteriously that "somebody is getting theirs." It is true that in every line the progression from the raw to the finished state is exceedingly cumbersome and needlessly expensive, but in most cases it is nobody in particular, but waste in general, that consumes the enormous price addition. It is perfectly ridiculous that the average article should at least double in price between the time it leaves the factory and the time that it reaches the hands of the ultimate consumer. But that is rarely due to profiteering or to any illegitimate practice; it is due to lack of organization and the desire of people to have things sold to them rather than to buy.

For instance, the average person finds it exceedingly inconvenient and expensive to carry home purchases and would prefer, even at an added cost, to have them delivered. It is rare to find any individual who does not believe in life insurance, and it is well-known that premiums would be very much lower if the selling expenses were eliminated. Yet every experiment in selling life insurance over the counter instead of through agents has resulted in something pretty close to failure. Or take a staple. Wheat, of course, does not have to be advertised—it is not bought in the grain form by the ultimate consumer. But to sell flour or bread in large quantities to the consuming public, it is absolutely necessary to trademark the product and advertise it. The housewife, confronted at the grocer's with Brand A flour—which she has never heard of, and Brand B—which she sees advertised—will buy Brand B, although it may be quite a little dearer than Brand A.

Human nature is what it is and, although we may rail at its perversities, it is likely to stay with us for some time to come, even against the objections of the reformers.

The general ignorance of what capital is and how profits are made is well illustrated by an experience

of H. C. Osborn, president of the American Multi-graph Company of Cleveland. That company for some years did not pay a dividend. For the last several years it has paid fair-sized dividends—although the return on the money invested would not be to date as great as if that same money had been deposited in the ordinary savings bank. After a recent dividend period one of the workers congratulated Mr. Osborn and told him he must feel fine to be making so much money. A little inquiry brought out the fact that the worker thought that the president received the entire earnings just as if he were a proprietor and not a fellow worker. This man had heard of stockholders, but had little comprehension of what part they played. Right then and there Mr. Osborn decided to start a shop course in economics. He discovered that, although many of the workers knew the terms, they knew absolutely nothing of corporate organization, of the fact that legitimately issued stock represents money invested, that a corporation has expenses other than those for wages and material—that, for instance, it must consider fixed charges, depreciation, and services to customers—or that it cost a great deal of money to advertise and sell machines. He is proceeding with

his course in very simple fashion, explaining step by step, with illustration and diagrams, that which we call the cycle of business as applied to his own particular institution.

In the course of one of these talks he brought in the model of the first machine. It was a crude affair bearing about the same resemblance to the present-day machine that the *Robert Fulton* does to the *Mauretania*. Its appearance created great merriment. Mr. Osborn asked how many of them would be willing to contribute their savings to the development of a commercial article from a contrivance such as they saw before them. Not a man in the crowd could conceive of doing such a thing!

Changing the scenery, one might present this same lesson with almost any money-making specialty that is on the market to-day. The first cash register was merely a device which punched holes, representing a nickel each, in a strip of paper; the storekeeper had to count these holes at the end of the day to discover what his sales had been. Yet Mr. Patterson took what money he had made in the coal business and put it all behind the development of this crazy device. How many of the people who now clamour for the profits of industry would contribute their labour,

which they say is the source of money, to promote an invention?

The workman does not want to be a part of industry; he wants to share in profits not as a partner but as a vulture. And in this position he is perfectly human and perfectly right. As I have pointed out in a previous chapter there is no partnership between labour and capital, and it is just as untrue to say that labour has a right to profits because capital is the result of labour as it would be to say that capital had a right to labour because if there were no capital there would be no wages. Labour, demanding that capital be turned over to it, is in no better position than the bandit waiting to rob the gold train as it comes over the hill from the mine.

The profit of capital—a part of which, if the owner is forehanded, goes to augment his capital—is sometimes, it is true, the result of sheer luck; but more often it is due to exceedingly skilful management and good selling. That is really no affair of the workmen; it is the affair of the executives. Honest profit-sharing plans in which only the executives participate are commonly successful. Those including the workers which are called successful will, on study, be found, as a rule, not to be profit-sharing at all; or

they will be found to be cases in which the workmen have been receiving their regular wages and then have accepted a share of the profits as a donation. And, even in such cases, dissatisfaction invariably follows a bad profit year.

The life of the average profit-sharing scheme does not exceed five years and I am unaware of any case in which the workers agreed to share losses as well as profits.

Of true profit-sharing schemes there are very few. One is an optical works in Germany. The philanthropic founder left these works in trust for the employees. The wages and salaries are paid according to the respective worths of the people—that is, the president gets a president's wage and the office boy gets an office boy's wage. At the end of the year the president and the office boy are cheek by jowl in the sharing of profits, each getting exactly the same amount. But this is mutuality of ownership and not sharing profits with capital.

Another profit-sharing plan which has worked very successfully again is not really profit-sharing at all. The South Metropolitan Gas Company in London, by the creating Act of Parliament, is permitted to pay a dividend of 4 per cent. upon its shares and to

charge 3s. 1d. per 1,000 cubic feet of gas. The Act further authorizes it to pay an additional dividend of 2.8 per cent. for each reduction of one penny in the price of gas. That is, the more cheaply the gas sells, the greater may be the dividend. The company, as an incentive to economy, proposed to pay its workers $\frac{3}{4}$ per cent. extra for each penny reduction in the price of gas. They pay ordinary current wages, and this extra percentage to workers is really more in the way of a bonus for economy than a sharing of profits. The dividend to the employees has reached as much as $8\frac{1}{4}$ per cent. and the scheme has been so generally successful that it has been adopted by nearly all of the gas companies throughout England which hold similarly phrased charters.

The J. C. van Marken Press at Delft, Holland, presents a most interesting example of a forward-looking profit-sharing scheme. Of all Van Marken's experiments with his industrial companies of Hof van Delft, the ultimate is the printing company. The shares of stock were serially numbered and the company reserved the right to retire the shares at par, according to the serial numbers, with the design that the workers might eventually acquire the capital—that is, acquire the means of production. This capital

stock is entitled to a 6-per-cent. cumulative dividend and of the remaining profit, 25 per cent. goes to the managers for their labours, 50 per cent. to the workmen shareholders, 3 per cent. to the commissioners, and 12 per cent. to the founders. This 12 per cent. is a unique feature, representing Mr. van Marken's estimate of the reward which capital should have over and above the ordinary return upon investment, for its adventurous spirit in risking the money in the first instance. The right of this additional compensation extends only to the original shareholders and is personal, ceasing with death.

The workers are paid a minimum wage—that is, a wage calculated for support and nothing more. Their share of the profits is not paid in cash, but goes to a savings account. When the amount of the fund to the credit of any worker reaches 100 florins, it is immediately applied to the purchase for him of a share of the capital stock—the original holder of that share being forced to sell under the agreement and pass out of the company. In the first four years one third of the capital stock had thus lodged in the hands of the workers; in the course of the next fifteen years all the original stockholders had been retired. But by that time some of the workmen

stockholders had died and their stock had passed into their estates, while others had left the service of the company. So the ownership was not with the workers. However, this stock was on exactly the same basis as the stock of the original stockholders and as the savings of a then worker reached 100 florins, a share of stock automatically passed to him. Thus, the entire capital stock slowly revolves in ownership, the idea in Mr. Van Marken's mind being that the workers should have always a direct identity with the shareholders.

Workers who have not yet accumulated sufficient savings to buy stock are, however, regarded as members of the corporation. During his first year of service a worker has one vote on a parity with the stockholder and an additional vote for each two years of work up to a maximum of six votes. Shareholders, also, regardless of the blocks they hold, are restricted to a maximum of six votes. I visited this plant during 1919 and I was informed that the general desire was to change the scheme—that the workers preferred higher wages to stock ownership, and that, because of the low basic wage paid, it was decidedly hard to get men to work.

For thirty years past the Procter & Gamble Com-

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pany have had some form of profit-sharing and their experiences are interesting. Back in 1887 a certain part of the year's earnings was set aside and distributed in cash to all employees in proportion to their wages. The amounts appropriated caused dissatisfaction. Then the company fixed the employee's dividend at the same rate as that paid upon the common stock of the company. It will be noted that there is no reason whatever for making these rates the same, but that thus fixing the rate is merely a way of shutting off superfluous discussion. Up until 1903 this percentage upon the wage was distributed in cash twice a year and with this officially announced result:

“During this time the expectation that it would result in greater and more efficient effort on the part of the employees was not realized. Not with the majority. The dividend, coming as it did, at stated intervals in lump sums, tended rather to defeat its purpose than to further it. It had a tendency toward extravagance and became a distinctly demoralizing influence. The money was spent and over-spent before they received it. It was looked upon as additional wages and had not the effect upon the majority of increasing their loyalty and interest and

of adding to their prosperity and material comfort gathered from saving and the habit of saving."

The company then abandoned profit-sharing, in so far as cash distribution was concerned, and adopted profit-sharing as a means to enforce thrift through stock ownership. The plan is one which has been adopted with various modifications by quite a number of companies. Any employee who has been in the service of the company for 30 days or more may apply to the trustee to buy for him in the open market and at the market price an amount of stock equal in par value to his yearly wages. It takes about five years to pay for this stock. At the end of that time the employee owns his stock outright and receives dividends as would any other stockholder. A further development of the plan is savings certificates in the denomination of \$100 each, issued by the trustees and bearing 6 per cent. interest. These the employees may purchase by depositing 5 per cent. of their wages and adding the dividends under the profit-sharing plan. The profit-sharing dividend itself is scarcely profit-sharing at all, but rather a donation from the company's earnings as a bonus for length of service.

A person employed throughout one year receives

10 per cent. advance upon wages, and thereafter an additional 1 per cent. per year until the maximum of 20 per cent. has been reached.

In all fairness it cannot be said that the plan is either a success or a failure. In the old stock-purchasing plan, the maximum participation was 60 per cent. and of the remaining 40 per cent. perhaps 15 per cent. were ineligible because they were transient workers, while the remaining 25 per cent. were those who never, under any circumstances, were able to accumulate the $2\frac{1}{2}$ per cent. of the purchase required for the initial deposit.

There are numerous other instances of profit-sharing about, but the essentials are all the same, and excepting where the distribution is solely with executives, or where the circumstances are quite peculiar, I am unable to find that the mere sharing of profits has the remotest influence in bettering the relation. The first distribution of profits is always greeted with wild enthusiasm—just as would be any other substantial largesse. But there is never the slightest disposition to accept the profits of the future in the place of wages in the present—the profits must be in addition to everything else. Every plan tried in America, based on the Van Marken idea

of paying a scant living wage—or even a full living wage—with the prospect of bringing the eventual wage to considerably above what might be called the market rate by the distribution of profits, has failed when applied to workers.

In the case of executives the situation is quite different. It is the direction of the higher executives which really makes the profits. These men do the buying, the selling, the borrowing, and all of the manœuvring so necessary to business. If a season is not successful they know why. There is no mystery about depreciation and reserve; and, working in February, they can visualize a profit to be paid in December. It has therefore become the practice among forward-looking organizations to have the executives who manage the capital share in the fruits of their efforts. In the National Cash Register Company, for instance, the fixed salaries paid to executives are quite low but they share in the profits to such an extent that this share will often equal or exceed the entire year's salary. In other corporations the executives and higher employees are permitted to buy a certain number of shares of stock under an agreement to resell them when their connection with the company terminates. They commonly do not

pay any money for this stock, but merely give a promissory note for the full purchase price with the stock as collateral. This plan has the earmarks of stock participation but, as a matter of fact, it is only an easy way of adding a bonus to the salary based upon the earnings of the company—it cuts out a lot of mathematics.

Then there are the numerous plans by which the employees of companies are encouraged and aided in the purchase of the stock of the company. The most notable of this kind is that of the United States Steel Corporation, by which, under a partial-payment-plan system, employees may buy stock. This plan is very well thought of indeed by a number of leading business men of the country, as making for an identity of interest between the worker and the stockholder.

But it is strongly to be doubted if the number of shares held by the rank and file of employees is sufficient to give them a real interest, or that the dividends which they receive are sufficiently large to make them realize that there is a connection between the daily work and the semi-annual dividend. It is urged, and it would seem reasonable to believe, that if even 10 per cent. of the employees of a corporation were

also owners of its stock, they then would act as a leaven in the mass and make for better and more coöperative work. The devotees of stock ownership are always ready with numerous instances in which the faithful workmen-stockholders, warring against waste, bring in bits of metal lost on the roadway and they recount how these conscientious souls chide their fellow workers for acts against the best interest of the company and therefore against the value of the stock. I have looked into quite a number of these shining examples and find most of them merely expressions of a renewed license to be a busybody. The self-conscious virtue of the fledgling stockholder is more apt to irritate his fellows than to help the company.

The opportunity to purchase stock in the corporation for which he works is properly to be regarded not at all as a method of adjusting the relation between labour and capital, or of increasing mutual productivity, but solely as a means of encouraging stalwart independence through thrift. And, from a practical investing standpoint, it is more than doubtful if a worker should be encouraged to elect the one institution to be not only the source of his present income, but *also* the repository of his savings.

But you cannot have a meal of bear meat unless first you have a bear. You cannot well share profits or make the purchase of corporate stock desirable unless you have profits. Accept all the theories of profit-sharing at face value and without investigation, say that it is a success whenever tried—what are you going to do about the workers for the companies which do not earn profits? One out of every five enterprises started in the United States fails; of those that continue in business, only about 20 per cent. show profits. Complementary to universal profit-sharing should be a demonstration of how not to fail in business. Until all business is invariably successful, profit-sharing is hardly the way to pay wages. The man working for the skilfully managed company that earns a lot of money is commonly no more efficient than the man working for the poorly managed company that fails. Why, if their respective working talents are about equal, should the first worker get more than the second? The one had nothing to do with the profits nor the other with the losses.

The satisfactory way of paying a man is for what he does. If he makes a good article at a right price, or otherwise performs a satisfactory service, then he

can and should be paid adequately. It is up to the employer to make the profit. If the employer cannot make a profit, he has merely demonstrated that he is incompetent to be charged with the management of capital. The larger-visioned employers all recognize to-day that the man who wants to pay low wages—who wants to pay less than is justly due—is more of a menace to the wage system than the Bolshevik. The doctrine that low wages are cheap has been pretty well exploded.

But what is adequate payment? There can be no rule until mankind has been ironed into uniformity—which will probably take a little while. There are grades of labour and grades of men. The street sweeper is not on a par with the watchmaker although he may have greater potentialities. Christian Girl, the president of the Standard Parts Company of Cleveland, once swept the streets of Cleveland, but he did not insist that as a street sweeper he should be paid the salary that he now gets as the president of a great organization. And thus we cannot escape getting back to the controlling relation between the wage and the work. And through the work it is always possible to arrive at the “adequate” payment.

In the case of Baldwin's, Disston's, and the

Endicott-Johnson Company, which have been set up as models, the relations between the company and the men are so intimate and the knowledge of the work is so mutually exact that striking the wage bargains with individuals gives no trouble. But all concerns cannot have that marvellous mutuality—they must find a mechanical means of arriving at the same end, but always upon the same basis of fitting the wage to the work. The problem of the adequate wage, of attaining the right balance, is quite impossible when a general solution is sought, but it is quite easy when it is treated as a matter of cases and not of universal law.

The methods differ but they all proceed upon principles, and these principles have been best stated by William R. Basset thus:

1. In order to get any logical fixing of wages it is necessary first to throw away all ideas of how much a man ought to get. A man ought to get what he earns, no more and no less, and I consider what is called the market rate of wages—whether it happens to be the standard wage of the community or a rate fixed by the union—as in the nature of a minimum wage for that class of work.

2. There is no reason why a machinist should not make \$100 or even \$200 a week if he returns that much service. And the point, therefore, is not the gross amount that a man makes, but the cost of his services per unit to the company. If a man makes

\$50 a week when turning out 10 units per hour, I can well afford to pay him \$100 a week if he turns out 20 well-made units in one hour, for there is so much less overhead per unit on the 20 scale than on the 10 that it costs me less per unit to pay \$100 per week than to pay \$50. This is a self-evident point which is very often neglected and, because it is neglected, the whole subject of wages is in a chaotic condition.

3. In a very large number of cases the piece rate is fixed by rule-of-thumb and the rate is lowered whenever it appears to the foreman or superintendent that the man is making too much money. If the rate were right in the first place it should not be lowered because the man is making money--unless the increased production is brought about solely by managerial skill. But the rate is not usually right in the first place, because it is unfortunately rare to find a scientifically set rate.

4. The average rate is based upon someone's guess as to what a man may do--whereas it should be based upon a scientific time study.

5. The use of the stop-watch is opposed by most workers largely because it has been ill-used in the past, but if you have a rate committee to which is intelligently explained the basis of time study, and their services enlisted to obtain the proper study, this opposition will disappear.

6. I think it is very proper for a worker to object to having an incorrect time study forced down his throat and made the basis for a rate which forces him at an inhuman pace in order to claim a bare sustenance.

7. I do not favour piece rates nor any other one form of paying wages, because there is no universal wage method. I have frequently installed three or four different bases of payment in the same shop, because only in such manner could we even approximate fairness.

8. But I think that every form of wage payment should also

include an incentive—an individual incentive, so that a man may be rewarded on both the quality and the quantity of what he does—and right here let me say that quality is always more important than quantity, and it has been my unvarying experience that where we stressed the quality element, we awakened the spirit of craftsmanship and the quantity took care of itself. In addition to the individual incentive I believe in stimulating co-operation between employees by providing group or departmental incentives; this need not be large and sometimes does not have to be paid in money; but, generally speaking, a small money incentive, combined with a certain amount of publicity to engage the natural instinct of competition, will produce splendid results. I have known production to be nearly doubled under such circumstances.

9. Hand in hand with incentives goes the teaching of right methods, the elimination of wastes, and the proper planning of work. When all of these elements are present, the raising of a wage is purely incidental, for then the increments are taken out of the former wastes—which is as it should be.

CHAPTER FIVE

THE FETISH OF INDUSTRIAL DEMOCRACY

WHAT does industrial representation amount to? "The democratization of industry" is rapidly becoming a cant phrase. It is alluring just as profit-sharing is alluring, because it can mean a great many things. As somebody well said not long since, we are becoming a world that loves phrases. The ideal phrase is one that no one can exactly define, but with which everyone can agree in a general way. We find the most staid, what-is-the-world-coming-to sort of manufacturer nodding his head in approval at the phrase and also we find the craziest and most violent radical yelling and waving a red flag at the same utterance. Which gives pause for comment—although it is bad form to inquire into popular phrases. One of the reasons for this general agreement that industry should be put upon a democratic basis may be found in the general disagreement as to what democracy is. Styles in democracy shift more rapidly than styles in women's clothing.

The hide-bound autocratic employer usually means by democracy in industry that he intends to hand-pick a certain number of employees and call them a shop committee. Or again, in the case of a corporation, he and his fellows may arrange for the most revolutionary departure of putting one or two employees upon the board of directors. When one or both of these acts have been committed, the demands of democracy are supposed to have been satisfied, and autocracy, if not annihilated, at least ameliorated. Starting from this lip-service type and ranging down the line, one meets with other forms of democracy in variously coördinated and uncoördinated shop committees, organized as committees or as legislative bodies, until finally one reaches the radicals to whom the phrase connotes a species of state socialism. One passes on to the extreme radicals who understand by this democracy the annihilation of capital and the entire control of industry through elective and easily recalled committees. And one stops only with the ultra-extreme radicals, who conceive that the only form of industrial democracy is the autocracy of the proletariat. The democratization of industry is easily the most ecumenically satisfying phrase now at large.

A further reason that we can have so many interpretations of the term is because so much confusion of thought exists concerning industry itself and more especially concerning what capital is and does, and who pays wages and why. Practically every discussion of industrial relations eventually gets back to the discussor's conception of the function of capital.

Let us get the facts squarely in mind and segregate, so to speak, a few of the meanings of democracy in industry. If it be taken in its broadest sense, then you must evolve a system of industry in which there is neither employer nor employed, but where all are employees on an equal basis of pay quite regardless of skill. And unless we can conceive a society in which all authority shall be equal, that is, which shall be both headless and footless, then to be thoroughly democratic any leadership should rotate through soviets or committees. This programme involves necessarily the abolition of the private ownership of capital. All "direct-action" movements have a society of this general nature in view, although with family differences which they consider very important. The normal human being need not concern himself with the various refinements of the social revolutionists; they all are heading toward an event-

ual production for use as opposed to production for profit, and the individual disagreements can mostly be put down as of gait. Therefore, if we discuss the taking over by the Government of the means of production and the management of those means by communes or what-nots, we are not discussing labour but social revolution—even if we file off the raw edges, as in the Plumb Plan, and shy at force, or if we sharpen the raw edges and advocate force and lots of it, as do the I. W. W. The social revolution is not a labour problem. It is a conception of a new social existence. When eminent citizens advocate the equal representation of the employer and the employee and presumably therefore equal authority in management, and in the same breath talk about dealing justly with complaints and retaining well-trained employment managers, and so forth, they are discussing an equality which can exist only as a pound may equal a quart. The chief engineer is, in his way, as important as the captain, but he does not navigate the ship. If we believe, and most of us do believe, in the private ownership of capital, then we cannot go beyond representative regulation and into democratic control. It is important to bear this in mind because there is a disposition to take the

field in full cry after capital as such, yet all the time disclaiming that its private ownership is to be killed when caught.

That representation in industry is good is no longer open to question, but it is equally not open to question that mere representation as such is of no particular moment. A great many employers would like to think that merely starting up some kind of a representative system will solve all the problems of industry—that it will serve as a substitute for natural leadership or skill. It will do nothing of the kind, as experience has amply shown, and the only reason for the many unreasonable expectations of the results to flow from representation is that the situation has not been visualized in its entirety.

Under our capitalistic system, the wages of both capital and labour are paid out of production and out of nothing else. Capital does not pay wages and it could not pay them for more than a week or two at the most, even if it wanted to, any more than a camel could live indefinitely on its hump. Without production the discussion of wages, or working hours, or conditions is academic. That is one of the chilling facts of existence. Representation in industry, then, is valuable when it aids in production and in the fair

distribution of the profits of production. It is a means to an end and not an end in itself.

