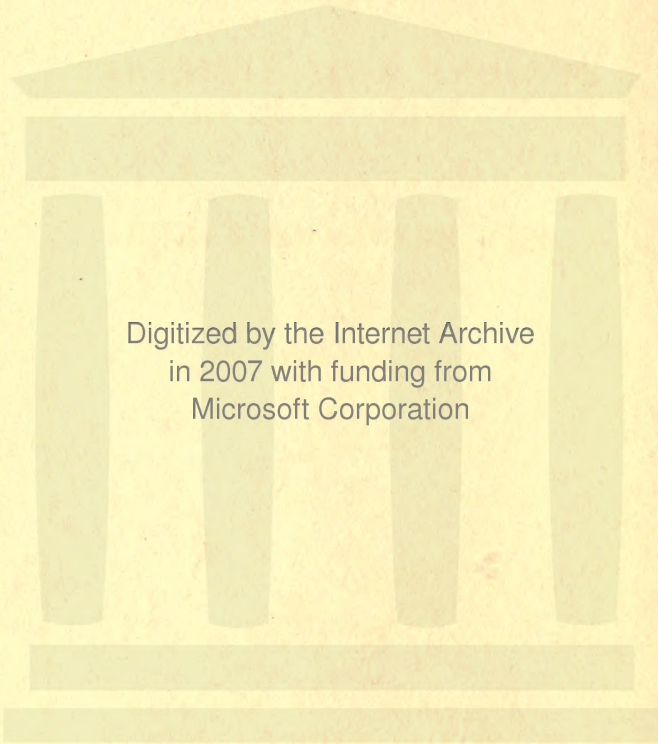
# THE NEW INDUSTRIAL UNREST:
## REASONS AND REMEDIES



# THE NEW INDUSTRIAL UNREST:

## REASONS AND REMEDIES

BY
RAY STANNARD BAKER


GARDEN CITY NEW YORK
DOUBLEDAY, PAGE & COMPANY
1920

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# THE NEW INDUSTRIAL UNREST

## CHAPTER I

### The New Industrial Crisis

WE have recently emerged from two of the greatest strikes the country ever saw: the steel strike and the coal strike. In both cases the losses in wages, in production, in earnings, were stupendous, and in the case of the coal strike the country was brought close to the brink of disaster.

We have indeed emerged from both strikes—but with nothing really settled. Large numbers of the men went back to work dissatisfied. There was no compromise and apparently no spirit of compromise. Judge Gary stands just where he did before the strike began: so does Mr. Gompers: so do Mr. Fitzpatrick and Mr. Lewis. In the coal strike both operators and miners are sullen. The Pennsylvania operators were as unwilling to accept the President's proposal for a temporary cessation of hostilities as were the Illinois miners.

A West Virginia leader, commenting upon the discontent among the miners in his state, predicted another strike within a few months; and the twenty-four presidents of unions connected with the steel strike have expressed their determination to go forward with the struggle to organize the workers in the steel industry.

Leaders in both camps refer in clearer terms than ever before to what they seem to regard as irreconcilable differences of view. Judge Gary was heartily cheered by 1,500 members of the American Iron and Steel Institute, an organization of the iron and steel masters of the nation, when he declared his determination not to deal with representatives of labour unionism.

"This is the great question confronting the American people, and, in fact, the world public," he said.

During the progress of the strike, which began in September, 1919, Judge Gary received hundreds of letters and telegrams from employers and employers' associations in many parts of the country supporting his position.

On the other hand labour is taking a stronger stand than ever before. On December 13, 1919, the heads of 119 powerful national unions held a conference at Washington, and adopted a new "bill of rights." They reiterated their deter-

mination to exercise the right of organization for all industries, the right of collective bargaining, the right of "being masters of themselves."

"Labour," they said, "must be and is militant in the struggle to combat the sinister influences and tendencies. Labour will not permit a reduction in the standard of living. It will not consent to reaction toward autocratic control."

This represents the view of the conservative wing of the labour movement, headed by Mr. Gompers. The more radical wing of the workers—and I do not mean by this the extreme revolutionary fringe—met on November 22, 1919, in convention at Chicago and organized a new Labour Party to carry the whole struggle into the field of politics—a movement which will be treated in another chapter.

"Labour," says an official report of this convention, "has hurled its challenge to the business and financial interests that control the American government to-day. The battle is on."

This sense that "the battle is on" is to be found among certain groups in both camps. I heard a great manufacturer arguing that the employers were better prepared at this time to fight than they ever would be again. They had surpluses from prosperous years: and a strike now would "cost only about half as much as it would in an ordinary year" on

account of savings in income and excess profit taxation.