To get down to cases. The most striking and ambitious plan of general representation is that of the Joint Industrial Councils which were evolved by the Whitley Committee, appointed by Parliament to devise a better industrial relation for Great Britain. In England and in Scotland, the trades union movement, which had achieved remarkable proportions before the war, during the war gained something approaching an ascendancy of industrial life. The English unions are ritualistic bodies divided into sects much as are the evangelical churches, but they have one great principle in common—that there is only a certain amount of work in the world to be done and, therefore, the longer you take to do it and the more men are required in the doing, the more jobs there will be for the workingmen. It would almost seem that any industrial propaganda in order to be popular must be uneconomic!

Affairs were coming to a pretty pass in England before the war, and during the war the Labour party secured an enormous number of rules and regulations of various kinds, although they did officially, if not individually, promise to take off the limit on produc-

tion and permit the employment of unskilled labour, working with automatic machinery, which had not been permitted before the war. It was apparent that industry could not resume, when the war activities had ceased, without some working basis between the employers and the employed, and to that end was evolved the Whitley Plan. This provided for individual workshop committees, made up of representatives of the employer and the employed; Joint District Councils, made up of delegates of the local unions and the employers' associations for the district; and finally a National Council in the industry, similarly composed of representatives of the national unions involved and the national employers' associations. The plan further provided for the stimulation of the study of industrial methods, but essentially it was an agreement that each industry should be controlled as a unit by a national council supervising local councils, which should in turn supervise works management. The control came from the top, not from the bottom, for although the shop committee might be a constructive body, primarily it was a complaint bureau or a magistrate's court where minor violations of the rules might be adjudicated.*

*For a further discussion of the Whitley Councils see Chapter Nine.

It would not be fair to say that the Whitley Plan has failed, but it would be quite untrue to say that it has had any measure of success. It was essentially a categorical prayer for the *status quo ante*; by it the unions and, more important, the union officers, were practically confirmed in their offices, and the "closed shop" made absolute. At once the proletarian movement as opposed to crafts unionism gained enormous ground. It seems totally impossible for a union leader, who has brought himself into power by preaching a strict limitation of work, to turn about and preach that work is necessary. The mass of the workers will always follow the man who promises something for nothing. But were the Whitley Plan a success, it would undoubtedly create grave dangers. The public is not represented in its councils, and each industry would take on the nature of an immense trust of workers and capital, and although this immense power might be exercised for good, it is more reasonable to suppose that it would not be, for any group of individuals given unrestricted and unreviewed power usually gets drunk with that power. Of course, Parliament is supposed to exercise a supervision, but what can Parliament do against the united front of an essential industry? We have seen in

America the railroad employees terrorize the Government. What would have been their power had the railroad owners also united with them?

The Whitley Plan is presumed to construct, but the machinery is essentially regulatory and is more concerned with not doing than with doing. The Whitley Plan holds nothing for America because, if for no other reason, this is a large country in which living conditions so vary as to make the uniform regulation of any national industry neither feasible nor desirable. And again, trade unionism is not particularly strong in the United States, because there is comparatively little class consciousness in the workers, as has been demonstrated by the total failure of all sympathetic strikes. We have, however, in this country one plan in analogy which offers an example of collective bargaining with trade unionism on a fair constructive basis, in which getting the work done and seeing that both sides get a square deal have a more important place than the observation of rules.

The defect of trade unionism in a country as large as the United States is that national rules formulated in any but the most general terms will, when applied to a specific case, work an injustice to both the employer and the employee. It is well enough in theory

to say that the conditions in a trade should be everywhere alike, but we all know that without some radical amendments to the laws of nature this is impossible. Trade unionism in England, for instance, always legalistic, has invented so many rules and laws that, in any given case, experts should really be called in to determine the respective rights and duties of the employer and the employee. We all know that English industry before the war was being gradually buried under a mass of union regulation. It was quite general in any district for the employers to unite in an association and, through a representative, to make treaties with the various unions operating in their shops. They had adopted, more particularly in the engineering trades, a kind of double-barrelled collective bargaining and, when you consider that in any one shop perhaps a dozen unions might be at work, each with its own rules and operating without regard to the rules and rights of any other union, it is quite easy to realize that the English employer was indeed unhappy. In addition to all of the union rules and regulations, each shop also contained a certain number of unskilled workers who were not organized, and who, according to the unions, had no rights on earth.

The clothing trade in the United States has adopted what, in many respects, are the best features of the Whitley Plan and none of its more dangerous ones. In the clothing trade the relation between the employer and the employee is commonly very bitter. The workers are mostly foreigners, many of them do not even speak English, and they have brought themselves from the terrible sweat-shop degradation to their present position only by dint of constant fighting. A not inconsiderable portion of the employers are also former sweat-shop workers, and, as is always the case, they give the same treatment to their employees as they themselves received as workers. The Russian influence prevails in the unions and they are very radical. The strikes have been long and bitter and in the City of New York both sides have often used violence.

The Chicago firm of Hart, Schaffner & Marx took the lead in bringing about a better condition. They met the problem squarely; they believed that the unions and employers were really competing for the good will of the public and that, although one might alone gain it, it would be better if both had it together. They accepted the principle of unionism and of collective bargaining, but held, further, that a union should be recognized only as it manifested a general

desire to fulfill its agreements and to better industry. They thought that many of the traditional principles and practices of unionism had developed out of a state of militancy and that this militancy would not be necessary if the employer changed his own tactics. They thought an arbitration board within the shop would, if fairly administered, settle most troubles. They agreed with the union for a board of three people, one to be chosen by the union, another by the company, and these two to elect a third. For a long time the two arbitrators could not agree upon a third member, which turned out to be no particular misfortune after all, because it resulted in a series of compromised decisions and convinced both sides that it was necessary to give as well as to take. A third member was eventually agreed upon. The closed-shop issue is always insisted on by unions, because it gives the officials a club with which they can recruit members and collect dues. No employer willingly submits to the closed shop.

Hart, Schaffner & Marx worked out a compromise known as the preferential shop. Under this arrangement union members are the first to be taken on and the last to be let go, and thus, while the advantage in union membership is retained, the rights of non-

unionists are conserved. Out of the Board of Arbitration grew the present Labour Agreement, which is rather elaborate. It is among the Board of Arbitration, the company, and the Amalgamated Clothing Workers of America. The Board of Arbitration is the final court. The Trade Board is the Court of First Instance. The latter consists of eleven members, all of them employees of the company, one half chosen by the company and the other half by the union. The chairman is elected or appointed under the agreement, and is supposed to be representative of both interests. The provisions of the agreement are executed by deputies, each side having its own deputies, who may also act as counsel in presenting complaints. In each shop the union is entitled to have a duly-accredited representative or agent and he is "expected to represent the coöperative spirit of the agreement in the shop and be the leader in promoting that spirit of amity and spirit of good will which it is the purpose of this agreement to establish." The agreement defines a procedure for the arbitration of all disputes, defines rates and hours during the life of the agreement, and also affirms the full powers of discharge and discipline in the company with an appeal over to the Trade Board.

The company has been operating under such agreements for nine years with remarkable success. The agreement is not considered as expressing the maximum of good will, but rather as a binding minimum and the company, through a singularly intelligent and not at all paternal welfare department, has gone far toward eliminating many of the petty disputes which so often grow into serious differences. The plan has worked so well that it has now been adopted by the employers and employees engaged in the manufacture of men's clothing in New York, Rochester, Chicago, and Baltimore, proceeding as the National and Industrial Federation of Clothing Manufacturers. The larger plan has not been in operation long enough adequately to be tested, but the whole thought of the agreement is constructive and there seems no good reason why it should not work. In the case of Hart, Schaffner & Marx, the success would seem to be due to the fact that, while every proper facility is given for the fair adjudication of complaints, the real emphasis is upon production. The agreement, which is a model of its kind, is shot through and through, not with the abstract rights of people, but with the proposition, phrased in various ways, that the employer and employed are associated

for purposes of production and mutual profit and not merely for further discussion. This agreement has stood where most agreements of the trades unions fail, because this one goes to production, while the others devote the primary attention to rules and rule making. This is collective bargaining with a definite idea of what is being bought and sold.

The clothing agreement is, in a way, on the representative basis. The employer and the worker have a common forum. It differs from the many representative systems which are now arising all over the country in that they do not, as a rule, involve any form of contract with the trades union. The American employer cannot in fair conscience deal with the trades union instead of with his employees unless:

1. A majority of the employees are members of the union; and
2. The union officers exercise a constructive control over the members—that is, that they can require the members to work as well as to strike; and
3. The union officers are willing to concede that the primary purpose for the engagement of capital is to augment itself and not to offer itself for distribution. In other words, a recognition that wages are paid out of production.

Since all these factors are rarely present in any attempted union bargain, the present trend is toward company forums and away from the collective bargaining with outside interests. The more convenient method, assuming that wages are a matter of bargain and sale, would be for an employer to deal with a responsible union on economic principles. Such union supervision would immensely stimulate broad business thought and be a great help to industry. This is quite aside from the point as to whether a trades union answers any need which a well-functioning state cannot fill.

But very few union leaders have the personal force to put over sound, economic thought with their followers. They can control them only by promising more pay for less work, and therefore making an agreement with the average union is not more satisfying than nailing jelly to a wall. The aim of both sides is frequently an agreement without mutuality.

It is in the direction of having each side appreciate the problems of the other that arise the real benefits to industry of representation. It teaches the worker that the processes of industry are in no wise mysterious and teaches the employer that the worker is willing to coöperate if given a fair chance—all

of which amounts to saying that participation in the problems of industry teaches both the employer and the employed that good profits result not from ledgerdom but from skilled production, marketing, and finance. One hears a great deal about the enormous benefits to be derived from having in the works some kind of a committee, or whatever it may be called, to receive and settle complaints and possibly periodically to present the worker's side to the management. This may take any one of many forms—from an elected committee or committees to an appointed committee of both the management and the men. But any kind of an industrial body organized solely to settle disputes amounts to nothing. Such a body does not touch the constructive, creative faculty and also it does not touch the reason for most disputes, which is that one side, or both, does not understand how profits are legitimately made. If you settle enough disputes you may have order, but you will not have progress. Bearing this principle in mind, it is not surprising to discover that representation of the workers on the board of directors of a corporation to protect the interest of labour is only a sentimental arrangement quite unproductive of results, and also that shop committees or bodies set up to hear dis-

putes are remarkably industrious in the gathering of dispute material but rarely do anything in the way of progress, unless, peradventure, they depart from their original conception and become constructive.

This is just what happened at the Filene Store. They started an arbitration board, but gradually the employees' association became a quasi-legislative body and a class for the study of the economics of business. They early asked for and received the right to inspect the books of the corporation, and the company was fortunate to have at the time a number of employees who understood enough about business to translate these financial statements to the people involved. The success at Filene's is not due to the machinery of government, but to the widespread knowledge among the people employed of how the company makes money and where the wages come from. For instance, each sales person has a sales quota, which is fixed on the amount of goods that must be sold in order to pay the particular base wage received. When that wage has been earned, the company and the employee split the amount charged as selling expense in the total of sales beyond the quota. Even the most stupid girl grasps where her wages come from—that they do not come out of the air!

In the small business with only half a dozen or so employees everybody knows how and where the wages come from. The workers know that if the boss has no work to do, they will not get money, and that if they are very slow in their jobs, the boss will be unable to compete on a price basis with some other business that has speedier men. It is only when the selling and the accounting are very far away from the men on the bench that the work and the wage lose connection. In the moderate-sized factory it is not necessary to lose this touch.

Take this experience. The Irving Pitt Company had never had a strike; they had always paid as high or higher wages than were being paid in the community; they had reduced hours to forty-four, and generally were on a fair basis with their five hundred men. They had an open shop, and although they did not treat with the unions as such, union and non-union men were on exactly the same basis in the shop. Then came a union organizer and forthwith, and without formulating any demands whatsoever, the men started to walk out. The president of the company asked the group what it wanted. Some did not know; others replied, "more money."

“How much more money?”

That again was a puzzler. Several thought that two dollars a week more would be right, others asked only a dollar additional, while a few very frankly stated that they wanted nothing in particular but were going to be “good sports” and go out with the rest of the bunch. Finally they all decided that what they wanted was the right to organize.

“Have you made any demand to organize? Has anything been refused? Have you ever mentioned to any foreman, superintendent, or any one else in authority that you wanted more money?”

The men had to admit that they had made no requests of any kind.

“I am not opposed in principle to organized labour,” went on the president, “but you know as I know that the present strike movement here has nothing to do with wages or hours, but what the agitators are after is to start the class war. If you believe in the class war, say so, and go to it. Then there is nothing for us to adjust. But if it is your own affairs with which you are concerned, why do you not organize and I will not only deal with you collectively, but I will turn over to you the decision on every matter in controversy. You can elect a

committee of representatives and the company will agree in advance to do what they decide."

This solution, the president later confessed, was quite impromptu; he had thought it out while he was talking and he had no details in his head.

The men were suspicious. As usual they thought that some kind of a game was being put up; they wanted to know when the organization would start, and generally they were skeptical. The president on the spot appointed the chief agitator among the workers to go forward with the plan and make arrangements for an election that very afternoon. The men elected twenty members all of them from the rank and file; there were no superintendents or foremen on the board, but the men agreed to have the superintendents, the purchasing agent, and the chief planner sit with them, merely so that they might have at hand complete and accurate information from the company's side on any question that might arise.

The board went to work, it first took up the demand of the assembly-room boys for higher wages—those boys were about to quit. The board examined into the facts, granted an increase to one boy, and refused the others. In the face of a decision by their

fellows, the boys took the award and stayed at work. During the course of this decision one of the members of the board wanted to see the company's books. That brought on a discussion. Another member declared that what the company was making had nothing to do with the rate of wages. He took the ordinary union view that wages depended on the condition of the labour market, and if the company was earning large profits and could afford to pay semi-skilled men as much as skilled men were receiving on the outside, it would be to the advantage of the company to hire only skilled men, for then they would get more for their money. Considering the question from this angle, the board immediately decided that it did not want to see the books. The company did not at any time participate in this discussion and it would not have objected to surrendering the books.

The attitude of the members of this board is not at all an unusual one among workmen. The theorists and the agitators declaim loudly that the workers want the profits of industry, and in the same breath they declare for uniform wages, which are two contradictory proposals, because profits cannot always and everywhere be the same. The average

workman, however, when he gets down to the specific case, in which he is himself involved, seldom bothers about profits. As a man who has had long experience with labour puts it:

“The rank and file of the workmen do not care how much you make, just so long as they are sure that they are getting theirs. If he has no automobile he does not object to you having a Ford, but he would object to a Rolls Royce. But if he has a Ford he rather likes to see you with a \$5,000 or \$6,000 car, while if he can own, say, a \$2,000 car you may buy yourself a circus wagon, if your fancy turns that way, and he will then examine it not with envious, but with appraising, eyes.”

This particular board, at the outset, wanted collective bargaining, but in practice they preferred individual rulings. Collective bargaining is never really popular, it is a result of the minority will being imposed upon that of the majority. A man is afraid to get up in meeting and say that he is better than the others and ought to have more money. A workman is just like any one else and down in his heart he resents being compelled to accept uniformity.

The decisions of the board were fair. In only one

case did they grant a request which the company would have denied. The usual human nature cropped out. One of the most prominent members of the board thought that his position and influence entitled him to more money than he had been getting. He made a loud speech for himself, but the board refused him. In the course of time fewer and fewer disputes came before the board. A tendency has developed to settle out of court, but the board still meets regularly once a month on company time and it is a success. This plan was not originated with any idea in mind of granting autonomy to the workers. It was purely an opportunist remedy, but it has worked extraordinarily well in practice, which is somewhat remarkable because it has few constructive features. Perhaps it works because it is the worker's own child. There is a deal in that.

The above is really more a case of personal contact than of representation, but this element of personal contact, like everything else in this wholly unnecessarily complicated and rigmarole-surrounded problem of capital and labour, is variously interpreted. Personal contact sometimes connotes hand-shaking and welfare work and there are employment "experts" who think so highly of personal contact that they

advocate having the executive periodically circulate through the shops calling the workers by name. Since most executives have not the name-remembering capacity of a club doorkeeper, the practice sometimes gives rise to very amusing situations as some perverse geniuses get the names badly shuffled. To correct this, it has been seriously advocated that the man or his machine be tagged with the name with which the Lord blessed his family, or the approximation of it which the employment manager may be able to spell, and thereby permit the executive, unless he happens to be near-sighted, to be friendly in exact nomenclature. This interesting mental exercise has, of course, nothing to do with the labour problem. The most it can do is to establish a kind of acquaintanceship and it neglects the fact that the employee may not always consider the executive worth knowing. There are two sides to being "friendly."

The next stage of industrial representation is the purely constructive, in which capital and labour meet not as partners but as persons anxious to make all that they can out of the same general opportunity. Some splendid results have here been accomplished.

CHAPTER SIX

WHEN THEY GET TOGETHER

GIVING the workers a voice in the management, as I have previously shown, of itself amounts to nothing at all. As far as the workers are concerned industrial representation is of value in the degree that it makes them familiar with the processes of the business and incites the creative instinct. If it does not accomplish these results, if it does not give them an intimate familiarity with and interest in the business, the right to have a say is not more valuable than a Cooper Union free-for-all.

A second and quite unadvertised side of representation, which is quite as important as that touching the employees, is that to be of greatest efficacy it must also teach the employer something about the adventure in which he is engaged—that is, cause him to look at the business itself and not merely at the bank account.

Representation is a blow at managerial incompetency. If the men get thoroughly on their jobs

so also must the managers, and although it is popular to assume that the employer is always right and the worker always wrong, such is by no means the truth, and the more quickly we recognize this fact the more quickly we shall attain that well-balanced industrial condition to which efficient production is a natural sequence. Just as that worker who is loudest in declaiming his rights is commonly the poorest worker, so also that employer who is perfectly certain of the strength of his position is commonly the poorest employer. The right kind of representation will cause not only a far more efficient working force but also a far more efficient managing force, and the two in conjunction will make good business.

When we find that a plan of industrial representation which gives a free forum to the workers does not function we can be perfectly certain of one of two things—that either the representatives have not been furnished by the management with all the business facts or that the management itself is not capable. Where the workers transform a representative system into a society to increase wages you can take for granted without investigation that no sincere and straightforward attempt has been made to let

them ascertain how the business is conducted, and also you may take for granted that when a management does refuse to permit workmen to know facts and figures, it either does not know the facts and figures itself, or someone in the management is doing something which he should not do.

The workman is made of exactly the same stuff as the employer and when he and his fellows ask for impossible wages and hours they are only following the lead of those employers who get together and agree to limit production in order to maintain high prices. Wherever you go in this employer and employee relation you find that the employee, when he gets a measure of irresponsible power, starts out to do exactly what the employer used to do when he, too, suffered from the delusion that he had a power, the use of which did not have to be accounted for to the public. The strong point in industrial representation is that neither the employer nor the employee will be foolish enough to do anything which will not stand the light. Both inevitably realize not only their responsibility to each other but to the public. They have to practise open diplomacy that is really open.

And so, working together with a clear knowledge of what business is, the impossible often becomes

easy. That which is to-day generally called "impossible" is for a manufacturer to keep pace with rising wage and material costs without passing the increases on to the consumer. Everywhere one hears that it is "impossible" to have lower prices until the workers consent to do more work and take less money. It is true that workmen are doing very little work, doing it without intelligence, and asking a lot of money for it, but the career of the White Motor Company suggests that perhaps some of these "impossibilities" are mental rather than physical.

At the White Company in Cleveland service has outstripped wage, with the very remarkable consequence that, although materials have increased 50 per cent. and wages 110 per cent. since 1914, the company has found it necessary to increase the cost of the finished product to the consumer by only 10 per cent. The net increase in manufacturing cost is only 7 per cent. This is an unequalled record.

The makers of typewriters have not found it necessary to increase their price to the public because they have cut down selling expenses, but their manufacturing costs are actually very much greater than before the war and there has been no marked increase

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in building efficiency. The demand for machines has, however, been so enormous that it has been possible, in spite of very high wages and in spite of the high cost of materials, to sell more machines than ever before and therefore to take smaller profits per machine. Selling more machines, the profits are greater than ever before.

The White Company has made its record through straight manufacturing efficiency. The average wage to-day based on 51 weeks' work is \$32.34 as against \$14.04 in 1910 and \$15.03 in 1914. The factory value of the product for 1919 is \$33,500,000 as against somewhat less than \$4,000,000 in 1910 and about \$9,000,000 in 1914.

In the White Company the selling side is not important, for at the present time it is not necessary really to sell first-class motor trucks. It is more a question of being able to deliver them.

Hand in hand and as a part of the remarkable record in efficiency, this company has achieved just as remarkable a record in the holding of its men. Cleveland is what is known as a labour centre in that there are a very large number of factories located in the district. During the war it was a paradise for the man who liked to hire himself from day to day

to the highest bidder. Every possible inducement is present for machine-gun-like hiring and firing. The average turnover of labour, that is the number of men hired in comparison with the total number employed, was 300 per cent. during the war. The average of the White Motor Company for 1917 was 74 per cent. and for 1918 was 62 per cent., which includes the withdrawals by draft or enlistment amounting to 8.75 per cent. The largest month during these two years had 9.2 per cent., in September, 1917, and the lowest had 2.6 per cent., in January, 1918. For the year 1919 the lowest monthly percentage was 1.23 and the highest 2.65. When you consider that, the country over, it seems almost impossible to get a day's work for a day's pay, and that men consent to be hired apparently only for the purpose of ascertaining what the job is like, which curiosity is very quickly satisfied, the example of the White Company is worthy of the closest study and holds many lessons for those who would solve the problem of industry by resounding formulæ.

The remarkable success is not due to trick or magic but to the firm grasping by everyone of the cardinal principle of our economic life, and that is that wealth, whether in the form of wages or profits, comes from

only one source: production. The people know why they work. Thus every adjustment has been comparatively easy.

But it may be said right here that this principle, now amounting to a conviction, did not grow of itself, but is the result of extremely intelligent, fair-minded management which involves a complete exposition of all of the financial and other workings of the company to the people in mass through well-phrased editorial work and a complete representative system with a representative for each ten employees. There is absolutely no paternalism and no aloofness, but instead a complete readiness to meet any radical argument on its own ground with facts and figures. It is what might be called an un-union shop in that there is no discrimination against trade unions, but there are many union men employed, and in fact the presidents of several of the local unions have been shop-committee chairmen. One of the employment officers is a former union labour leader of Cleveland, and the executive officers are to quite a considerable degree believers in many of the principles of socialism and even of Marx socialism. They are wholly against absentee ownership, in favour of corporate form of enterprise, and look forward to the day when

the worker, learning the advantage of thrift, will control industry by buying himself into it.

The average employer is not sufficiently acquainted with economic principles to answer a good radical agitator on his own ground. The active managers of this company in contact with the workers could all be persuasive radical agitators were they only less sufficiently informed on the processes of industry. They are not trades unionists because they know that a man cannot fly by tugging at his boot straps, that is, by continually asking for more in return for less. They are not state socialists because they are very much inclined to doubt that the wisdom of the state is infinite, and they are not Bolsheviks because they think that the road to freedom is through work. Altogether they are a very remarkable collection of true liberals, their outstanding distinction from most liberals being that they know what they are talking about and do not merely follow phrases.

Let us see how all of this came about. In 1914, when the war began, the managers instantly realized that if the war continued through any great length of time there would be a world-wide inflation of currency and that the buying power of money would rapidly shrink. They examined into the effects of

past wars and they decided to organize to meet conditions. They did not organize all at once, they did not take Bottle 999 off the shelf and swallow its entire contents with the expectation of being thereafter fortified against all industrial disease. Instead they felt that the surest way to attain the end they sought was to spread economic knowledge—to let the workers go forward with them in the study of conditions, so that instead of an antagonistic body they would have a coöperative body.

They finally achieved this through the organization of shop committees with the object of bringing about a closer relationship between the management and its employees and increasing the confidence of each in the other through an educational programme arranged to develop a better understanding of the common problems. Each department is divided into groups of about ten men and a representative elected by each group by secret ballot. These form a Department Committee. These committees elect their own chairmen and secretaries and hold meetings every other week on company time, and at these meetings the superintendents and other supervisors may attend, but they are not members and are permitted to speak only on invitation. That is all the

organization there is; the rest is left to the committees themselves.

They have no rules as to what they shall do and what they shall not do. The forums are wide open for the discussion of the business. In charts and figures the meetings have before them every financial and other activity of the company. There is nothing the men cannot investigate if they want to. They can and do make recommendations of various sorts, but the big thing that these committees have done is to grasp what production means and what capital does and thus thoroughly to comprehend the policy of the company. The company does not believe that it is possible to overproduce. Neither do the men now. They say with economic exactness that "the term (over-production) is merely a negative expression of the phenomenon of under-production. Production means the creation of wealth. Without production a company will be without wealth and so will experience depression due to under-consumption." That knocks out the familiar argument that over-production spells idleness for the worker. The company has planned and has to date carried through a logical programme of annual expansion and, by putting the cards on the table, has demonstrated

thoroughly to the men that the highest possible wage can be paid only when the highest possible production is attained. This is graphically illustrated by showing that the larger the concern and the higher the per-man production, the higher will be wages, not merely in dollars, but in actual buying power.

All of these committee meetings have before them estimates of the buying power of the dollar. Taking the buying power of the dollar in 1914 as a unit: they estimate a decrease of one half for 1919—that is, a dollar of 1914 is worth fifty cents to-day. The chart shows that in 1914 the production of the company was valued at \$9,023,172. They had 2,202 workmen on an average who received an average weekly wage of \$15.03 and a total wage of \$1,688,467. For 1919 there is an estimated production of \$33,500,000 with the average number of men 5,500 and the average wage of \$32.44, making a total wage of \$9,000,000. This, reduced to a graphic, shows that the value of the product has increased in a greater proportion than the average number of men employed and, that with the larger production, the wages have not only more than doubled as expressed in dollars over 1914, but translating the 1919 wage of \$32.44 into 1914 dollars, the wage to-day would be \$16.22 as against

\$15.03, which represents in five years an absolute increase of \$1.19. This does not seem to be a very large increase in these days of enormous dollar values, but it takes on a different light when it is considered that in this same company the wages declined from \$14.04 in 1910 to \$12.82 in 1911 and rose again in 1914 to \$15.03. The actual increase is really greater than \$1.19 because the 1919 dollar is worth more than fifty cents as compared with the 1914 dollar.

Through such methods as these and through discussions from every possible angle the entire personnel realizes fully the company's policy—which is essentially this:

“Production is the greatest essential in a factory. For the whole community to maintain a comfortable and humane standard of living it is necessary for every man in the community to produce consistently, otherwise there will not be enough wealth to go around. The generally accepted idea and fear of over-production is at bottom unsound and should not enter into the policy of either management or employees. There really can be no such thing as over-production in industry.

“Production must first be arranged consistently with plant investment, inventories, and personnel.

They must be well balanced to attain maximum results for employees and management. Such activities as purchasing, stores, inventories, cost systems, maintenance, and plant repairs, over which productive labour has no control and in the opinion of the management has no desire to be bothered with, are arranged to keep production standards at a maximum. In this way it is made possible to earn the greatest amount with least exertion and to build up a secure future for the employees in the factory.

“After the proper organization is established and maximum production arranged for, the first and most important consideration is ‘Labour.’

“The highest possible wage on a straight time basis without bonuses, premiums, or ‘profit-sharing’ is paid to employees. The factors instrumental in establishing the wage scale are cost of living and amount of production. It is the policy of the management always to study the future from all angles, and make the White Motor Company a safe workshop, and a part of every employee’s home.”

They bring everything down to the man—for instance, the company sets aside a special fund from production to cover the hospital, the losses in the factory kitchen and restaurant, time paid to em-

ployees for jury service, time paid to employees in registration, medical service, amusements, and the expense of publishing and sending the company's monthly magazine to each of the employees. The total of these expenditures for 1918 was \$127,720.93. These expenditures are charted and reduced to the average cost per man per month, week, and day. They amount to eight cents a day per man and thus every vestige of paternalism is removed by the conclusive demonstration that these expenditures are paid for out of production to the end that production may be bettered. They thus rightly appear as a community effort and not as company benefaction.

There are many other points of interest in the operations. The employment office tries to hire employees of all creeds and nationalities, so mixing them up that there can be no sections or factions. They will not take men who have not at least applied for their first papers, and they prefer married men beyond thirty to single men. But over and above all is the great principle of the organization spread through representation and able management that the progress of the company is the employee's progress because only out of greater and greater production can higher and higher wages be paid.

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It follows as of course that this production must be good production and therefore the creative instinct is stimulated.

It is almost needless to say that under these conditions it would not be possible for an inefficient executive to hold his job or to administer his job by absent treatment. Essentially this whole plan may be related back to the same principles that hold in the Disston, the Baldwin, and the Endicott-Johnson plants, but with the difference that where the results in those cases are in a sense unconscious the results in the White Company are due to conscious effort.

An almost equally remarkable record, attained by quite a different mode, is that of the American Rolling Mill Company at Middletown, Ohio. This company employs some five thousand people, has been operating about twenty years, and has not only never had a strike, but also since the Armistice the per-man production has not dropped. The usual story of disorganized, dissatisfied men is notably absent, and also there is notably absent any elaborate machinery for the preservation of what is called "industrial peace."

The company operates two plants at Middletown,

Ohio, a blast furnace at Columbus, a works at Zanesville, coal mines in West Virginia, and ore mines in the Lake Superior district. What is said about the plant at Middletown applies with equal force to all of the other plants of the corporation. As George M. Verity, the president, stated to me in the midst of the steel strike:

“We know of this strike only through the newspapers. I am interested in it and the men are interested in it, but not in any very personal way and not at all in so far as it concerns our own affairs.”

The company has no formal system of representation and it has not felt the need for any. Mr. Verity is a big, broad man and he has filled the whole organization with the idea that everyone from the top down should regulate his every action in, as he expresses it, “a spirit of fairness, a square deal always both in theory and practice; a big, broad view of every problem, cutting out all narrowness and littleness; a spirit of unselfishness, of loyalty, and of courtesy to and consideration for the other fellow.”

These are fine words, but fine words butter no parsnips. Mr. Verity does the buttering by being eternally at his desk. He lives in Middletown and he and his associates both in Middletown and in the

other plants are continually among the men personally and meeting with them in group affairs so that the relation of even a labourer to the company never becomes a coldly impersonal affair. Further, some twenty-four men are appointed throughout the various departments and charged with the duty of seeing that the company policy is kept alive as a fact. Mr. Verity thinks of these men as spokes in a great business wheel of which he is the hub. Every one of them wears a gold seal company ring and it is their duty to see that every complaint or every possibility of a complaint is instantly attended to.

The career of this company emphasizes the fact that it is not the machinery of control that matters in the industrial relation, but the essential results that may be obtained. If the results can be obtained without elaborate organization so much the better.

The Midvale Steel and Ordnance Company, in spite of its size, has not lost the personal element. Here again we find not so much a system as a man, and that man is William B. Dickson, the chairman of the board and vice-president of the company. His view is expressed wholly in the famous answer which Mr. Carnegie gave when asked, "Which is

the most important factor in business—labour, capital, or management?”—“Which is the most important leg of a three-legged stool?”

In 1918 the company posted a notice stating that it recognized that the prosperity of the corporation was a joint affair of the company and its employees, that the wage earners had the right to bargain collectively, and suggested that in order to attain these ends the employees of the various departments elect representatives. These representatives elected from themselves a committee to confer with the officers of the company. They evolved a plan providing for a representative for each 300 employees, the only qualification for a representative being that he should have been in the employ of the company at least a year. These are known as Division Representatives and they elect a Plant Conference Committee containing one representative for each 3,000 employees.

The plan has worked. Its rules are not elaborate, and although a cursory examination might lead to the inference that the representatives were primarily elected to form a complaint and arbitration board, the real thought behind the plan is to spread a knowledge of how the business is conducted and to let the men in on the problems of management in a construc-

tive way. The arbitration machinery is so well rounded and comprehensive that there cannot be an unadjudicated grievance, but the driving force comes from the fact that Mr. Dickson, who started as a workman and has risen through the ranks, has thoroughly sold to the people the idea that he wants them to help in making a better company.

That the employees have not only recognized but accepted their responsibility could not be better shown than their announcement after the meeting of the American Federation of Labour at Atlantic City, in which among other things the six-hour day was endorsed and the project for the unionization of steel companies launched. They passed a resolution which contained these words:

The persistent and unceasing demand of workmen employed in all classes and kinds of industries for a shorter day's work and an increased wage in order to meet the present high cost of living is uneconomic and unwise and should not be encouraged.

No plan of representation is automatic—the people have to coöperate, and that they will not do until they are convinced that no trick is intended.

I know of no case in which the workers have asked for or initiated any form of industrial representation,

or have received the representation otherwise than with suspicion. Workers do not yearn for democracy; they commonly know nothing whatsoever of the processes of industry and always they will more readily receive an untruth than a truth. There is nothing strange about this. They have been firmly grounded in the notion that the employer will cheat them if he can, in which view they are more often right than wrong. The excessive demands of workers engaged in the building industry, for instance, are due to the fact that before they were organized they were given just as little money as it was possible to give them. The general contractor made his money by what is known as "skinning" the sub-contractors, the sub-contractor made his profit by in turn skinning the workmen whom he employed and the dealers from whom he bought materials, and so it went all down the line. It used to be a very common practice for employers to pay their men in cheques and if the work were in a sparsely settled district to arrange with saloons to cash these cheques only at a discount of anywhere from 10 per cent. to 30 per cent. It was not uncommon to take a construction gang out into the wilds where there was no transportation, under the promise of high wages, pay these

wages for a time in cheques which the men could not cash, and then discharge all of them without providing means by which they might get home. The contractors, having the men in this position, would then offer to hire them back at low wages. It serves no good purpose to recount all of this stuff excepting to bring to mind that it is perfectly natural and perfectly understandable for workers in the ascendancy to act as the employers did when they were in the ascendancy. And the good employer must suffer with the bad. It is not, therefore, remarkable that the attempts to get upon a fairer basis, when initiated by the employer, are received with suspicion by the employees. We have only to try to picture what would have happened to a group of employees who, in the old days when the supply of labour was greater than the demand, would have approached their employer with the suggestion for a shop committee or for any kind of a workers' body to legislate upon conditions in the shop. It is a remarkable tribute to the fundamental fairness of the average man, to the fundamental fairness of the American worker, that he receives every clear-cut plan for industrial representation with far better grace than the employer would have received such suggestions.

The plain fact is that most representative plans are received and put into operation by employers with the utmost reluctance and only through necessity—which is a cause for gratitude since any arrangement arrived at from other than economic necessity is bound to fail. A general benevolence toward humanity is either a professional asset or a recreation. The strength of the best of the plans is that, omitting the gestures, they have been adopted through reasons of necessity. There are a number of these plans. Some of them are heralded as panaceas and a few of them are not heralded at all. None of them is a panacea and the patient is not instantly a new man after taking.

The most interesting plan of general application with specific changes for the case in hand is what is called not very accurately "Industrial Democracy," as very successfully promulgated by John Leitch. Under this plan the workmen are represented in a body called the House of Representatives composed exclusively of workmen elected by the various departments, the elections being by secret ballot and the number of representatives varying according to the size of the plant. This body is organized essentially along the lines of the lower house in any bicameral

system of government. It has committees on various subjects connected with those affairs that touch the workmen and including committees to receive complaints upon wage matters, and other special or standing committees to deal with improvements in production. The thought behind this body is that it will discuss the plant conditions with a view to making betterments, these betterments being instantly reflected in the pocketbook by a wage dividend which is based upon economies of operation. If some improvement is introduced by which a thousand dollars is cut out of the month's production costs, that sum is divided in equal parts between the company and the men, the share of the men being given separately to each of them as a percentage dividend upon his wages.

It is the experience of practically all of those who have had to do with the enlisting of the coöperation of labour that although money will not induce coöperation, money given as a result of coöperation and directly related to the thing done is a feature which cannot be neglected.

In addition to the House of Representatives is a body known as a Senate which is composed *ex-officio* of foremen, managers, and department heads. Its

powers are coördinate with and equal to those of the House of Representatives and these two bodies function together in much the same way as do the House and the Senate in our national government, that is, either may initiate legislation, but any enactment by the one must be introduced and passed by the other. To facilitate legislation, provision is made for the appointment of joint committees to iron out differences and for joint sittings where necessary.

When any bill has been passed by both bodies it goes forward to what is known as the Cabinet, which is composed of the executive officers of the company. The Cabinet has the final power of veto; without its approval an act does not go into force. Another credit mark is added to the essentially common-sense record of the American worker by the fact that in the fifteen or twenty places in which this scheme has been put into operation it has never been found necessary for any cabinet to veto an act which had the approval of both the representative bodies.

It will be seen that the Leitch plan possesses a considerable emotional advantage in the titular designation of the elective committees. Just as secret societies get a deal of satisfaction out of sonorous titles, so do the workmen find honour in being

“senators” and “representatives.” The dignity of the titles undoubtedly adds to the conscientiousness with which they perform their duties. The success of the plan, however, is not in its mechanics, but in the fact that Mr. Leitch is a man of strong personality wholly believing in himself and what he has to offer and therefore he succeeds in selling, that is in convincing, both the workers and the employer of the pecuniary and moral benefits of being just and fair.

He initiates the system by a series of talks developing the elemental principles of justice, energy, economy, and efficiency, all of which culminate in service, and he takes these undoubtedly commendable virtues out of their usual atmosphere of abstract goodness and puts them into the day's work. It is in this primary conjunction, in this prying open of minds, so that all hands profess themselves willing to take a chance, that the plan usually succeeds in getting a fair start—and it is about one half of the battle to get a fair start. Getting away to a fair start does not mean that the people are convinced, but it does mean that they will suspend judgment and take a chance. Sometimes we forget that any measure of self-government suddenly dumped upon the people benefits that people in much the same way that a ton of

coal would benefit a householder quite out of coal if it were delivered to him all at once and unexpectedly when he happened to be standing in the bin.

The Packard Piano Company at Fort Wayne, Indiana, the Shelton Looms of Sidney Blumenthal & Company at Shelton, Connecticut, and the tobacco pipe factory of William Demuth & Company at Brooklyn Manor, New York, are the most conspicuous examples of this industrial democracy.

The Packard Piano Company has been running under the plan for nearly seven years, and the most startling result is that by better methods and better machinery invented almost wholly by the men the plant force has been reduced from 268 to 168 and the former production has been nearly tripled. In this plant the interest of the men is so intense and they feel themselves so much a part of the business that not long since they resolved in meeting that the president should take a vacation. He took a vacation and they materially increased production during his absence!

The reduction in men, it is well to add, was effected during the dull period of 1914 when more than a hundred men had to leave because the factory was on part time, arranged for by the workers themselves. When

business picked up again the remaining men found that through better methods they could handle the work without taking on additional people.

The Blumenthal Company makes velvet fabrics which are exceedingly easy to spoil in manufacture. The company had considerable difficulty not only with the amount of production but also with the kind of production, the number of "seconds" turned out being wholly disproportionate. After the men themselves had obtained a voice in the management of the business they evolved a quality bonus based on perfect production. They investigated tools and machinery, made no end of improvements, and not only very largely increased production but also practically eliminated the "seconds" which up to that time had been such a serious factor.

In the Demuth Company almost the same story is had excepting that here the whole process of making tobacco pipes was examined and improved to the end that poor workmanship resulting in pipes which had to be sold at lower prices was all but eliminated.

In all of these cases and in every other case where Industrial Democracy has been tried, not only have wages been raised but the comparative cost of the

product also has been lessened—which is real manufacturing.

The Demuth Company offers an interesting example of what can and what cannot reasonably be expected from representation and the part which strikes really play. The Demuth employees, although the men were receiving entirely satisfactory wages and the bulk of them were satisfied that through intelligent effort they could continuously better their situations, went on strike and stayed out for about a fortnight in spite of everything that could be done to the contrary. The strike was not authorized by the House or by the Senate. It did not have the support of the English-speaking workers. It was exclusively among the foreigners who did not speak English and it was caused not through any desire for the bettering of wages or working conditions, but solely by a group of extreme radicals who convinced the aliens that the time had come to start the Social Revolution.

This strike illustrates that in one section of what is known as the industrial problem there exists an insanely radical element which has to be recognized, accepted as incurable, and prepared against. It is part of the revolutionary creed to preach that those who

do not work exclusively with their hands and sometimes use their brains are in constant and deadly terror of those who sometimes use their hands and never use their brains. It is extraordinarily difficult to determine when force should be used, for force is always the first reply of the blockhead, than whom no better example exists than the average policeman! But it is to be borne in mind that just as certain mental disorders are helped by a plunge into cold water, so also other disorders wrongly classed as "industrial" are cured by what is vulgarly known as a "bat in the eye."

When a strike has a cause the representatives can well handle it. In the American Multigraph Company of Cleveland (whose representative plan has been previously described) the toolmakers asked for a heavy flat increase in rates. A good mechanic is very scarce in these days. Industry conducted by unimaginative mechanical engineers with their noses continually poking into blue prints has evolved machines to take the place of human skill and now when skilled mechanics are needed they are very hard indeed to obtain and so a toolmaker is apt to be rather chesty. This particular group of toolmakers thought itself so essential that it might go in for some lavish wage increases.

An employees' committee investigated the wages in the department and they reported that a flat increase would be gross extravagance, for although a few of the men were underpaid, a considerable number were grossly overpaid and that those whose pay was out of all proportion to their ability had been most active in demanding the flat increase. The committee went over the whole scale of wages in the department, raised some men, and reduced others. A few of those who were reduced stayed on and the others left. Then this committee went carefully through the wages of the entire manufacturing side of the establishment, correcting as far as possible every inequality, and very successfully trying to coördinate ability and remuneration. Having finished the factory they asked for permission to look over the office with the idea in mind that everyone should get what was coming to him. Because office people are comparatively easy to get and the holder of a white-collar job usually inclined toward meekness, no end of irregularities were turned up in the office. They found a few people, who had persistently presented their claims, overpaid. They found others who were afraid to talk about their wages underpaid, and here again the committee adjusted service and remuneration,

taking into account not only the actual services rendered, but the market value of such services in other parts of Cleveland which data they obtained by first-hand investigation. I have never heard of a more thorough or more successful task of wage adjustment than this one which was carried through by workers whose conception of wages is usually supposed to be bound up in the word "more."

The Procter & Gamble Company, whose profit-sharing and other plans were noticed in an earlier chapter, has had a most remarkable industrial career and has for a year and a half been operating an employees' conference plan with such excellent results that no notable disturbance in efficiency has occurred since the Armistice.

I harp back to this bridging, to the period between war work and peace work, because in America as well as in every other belligerent country the efficiency of the workers steadily decreased during the war and after the Armistice dropped to a new low level, which is variously estimated, but which is probably about one half of the pre-war efficiency. Any industrial organization that passes this point without dropping in efficiency is well worth investigation.

The Procter & Gamble Company through its

president, William Cooper Procter, was among the earliest to regard employees as something more than human chattels. Beginning as a firm away back in 1837, they have steadily progressed and, by advertising and other means, have sold their product not only to the public, so that it has become a household word, but also to the employees themselves.

The influence of advertising in selling a company not only to the public but to its own people is a subject all in itself. The words used in the advertising have to be true words and they have to be backed up by the company, and when thus considered, advertising is undoubtedly a great help, but also it is a two-edged sword. Nothing will so quickly break up an organization as any kind of untrue advertising, for that convinces the working people that they are employed by a lot of crooks. The advertising of industrial good will is also dangerous.

The Procter & Gamble Company has the background of honest performance and tradition and I think it is their career of honest effort in making a product as well as in dealing with the employees that forms the foundation of their industrial situation.

The company has been particularly fortunate in keeping its employment administration entirely free

from quackery and paternalism and its various experiments in profit-sharing (although to my mind meaning very little of themselves) have at least convinced the employees not only of the company's desire to be fair, but also of its desire to keep ahead of the procession and to have something a little better than any one else has.