On the other hand I heard several labour leaders argue that they were in a better position to fight now than later, owing to the national shortage of labour. There was now no surplus from which employers could draw strike-breakers.

Reference is here made to the position of two large sections of the labour movement: but there exist, as every one knows, still more radical groups, smaller but noisier, which are for various kinds of "direct action." There was never before in America such a number of revolutionary groups, or so widespread a propaganda of radicalism.

These conditions are not set forth with any desire to be alarmist. There are strong counter-currents and reconstructive movements among both employers and employees—which will be treated in later chapters—but we ought above everything to face the situation honestly and frankly. It is only by recognizing the problem which confronts us that we shall be able to deal with it.

Another disturbing factor in the situation—in some ways the most disturbing of all—has been the impotency of the government in meeting these industrial crises. Both sides seem equally

critical, if not contemptuous, of Congress; both sides have refused to accede to the requests of the President. The steel workers would not delay their strike even for two weeks until the President's industrial commission could sit. On the other hand Judge Gary refused the President's request for a conference with the labour leaders.

In the case of the coal strike the government through the Attorney General announced that " the full power of the government " would be used to save the country from a fuel famine. Nevertheless coal was not mined: factories were closed, railroad transportation was crippled: the country suffered acutely. Coal strike leaders were enjoined by the federal court: but the injunction produced no coal. Congress investigated the steel strike: it had not the slightest effect upon the resumption in the production of steel. The recent cessation of the coal strike was no settlement at all: only a postponement of the controversy.

The effort of the government to get the parties to the controversy together to formulate some general plan of compromise—at the October Industrial Conference—failed utterly. A new Commission of Seventeen appointed by Mr. Wilson was later summoned to Washington, to devise some plan whereby in his own words,

"the public will not suffer at the hands of either class."

This commission was made up of a very able and distinguished group of public men, including several former governors and cabinet secretaries. Mr. Herbert Hoover was a member. And yet before the commission had its first meeting the labour groups had expressed their disapproval of it because it had no representative of labour upon it.

The labour situation upon the railroads has also been in a highly unstable condition, with the breach widening between Congress and the powerful railroad brotherhoods. The railroad unions were opposed to the plans for returning the railroads to private control: and have been upon the point, several times, of striking.

In this crisis the public, which is the principal sufferer, grows confused and impatient. Production suffers at a time when abundant production, not only for America but for the whole world, was never so necessary. Prices mount higher and higher. A strong tendency exists to deal with problems of immense complexity and difficulty either by hasty legislation, or crude force.

Never was there such need for accurate information, and patient action. A vast mass of

detail regarding strikes and industrial disturbances is daily presented to us—detail which few ordinary busy human beings can possibly piece into a picture of the whole scene. We cannot see the forest for the trees: nor the news for the headlines. One of the most conscientious editors in the country told me that he did not know until some time after the steel strike began that the twelve-hour day and the seven-day week were so common still in the steel industry: and that it was a week or more after the coal strike began that he found out that the demand for a five-day week of six hours a day—which seemed so astounding and unreasonable—would, if it were introduced, actually mean a slightly longer average working week than the miners of America have had during the past few years.

Over and over again, in examining this unstable industrial situation, one feels as he did at Paris, during the Peace Conference. There is the same "slump" from the high spirit and noble idealism which characterized the war period. Never was there such unity between labour and capital as there was in America during the war, never such a spirit of co-operation, never so little regard for profit, never so great a concern for generous service and high production. It was the marvel of the whole world. I was in England during the spring of

1918 and know how widely the British press published the records made by us in shipbuilding and other industries through the co-operation of employers and their workmen. But the moment the war ceased the same disintegration took place in industrial relationships in America as we saw at Paris between the nations. The bottom fell out of idealism! The great moment had passed, there had been no miracle, we were back at the old controversies, selfish interests were again rampant, and the struggle was sharper than ever before.

We are passing through much the same psychological process in getting a new understanding between labour and capital as we are in getting a League of Nations. Much the same forces are at work: the same obstinate reactionary elements, the same unreasonable radicalism. We are trembling upon the thin edge, in both problems, between organization and anarchy. Which way are we going? Is it to be confusion and anarchy and war—or is it to be good order, and organization, and co-operation?

In both cases almost every one agrees that we cannot go back to the old. But can we go on to the new? Are we brave enough? Are we clear-sighted enough? Our record, so far, regarding future international relationships, is not

reassuring. Will we do better with our equally difficult internal problems? We know, or think we know, pretty well what to do in international affairs. Almost every one agrees to *some kind* of a League of Nations. Are we anywhere nearly as clear about the industrial problem?

The prime difficulty in this crisis, as it was in Paris, is the want of proper publicity. The great American public does not understand the situation.

I felt over and over again at Paris that if one who had been there could sit down with a group of his neighbours and explain the whole situation, present the difficulties involved, describe the dangers of drifting without a constructive purpose, he could show them why, even though the treaty was defective in many ways, it was profoundly necessary to get some organization at work, some league in being to steady the world.

I have had exactly the same conviction regarding the present industrial situation in America. It is based upon the same solid faith in the essential good sense of the American people. If they can only *see* the situation, as it presents itself in some of the great industrial centres, where strikes have been raging; if they can only *know* what the issues really are as interpreted by leaders on both sides of the great con-

troversy; if they can only *understand* how intensely human the problems are, how full of the common stuff of life; if they can be shown where the truly reconstructive experimentation is going on and who are the thoughtful leaders on both sides,—if the American people can *see* and *know* and *understand* these things they will decide aright regarding them.

It is with these conditions, and this need, in view, that the following chapters have been written—to present a survey, for the general reader, of the present industrial crisis, and the various reconstructive experiments now under way to meet it.

## CHAPTER II

### The Industrial Crisis as it Appears to the Capitalist-Employer

IT is important, in approaching the problem of industrial unrest which now confronts America, to understand first how it looks from above to the employer. In order to present this point of view clearly I am using the explanatory example of Gary, Indiana, one of the centres of the recent steel strike. In the following chapter I shall show how the same conditions appear to the workers.

It is much easier to get at the point of view of the employer in the steel industry than it is to get at the point of view of the workers, for it is quite definitely the expression of one man —Judge Gary, the head of the United States Steel Corporation. It is a clear-cut, far-sighted, logically-expressed point of view, whereas the voice of the workers is confused and vague: a multitudinous murmur, as diverse as Babel, with as many opinions as a town-meeting. Be as conscientious as you like in making your inquiries and you are never quite sure you have got it all. Judge Gary knows exactly what

he wants: the workers are profoundly restless, without any one clear idea of what they want. Not only ignorance and foreignness but real differences of view divide and confuse them. Judge Gary's position is based upon experience and tradition: but the workers want something new, they are pressing forward into an undiscovered country. Judge Gary, representing the group having power and place, desires security: the workers, having neither, want change.

There are, indeed, other voices, and powerful counter-currents among employers in American industry—even in the steel industry as I shall show later. John D. Rockefeller, Jr., and Charles M. Schwab are far from seeing eye to eye with Judge Gary. Nevertheless in the recent controversy Judge Gary was the type-defender, the accepted spokesman, of the entire industry. No other important witness representing the employing side of the steel industry was heard by the Senate Committee. His stand was supported by the Iron and Steel Institute, which represents the entire steel industry in America. He was commended for his position by J. P. Morgan, the most powerful financier in America. Even some of the strong men in the steel industry who differed sharply with Judge Gary in regard to his policies or practices, came to his support in this emergency.

I have a copy of a letter from a steel master connected with an independent company, in which he says:

"At the greatest personal sacrifice, both in friendship and in money, for the past twenty-five years, I have waged an unceasing warfare against the steel corporation on the question of the seven-day week, the twelve-hour day, and the autocratic methods of dealing with workmen, but in the present struggle my sympathies are entirely with Judge Gary."

Boiled down, the position of this steel master is that the recent conflict was really a revolutionary struggle for the control of the steel industry on the part of organized labour: he was, therefore, with Judge Gary. Now that the employers have won the strike he is for beginning a harder fight than ever against what he calls "these relics of barbarism"—meaning the twelve-hour day, the seven-day week, and the refusal to permit workmen to organize and bargain collectively. Indeed, in the company he represents, the men have been encouraged to form shop committees and to co-operate with the management.

Judge Gary's leadership was accepted by the entire steel industry not alone because of the enormous power of the United States Steel Corporation—the general policies of which must

and do set the pace for the entire steel industry in America—but because of his sheer ability. It is not for nothing that he is at the head of the greatest business corporation in the world, with property worth $2,250,000,000 (his own figures) and having 270,000 employees. He not only has this enormous power, and is conscious of having it, but he knows with penetrating clearness what he wants to do with it.

"While I have a good deal of authority and power," he told the Senate Committee, "I use the same very sparingly, I am in the habit of consultation."

No one who touches the steel industry at any point fails to become conscious of this pervasive authority. Though the power-house may be distant, no one who makes a contact anywhere, fails to get a shock. I had such an experience myself—which I tell in no spirit whatever of criticism, but merely to illuminate the point I am making. When I went to the city of Gary to look into the strike situation I was as anxious to understand the point of view of the management as I was that of the workers. So I asked quite directly if I might see the mills and talk with some of the superintendents and foremen. They seemed astonished: and referred me to the headquarters of the subsidiary corporation at Chicago. So I went there: and found that no

observer had been allowed to enter the mills since the strike began: and that it was impossible for any one to talk about the situation without Judge Gary's personal permission.