The development of the company toward representative government is, therefore, to be considered as an effort to keep fully abreast of the times rather than as a new idea introduced to meet an emergency. The company began to experiment with shop committees in 1917, and these developed into what is known as the Employees' Conference Plan with the idea in mind that the representatives should constructively coöperate to the end as expressed in the Constitution that there might be promoted "mutual understanding, . . . friendly relationship, and . . . of efficient coöperation to a greater extent than theretofore . . . to afford the employees ready means of making suggestions and of bringing to the direct attention of the management matters which in their opinion need adjustment or correction, as well as to give to the management opportunity to outline its views and plans to the workmen, to the end

that both may benefit and that a fuller understanding may exist."

There is a committee for each of the three main plants of the company, and each committee is in turn composed of representatives elected by the employees with a representative, for each fifty employees and one at least for each department. Each committee has an Executive Council made up of the officers elected by the committee and four members appointed by the Chairman. The Executive Committee is the active working body. The committee at Ivorydale may be taken as an example and especially its treatment of the eight-hour day. The committee considered the shorter work day and the changes in the wage scale and so competently worked out every detail that the company put their recommendations into effect without change. They have gone into many other matters, such as a Health Service Department and an Emergency Fund for the immediate assistance of employees in distress, and, as seems always to be the case when a committee is given real responsibility and untrammelled opportunity, they accept and administer their responsibility in wholehearted and intelligent fashion.

A further step of this company is the inclusion in

the Board of Directors of three members to be elected by the employees. It is too early as yet to state whether such membership will be of any practical benefit, for this will depend almost entirely upon the type of men that the workers elect. Undoubtedly it will give an opportunity for the dissemination of knowledge concerning industrial enterprise, which is always of the highest value, but, on the other hand, if the employee members are, as is usually the case, afraid to speak out in meeting, their presence will not amount to anything one way or the other.

These are the most prominent examples of industrial representation—prominent in point of accomplishment rather than in size, and many other plans have been omitted either because they do not differ from those already described, or because the performances have not been, for one reason or another, wholly successful.

CHAPTER SEVEN

THE ECONOMIC TRUTHS OF WORK

“WELL, what are you going to do about it? What’s your method? What solution have you?”

One cannot long discuss the relations of work without being abruptly brought up in what I believe is called “hard-headed” fashion against the necessity for detailing a “remedy for labour unrest,” with numbered sections like a patent medicine catalogue, giving full directions on just what to take for each and every ill of the body industrial. Now I should not like to say that being “hard-headed” in dealing with the human relation in industry is on all fours with being simply “bone-headed,” but the difference for practical purposes may be disregarded.

No one who had failed in business would demand an instant national conference to devise a programme that would infallibly prevent commercial failure. No one has quite faith enough in the law for that. Yet people meet with all seriousness to settle the actions and reactions of the human being when en-

gaged in industry either as employer or employee. We make merry over the minute regulations of the old guilds and of various long-dead potentates and wonder how autocracy could ever be so gravely whimsical, and in the same breath we ask for some better-phrased regulations to accomplish the same ends. The employer would bind and gag the employee. The employee conceives of justice as the figure of an employer done up in a straitjacket.

Everywhere is the notion that the war somehow changed the world in an elemental way. A lot of very high authorities said that it was going to change it and not a few were quite specific about it. The common difficulty of all of these millenniums is that while they point out the various ways in which we should all like to have the world bettered, none of them gives a clue as to how Mother Nature may be made more generous. Take a sample.

In the discussion by the International Labour Conference at Washington over the universal eight-hour day one delegate was bold enough to suggest that perhaps the eight-hour day was not entirely feasible because the length of time that people spend at their work was possibly not so important as the amount of work that they did. Thereupon a French

delegate arose and reproachfully accused the former speaker of trying to take labour back into the Dark Ages and of failing to realize that this was a new world which was not going to be fettered by any of the old ideas. Really he was so sad about it all that, on the whole, it was rather a moving spectacle.

It is this æsthetic divorce of labour from work that is behind much of what we may call "industrial unrest." There is a great clatter about rights and only a few whisperings about work. The prevailing tendency is to agree with those who assert that the war made a "new world" and that the great cataclysm of war swept away all of the unloveliness and hardship which have been with us for so many thousands of years. But if you will look about, you will discover that fish are just as hard as ever to take from the sea; that grain does not grow any more readily or more quickly than ever it did; that the mines do not give up their contents by tapping them with a wand, and that there are no fairies about ready to clothe and feed the multitude. The more you examine into this old world the less you can discover in the way of improvement wrought by several years of war. It is poorer than it was, it is producing less than it did, and it has its sense of values consider-

ably jarred and twisted. In fact, about the only real change of a fairylike nature that has come about is the remarkable ability demonstrated by governments to make one, two, or three dollars grow where only one grew before, although it is beginning to sink into a few minds that this new crop of dollars does not contain so much nourishment as did the old crop. The caloric content of the new coinage is considerably less than that of the old.

Nothing has happened to decrease the importance of work, and the labour problem gets down eventually to simple economics and to the controlling proposition that prosperity increases only according to the margin of production over consumption. Out of that margin all capital is created. When the amount of capital in a community is small and the amount of labour is large, then the condition of labour must be bad because there is not enough productivity to support it. That is, labour bids against itself for the right to work for capital. Such is the condition of China; there it is cheaper to hire a dozen men than to put in a machine costing \$100. When, however, the supply of capital is larger than the supply of labour it is capital that has to compete for labour. Then labour has the advantage.

Japan affords the best modern view of a country that is passing from the one stage to the other. When Japan started on its industrial career there was a vast amount of labour and very little capital. Consequently a man could not command more than a bare existence. There were no strikes, there could be none—if a man lost his job he was lucky not to starve to death. As industry has increased the Japanese supply of capital, the workmen have begun to assume an air in the nature of independence and lately we have seen great strikes in Japan. Had not the amount of capital, that is the amount of productive means in Japan, vastly increased during these last ten years so that more and more labour had to be bought in order to keep this capital employed, these strikes in Japan would have been impossible.

Whichever way you turn in this whole industrial situation you run up against the fact that unless you produce more you cannot have more. In America there have always been more facilities needing the employment of labour than there were men to be employed. Consequently wages, compared with the rest of the world, have been high. In Russia there are millions of people and a very small amount of capital, that is, of productive enterprise, and con-

sequently only a mere pittance in wages has ever been paid. It would seem to be self-evident, then, that it is more or less nonsense to talk about wages and hours as abstract affairs, that it is ridiculous for any body of people to come together from all over the world and try to decide on how many hours of labour each day will be required to support life. Certainly it will require less labour in the Sandwich Islands where clothing need not be worn and dinner may be had by shaking a tree than in New England where the winters are cold, the ground is sterile, and about all that the earth yields willingly is a grave. Yet it was no more than this question that moved the French and several other delegates almost to tears! It not only shocked but also grieved them to have any one mention such things in this "new world."

The point is that leisure succeeds and does not precede work, that if you plan a day with four hours of work and four hours of poetry-writing you are perfectly justified provided that you find more nourishment in poetry than in beefsteak. The hours of labour are determined by an adjustment between what we want and what we are willing to work for, and the hope of leisure can spring only out of a con-

fidence in the ability of collective brains to provide facilities by which a man may do more with less effort. The only way to provide these facilities is by increasing the margin of production over consumption, for it is that margin which provides the capital for increased facilities.

All of this is rather hard to understand because we are accustomed to thinking in terms of money rather than in terms of things, and instinctively we realize that it does not get us anywhere to blame things on Nature. We pass the buck into the lap of something which is vaguely called Capital.

Capital is supposed to own the instrumentalities of work. Labour is supposed to operate them, while the Public is supposed to do the consuming. They are convenient and almost meaningless terms. There are a few owners of capital who do not work, but there are precious few of them who do not manage and none of them who do not consume and thus become part of the public. There are a few workers who do not own anything of a productive nature, but they again form part of the consuming Public. When you try to find out who make up the Public, the real trouble starts, for it is quite impossible even in a particular controversy such as the steel strike to

separate the employers and the strikers from that Public which they are supposed to serve. And yet, despite the facts, we find a man like Arthur Henderson booming in this fashion:

The capitalist governments, bankrupt of expedients, merely reiterate the cry of "increased production," but the workers ask:

"Production for what purpose?"

"That the profiteers and the exploiters may continue to feed on the substance of working-class life, and that industry may still yield profits to non-producers, or to enable the exhausted, impoverished peoples to reëstablish and improve their standard of life and thus to elevate the general level of existence?"

There is a certain balance in nature that cannot be neglected without disaster. First, take the fundamental balance between capital and labour. The capital of a country, to repeat, is the margin between production and consumption; this margin is the only source of industrial betterment for it provides the facilities for production. Every improvement in the facilities for production is for the benefit of labour; a man may buy an automatic machine in the hope of cutting out the payment of a certain number of men and the men may resist the improvement because it costs them their jobs. The stagecoach drivers rebelled against the steam railway; every improvement in spinning brought riots—

indeed almost every invention in industry has been fought tooth and nail. Yet every one of them has brought a larger life to the worker—however small that life may be in comparison to what we should like to have it. In the old days a weaver working at home on a hand loom and helped by his whole family could do little more than exist; he usually had to be a farmer as well, to eke out his industrial earnings. When the power loom came fully into use that weaver's condition was for the moment even worse because there being more men than jobs, he had to take what was thrown to him in the way of work and wages.

There were for the time being more men than jobs simply because the amount of capital—the facilities for production—was small. But soon the increased production and the large profits of the owners brought more capital into the world and caused more competition for the service of labour. Then the condition of the weaver began to improve until to-day the average weaver is apt to have a motor, a phonograph, a piano, good food and clothing, and, indeed, really far more comfort than the mill owner had when the power loom was first introduced.

It must be self-evident that the profits of capital

and the wages of labour must come out of what is produced. Idle capital is no more satisfying than idle labour. If the service of labour is needed to make capital produce, then it follows that the more capital there is in the world the more demand will exist for labour and the higher will be its wages in actual buying power. Thus the rich man has to be considered, whether or no, as an economic benefit. He is rich because he consumes less than he acquires. His very desire to have wealth forces him to put out his surplus in productive enterprise and thus, by increasing the productive capital, he increases the demand for labour.

Every little while someone rises to remark that the law of supply and demand is obsolete and that what is really wanted is someone to decree divisions. For instance, some would fix profits and decree standards of wages. But if you fix profits you encourage waste; it is not human nature to struggle for the honour of paying a large tax; therefore, money that would ordinarily go into surplus slips out in excessive salaries and unnecessary services. The war taxes are presently doing that to business everywhere. Therefore you decrease the supply of excess productive energy and do not make for future improve-

ment; the fixing of wages without regard for their productivity likewise limits output. Consequently a concern produces less and not more. What is the difference? It is this:

The demand for that concern's output will increase by the increase in population and the price of the article will go up. Then fix the price of the article—somebody is sure to say: Well and good. But fixing the price of a thing does not produce more of it. The most that can be done is to assure prospective buyers that when they do buy they will not have to pay more than the price. In other words, it tells a man who needs a pair of shoes that if he can find a pair to buy he will not be overcharged—which assurance, however, does nothing at all toward keeping the snow out of leaky shoes!

If you fix a price, then you have to go a step farther and decree a ration, and then you have production for use and a vast drab uniformity. And not only that but unless you have also an autocracy to compel work, the rations of everything must grow less—for the population will grow and the means of production will not. The law of supply and demand is not dead and will hardly die ahead of the solar system.

Bearing this inexorable fact in mind it is easily

comprehended that no labour movement which does not contemplate increased production benefits the workers. Thus collective bargaining, the eight-hour day, and all the other slogans with which labour leaders and radical journals exercise themselves have nothing whatsoever to do with the labour situation. The world goes forward by doing more, not by doing less, and when government boards or arbitration boards or other constituted bodies attempt to fix wages without making any provision for the payment of the wages, disaster always results.

It is not that wages are always right, generally they are not right, but the economic fact is inescapable, that if a wage is raised without a corresponding increase in efficiency of production so that the wage can be absorbed and not passed on to the public, only a temporary rise has been granted, for inevitably the increased cost will find its reflection in a higher cost of living. The present attitude of many union leaders is that good work does not count, and that unfortunately is too often the attitude of union leaders, for to speak very plainly on the subject, few of them are other than demagogues. Their positions are always quasi-political in that they hold office by popular sanction and, therefore, their policies must

be guided not by a sense of economic righteousness but by that which will tend to keep them in office. A labour leader who counsels sound economics cannot stay in office as against a candidate who promises the moon. A man talking common sense has no chance against a man making wild and untrue statements and, therefore, it is unfortunately a fact that the average labour union is really a menace not to the employer but to the employee.

The policy of labour unions tends inevitably to lower real wages by the arbitrary restriction of production either frankly by advocating short working periods at high wages regardless of production, or by holding to a uniform wage scale based on the least efficient member. The labour union when organized as a protection to underpaid and overworked men—who in such condition cannot progress in production—fills a distinct need in society by teaching the employer how to do business. But the labour union ascendant is an economic absurdity because always it operates to decrease the purchasing power of wages. For instance, in two of the large cities of the country from 1,500 to 2,500 common bricks laid in the wall a day formerly represented a fair day's work for the bricklayer. With the progression of Unionism it is

now impossible to have more than 500 to 1,000 bricks laid under the same conditions.

A most ridiculous incident came to my attention not long since; a carpenter going from one job to another was laboriously pushing his bicycle and when asked why he did not ride he said it was against the union rules to ride from one job to another because that saved too much time and would therefore tend to deprive another man of a job. He had the bicycle with him because when he left his work in the evening he wanted to get home as quickly as possible. This is economic insanity.

The purchasing power of wages, however, may be decreased by an arbitrary outside body with the power to fix the wages and in this respect the Government Labour Boards during the war showed unparalleled efficiency. Mr. Charles Piez, the Director-General of the Emergency Fleet Corporation, has furnished me some rather striking facts, as for instance the following:

In the case of a well-managed yard on the Pacific coast in which the number of men increased threefold in a little more than a year, a comparison of wages and output with the corresponding items of two years before revealed the fact that before the signing of the

Armistice wages had advanced 70 per cent., and the output per man had dropped to 70 per cent. The result was a labour cost 2.4 times that of two years previous. In the case of two well-managed yards on the Atlantic coast the results in the one were: labour advance, 120 per cent.; output, 80 per cent.; resulting labour cost, 2.75 times that of the former period. In another—labour advance, 100 per cent.; output, $66\frac{2}{3}$ per cent.; resulting labour cost, 3 times that of two years previous.

These increases were not due to the Fleet Corporation but were primarily made necessary by an agreement among the American Federation of Labour, the Emergency Fleet Corporation, and the Navy, without which the coöperation of labour could not have been had. This agreement gave no specific instruction to the board on the subject of wage increases but the general idea was that the adjustment should be made in conformity with the cost of living. And to quote from Mr. Piez:

It takes but a moment's reflection to indicate the absolute futility of such a practice. If the shipyard workers and the munitions workers were entitled to such consideration, why was not every wage and salaried worker earning less than \$2,000 per year entitled to similar consideration, and why would it not have been absolute justice to all if wages and salaries had been advanced periodically to keep step with the rising cost of living? This

would at least have had the advantage that no one group would have profited at the expense of the other; and the failure of such a step to overtake or even stay so elusive an affair as the cost of living in war times might have forcibly brought home to all of us that increased production of the individual and increased self-denial in consumption were, after all, the only effective remedies to apply to the situation.

It must be admitted that much of the labour unrest that manifested itself in these wage demands grew out of the unwise and unregulated competition for the available labour by the employers. Wise and proper use of the available labour supply was just as essential as wise allocation of the supply of raw materials, yet, while we had a large body of experts in the War Industries Board controlling the supply and distribution of materials, the directive control of the supply of labour was left to a few detached individuals or boards that were supposed to enlist in a scheme of voluntary coöperation and coördination under the none-too-powerful and none-too-effective direction of the War Labour Policies Board. . . .

But turn the crank a little farther and look at the employer. How many employers really know the relation of the wages they pay to the work done? How many employers do not resent wage payments above arbitrary sums that they have in mind? In other words, how many employers really know what they are doing?

An encouragingly large number of employers do to-day know what they are doing, but it must be admitted that the general state of economic knowledge

among employers is not greater than that among the union men. Each is dense in his own way and he likes his way. I heard a fairly large employer say not long ago that his trade association had benefited him only once and that was when the members met and unanimously resolved to reduce wages! He said that that was the only really first-class meeting he had ever attended. Yet that man objects to the unions doing the same sort of thing but in a different direction.

Now there is one other delusion that is continually getting us into trouble and that is the acceptance of the statement that work is undesirable and that a man is happier with leisure than with work. Indeed perhaps the majority of people look forward to the day when they will have amassed enough money to quit work. If it be true that a life of leisure is the most desirable then we cannot blame the manual worker for deciding, however wrongly or prematurely, to have his in the present and let the future take care of itself. But is not that work which takes the full creative power of a man the finest of all pleasures? And we have seen that even the humblest of tasks can be so shaped as to absorb a deal of creative energy.

We started out to find a labour problem and have

discovered something more in the nature of an economic problem that is too complex for bulk solution and yet is not so very difficult when split up into little sections. Perhaps in our hunt for the universal remedy we are neglecting the less-pretentious remedies right at hand.

Are we not tending to put too much faith and hope in patent medicines?

And too little in common sense?

CHAPTER EIGHT

THE MAN AND THE MACHINE

BRICKLAYERS are a refractory lot. Under the control of a powerful union they have steadily increased their prices and limited their day's work. Some years ago a new scientific way of laying bricks was devised in which waste motion was cut out and the bricklayer's capacity was many times multiplied. In the fear that they might within a short time lay all the bricks the world had to lay they put on artificial limitations. To-day bricklaying is not only expensive but the bricklayers strike at the drop of a hat. What has happened? Contractors, when they can possibly avoid it, do not build houses of brick, nor do they lay pavements of brick. Instead they use reinforced concrete. In a recent operation at Youngstown, Ohio, five men erected three houses in two days. In that operation the contractors put up a community of 281 solidly built, attractively designed, concrete houses, with sewers, streets, and all that a town should have, in less than a year, and

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at no time were more than 200 men employed on the job. Plasterers and carpenters have gone the way of the bricklayers; therefore, in this new type of house 75 per cent. of the carpenter work has been eliminated and in a still newer house they are putting in steel sashes, mastic floors, and concrete baseboards so that there will be no carpenter work at all. They avoid 80 per cent. of the normal amount of plastering and expect shortly to be rid of the remaining 20 per cent.

Because the girls who operate telephone exchanges will not remain on their jobs after they are trained and in one conspicuous instance in Boston tied up the whole business of the city by going on strike, the telephone companies are introducing an automatic exchange which is working with entire satisfaction in 150 towns and is shortly to be tried in New York. Because the compositors and printers of New York imagined themselves so necessary to the conduct of the world that they could not only demand any wages and hours that they saw fit but also could censor what went into the publications they printed, new methods to avoid composition and printing are being pushed. Small office matter is being multigraphed instead of printed, and one magazine, having made some not

wholly unsatisfactory experiments in photographic reproduction instead of printing, started a lead which probably will result in the perfecting of a new process that will not require compositors. Germany, being shut off from imports of cotton, discovered that a splendid cloth might be woven out of nettles and that paper possessed unthought-of possibilities in the weaving line.

And, on the other hand, not a few employers, unwilling or unable to change their processes, are looking toward the Orient for plant sites. One great company making incandescent lamps finds it cheaper to manufacture in Japan than in the United States and expects, unless conditions in the United States improve, to make all its lamps, which as yet require a considerable amount of hand work, across the Pacific. Within the last year a number of large American companies have had representatives investigating Japanese sites and conditions. The same sort of movement is quietly going on in England and at least one nationally known firm has closed its British factories and moved abroad simply because it finds further negotiations with English labour unprofitable. Under government management, the United States freight and express conditions are so

bad, the carriage is so expensive, and the delays are so maddening that motor truck lines have been established all over the country. When the longshoremen of New York went on strike and tied up the port's shipping, the owners of many of those vessels took advantage of the opportunity to change from coal to oil burning—for with an English coal strike on and an American coal strike threatened, coal as a fuel became wholly undesirable.

Wherever you happen to poke your nose in industry or commerce you will find that shortages of men or materials, natural or artificial, are met by stimulated human ingenuity—all of which goes to show first how beautifully nature orders its affairs to protect mankind from supposed monopolies and how utterly ridiculous it is for any group of men, whether they be capitalists or labourers, to imagine that the progress of the world can be held up for their benefit. Monopoly is a comparative word, and, however necessary the article or service which is sought to be monopolized seems to be, there is always a point of expense or convenience at which something else is produced which is not only then uncontrolled but which probably is better. A philosophical person with a detached viewpoint would hail the monopolist

and the profiteer as benevolent lunatics forcing the world rapidly forward!

For instance, Ireland would never have had its splendid linen industry had not the English weavers succeeded in getting through an act prohibiting the weaving of wool in Ireland. We should not have had beet sugar had not the growers of cane felicitated themselves too ardently upon being the sole sources of sugar. Just about the time that the knight in armour had become impregnable from human assault and half a dozen well-mounted knights could clean up several thousands of unplated citizens, in fact, when they had reached such a point of impregnability that the only way for indignant vassals to get even was to trap the warrior whole and leave him in his can until he died, gunpowder came along and knighthood ceased to flower.

The appositeness to the present situation in the world of industry is that, while at the present time we are faced with a purely temporary unrest, founded mainly upon an economic delusion that something may be had for nothing, when we do get around to brass tacks again there are going to be considerably more jobs than there are people to fill them. We

ing ways and means by which a man can do perhaps twice as much as he is now doing or of sending our capital abroad to points where there are more men. The price of labour is, in some industries, fairly unimportant, but other industries to-day consume a far higher proportion of labour than they do of raw material—as in watch making. In such case the owner can afford to take the raw material almost anywhere to have it fabricated. Whatever may be the labourer's conception of the importance of the attendance that he dances to an all but automatic machine—a conception rising in its fullness with the I. W. W. who eloquently claim that the operator should own both the machine and the product—the thought is rebutted by the fact that experience has shown that a pig-tailed Oriental can manage the machine about as well as the most eloquent advocate of the rights of man. There is always a way out.

We are short of labour now. Employment offices, public or private, do not exist to provide jobs for people out of work—although often they think they do. They exist to provide a better assortment for the prospective worker to choose from and to avoid the wearisome task of personally investigating the

qualifications of a large number of employers. A certain amount of emigration is taking place. It is not serious. A few are but fulfilling the intention they came here with—they imagine that conditions on the other side are unchanged; some are going back to discover what has happened to their relatives. Most of them will return to us; a number of employers have told me that they are already receiving letters from their agents to that effect. There will be some new immigration from Europe as soon as it is permitted, but the bulk of it will probably go to South America. Our own industries have increased their capacity for men since 1913. For five years we have had comparatively few people coming in. We depended in the past upon this steady flow of immigrants to man our farms and our machines. When we begin the scale of production which our own necessities and the necessities of the world make imperative, we shall desperately need more men than we now have. All signs point that way.

Labour is now in the ascendant; it will be even more in the ascendant when money begins to flow into productive enterprise. We may then expect to find one of the two things I have above outlined happening—that is, either a vastly enlarged use of the

workingman by extending his powers through the addition of mechanical means and the elimination of waste, or the exporting of capital. It is in the first direction that the new world for the American worker lies.

For talk as we may of the unequal distribution of wealth and regret it as we may, the fact remains that the great obstacle to a better distribution is not the reticence of its possessors but the absence of enough wealth to distribute. The very best estimate is that if all rent, interest, and profit were added to wages, the wages would not go 25 per cent. above what they now are. Turn from static distribution to increased production and you find it is rather easy to increase a wage by one quarter through an improved process or machine—that is being done every day, and such wage increases result in more money to the worker, more money to the employer, and a smaller cost price to the consumer. It is the application of science to the work that helps the worker. The social reformer cheers but does not invigorate. As Professor Milliken well said not long ago:

“One little new advance like the discovery of ductile tungsten which makes electric light one third as expensive as it was before is a larger contribution

to human well being than all kinds of changes in the social order."

Looking into the progress of our own country it takes something in the nature of a perverted mind not to discover that the reason we have paid higher wages is that, since we started to become an industrial nation, the investment per man in machinery and tools has steadily increased. In 1899 it was \$1,770 per person employed; in 1904 it was \$2,117; in 1909 it was \$2,488; in 1914 it was \$2,848, and a compilation made to-day would give a considerably higher figure. The big jump came between 1899 and 1909 when the investment increased 105 per cent. while the population of the country increased only 21 per cent. To equip this country for even a part of the things it may do will, in the next five years, require a proportionately greater investment than that of the former star decade. We have to make up not only two years in peace production but also two years in wear and tear. The railroads, for instance, are far back of the task the country has for them; they break down on the least pressure. They require an enormous amount of money for rehabilitation, extension, and improvement. The normal capital expenditure throughout industry will have to

be very large in order merely to catch up with normal progress. We have a supernormal task and a sub-normal man-power; the task and the power can be coördinated only by spending brains and money to find ways and means for man to extend himself mightily.

How are we going about it? Does industry consider itself "perfected"? What is the attitude toward invention? I asked W. R. Basset, an industrial engineer of experience in many industries, to tell me some of the things he thought right to be invented. He answered:

"I gave some thought to your request for something that should be invented. As I looked over the field, every time I came at all near something that might be invented to advantage, I had to go into the details and practically invent the machine itself—mentally, at least—to prove its practicability.

"It would, as an instance, be fine to have a machine into the maw of which one could pour molten iron, and out of the other end of which one received an automobile. That is an exaggerated case. The conclusion I am coming to as I run over our experience is that whenever it occurred to us that some device was badly needed, coincident with the thought came

action and the device would be constructed. It is very, very rare indeed that one sees some operation being performed and wishes there were a machine to do it. Whenever that thought has occurred in the last fifty years, work has been started on a machine.

“The real job that lies before us is to hustle from one operation to another in all sorts of industries, and speculate upon whether each operation can be done better with a machine. You, I am sure, will promptly find yourself inventing equipment instead of writing of the need, for the thought is indeed father of the machine.”

That is the keynote of to-day's progress in what we yesterday called “invention.” It is not whether the thing can be done with a machine; it is more or less taken for granted that it can so be done. The question is “Will it pay?” And with men scarce and therefore high-priced, as men will be, the margin of cost between the inanimate and the animate way of doing will be largely increased and therefore the urge to develop will be present. For the argument that the machine has to prove is always: “Will it pay?”

Making a machine pay is far more of a managerial problem than making the services of man pay.

When there is no work you do not have to pay a man; under our haphazard system of society we have been accustomed to "lay off" a man whenever there was no work for him to do. The development of cost accounting has shown that laying off men and shutting down or running on part time is about the most expensive of factory diversions and everywhere intelligent management is recognizing that part of its task, in order to qualify as skilled, is to keep the plant going twelve months of the year. The interest on the money invested in machines keeps right on whether or not the machine is running and in addition the obsolescence (or getting out of date) of a machine is a factor always to bear in mind. Many a machine kept idle for three years and "as good as new" is worthless nevertheless because a better style has in the meantime been invented.

Thus, adopting a machine is something more than just discovering if the work can be done by a machine. There is the classic case of a man who having made large savings by the introduction of labour-saving devices became so obsessed with the notion that he put in a mechanical conveyor to replace a man with a truck. The conveyor worked as conveyors do and the sight gave the owner great satisfaction, but

a by-stander pointed out that whereas a man with a single truck had previously attended to all of the cartage between the two points, now the owner had to employ a man at one end to load, a man at the other to unload, and in addition had the interest upon the investment in the conveyor. I know a merchant in a small way who employs only one girl in his office; but he has enough accounting machinery in that office for a business of ten times its size—he must have several thousand dollars tied up in office appliances to do work that the girl could easily do by hand in half a day. He pays for both the machines and the girl and, of course, he wastes money. However, he does get an uncommon amount of fun in seeing the apparatus work and he might charge the expense to the entertainment account!

There is always the question of investment. One large company making flooring materials worked out an automatic machine that will do more than twenty men, but that machine stands the company all of a million dollars. No one else in the business has, as yet, considered it profitable to venture so costly an experiment. And there is some doubt in the minds of the owners whether that machine, al-

though it works perfectly, really pays; if they had their money out they would hardly make the step again. Then, there is a machine for making bottles that displaces from ten to sixteen glass blowers. It does pay even although it cost something more than a million dollars to develop. For glass blowers have always been scarce, high-priced, and given to vacations without notice—all of which works to the advantage of the machine.

It is these pioneers who have to pay the freight. Once an invention has been made thoroughly practical, comes the process of making it ever cheaper to install and to operate. In spite of the vast cost of materials and labour, the telephone and the telegraph are managed more cheaply per call than they were fifteen years ago. The ability to send more than one message on a wire is an illustration of how equipment can be intensified, and it is only a question of time before there will be no wires. The experiments of John Hays Hammond, Jr., and others have gone far toward the establishing of electrical impulses that are so distinctive as not to be interfered with—and it is interference that has so far been the only large objection to the use of the wireless. Similarly, the turbine is but a more intense way of using steam

power than was the older engine. Twenty years ago one of the strongest objections to the gas engine was its great size as compared with its power; to-day the strongest point in favour of that sort of engine is that it takes up so little room as compared with the power exerted. The progress of the airplane depends upon the further intensification and development of this engine that was once too clumsy to compete with the steam engine.

It is the need that precedes the invention; this is a day of conscious invention. The day of haphazard invention has by no means passed—any one who would predict limitations, who would say that we shall take this or that line—would be more than foolish. Some man just as silly as Watt may turn up with something quite as silly as the steam engine and we may laugh him away for a time. Probably somewhere in the world and unconfined is an individual with a notion quite as ridiculous as that a man could fly, and perhaps if he has any literary neighbours they will make another Darius Green out of him. There are quite too many things that we do not understand to warrant any one in predicting future limits. But it is in the way of commercial invention that the great progress of recent years has

been made—in the combining of the best minds of science with the best minds of commerce. The business of what might be called inventing had better be called investigating. Invention is no longer in the main a haphazard affair, and, although there are plenty of inventors living in cellars and garrets, there are even more of them comfortably housed in well-equipped laboratories and paid good salaries. There are also the men who work independently such as Edison, John Hays Hammond, Jr., Tesla, and Hudson Maxim; those are names we know. But in the big laboratories are hundreds of others who are constantly developing.

No modern plant is considered complete without a research department. The scientists give part of their time to improving present processes and part to developing future processes or designs. The typewriter concerns are always working ahead on new models; their objectives are the minimizing of weight and noise. The National Cash Register Company is usually two or three years ahead of the machine that it has on the market; a large department does nothing but work out designs to do what the officers think the next machine should do; once they arrive at a model, they put it out in use and

watch carefully for defects. Then they fetch it back again for further study and improvement, until finally they achieve a model that suits—and such a model seldom represents an outlay of less than a million dollars. The General Electric Company maintains not only what might be called a practical laboratory for development but also a laboratory for purely scientific research—for it is recognized that we are only on the threshold of electrical development. They are working constantly not only to discover more about the properties of electricity but also to find new and cheaper ways, materials, and processes.

However these laboratories may function in normal times they can redouble their activities under urgent pressure. Gas masks had been thought of and used in mines and the like before the war and lives depended on them, but they had never stood between the life and death of a whole nation as they did when Germany sprung its first gas attacks; then nearly perfect gas masks were invented. For years it had been thought desirable to have some means by which a vessel might detect the approach of another in a fog; after the Titanic there was a good deal of talk about some way of locating icebergs.

But it was not until the German submarines put our nation in peril that detectors were evolved that took the locating of a ship out of the realm of the human eye. Preserving a nation from destruction is on a different footing from preserving a few vessels from shipwreck. The gyroscope, too, was a toy until its utility in warfare was demonstrated.

And if we become desperately short of labour—and unless all signs fail we shall—then the urge to invention or improvement will be as great as that of war, but with this difference: waste is not considered in war, cost is no object at all. In peace, cost is the ruling factor and where we neglected waste in war we shall now go forward with a keen eye to cost—to waste prevention. For we can get greater production with less men either by helping the man out with a machine or by cutting out the man's waste motions or the waste in material. The wise man uses all modes—indeed, the modern way is first to see if you are getting all that is to be had out of what you have on hand before you attempt to extend.

Look at a few of the opportunities and the beginnings of what can be accomplished. Take the railroads. The opportunities are great for the facilita-

tion of traffic through a better general average of roadbeds and rolling stock. In the last five years the economy and capacity of locomotives have been doubled. But the big immediate and comparatively cheap improvement is in the terminal handling. The loading, unloading, and switching about takes a prodigious amount of time and costs the services of many men. One has only to realize that every hour cut off the movement of freight means an hour of interest saved on the money invested in the goods, to estimate that the actual money saving in cost of transportation is not all that is involved. The great initial advantage that gave the Armour business its start was the recognition by the late P. D. Armour that the privately owned refrigerator car would permit the distribution of dressed meat from a central point at a maximum of speed and a minimum of cost. An example of what can be saved in handling is the plan at Cincinnati where the Motor Terminals Company has devised a scheme through the use of cranes, motor trucks with interchangeable bodies, electric trucks operating in freight houses and piers, and the latest hoisting machinery which will save 66,000 freight cars now used exclusively in transfer or similar service, and will save more than 300,000 switch-cut

movements a year. In addition the system will permit a continuous flow of traffic.

Mechanical loading and unloading is advancing quickly; at Locust Point near Baltimore they have a mechanism which unloads bulk material directly from the ship hold into the box car. An automatic belt conveyor capable of handling twenty cubic feet an hour runs the full length of the 800-foot pier. In a general way these appliances allow one man to do more than ten might do in the old manual-effort way. But brute force is still the power that loads and unloads most of our ships and railway trains.

The handling of the ocean-going craft is especially wasteful; the freights are mostly mixed and therefore not capable of standardized handling, but there is no ocean record even to be mentioned in the same breath with the achievements on the Great Lakes. The record there is held by the steamer *Widener* which unloaded 10,636 gross tons of ore into cars in two hours and fifty minutes. The loading record is held by the *Corey* which took on 9,457 gross tons of ore at Superior, Wisconsin, in 25 minutes. The vessel docked at 1:40 P. M., the loading began at 2:43 P. M., was concluded at 3:08 P. M., and the boat sailed away at 3:15 P. M. The ocean steamship companies are

the despair of the engineers; although a big liner represents an enormous investment of money and it is of the highest importance that all this money should be working through every possible minute, the traditions of the sea are so strong that the practices of sailing-ship days are more in evidence than the practices of modern industry. Experts say that the whole matter of seamen's and stevedores' wages might easily be settled if only the ships did not lose so much time and money in port through lack of mechanical facilities. Even under the stress of war, when every available bottom was needed to rush American troops and supplies to France, the additional turnover was gained mostly through the use of more men and not more machinery. But that hurry gave an indication of what might be accomplished.

The army did have the time to install machinery at Boston and Brooklyn and it worked wonders. The most interesting features are the banks of automatic elevators. In Brooklyn there are three banks of ten each and six of seven each, and instead of an operator to an elevator, one man controls each bank with ease through an electrical control board with telltale lights and switches. He stops and starts

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the cars, opens the doors, and has all the control of the individual operator. Into these elevators whisk trains of power trucks and trailers, the loads are uncoupled, and the drivers go off for more. The human hand is used only to direct; machines do the work.

A great awakening has come throughout the whole material-handling industry and, spurred on by the increasing cost and scarcity of labour, an association of manufacturers of such machinery is conducting an exchange for ideas and they are making remarkable progress in what was once the most backward section of our industrial effort.

In facilitating the movement of people is another field of great opportunity. It is impossible to reckon the cost of the time lost in traversing great, useless architectural stretches of railway stations, waiting around for crowded elevators, and ascending or descending unnecessary stairways. Little or no thought seems to have been given to the waste of human time and energy in the design of many of our railroad and subway terminals, and even where elevators or moving stairways are provided, a flight of steps or two is usually added to prevent the human muscles from getting soft. And I have never seen the mov-

ing stairway used here for descending—they so use them in England. Another device much used in Germany and not at all in vogue here is the endless chain elevator with open cars always in motion, and in and out of which the people seem to hop with ease. They save men and they save time in a building of less than ten stories in height; although the open cars seem dangerous and would probably be used here to bankrupt the accident insurance companies, I could not discover that they were sources of accidents in Germany.

It is romantic to speculate what the airplane will do in transportation (and undoubtedly it will do a great deal especially in the way of moving the mails) but the big economic values are in saving time on masses of men and materials.

When we get into industry, the savings in time or the extension of the power of men are easier to visualize. Charles P. Steinmetz calculates that in the last century the use of power and machinery has multiplied the per man productive power of the country by ten. That is, one man is now worth as much in a productive way as ten were when Madison was president. There are a million harvesters in use throughout the country and it would take at least

two men to do the work of one man and a machine. There is a saving of a million men right off. Going back beyond the harvester into the days of the hand scythe and flail, probably the entire working population of the country could not harvest the present annual grain crop. And now looms up the little farm tractor already cutting into the need for man power and it is expected that soon it will be perfected to a point where, at a moderate first cost, it will be able to exert the power for almost any job around the farm. And I am not taking into account the man-saving power of the farmer's Ford which lets him do in an hour or two what formerly took him the entire day. The modern farm buildings, with the shortage of help, are beginning to be arranged to save footsteps and also to be equipped with simple labour-saving devices. The agricultural machinery was sold to the farmer with a deal of difficulty, and it is only lately that he has understood that time might also be saved by the more sequential arrangement of processes as well as by machinery.

It is impossible to turn anywhere without finding labour-saving devices; the shortage of help has brought in the mechanical home laundry; the dish-washing machine, and other electrical devices promise to

make the self-service home feasible, and attention is now being given to the designing of the whole house on the principle of easy attendance. For no perverse genius could hope consciously to design such a model of inconvenience as the average house. It is still in the era when servants were cheaper than implements.

In unskilled labour, the machine is displacing the man; if a big ditch is to be dug, we have, instead of a file of foreigners, an automobile trench machine which breaks the earth, lifts it out, and puts it into automatic dumping motor trucks. Out in Iowa a contractor on a hotel was faced with a lack of common labour for the concrete work; he got in touch with a designer and they, within a few days, worked out an automatic arrangement so that not a bit of the sand, gravel, and cement had to be touched with a shovel. In a few large sawmills conveyors have taken the place of the turbulent huskies and the logs go from the cars right through the mills without being touched by hand. There is mining machinery in plenty to be had but only about half of our coal is mined by machine; mining is in many respects (and for sound economic reasons) probably our most backward industry. If a conference be-

tween the owners and miners took place to improve the industry instead of to row over wages, the wages would probably care for themselves and so would the owners' profits and the public's price.

The cleaning of the hair from the surface of skins in the process of getting leather used to be a long, tedious process; now a machine will do in a second what formerly took hours of hand time. A heavy piece of leather is commonly split into several thicknesses for lighter uses; this was once a skilled hand job, for a slip would spoil the skin; now swiftly moving knives will split the most irregular pieces with never a slip. And so on through nearly every process of working leather, the machine has taken the place of the hand. Our automatic shoe machinery is famous the world over and is constantly being improved.

And then there are no end of simple changes that together make for vast savings. A woollen manufacturer employed five men with axes to break out the frozen bales as they came in. It was hard work. An engineer interrupted the terrific hacking by putting in a hose throwing a jet of live steam which, thrust into a bale, thaws it out in a few minutes; one man now does more than the five did. By the al-

most self-evident plan of having a pressman bore three pieces of metal at a time instead of one, that pressman became nearly three times as valuable. By so planning the course of goods through a factory that there will be no pools and eddies whereby valuable material is held back, enormous sums are often saved. A striking instance that comes to mind is the coördination of stocks and operations in one mill that ordinarily had four million dollars tied up in goods in process, so that with the same output only one million dollars was at any one time in use—which not only gave that company three million dollars right out of the sky, but decreased their annual costs by the interest on that large amount. In an underwear factory a hand operation was thought not worth bothering with because it cost only four cents a dozen garments; an investigation showed that in addition to the four cents a quarter of an inch of material was also wasted; they designed a machine to do the work and turned up with a saving of \$7,500 a year—out of something not worth bothering about!

But the subject of waste is one all of itself; we waste at least one quarter of the coal we buy by bad firing; we waste an untold amount of power through

not using the forces contained in our streams. A manufactured article just about doubles in price between the producer and the consumer buying at retail and that without any one getting much of a profit on the journey—in spite of all the talk about profiteering.

I have tried to indicate a mere fraction of the economies of man power that are being made to-day and from them to suggest something of the economies which are possible—although circumstances rather than vision will ultimately determine. One can say in a rough way that probably we can at least double our productivity within the next five years if the will to work is present. Doubling our productivity will double wages. But those wages, curiously enough, will have to be increased in spite of the current agitation for higher wages and not because of it. The whole trend to-day is in the way of raising wages as expressed in dollars and depressing them in point of real buying power—which is the inevitable result of wages without skilled and willing work. The Sixty-Third Congress, in the thought that it was playing up to the labour vote, tacked to several appropriation bills prohibitions against the use of the stop-watch in any of the work thus provided. They

thought that they were guarding against the economical spending of the people's money and insuring the favoured worker of a day's pay without a day's work—after the benevolent manner of politicians in dealing with the taxpayers' funds. But without time studies the individual worker can never learn how to use his hand and brain to the best advantage and therefore Congress, utterly ignorant of the process of industry and yielding to clamour, in effect decreed that men employed by the Government should not increase in skill and make themselves capable of earning larger wages!

The shortage of labour need have no terrors for Americans; it should operate toward cheaper goods and higher wages. But the elimination of waste and the extension of power will require different and larger organizations. The expensive labour-saving device is not for the man with a small amount of business, the economies of distribution are not for the corner grocery. To pay high wages and justify large machine expenditures we need large productive units—otherwise there is not the production out of which to pay the charges. Large productive units arise only from the accumulations of capital, and these accumulations arise only from prof-

its. And while the welfare of the country and the worker demand the results which can thus come only from profits, the country and the worker also demand from time to time that there shall be no profits. Which leaves us just where we started!

CHAPTER NINE*

THE METHODS AND POLICIES OF BRITISH LABOUR

THE better class of American worker considers himself a potential manager or superintendent; the same class of British worker looks forward to being always a worker. The American workman commonly considers his acts as individual and expects rewards as an individual, without paying much attention to what his fellows are getting; the British worker considers himself one of a class and will usually refuse any individual benefit that is not also conferred upon his fellows—he is even apt to resent the proposal as one tending to alienate him from his fellows. If an American worker thinks he is being treated unfairly or if a wage increase is refused, he will quit his job; the British worker will not leave his job—he will tell his fellow employees about the trouble and they will at once adopt his grievance as their own and present a united front against the employer. Instead

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of leaving for another job the aggrieved employee will probably be able to start a strike.

English workers will go on strike with even less provocation than it takes to cause an American to quit his job. The manager of an engine factory in Manchester told me that he expected a strike at least once every fortnight and another manager said that when he started a tour of the works he was never quite sure that he would not come upon a strike somewhere during the trip. In America we think of a strike as a serious affair involving great economic loss; there are very great strikes in England but for every big strike there are a thousand small strikes which may last anywhere from ten minutes to an hour. The British worker carries a chip upon his shoulder and the slightest puff of wind will take it off; no matter what takes it off, the employer is to blame and the strike is the universal reply to the employer.

"If I post a notice," said a works manager to me, "and the men do not understand it or do not like it, they will instantly go on strike. I have posted a notice at ten in the morning and at ten minutes past ten have found the entire force filing out of the gate on their way to hold a meeting and pass resolutions."

As an instance of the trivial nature of some strikes

the aftermath of the forty-seven-hour week settlement in 1918 is interesting. The British worker was accustomed to a long day—he started at five or six in the morning, had a break at eight or nine for breakfast, another at twelve or one for lunch, and a tea break at half-past four or five. Under the forty-seven and forty-four-hour week schedules which include Saturday half holidays, the employers took it for granted that the men would have their breakfasts before they left home and they arranged for a single break in the day for the lunch hour. At once a violent agitation developed. Some men declared that they were unable to eat early in the morning and that the long wait until the lunch hour had a serious effect upon their physical well being. Others stated that their wives refused to prepare breakfast and they had to come to work hungry. Still others asked that the day start as early in the morning as before but that the stopping time be advanced—they had become accustomed to early rising and did not like to change their habits. Again a misunderstanding arose as to whether the eight-hour day meant eight hours of work or eight hours between the starting and the stopping time—a net work period of seven hours. All of these seem to be trivial questions except as to

the actual length of the eight-hour day which it might be imagined would have been fixed at the time of settlement, but the regulations were the subject of dozens of small strikes and a national strike was threatened.

All over the country employees were discussing with the utmost gravity the matter of whether or not it was humanly possible for a man to have breakfast before he started to work!

British workers are extraordinarily punctilious—but so are the employers. The worker has fought his way up from a position of nearly complete dégradation and he is very suspicious. Employers differ in popularity, but their individual popularity has but little effect upon the working relation except in specialty trades where the workers are not drawn from the general mass. For instance, no matter what wages are paid or what the good feeling between master and man, no clerk would work one minute after one o'clock on Saturday, at which time the law says the working week ends. It is practically impossible to buy anything in a shop after a quarter to one on Saturday, for the people are then arranging so that the closing can take place on the exact minute with all stock replaced.

The feeling that the employee is one sort of an animal and the employer another grows from the intense class consciousness of the employed. One cannot at all comprehend British labour unless this class feeling is recognized; the feeling may or may not be respectful—as a rule it is respectful, for the English like to have someone different from themselves over them. They do not like a show of equality on the part of the employer, but prefer condescension if it has a basis in breeding and is well carried off.

Because the Britisher does not mind being classed as a worker he is open to political treatment in mass—that is if he is a manual worker. The class idea has infinite sub-divisions; the bank clerk is the aristocrat and thinks nothing of the ordinary clerk, who in turn will have no part with the sales clerk. The factory workers, too, have their class distinctions among themselves, but they will present a united front upon occasion. They have the common bond of being against the employer and hence they are far stronger destructively than constructively. The skilled man, however, will seldom make common cause with the unskilled unless a common interest is affected.

Such is the background of English labour. It is unthinkable to the working mind that an employer can desire to be fair or to make money other than by bearing down on employees—we must remember that England is not so very far away from the intolerable conditions that once obtained in the Lancashire cotton mills. The slums of London, Liverpool, and Glasgow are still among the worst in the world. And also it is well within the memory of many workers when the common man had precious little to say about how the country was governed. The employer and employee approach each other in a spirit of hostility and without the slightest faith in the spoken word; they are each prepared to bargain for an advantage and, when the bargain has been arrived at, to put it down on paper, each with the hope that some way of evading it may later turn up. This is not the universal attitude, but it is the general attitude. A few leaders on both sides see beyond the immediate discussion and note the frightful waste in barter.

The worker, having nothing in common with the employer, has accepted the philosophy that the less work one does the more work there will be to do. He resists every improvement in machinery and every speeding or scientific process which will tend to put

through work in a shorter time or with less men. He replied to piece-rate payments by setting up exact rules as to how much a man might do in a given time—a man must not do more. He asks for shorter and shorter hours, not so much that he wants the leisure as to make work for his fellows, and he cares not a jot as to where or how the employer finds the money for higher wages. In short, the employee is concerned only with what he and his fellows get out of industry; the employer is considered as being well able to care for himself.

The class feeling readily translated itself into politics when the trades union movement gained ground. All trades unions have political tenets; some of them are founded upon public ownership, some have as an end the control of industry. They have not all the same political aims, but they all have some political aims and they are able more or less to subordinate their differences in a political movement under the general caption of the "Labour Party." This party has now its various sections, and they will come up later in this article. Labour leaders now usually have political offices as well as union places; they will be town councillors, Members of Parliament or even, since the war, Cabinet Ministers. And they

are by no means always workmen. Philip Snowden, for instance, is a journalist and so is Ramsay MacDonald; others like the Rt. Hon. J. C. Clynes, lately Minister of Food, came up from the ranks.

The trades union movement has grown rapidly since 1913 and now about 1,200 unions exist, covering almost every branch of trade and with a present membership of nearly 6,000,000, which represents an increase of about a third since 1913. An English employer must nowadays deal with a union and not with his employees as individuals. The employers found themselves at a disadvantage in bargaining with unions and hence they, too, in many trades and more particularly in the engineering trades (the English engineer corresponds nearly to our machinist), organized employers' associations with national, district, and local organizations to treat with unions. The workers put out of their hands the power to adjust wages and the employers replied by doing the same thing. Hence wages and hours of work are not individual matters; they are fixed by the representatives of the employers and employees after elaborate dickering. When they do fix a wage or a working time it goes down into an agreement forthwith and since one factory may have in it a dozen

or more unions it is usual to make a joint agreement covering all the unions represented. These treaties are bound and published and naturally vary in intricacy. Here is about an average one; it is taken from the Birmingham district:

WORKING CONDITIONS

BETWEEN THE
BIRMINGHAM AND DISTRICT ENGINEERING EMPLOYERS'
ASSOCIATION
(FEDERATED WITH THE ENGINEERING EMPLOYERS' FEDERATION)
AND
THE ENGINEERING TRADES UNIONS

1. **THE AGREEMENT** between THE ENGINEERING EMPLOYERS' FEDERATION and THE AMALGAMATED SOCIETY OF ENGINEERS, THE STEAM ENGINE MAKERS' SOCIETY and THE UNITED MACHINE WORKERS' ASSOCIATION, dated 1st October, 1907, forms the basis of THIS AGREEMENT, and is an integral part hereof, together with any other Agreement which may hereafter be arrived at between the said Engineering Employers' Federation and the Amalgamated Society of Engineers, the Steam Engine Makers' Society and the United Machine Workers' Association.
2. *Work Hours.* Not more than 53 Hours shall constitute a full Week's work throughout the District, and any Hours worked in excess of the said 53 Hours shall be paid for as Overtime at the rates laid down hereunder.
3. *Overtime.* The rate of Wages paid for Overtime, after making due allowance for sickness and idleness enforced by the Employer, shall be as follows:—
 - (a) For time not exceeding Four Hours in any One Day Time-and-One-Quarter; provided always that no

Overtime shall be paid for until the full recognized hours have been worked during the week in question.

- (b) For time exceeding Four Hours in any One Day, Time-and-One-Half; provided always that this rate shall not be paid until the number of hours represented by an ordinary Day and Four Hours' Overtime have been worked during the day in question.
4. *Night Shifts.* The recognized Hours for Night Shifts are to be 10 per Night and 50 per Week, counting from Monday Evening until Saturday Morning, and the Hourly rate of Wages therefor shall be Time-and-a-Quarter, calculated on the Day Rates. For all time worked in excess of 50 Hours in any Week payment shall be made at the rate of Time-and-a-Quarter on the Time-and-a-Quarter rate. Men working during the Day and required to change to Night Shift must be paid for the First Night as if for Overtime, and not Night-Shift rate.
5. *Out-Workers.* Out-Workers employed for more than 4½ Hours from the Factory, but reaching home before 12 midnight, shall be paid One Shilling per Day or part of a Day extra. If employed after Midnight, or if unable to return home for any Night, the payment shall be 2/6 per Day. The actual time of travelling to and fro shall be paid for at the ordinary rate of Wages laid down in these Rules in addition to travelling expenses.
6. *Sunday Work.* Except when working on Employers' own plant (which shall be at the rate of Time-and-a-Half). Sunday work shall be paid for Double Time. For the purpose hereof, Christmas Day, Boxing Day, Easter Monday, Whit-Monday, the first Monday in August, and any special statutory Bank Holiday shall be counted as Sunday. An employer may, by giving statutory notice, substitute another day for any of the aforementioned holidays. Reasonable leave of absence being granted where possible.

7. *Patternmakers*. When leaving their employment, Pattern-makers shall be allowed Two Hours for Tool Grinding, which shall be paid for at the current rates.

Agreed to

THE BIRMINGHAM AND DISTRICT ENGINEERING EMPLOYERS' ASSOCIATION, on the one part,

AND

THE AMALGAMATED SOCIETY OF ENGINEERS,
STEAM ENGINE MAKERS' SOCIETY,
AMALGAMATED SOCIETY OF TOOLMAKERS,
UNITED MACHINE WORKERS' ASSOCIATION,
ELECTRICAL TRADES UNION,
ASSOCIATED BLACKSMITHS' AND IRONWORKERS' SOCIETY,
AMALGAMATED SOCIETY OF SMITHS AND STRIKERS,
BOILER MAKERS', IRON AND STEEL SHIP BUILDERS' SOCIETY,
FRIENDLY SOCIETY OF IRONFOUNDERS,
NATIONAL SOCIETY OF AMALGAMATED BRASS-WORKERS AND
METAL MECHANICS,
SCIENTIFIC INSTRUMENT MAKERS' TRADE SOCIETY,
UNITED PATTERNMAKERS' ASSOCIATION,
AMALGAMATED SOCIETY OF COREMAKERS.

AGREEMENT

BETWEEN

THE ENGINEERING EMPLOYERS' FEDERATION

AND

THE ENGINEERING TRADE UNIONS

1st OCTOBER, 1907

London

24, Abingdon Street, S.W.

AGREEMENT made this 1st day of October, 1907, between
THE ENGINEERING EMPLOYERS' FEDERATION (hereinafter called

the "Federation") of the one part, and THE AMALGAMATED SOCIETY OF ENGINEERS, THE STEAM ENGINE MAKERS' SOCIETY, and THE UNITED MACHINE WORKERS' ASSOCIATION (hereinafter called the "Trade Unions") of the other part.

The Federation on the one hand, and the Trade Unions on the other, being convinced that the interests of each will be best served, and the rights of each best maintained, by a mutual agreement, hereby, with a view to avoid friction and stoppage of work, agree as follows:—

1. *General Principles of Employment.* The Federated Employers shall not interfere with the proper functions of the Trade Unions, and the Trade Unions shall not interfere with the Employers in the management of their business.

2. *Employment of Workmen.* Every Employer may belong to the Federation, and every Workman may belong to a Trade Union or not, as either of them may think fit.

Every Employer may employ any man, and every Workman may take employment with any Employer, whether the Workman or the Employer belong or not to a Trade Union or to the Federation respectively.

The Trade Unions recommend all their Members not to object to work with non-Union Workmen, and the Federation recommend all their Members not to object to employ Union Workmen on the ground that they are Members of a Trade Union.

No Workman shall be required, as a condition of employment, to make a declaration as to whether he belongs to a Trade Union or not.

3. *Piecework.* Employers and their Workmen are entitled to work Piecework, provided:—

- (a) The prices to be paid shall be fixed by mutual arrangement between the Employer and the Workman or Workmen who perform the task.

(b) Each Workman's day rate to be guaranteed irrespective of his piecework earnings.

(c) Overtime and nightshift allowances to be paid in addition to piecework prices on the same conditions as already prevail in each workshop for timework.

All balances and wages to be paid through the Office.

4. *Overtime.* The Federation and the Trade Unions are agreed that systematic overtime is to be deprecated as a method of production, and that when overtime is necessary the following is mutually recommended as a basis, viz.:—

That no Union Workman shall be required to work more than 32 hours' overtime in any four weeks after full shop hours have been worked, allowance being made for time lost through sickness, absence with leave, or enforced idleness.

In the following cases overtime is not to be restricted:—

Breakdown work, repairs, replacements or alterations for the employers or their customers.

Trial trips and repairs to ships.

Urgency and emergency.

5. *Rating of Skilled Workmen.* Employers have the right to employ Workmen at rates of wages mutually satisfactory to the Employer and the Workman, or Workmen, concerned.

In fixing the rates of skilled Workmen, the Employer shall have regard to the rates prevailing in the district for fully trained and skilled men.

Unions, while disclaiming any right to interfere with the wages of Workmen other than their own Members, have the right in their collective capacity to arrange the rate of wages at which their Members may accept work.

General alterations in the rates of Wages in any district shall be negotiated between the Employers' Local Association and the Local Representatives of the Trade Union or Unions concerned.

6. *Apprentices.* There shall be no recognized proportion of

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apprentices to journeymen, but it shall be open to the Unions to bring forward for discussion the proportion of apprentices generally employed in the whole Federated area.

An apprentice shall be afforded facilities for acquiring a practical knowledge of the branch of trade he adopts, and shall be encouraged to obtain a theoretical knowledge thereof as far as circumstances permit.

7. Selection, Training, and Employment of Operatives and Manning of Machine Tools. Employers have the right to select, train, and employ those whom they consider best adapted to the various operations carried on in their workshops, and to pay them according to their ability as Workmen.

Employers, in view of the necessity of obtaining the most economical production, whether by skilled or unskilled Workmen, have full discretion to appoint the men they consider suitable to work all their machine tools, and to determine the conditions under which they shall be worked.

The Federation recommend their Members that, when they are carrying out changes in their workshops which will result in displacement of labour, consideration should be given to the case of the Workmen who may be displaced, with a view, if possible, of retaining their services on the work affected, or finding other employment for them.

8. Provisions for Avoiding Disputes. With a view to avoid disputes, deputations of Workmen shall be received by their Employers, by appointment, for mutual discussion of any question in the settlement of which both parties are directly concerned; or, it shall be competent for an official of the Trade Union to approach the Local Secretary of the Employers' Association with regard to any such question; or, it shall be competent for either party to bring the question before a Local Conference to be held between the Local Association of Employers and the Local Representatives of the Trade Unions.

In the event of either party desiring to raise any question, a Local Conference for this purpose may be arranged by application to the Secretary of the Employers' Association, or of the Trade Union concerned, as the case may be.

Local Conferences shall be held within twelve working days from the receipt of the application by the Secretary of the Employers' Association, or of the Trade Union or Trade Unions concerned.

Failing settlement at a Local Conference of any question brought before it, it shall be competent for either party to refer the matter to the Executive Board of the Federation and the Central Authority of the Trade Union or Trade Unions concerned.

Central Conferences shall be held at the earliest date which can be conveniently arranged by the Secretaries of the Federation and of the Trade Union or Trade Unions concerned.

There shall be no stoppage of work, either of a partial or of a general character, but work shall proceed under the current conditions until the procedure provided for above has been carried through.

9. Constitution of Conference. An Organizing Delegate of the Amalgamated Society of Engineers shall be recognized as a Local Official entitled to take part in any Local Conference, but only in his own division. In case of sickness, his place shall be taken by a substitute appointed by the Executive Council.

Any member of the Executive Council, or the General Secretary of the Amalgamated Society of Engineers, may attend Local Conferences, provided that the member of the Executive Council shall attend only such Conferences as are held within the division represented by him.

A member of the Executive Council, or the General Secretary of the Steam Engine Makers' Society and of the United Machine Workers' Association respectively, may attend any Local Con-

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ference in which the Societies, or either of them, are directly concerned.

Central Conferences shall be composed of members of the Executive Board of the Federation and members of the Central Authority of the Trade Union or Trade Unions concerned.

An Employer who refuses to employ Trade Unionists will not be eligible to sit in Conferences.

The following Trade Unions are parties to this Agreement, viz.:

STEAM ENGINE MAKERS' SOCIETY,
UNITED MACHINE WORKERS' ASSOCIATION,
NATIONAL UNITED SOCIETY OF SMITHS AND HAMMERMEN,
SOCIETY OF AMALGAMATED TOOLMAKERS, ENGINEERS AND
MACHINISTS.
SCIENTIFIC INSTRUMENT MAKERS' TRADE SOCIETY,
UNITED KINGDOM SOCIETY OF AMALGAMATED SMITHS AND
STRIKERS.

The following are parties to the aforementioned "Provisions for Avoiding Disputes":

ELECTRICAL TRADES UNION,
NATIONAL SOCIETY OF AMALGAMATED BRASSWORKERS AND
METAL MECHANICS,
UNITED JOURNEYMEN BRASSFOUNDERS, TURNERS, FITTERS,
FINISHERS AND COPPERSMITHS' ASSOCIATION OF GREAT
BRITAIN AND IRELAND.

PROVISIONS FOR AVOIDING DISPUTES

AS AGREED BETWEEN

THE ENGINEERING EMPLOYERS' FEDERATION

AND

AMALGAMATED SOCIETY OF ENGINEERS,
WORKERS' UNION,

NATIONAL UNION OF GENERAL WORKERS,

NATIONAL AMALGAMATED UNION OF LABOUR,

AMALGAMATED SOCIETY OF COREMAKERS,
 NATIONAL AMALGAMATED UNION OF ENGINEMEN, MECHANICS,
 MOTORMEN, AND ELECTRICAL WORKERS,
 ASSOCIATED BLACKSMITHS' AND IRONWORKERS' SOCIETY OF
 GREAT BRITAIN AND IRELAND

When a question arises, an endeavour shall be made by the management and the workmen directly concerned to settle the same in the works or at the place where the question has arisen. Failing settlement deputations of workmen, who may be accompanied by their Organizing District Delegate (in which event a representative of the Employers' Association shall also be present), shall be received by the Employers' Association by appointment without unreasonable delay for the mutual discussion of any question in the settlement of which both parties are directly concerned. In the event of no settlement being arrived at, it shall be competent for either party to bring the question before a Local Conference to be held between the Local Association and the Local Representatives of the Society.

In the event of either party desiring to raise any question a Local Conference for this purpose may be arranged by application to the Secretary of the Local Association or to the Local Representative of the Society.

Local Conferences shall be held within seven working days, unless otherwise mutually agreed upon, from the receipt of the application by the Secretary of the Local Association or the Local Representative of the Society.

Failing settlement at a Local Conference of any question brought before it, it shall be competent for either party to refer the matter to a Central Conference which, if thought desirable, may make a joint recommendation to the constituent bodies.

Central Conferences shall be held on the Second Friday of

each month, at which questions referred to Central Conference prior to fourteen days of that date shall be taken.

Until the procedure provided above has been carried through there shall be no stoppage of work either of a partial or a general character.

Even before the war the trades union organization had settled down on Great Britain like some huge octopus with one or more tentacles reaching into every shop. The relation of master and man disappeared and in its place came a hostile relation of employers' association *vs.* employees' association that was either legal or extra-legal, but which in true English fashion resolved itself into a kind of constitutional arrangement with each side holding on to written rights as firmly as their forefathers held on to the provisions of Magna Charta. The actions of the employers and the employees were governed as exactly as is the conduct of a military officer and with as little opportunity for initiative.

Some trades were further advanced than others and some were more radical. The miners have always been very radical and their head for many years, Robert Smillie, is an outspoken advocate of complete control by the workers. The advantages of combination having been seen, three of the largest and most powerful unions went a step further and

made an offensive and defensive alliance. This "Triple Alliance" is a combination of the transport workers, the railway employees, and the coal miners. Their officers hold the keys of industry; should they strike in unison Great Britain could not function. They have each, however, struck separately and the demands of the coal miners will give an indication of the present trend of mind of the British worker. They asked for:

1. A six-hour day.
2. A minimum wage of a pound sterling a day.
3. The nationalization of the mines.

The strike of the miners was not left to the people concerned; the public intervened through a commission appointed by the Government and that committee refused nationalization for the present but granted a day which would gradually shorten to six hours and made a substantial increase in wages. They also recommended that a penny be taken from each ton of coal mined and applied to the bettering of housing conditions. It came out before that commission that the mine owners had consistently more than doubled the price of coal with each wage increase previously granted and this has directed the attention of labour generally to the subject of the

profits of proprietors. Here is a characteristic expression:

“Let it never so plausibly be accepted that the capitalist class should continue to exist; let it be never so plausibly argued that the maintenance of the profiteering system is necessary or advisable, the resolute affirmation must be made and maintained by labour that, while one penny of profit continues to be earned by capital, labour cannot enter into a final agreement with it. Compromises, temporary agreements, conditional settlements, these, it is true, cannot be avoided. What can be avoided is the admission that except by their force capitalists as such have a right to exist. The principle that labour is entitled to the whole of its product is just, and any dilution of the principle is a concession to injustice.”

At the opening of the war in 1914 the labour condition of Great Britain was very critical. The employers and employees had deadlocked and the provisions of the existing agreements were flagrantly disregarded by both sides. At once it became apparent that the proper munitions could not be turned out if labour did not do its part. The Government called a conference of labour men (Treasury Conference of March, 1915) and agreed upon certain

principles which were later embodied in the Munitions Act. The workers agreed that there should be no stoppage of work upon munitions and that all regulations restricting output should be put aside and to arbitrate differences. The Government agreed to supervise all factories, to limit profits, to set up certain standards of pay, and that all the pre-war powers of the unions be restored after the war. Later the men agreed to the dilution of labour and the entry of women into the shops. The previous regulations had prevented the use of unskilled labour even for machine tasks that required no skill; the policy had been that a machine should never be allowed to replace a man.

As the war went on and labour grew more and more powerful—as it became more and more necessary for the conduct of the war—the necessity forced itself for a constructive programme to replace the purely destructive programme it had previously followed. It therefore in 1917 adopted a kind of platform of considerable elaboration, the four “pillars” of which were:

- (a) The Universal Enforcement of the National Minimum.
- (b) The Democratic Control of Industry.
- (c) The Revolution in National Finance.
- (d) The Surplus Wealth for the Common Good.

The democratic control of industry is defined as:

It demands the progressive elimination from the control of industry of the private capitalist, individual, or joint-stock; and the setting free of all who work, whether by hand or by brain, for the service of the community, and of the community only. And the Labour party refuses absolutely to believe that the British people will permanently tolerate any reconstruction or perpetuation of the disorganization, waste, and inefficiency involved in the abandonment of British industry to a jostling crowd of separate private employers, with their minds bent, not on the service of the community, but—by the very law of their being—only on the utmost possible profiteering. What the nation needs is undoubtedly a great bound outward and onward in its aggregate productivity. But this cannot be secured merely by pressing the manual workers to more strenuous toil, or even by encouraging the Captains of Industry to a less wasteful organization of their several enterprises on a profit-making basis. What the Labour party looks to is a genuinely scientific reorganization of the nation's industry, no longer deflected by individual profiteering, on the basis of the Common Ownership of the means of Production; the equitable sharing of the proceeds among all who participate in any capacity and only among these, and the adoption, in particular services and occupations, of those systems and methods of administration and control that may be found, in practice, best to promote, not profiteering, but the public interest.

And again it said:

In the disposal of the surplus above the Standard of Life society has hitherto gone as far wrong as in its neglect to secure the necessary basis of any genuine industrial efficiency or decent social order. We have allowed the riches of our mines, the rental value of our lands superior to the margin of cultivation, the

extra profits of the fortunate capitalists, even the material outcome of scientific discoveries—which ought by now to have made this Britain of ours immune from class poverty or from any widespread destitution—to be absorbed by individual proprietors; and then devoted very largely to the senseless luxury of an idle rich class. Against this misappropriation of the wealth of the community, the Labour party—speaking in the interests not of the wage-earners alone, but of every grade and section of producers by hand or by brain, not to mention also the generations that are to succeed us, and of the permanent welfare of the community—emphatically protests. One main Pillar of the House that the Labour party intends to build is the future appropriation of the Surplus, not to the enlargement of any individual fortune, but to the Common Good. It is from this constantly arising Surplus (to be secured, on the one hand, by Nationalization and Municipalization and, on the other, by the steeply graduated Taxation of Private Income and Riches) that will have to be found the new capital which the community day by day needs for the perpetual improvement and increase of its various enterprises, for which we shall decline to be dependent on the usury-exacting financiers. It is from the same source that has to be defrayed the public provision for the Sick and Infirm of all kinds (including that for Maternity and Infancy) which is still so scandalously insufficient; for the Aged and those prematurely incapacitated by accident or disease, now in many ways so imperfectly cared for; for the Education alike of children, of adolescents and of adults, in which the Labour party demands a genuine equality of opportunity overcoming all differences of material circumstances; and for the organization of public improvements of all kinds, including the brightening of the lives of those now condemned to almost ceaseless toil, and a great development of the means of recreation. From the same source must come the greatly increased public provision that the Labour party

will insist on being made for scientific investigation and original research, in every branch of knowledge, not to say also for the promotion of music, literature, and fine art, which have been under Capitalism so greatly neglected, and upon which, so the Labour party holds, any real development of civilization fundamentally depends. Society, like the individual, does not live by bread alone—does not exist only for perpetual wealth production. It is in the proposal for this appropriation of every surplus for the Common Good—in the vision of its resolute use for the building up of the community as a whole instead of for the magnification of individual fortunes—that the Labour party, as the Party of the Producers by hand or by brain, most distinctively marks itself off from the older political parties, standing, as these do essentially for the maintenance, unimpaired, of the perpetual private mortgage upon the annual product of the nation that is involved in the individual ownership of land and capital.

These quotations sufficiently show that labour in England on its constructive side is entirely socialistic and has gone far beyond wages and hours and shop conditions; its programme has most of the features of what is known as the “Social Revolution” except that it does not advocate violence. All of the ends are to be achieved by constitutional methods.

The difficulty with the whole programme is that an apparently democratic scheme is to be put through, just how is not stated, by autocratic bodies. The trades unions have certain regulations which require pre-requisites of skill and the like

for membership and their tendency is to become autocratic in fact while democratic in word. The ordinary member of a trades union has about as much to say in its decisions as has an independent voter in a boss-ridden ward. Again, the trades union organization with its intricate sub-division of trades is most unwieldy within a shop—instead of the workers being able to protest as a mass they are frequently compelled to act through a dozen mediums with no certainty as to what or when those mediums would decide. Finally the trades unions have no place for the new elements in war labour—the unskilled man and the woman.

. Take the case of the unskilled man. Up to the time of the war he had never held a steady job or received wages that did more than permit him to exist. During the war he found plenty of employment at high wages and for the first time experienced something of economic security. Being used as a “dilutee” he discovered that many of the tasks which were supposed to require extraordinary skill did not really require so much skill after all and that he could easily perform them. With the end of the war he saw the trades unions insisting that these tasks again be restored to their members and that

he be thrown out on casual jobs. The interest of the unskilled man and the interest of the trades unionist became opposed.

Take the women. The trades unions set their faces absolutely against the retention of women in places which men had filled before the war. They insisted that they be discharged forthwith. A considerable number of the women had not worked before the war but more of them had worked—it is fiction that women war workers were anywhere drawn from the comfortably living classes—and they did not care to return to the ill-paid drudgery of domestic or similar service. Their interests were opposed to the trades unions.

Even before the war a movement in opposition to the trades unions had arisen, known as the "Rank and File Movement." It asked for the abolition of craft unions and the substitution of one great workers' union which should have no qualification for membership excepting the common ability to work. The leaders were all disciples of Karl Marx and agreed thoroughly with the Russian Bolsheviks. They were for the instant destruction of capital and the rule of the proletariat. They found their strongest hold in the Clyde shipyards and were behind the

strikes of 1915. The government then deported the ringleaders from Glasgow, but permitted them to go into other districts, notably Sheffield and Coventry, where, setting up as martyrs, they spread their doctrine of the class war. They proposed that the control of industry be in the workshop and not in any trades union body. Thus they were as bitterly against the trades union as against the capitalist, and in fact classed them together for, whatever the declarations of the trades unions, their leaders and members were squarely for the continuance of the system of collective bargaining between capital and labour under trades union supervision.

The new body was open to both sexes and it found favour with all who desired "direct action." It called several strikes in defiance of the union executives and thereby started that most ominous of British movements—the "unofficial strike." Since the strikes were not sanctioned by the executives the strikers could not draw strike pay and the new organization then developed the doctrine of the short strike. Instead of staying out for long they advocated short and frequent strikes. They announced that they would pay no attention at all to any agreements which they happened to make at the moment

with capital in order to settle a strike. It was wrong to compromise with capital and they would regard their compromises only as a means by which to put the employer off his guard.

The new movement could not gain ground in the union councils; therefore they took the workshops as their field and started an auxiliary movement known as the "Shop Stewards' Movement."

THE SHOP STEWARD

The shop steward is very old in British industry. No one seems to know when he first appeared; old factory men remember having stewards twenty years ago. The original purpose was to have men in each department elected by the members of the department so that the management might have a ready means of communication with the workers. A small department would have a single steward but a large department would have several. They were elected by the men in meetings held *outside* the factory—British workers rarely hold any kind of a meeting at the works. The antipathy to the employers is so great that they suspect they are being spied upon in a meeting at the works. The elected stewards formed a kind of committee and nominated

one of their number as "convenor" or chairman. The convenor attended to the calling of meetings and was the official spokesman of the committee with the employers. In some few cases the stewards have had a constructive function, but more commonly they have existed simply to pass on "kicks." They rarely decide anything for themselves.

In unionized shops they did have a function in representing all of the people in intra-shop affairs which did not concern the unions as such. For instance, sanitary improvements, complaints against individuals, and the like, which did not come under union rules, would pass into the hands of the stewards. In other cases the steward was a minor union official and did not represent the workers as a whole. When he was a union officer he looked after new men, saw that dues were paid, and watched for infractions of union rules.

But the steward's job was not a very pleasant one and carried with it so little honour that in many places any one who asked to be a steward got the place. Frequently the employers did not even know who the stewards were. Of late years, since the rise of the Rank and File Movement, the shop stewards have quite changed their functions.

The radical leaders working from the shop control side saw in the shop stewards a better chance of success than with the union officers, who were too well fixed politically easily to be disturbed. By planting a radical shop steward in the midst of a union group they hoped to spread their propaganda. Therefore they bent all energy upon these representatives and with such good results that to-day in England probably two thirds of the stewards are radicals. The old function of the steward was to make peace easy or at least to give a chance to adjust troubles; the function of the new steward is to cause all the trouble that he can.

During the war the functions of the pre-war shop stewards grew enormously, but side by side with the official shop stewards, recognized by the unions through their district committees, grew up a class of unofficial shop stewards not recognized by and often not attached to any particular union. The line between official and unofficial stewards is, however, by no means hard and fast, and often it is difficult to say whether a particular steward is recognized or not. The unofficial stewards were awaiting their chance. The break came when the shop stewards, first on the Clyde and subsequently in most of

the principal centres, joined together to form not only works committees in particular works but also workers' committees covering all the works in a district. Committees of stewards in a particular works are often recognized by the trades unions, but workers' committees are always purely unofficial bodies.

These workers' committees have usually been dominated by men of "industrial unionist" views. These men have continued to belong to their various trades unions and, as a rule, to work for amalgamation among them on industrial lines, but during the war they have repeatedly taken action in calling strikes without the consent of the union executives—who have been unable to do so owing to the operation of the Munitions Acts. In the minds of most of the advanced elements in the shop stewards' movement the right basis for industrial action is the workshop, and organization in the labour movement should, in their view, be built up on an all-grades workshop basis. Many hope to achieve this by a transformation of the existing union machinery, and they work for this transformation within their unions. both as a lever for bringing about amalgamation and as a means of securing control over industry.

Late in 1917 negotiations were entered into between the trades union executives and the employers for the recognition of shop stewards, and an agreement providing for partial recognition was accepted by some of the unions.

The unofficial shop stewards' and workers committee movement on the whole repudiates recognition at present, holding that it will hamper freedom of action and will mean a surrender to craft unionism. Recognition, these elements hold, is desirable only in an industrial union. For the present they prefer to remain entirely unofficial, without restrictions and without responsibility. A minority, but only a small minority, has the idea of completely overthrowing the existing unions and substituting for them a new shop movement, but the vast majority works for the transformation of the existing unions and expects to find in them, when they have been transformed by amalgamation and include all grades, skilled and unskilled alike, a full form of recognition which will make workshop organization the basis of the whole industrial structure.

The unofficial shop stewards' movement, as a whole, seeks the overthrow of capitalism and the realization of the workers' control over industry.

The most active section are the industrial unionists of the Socialist Labour party, but they are only a small minority of the whole, and there are many different theoretical points of view represented in the movement. The bulk of the adherents have hardly a definite theoretical point of view.

Being a shop steward does not appeal to the workers of higher skill and pay. The stewards are often drawn from the very lowest grades who are always most susceptible to radical propaganda.

Sometimes it has happened, for example, that the shop steward in a shop employing, say, highly skilled electricians, has been an unskilled labourer, and employers have declined to discuss highly skilled work with him. But the shop-steward movement has grown, and the advocates of industrial unionism, as against craft unionism, have seen in it the possibility of breaking up the craft unions. The shop stewards organized, and then took unto themselves the right to bring out a whole shop on strike, irrespective of what the executives of the trades unions concerned might say.

The shop stewards are less versed in affairs than the experienced officials of the trades unions, and they have no funds. An unauthorized strike is one not

authorized by the executive, and in which no union funds are available for strike pay. Having no funds to draw upon, it cannot settle down, like the old trades unions, to a long struggle of endurance between employers and employed. It has therefore adopted the lightning strike, intended to last a few days, followed by another lightning strike, and so on.

The manager of a shop now rather expects a shop steward to be a radical. If an extreme socialist is taken on to-day, to-morrow he will undoubtedly be, by some mysterious process, a shop steward. They are always ready to strike or to promote a strike and they are behind the great unauthorized strike movement in England. In the Clyde strikes of February, 1919, the shop stewards were the first to go out and they organized themselves into district Workers' and Soldiers' Committees on approved Russian lines.

The shop stewards are not, however, to be judged wholly by the revolutionary twist which has turned the majority. In a considerable number of cases they have been of actual service. Look at these experiences.

The first is a firm employing 6,000 people and it has had shop stewards for some years. The

system sprung up in this fashion. Originally individual workmen laid their grievances before the management, bringing, according to the general habit, a companion to help to state the case. As time went on, men who were recognized as good advocates were sorted out and they became semi-official advocates. About 1912 or 1913 this informal system developed into a recognized committee of shop stewards. Each department elects its own shop steward, the total number of whom is nearly forty. They form a committee. On questions affecting a particular department or departments, the convenor interviews the management along with the shop steward or shop stewards concerned, while on questions affecting all the works he interviews the management, in company with all the shop stewards. Among specific matters handled may be mentioned the following: (a) The base times for premium work. This system prevails throughout the works, and if the base time cannot be settled between the foreman of the department and the workmen, then the matter is brought by the convenor and the shop steward of the department to the management. (b) Dilution—the shop stewards have protested against the principle but they have made an

amicable arrangement with the management in every case. The wages of dilutees have also been discussed in conferences by the management and committee.

Another firm, a Glasgow firm employing 2,350 people, has at the present time two Workers' Committees in the establishment. The first, which is called the Shop Committee, must also be designated a Welfare Committee, and has been in existence since 1900. In 1916 they enlarged this committee, or rather, they formed a separate committee, which is called the Industrial Committee, and is based essentially on trade unionism and the shop-steward system. The twelve representatives of the men are elected entirely by the shop stewards of the different unions. There is thus no system of election by all the workers and the committee is not representative of all the workers, but, on the other hand, there is a definite nexus established with trades union sentiment and organization. Two directors of the firm and the head foreman sit with the twelve representatives of the men. When there is business to transact, the men's representatives are paid as usual during the time occupied at the meetings. The members of the committee hold office for one year. There are two

chairmen, one from the men's representatives and one from the firm's and they preside at alternate meetings. The only other officer is a secretary elected by the committee. The following are some of the questions treated by the Industrial Committee during eighteen months: (1) The question of the convenor of shop stewards going into other departments for the discussion of grievances. This was discussed and the result was the formulation of regulations. (2) Wages of women and girl employees. (3) The record of changes in practice. (4) Questions arising from the premium bonus system. (5) Appeals against dismissal. (6) The question of men forgetting to clock on, and of whether they should receive wages for the period for which they had forgotten to clock on. (7) The question of working overtime on Saturdays (the committee agreed to refer this to a general plebiscite). (8) The question of wages of apprentices. (9) The question of rules for night shift work.

Another firm employing a very large number of people and working various engineering specialties has a committee which dates back to 1908. The committee consists of twenty-two members, one from each department. Each member must be a

trades unionist, but voting is open to all men, whether or not trades unionists. The women do not have votes. There are members of twenty-six trades unions in the works. The members are elected annually, each department electing its representatives. The procedure with regard to complaints consists of three Courts of Appeal—the Works Manager, the Managing Director, and the Board of Directors. Thus, a man not satisfied with the response of a foreman goes to his departmental representative on the committee (or directly to the secretary or chairman, who have freedom of movement from department to department). The chairman or secretary of the committee and the representative of the complainant's department then approach the Works Manager, and thereafter, if necessary, the Managing Directors and finally the Board of Directors. The committee acts for almost all purposes by the methods just mentioned. The committee has been largely responsible for making the appeal for better timekeeping effective, and this is the more remarkable, because even before the appeal was made the timekeeping record was considered very good. The other questions discussed with the officials of the committee and the repre-

sentatives on it of particular departments have included dilution, which was carried through without trouble, and grievances in regard to premium bonus times, including the fixing of new times when methods of production are altered.

A small engineering establishment in the west of England employs men, apprentices, and women. The men are all skilled mechanics. There are sixteen apprentices. The Works Committee was formed in the autumn of 1916. It was set up by the management in order to administer a bonus scheme proposed by the management in response to a demand by the employees for a 10 per cent. advance in wages. The committee meets regularly each month. (1) To settle the amount to be set aside for the payment of bonus. For this purpose, the books of the company are opened to the committee. (2) To assess the value of the profit-sharing amount. (3) To assess the fines incurred by employees under the scheme. (4) To determine the amount of bonus to which each employee is entitled.

The committee represents both the management and the employees. The two Works Managers are also *ex-officio* members. The rest of the

committee consists of six representatives elected by ballot by all the employees. These members represent the works as a whole. The committee is charged, in addition to its special duties, with the consideration generally of any grievances arising in the shop. Its functions in this respect are not specified or limited. The committee has dealt with shop conditions, wages, holidays, and bad timekeeping. The value of the output has already advanced some 30 per cent.* and is expected to rise rapidly in the near future owing to improved methods and efficiency. The committee is regarded as a great success and has acted as an incentive to efficiency in the works and in furthering increased production.

Another small engineering works employs about one hundred and twenty men, women, and boys in engineering work. For several years prior to the latter part of 1917 the company adopted the practice of meeting the whole of the men employed in the works once a month, to discuss any matters connected with the establishment that seemed to require examination. At the end of 1915 this practice was abandoned because it was felt by the management (1) That much time was wasted discussing irrelevant and unimportant

matters; (2) That real grievances did not freely come out in the presence of the whole body of the employees. The employees at the suggestion of the managing director elected seven representatives to form an employees' committee, which would meet as a joint works committee with the management. The committee is composed of three representatives of the management nominated by the managing director and seven representatives of the employees. The functions of this committee are very similar to those already mentioned. The committee has proved specially useful as a means of arriving at a proper interpretation of official orders and circulars. The management has found the committee of the greatest service in conducting the business of the works.

A firm employing 700 men, women, and boys has a committee of five men. The women and boys are not represented. The five members represent the shop as a whole and do not represent separate departments or grades. The principal business of the committee is to assist in fixing and adjusting piecework prices. The management, in the first instance, settle what they consider fair prices, and submit them to the committee with the data on

which they have been fixed. The men's committee then meets separately to consider the suggested prices. Ample time is allowed them for consideration and discussion, both among themselves and with the workers affected. A joint meeting is then held between the committee and the management, at which the several prices under consideration are reviewed and any suggestions as to amendment are considered. If a good case is made out to the satisfaction of the management, the price is raised or reduced. If it becomes necessary to reconsider the price already fixed, any suggestions on this score are brought by the committee to the attention of the management and are jointly considered. No friction of any sort has so far arisen. Prices have been frequently reduced or increased by mutual agreement.

WORKSHOP COMMITTEES

The line of demarcation between the committees of shop stewards and the Works Committee is indefinite. If the shop stewards happen all to be radicals and meet only to cause trouble, they are usually called stewards, but if they are a reasonable body and organize to act with the management they are works committees.

Here are some opinions expressed by employers who have had experience with committees:

(1) "Useful work is the outcome." (2) "Committees should be encouraged; much depends on class of men chosen from both sides." (3) "Applied to large establishments, very commendable." (4) "If established generally, would do an infinite amount of good." (5) "Nothing but good would accrue if such committees were general." (6) "In entire sympathy." (7) "Experience is a very happy one and not by any means one-sided, as the members of the committee do everything possible to render assistance to the firm." (8) "Very harmonious relations although . . . grievances much too one-sided." (9) "Perfectly satisfied." (10) "Encourages men to leave work to engage in business which management should attend to." (11) "Power is taken from management and exercised by the men." (12) "Simply looking for trouble." (13) "Advantage would be taken to look for trouble." (14) "Any amount of friction would ensue." (15) "Afraid grievances would come from only one side, and little endeavour would be made to assist the management in conduct of works." (16) "Dealing with accredited shop stewards entirely satisfactory."

The Rt. Hon. G. H. Roberts, formerly Minister of Labour, advocates the workshop committees. He says (and he was once a worker himself):

“It is essential that the owners should sit on the committees, for after all the primary purpose is to promote a better understanding. I realize that there may be difficulties at first, and that workpeople may be unwilling to speak frankly in the presence of their employers. There is no reason why they should not first meet separately. Much of the industrial unrest which prevailed before the war and during the war had its origin in what, viewed dispassionately, were trivial things, which could easily be remedied if there were a tribunal ready at hand to deal with them. The immunity of strikes in the printing trade may be attributed to the fact that by the existence of the “chapel,” as it was termed, close personal contact was maintained with the workers and those in authority. We must recognize that workmen claim, and have a right to claim, a fair share of the prosperity they help to create, and a voice in the conditions under which they labour. I want workmen to take an active interest in the welfare of their firm, to make suggestions how the quality of the product on which they are engaged

can be improved, how the quantity can be increased, and the organization bettered."

The modern best thought behind the Works Committee is that it shall have powers of construction, and it has been generally perceived by forehanded employers that if the demand for workers' representation is not to destroy the wage system, then the workers must be taken into a share in the management through committees. Hence we find that employers think more of the committee system than do the employees; the employees of radical tendency oppose all committees which do other than formulate demands. They oppose the idea of conferences or any action which might connote mutuality. And many socialistic writers take the view that the workers' committee is not at all a step in the right direction because the superior intelligence of the employers will always overcome that of the employee members; they see it as a wedge driven into the solidarity of the workers.

At first the unions took the same view; they thought that the committee system would tend toward shop instead of union control and permit direct adjustment instead of adjustment through the unions. Not a few of the unions had even gone so far as to

declare that all wages over the minimum should not be paid directly to the workers but to the union, and by it distributed in accordance with needs. Often in the action of the British unions may be seen a greater desire to perpetuate and strengthen the union than to benefit the worker—which is one of the reasons that the contra-union movement has gained so much.

But the unions stand for the wage system; without wages the unions could not exist. There is really no place for the union or the union leader in syndicalism. And hence the unions found that their interests were not on the side of the control by workers, but on the side of control by employers. At the close of the war it became apparent that the pre-war union practices which had been suspended by agreement with the Government could not be restored—that the clock could not be turned back.

The idea had been that the soldiers as they were demobilized should go right back into their former jobs and the country would start on its ways of peace. But the soldiers who did go back found in most cases that no jobs existed; the control of raw materials and the various other governmental controls made business too nervous at once to engage in the vicissitudes

of peace work. The Government granted unemployment allowances to all who had not jobs and they paid these allowances directly and not through the unions, thereby giving strength to the communists' propaganda that the Government really could support the population if only it so chose.

The shortage of work with only a portion of the army demobilized gave further aid to those who desired to resume the practice of having a man do as little as possible in order that more men might be employed. Up on the Clyde the shipyard people and the engineers went on an "unofficial" strike for a forty-hour week on the plea that only by short hours could places be found for the unemployed. The miners joined in a strike of their own (which, however, was official) and the London tube workers went out "unofficially" for some days. The trainmen threatened to strike. These strikes not only menaced industry, but, with industry, the unions. The unions had to take the side of the employers or prepare to go out of business.

In the meantime a Parliamentary Committee headed by the Rt. Hon. J. H. Whitley and composed of union men, employers, and representatives of the general public had been appointed to devise some

industrial scheme which might make for a better relation between employer and employee. They took the workshop committee idea and the chief features of the organization of the engineering trades, which had already a national association of employers and district councils erected for the purpose of dealing with the unions on industrial disputes and changes.

JOINT INDUSTRIAL COUNCILS

The Whitley Committee proposed that each trade in the empire organize itself by constituting first a National Joint Industrial Council made up of representatives of the employers' association and of the unions with district councils similarly constituted from the district associations and unions, with finally a workshop committee of employers' and employees' representatives. Being on the supervisory bodies, the unions gained a control over the workshop committees, and this put nearly all the union leaders in consonance with the plan.

The report has been welcomed as the greatest step ever taken in the way of founding an enduring relation between capital and labour. Here it is in full:

TO THE RIGHT HONOURABLE D. LLOYD GEORGE. M. P.
Prime Minister.

SIR:

We have the honour to submit the following Interim Report on Joint Standing Industrial Councils.

2. The terms of reference to the Sub-Committee are:—

“(1) To make and consider suggestions for securing a permanent improvement in the relations between employers and workmen.

“(2) To recommend means for securing that industrial conditions affecting the relations between employers and workmen shall be systematically reviewed by those concerned, with a view to improving conditions in the future.”

3. After a general consideration of our duties in relation to the matters referred to us, we decided first to address ourselves to the problem of establishing permanently improved relations between employers and employed in the main industries of the country, in which there exist representative organizations on both sides. The present report accordingly deals more especially with these trades. We are proceeding with the consideration of the problems connected with the industries which are less well organized.

4. We appreciate that under the pressure of the war both employers and workpeople and their organizations are very much pre-occupied, but, notwithstanding, we believe it to be of the highest importance that our proposals should be put before those concerned without delay, so that employers and employed may meet in the near future and discuss the problems before them.

5. The circumstances of the present time are admitted on all sides to offer a great opportunity for securing a permanent improvement in the relations between employers and employed,

while failure to utilize the opportunity may involve the nation in grave industrial difficulties at the end of the war.

It is generally allowed that the war almost enforced some reconstruction of industry, and in considering the subjects referred to us we have kept in view the need for securing in the development of reconstruction the largest possible measure of cooperation between employers and employed.

In the interests of the community it is vital that after the war the coöperation of all classes, established during the war, should continue, and more especially with regard to the relations between employers and employed. For securing improvement in the latter it is essential that any proposals put forward should offer to workpeople the means of attaining improved conditions of employment and a higher standard of comfort generally, and involve the enlistment of their active and continuous coöperation in the promotion of industry.

To this end, the establishment for each industry of an organization, representative of employers and workpeople, to have as its object the regular consideration of matters affecting the progress and well-being of the trade from the point of view of all those engaged in it, so far as this is consistent with the general interest of the community, appears to us necessary.

6. Many complicated problems have arisen during the war which have a bearing both on employers and workpeople, and may affect the relations between them. It is clear that industrial conditions will need careful handling if grave difficulties and strained relations are to be avoided after the war has ended. The precise nature of the problems to be faced naturally varies from industry to industry, and even from branch to branch within the same industry. Their treatment consequently will need an intimate knowledge of the facts and circumstances of each trade, and such knowledge is to be found only among those directly connected with the trade.

7. With a view to providing means for carrying out the policy outlined above, we recommend that His Majesty's Government should propose without delay to the various associations of employers and employed the formation of Joint Standing Industrial Councils in the several industries, where they do not already exist, composed of representatives of employers and employed, regard being paid to the various sections of the industry and the various classes of labour engaged.

8. The appointment of a Chairman or Chairmen should, we think, be left to the Council who may decide that these should be—

- (1) A Chairman for each side of the Council;
- (2) A Chairman and Vice-Chairman selected from the members of the Council (one from each side of the Council);
- (3) A Chairman chosen by the Council from independent persons outside the industry; or
- (4) A Chairman nominated by such person or authority as the Council may determine or, failing agreement, by the Government.

9. The Council should meet at regular and frequent intervals.

10. The objects to which the consideration of the Councils should be directed should be appropriate matters affecting the several industries and particularly the establishment of a closer coöperation between employers and employed. Questions connected with demobilization will call for early attention.

11. One of the chief factors in the problem, as it at first presents itself, consists of the guarantees given by the Government, with Parliamentary sanction, and the various undertakings entered into by employers, to restore the Trade Union rules and customs suspended during the war. While this does not mean that all the lessons learnt during the war should be ignored, it does mean that the definite coöperation and acquiescence by

both employers and employed must be a condition of any setting aside of these guarantees or undertakings, and that, if new arrangements are to be reached, in themselves more satisfactory to all parties but not in strict accordance with the guarantees, they must be the joint work of employers and employed.

12. The matters to be considered by the Councils must inevitably differ widely from industry to industry, as different circumstances and conditions call for different treatment, but we are of opinion that the suggestions set forth below ought to be taken into account, subject to such modification in each case as may serve to adapt them to the needs of the various industries.

13. In the well-organized industries one of the first questions to be considered should be the establishment of local and works organizations to supplement and make more effective the work of the central bodies. It is not enough to secure coöperation at the centre between the national organizations; it is equally necessary to enlist the activity and support of employers and employed in the districts and in individual establishments. The National Industrial Council should not be regarded as complete in itself; what is needed is a triple organization—in the workshops, the districts, and nationally. Moreover, it is essential that the organization at each of these three stages should proceed on a common principle, and that the greatest measure of common action between them should be secured.

14. With this end in view, we are of opinion that the following proposals should be laid before the National Industrial Councils:—

(a) That District Councils, representative of the Trade Unions and of the Employers' Association in the industry should be created, or developed out of the existing machinery for negotiation in the various trades.

(b) That Works Committees, representative of the management and of the workers employed, should be instituted in particular works to act in close coöperation with the district and national machinery.

As it is of the highest importance that the scheme making provision for these Committees should be such as to secure the support of the Trade Unions and Employers' Associations concerned, its design should be a matter for agreement between these organizations.

Just as regular meetings and continuity of coöperation are essential in the case of the National Industrial Councils, so they seem to be necessary in the case of the district and works organizations. The object is to secure coöperation by granting to workpeople a greater share in the consideration of matters affecting their industry, and this can only be achieved by keeping employers and workpeople in constant touch.

15. The respective functions of Works Committees, District Councils, and National Councils will no doubt require to be determined separately in accordance with the varying conditions of different industries. Care will need to be taken in each case to delimit accurately their respective functions, in order to avoid overlapping and resulting friction. For instance, where conditions of employment are determined by national agreements, the District Councils or Works Committees should not be allowed to contract out of conditions so laid down, nor, where conditions are determined by local agreements, should such power be allowed to Works Committees.

16. Among the questions with which it is suggested that the National Councils should deal or allocate to District Councils or Works Committees the following may be selected for special mention:—

- (i) The better utilization of the practical knowledge and experience of the workpeople.
- (ii) Means for securing to the workpeople a greater share in and responsibility for the determination and observance of the conditions under which their work is carried on.
- (iii) The settlement of the general principles governing

the conditions of employment, including the methods of fixing, paying, and readjusting wages, having regard to the need for securing to the workpeople a share in the increased prosperity of the industry.

(iv) The establishment of regular methods of negotiations for issues arising between employers and workpeople, with a view both to the prevention of differences, and to their better adjustment when they appear.

(v) Means of ensuring to the workpeople the greatest possible security of earnings and employment, without undue restriction upon change of occupation or employer.

(vi) Methods of fixing and adjusting earnings, piecework prices, etc., and of dealing with the many difficulties which arise with regard to the method and amount of payment apart from the fixing of general standard rates, which are already covered by paragraph (iii).

(vii) Technical education and training.

(viii) Industrial research and the full utilization of its results.

(ix) The provision of facilities for the full consideration and utilization of inventions and improvement designed by workpeople, and for the adequate safeguarding of the rights of the designers of such improvements.

(x) Improvements of processes, machinery, and organization and appropriate questions relating to management and the examination of industrial experiments, with special reference to coöperation in carrying new ideas into effect and full consideration of the workpeople's point of view in relation to them.

(xi) Proposed legislation affecting the industry.

17. The methods by which the functions of the proposed Councils should be correlated to those of joint bodies in the different districts, and in the various works within the districts,

must necessarily vary according to the trade. It may, therefore, be the best policy to leave it to the trades themselves to formulate schemes suitable to their special circumstances, it being understood that it is essential to secure in each industry the fullest measure of coöperation between employers and employed, both generally, through the National Councils, and specifically, through district Committees and workshop Committees.

18. It would seem advisable that the Government should put the proposals relating to National Industrial Councils before the employers' and workpeople's associations and request them to adopt such measures as are needful for their establishment where they do not already exist. Suitable steps should also be taken, at the proper time, to put the matter before the general public.

19. In forwarding the proposals to the parties concerned we think the Government should offer to be represented in an advisory capacity at the preliminary meetings of a Council, if the parties so desire. We are also of opinion that the Government should undertake to supply to the various Councils such information on industrial subjects as may be available and likely to prove of value.

20. It has been suggested that means must be devised to safeguard the interests of the community against possible action of an anti-social character on the part of the Councils. We have, however, here assumed that the Councils, in their work of promoting the interests of their own industries, have regard for the National interest. If they fulfil their functions they will be the best builders of national prosperity. The State never parts with its inherent over-riding power, but such power may be least needed when least obtruded.

21. It appears to us that it may be desirable at some later stage for the State to give the sanction of law to agreements made by the Councils, but the initiative in this direction should come from the Councils themselves.

22. The plans sketched in the foregoing paragraphs are applicable in the form in which they are given only to industries in which there are responsible associations of employers and workpeople which can claim to be fairly representative. The case of the less well-organized trades or sections of a trade necessarily needs further consideration. We hope to be in a position shortly to put forward recommendations that will prepare the way for the active utilization in these trades of the same practical coöperation as is foreshadowed in the proposals made above for the more highly organized trades.

23. It may be desirable to state here our considered opinion that an essential condition of securing a permanent improvement in the relations between employers and employed is that there should be adequate organization on the part of both employers and workpeople. The proposals outlined for joint coöperation throughout the several industries depend for their ultimate success upon there being such organization on both sides; and such organization is necessary also to provide means whereby the arrangements and agreements made for the industry may be effectively carried out.

24. We have thought it well to refrain from making suggestions or offering opinions with regard to such matters as profit-sharing, co-partnership, or particular systems of wages, etc. It would be impracticable for us to make any useful general recommendations on such matters, having regard to the varying conditions in different trades. We are convinced, moreover, that a permanent improvement in the relations between employers and employed must be founded upon something other than a cash basis. What is wanted is that the workpeople should have a greater opportunity of participating in the discussion about and adjustment of those parts of industry by which they are most affected.

25. The schemes recommended in this Report are intended

not merely for the treatment of industrial problems when they have become acute, but also, and more especially, to prevent their becoming acute. We believe that regular meetings to discuss industrial questions, apart from and prior to any differences with regard to them that may have begun to cause friction, will materially reduce the number of occasions on which, in the view of either employers or employed, it is necessary to contemplate recourse to a stoppage of work.

26. We venture to hope that representative men in each industry, with pride in their calling and care for its place as a contributor to the national well-being, will come together in the manner here suggested, and apply themselves to promoting industrial harmony and efficiency and removing the obstacles that have hitherto stood in the way.

We have the honour to be, Sir,

Your obedient Servants,

J. H. WHITLEY, *Chairman*

F. S. BUTTON

GEO. J. CARTER

S. J. CHAPMAN

G. H. CLAUGHTON

J. R. CLYNES

J. A. HOBSON

A. SUSAN LAWRENCE

J. J. MALLON

THOS. R. RATCLIFFE-ELLIS

ROBT. SMILLIE

ALLAN M. SMITH

MONA WILSON

H. J. WILSON,

ARTHUR GREENWOOD,

Secretaries.

8th March, 1917.

In a further report the committee elucidated their proposals thus:

Better relations between employers and their workpeople can best be arrived at by granting to the latter a greater share in the consideration of matters with which they are concerned. In

every industry there are certain questions, such as rates of wages and hours of work, which should be settled by District or National agreement, and with any matter so settled no Works Committee should be allowed to interfere; but there are also many questions closely affecting daily life and comfort in, and the success of, the business, and affecting in no small degree efficiency of working, which are peculiar to the individual workshop or factory. The purpose of a Works Committee is to establish and maintain a system of coöperation in all these workshop matters.

We have throughout our recommendations proceeded upon the assumption that the greatest success is likely to be achieved by leaving to the representative bodies of employers and employed in each industry the maximum degree of freedom to settle for themselves the precise form of Council or Committee which should be adopted, having regard in each case to the particular circumstances of the trade; and, in accordance with this principle, we refrain from indicating any definite form of constitution for the Works Committees. Our proposals as a whole assume the existence of organizations of both employers and employed and a frank and full recognition of such organizations. Works Committees established otherwise than in accordance with these principles could not be regarded as a part of the scheme we have recommended, and might indeed be a hindrance to the development of the new co-relations in industry to which we look forward. We think the aim should be the complete and coherent organization of the trade on both sides, and Works Committees will be of value in so far as they contribute to such a result.

We are of opinion that the complete success of Works Committees necessarily depends largely upon the degree and efficiency of organization in the trade, and upon the extent to which the Committees can be linked up, through organizations that we have in mind, with the remainder of the scheme which we are

proposing, viz., the District and National Councils. We think it important to state that the success of the Works Committees would be very seriously interfered with if the idea existed that such Committees were used, or likely to be used, by employers in opposition to Trade Unionism. It is strongly felt that the setting up of Works Committees without the coöperation of the Trade Unions and the Employers' Associations in the trade or branch of trade concerned would stand in the way of the improved industrial relationships which in these Reports we are endeavouring to further.

In an industry where the workpeople are unorganized, or only very partially organized, there is a danger that Works Committees may be used, or thought to be used, in opposition to Trade Unionism. It is important that such fears should be guarded against in the initiation of any scheme. We look upon successful Works Committees as the broad base of the Industrial Structure which we have recommended, and as the means of enlisting the interest of the workers in the success both of the industry to which they are attached and of the workshop or factory where so much of their life is spent. These Committees should not in constitution or methods of working discourage Trade organization.

Works Committees, in our opinion, should have regular meetings at fixed times, and, as a general rule, not less frequently than once a fortnight. They should always keep in the forefront the idea of constructive cooperation in the improvement of the industry to which they belong. Suggestions of all kinds tending to improvement should be frankly welcomed and freely discussed. Practical proposals should be examined from all points of view. There is an undeveloped asset of constructive ability—valuable alike to the industry and to the State—awaiting the means of realization; problems, old and new, will find their solution in a frank partnership of knowledge, experience, and good will. Works

Committees would fail in their main purpose if they existed only to smooth over grievances.

We recognize that, from time to time, matters will arise which the management or the workmen consider to be questions they cannot discuss in these joint meetings. When this occurs, we anticipate that nothing but good will come from the friendly statement of the reasons why the reservation is made.

We regard the successful development and utilization of Works Committees in any business on the basis recommended in this Report as of equal importance with its commercial and scientific efficiency; and we think that in every case one of the partners or directors, or some other responsible representative of the management, would be well advised to devote a substantial part of his time and thought to the good working and development of such a committee.

There has been some experience, both before the war and during the war, of the benefits of Works Committees, and we think it should be recommended most strongly to employers and employed that, in connection with the scheme for the establishment of National and District Industrial Councils, they should examine this experience with a view to the institution of Works Committees on proper lines, in works where the conditions render their formation practicable. We have recommended that the Ministry of Labour should prepare a summary of the experience available with reference to Works Committees, both before and during the war, including information as to any rules or reports relating to such Committees, and should issue a memorandum thereon for the guidance of employers and workpeople generally and we understand that such a memorandum is now in course of preparation.

In order to ensure uniform and common principles of action, it is essential that where National and District Industrial Councils exist the Works Committees should be in close touch with them.

and the scheme for linking up Works Committees with the Councils should be considered and determined by the National Councils.

We have considered it better not to attempt to indicate any specific form of Works Committees. Industrial establishments show such infinite variation in size, number of persons employed, multiplicity of departments, and other conditions, that the particular form of Works Committees must necessarily be adapted to the circumstances of each case. It would, therefore, be impossible to formulate any satisfactory scheme which does not provide a large measure of elasticity.

It will be perceived that the controlling thought is to establish a government for trade on constitutional lines, recognizing that the employers constitute one class and the employees another, and that each can best treat collectively. It puts industry into the control of the employers and the unions.

The two glaringly weak spots are that the public is not considered and that no check exists against building up guilds of infinite power. For instance, a combination of the owners and workers in, say, the engineering trades would have almost a mastery of the government of the country while a combination of two or three of the greatest trades would have absolute mastery. Another point of weakness is that the association is voluntary and the decisions of the councils are not backed by other than public opinion. But since public opinion is more powerful

than any government, this is an apparent rather than an actual weakness.

The reception of the plan has been various. It was adopted by Parliament and has the support of most union leaders although some of them give but lip service. The shop stewards replied with a manifesto of their own which well illustrates the divergence of opinion on industrial matters. The main points of this manifesto are:

Working hours to be forty per week, to terminate at 6. P. M. on Friday. If there are two shifts they shall be from 6 A. M. till 2 P. M., and from 2 P. M. till 10 A. M. If there are three shifts, the third shall be from 10 P. M. till 6 A. M., but this shall count as twelve hours for payment, and not eight. In every case there shall be a break of half-an-hour for a meal, included in the eight hours and paid for.

When the Unemployed Register of the Trades Union concerned reaches two and a half per cent. the Unions reserve to themselves the right to order any reduction of hours they consider necessary, and such shorter hours shall carry the full week's wages.

Overtime shall not be allowed except in very special cases. Each case must be submitted by the employers to the Union for consent before any overtime is worked, except in cases of sudden "break-down," when the Shop's Committee shall be allowed to decide on the merits of the case. All overtime to be paid double time.

Where payment by results is in operation, or is introduced, it shall only be allowed on a Fellowship system.

Arrangements to be made for ten days per annum to be observed as holidays at the customary periods. When they fall

on a Saturday or a Sunday the following working-day shall constitute the holiday. In addition an arrangement shall be made for each worker to have two clear weeks' holiday per annum at convenient dates. All holidays to be paid for.

As regards out-working allowances, if the worker cannot get home at night, he is to receive his full wages, plus 75 per cent., plus travelling expenses. Regulations affecting apprenticeship prescribe that there shall be not more than one apprentice for every three journeymen, with payment all the time on a most generous scale.

No man is to be called upon to work more than one machine at a time unless the machines are purely automatic, or unless the sanction of the Shop Committee and of the unions has first been obtained.

In the event of disputes, there shall be a conference between the employers and the trades union, which must be held within seven days. There shall be no cessation of work pending the conference, and the conditions prevailing prior to the dispute shall operate until agreement is reached.

When the workman wishes to leave, he is to do so without prejudice from his employer, provided he has given notice of his intention to the Works Committee.

The whole Joint Industrial Council scheme is, at the time of writing, in the formative stage. Whether or not it will be a success remains to be seen. Since its adoption many and more serious strikes have taken place in Great Britain than ever before and a national conference had to be called for the unionists and the employers to discuss ways and means. They did not arrive at any concrete conclusions and it is not safe to generalize on either success or failure. The best criticism that has yet been written and which points out the possibilities of success as well as the possibilities of failure is this from the *London Athenæum*:

Experience will probably show how loyal tyto the trades union can exist side by side with loyalty to the shop. Profit-sharing and co-partnership have endeavoured to breed a shop loyalty on a cash basis and have failed. The Workshop Committee may provide a better way through the development of real joint control. The new Shop Stewards' Movement—one of the most significant developments of the war period—is based upon the shop. It is the local side of industrial unionism, seeking to weld the workers together, irrespective of craft or degree of skill. It is a product of the spirit which is demanding "control by the workers." The movement has created some consternation in official circles. Its spontaneity is a sign that it has arisen in response to new needs, and it may be taken for granted that it will continue to grow. It must, therefore, be reckoned with in the future. It is for industrial organizations to find a place for the Shop Stew-

ards' Movement in the industrial constitution. It may be that it will be coördinated with both the Joint District Council and the Workshop Committee.

This triple organization of national, district, and shop machinery, if it be honestly applied and the many difficulties faced, will mark a great step forward. It is urged by some that it cannot be successfully worked under a capitalist system. This may be true, but joint control in private industry is not a worse state of affairs than the bureaucratic control of public services. If joint control is to be postponed until industries pass under public ownership, the trades union movement will have a long time to wait, and when the time did arrive, it would find the workers unfamiliar with the problems of industrial administration, and public ownership would mean an industrial bureaucracy.

Considering the Report as a whole, and the possibilities which are latent in it, we must realize that it marks a fresh departure in industrial relations. It gives a new importance to both employers' and workpeople's organizations, and it offers a new status to the worker and the worker's representatives. It is the first large attempt which has been made to solve the question of industrial government. Its proposals are moderate and tentative; it indicates but the first steps; it leaves the final questions of ownership and control open. The recommendations of the Sub-Committee have been made in view of all the existing circumstances, and represent what appears to be immediately possible. The Report is obviously in line with modern thought. It is, for example, an attempt to apply the principle of decentralization. Geographical devolution and functional devolution are both attempts to relieve the congestion of the central authority, and to bring government into closer contact with the governed and with the living problems of government. Further, it is a recognition of the right of the human being, whatever his economic and social circumstances, to human treatment; and

human treatment means not so much the provision from above of better conditions of life, as the provision of opportunities for obtaining those conditions.

We can fully understand that when an industry settles itself down to the task of applying the Report, it will meet with many difficulties, some of which are connected with industrial organization. There is little cohesion among employers, though the contrary view is widely held. In the case of workpeople overlapping union. present many obstacles, whilst the new responsibilities of the trades unions will necessitate a reorganization which will not be rapidly completed. But the fact that the Report has been so favourably received by all except the backwoodsmen amongst the employers, and a small irreconcilable minority amongst the workers, shows that there is a general willingness to give the Report a chance. It is important, however, that employers as a whole should recognize that they must be prepared to sacrifice some of their powers—that, in a word, the day of industrial autocracy is rapidly drawing to a close. The employers must adjust themselves to the new circumstances. And as the trades union movement becomes more and more articulate, it will become less and less inclined to tolerate autocracy at home. Industry is the last citadel of irresponsible government and oligarchic authority in this country. The war has sharpened men's appetites for freedom and given new zeal to the demand for an industrial democracy. The ways of approach to this goal are many. An industrial constitution opening up avenues to wider and wider powers of self-government is one of the most important. The Report of the Reconstruction Sub-Committee modestly opens a door through which employers and workers may slowly pass into a new industrial order.

THE END