"But how am I going to get your point of view? Judge Gary has complained that investigators present only the workers' side. How can I get your side if I can see nothing, and no one will talk to me?"

I told what I was trying to do and what for. Judge Gary was reached by long-distance telephone in New York—and I was enabled, then, to talk with the representatives of the corporation at Chicago and at Gary, and to visit the mills.

But to a remarkable degree these men I talked with, and very able men they are, echoed Judge Gary's views. They would give facts, but would express no opinions whatever of their own. It is a wonderfully disciplined organization that Judge Gary has created. It speaks as one man.

As to the attitude of the corporation toward labour—and I am trying now to exhibit the industry fairly as it looks from above,—one of the foremen at Gary seemed to me to strike a kind of keynote:

"Judge Gary," he said, "knows far better what is good for these workingmen, mostly ignorant foreigners, than they know themselves."

Let me develop this a little further from Judge Gary's own testimony before the Senate Committee. As I said, he knows his power.

"I recognize," he testified, "that the power of concentrated capital necessarily involves the power to do more or less harm. I recognize the fact personally that concentrated capital has the advantage over a single individual, if the concentrated capital is in the hands of dishonest and unfair men."

This point of view leads directly to the very heart of Judge Gary's attitude toward labour. Recognizing the power of concentrated capital for good or evil, he desires to do good, as he sees the good. Absolute power is to remain in the hands of the employer—but the employer must use it wisely and generously. All his utterances—and like any man who believes honestly and earnestly in what he says, he has been a free talker,—all his utterances, and his testimony before the Senate Committee, resound with this doctrine.

"The only way of combating and overcoming that"—the "wave of unrest in certain locations," he said to the presidents of the subsidiary companies of the United States Steel Corporation on January 21, 1919, "is for the employers, the capitalists, those having the highest education, the greatest power and influence, to so manage

their own affairs that there will be left no just ground for criticism."

A little later in the same address he discloses vividly his whole policy toward the workers. This should be read carefully:

" Make the Steel Corporation a good place for them (the workers) to work and live. Don't let the families go hungry or cold; give them playgrounds and parks and schools and churches, pure water to drink, every opportunity to keep clean, places of enjoyment, rest and recreation: treating the whole thing as a business proposition; drawing the line so that you are just and generous and yet at the same time keeping your position and permitting others to keep theirs, retaining the control and management of your affairs, keeping the whole thing in your own hands, but nevertheless with due consideration to the rights and interests of all others, who may be affected by your management."

This is the very bony structure of his philosophy: and Judge Gary is one of the rare men who has tried to practise all he preaches. The Steel Corporation has spent millions of dollars in various forms of welfare work—forms so interesting and so significant in many ways,—the prevention of accidents, the pension system, and the encouragement of stock ownership by the workers—that I shall enlarge upon them in

another chapter. He has also "treated the whole thing as a business proposition." He told the students of Trinity College in June, 1919, that "It pays big, in dollars and cents, for the employer to maintain working conditions which are beneficial to the health and disposition of the employee."

He has also adhered from the beginning with singleness of purpose to the principle he lays down for his subsidiary presidents of "keeping the whole thing in their own hands."

This principle forms, indeed, the basis of his attitude toward unionism in his plants and explains his refusal to meet or deal upon any terms with representatives of organized labour. His logic is clear. If once it is admitted that unionized workmen may have any say regarding their conditions, the whole fabric of his philosophy begins to crumble. Judge Gary is not a weak man, and not muddle-headed: he saw the issue from the very beginning, and has never swerved in his course. He has the immense advantage, as a leader, of a perfectly clear and logical position,—and one concerning which he is absolutely sure of himself. He believes it as one believes a religious dogma. He believes that if you let unionism begin anywhere, it will mean more and more power to the workers and finally the "closed shop." It is nothing to him that the

strike leaders and Mr. Gompers declare that the strike is not for a "closed shop"—he will not have even the camel's head in the tent. To him such a change in the tried system which he knows, such a division of control even in one department of the industry, not only threatens the power of the capitalist-employer, but makes for confusion and lowered production. He cites the English situation as an example of this and bids us beware of it. So he is against the whole movement, root and branch: for it is to him the beginning of revolution.

The corollary of his principles, of course, is exactly what his foremen at Gary told me, that he knows better what is good for the workman than the workman himself knows. He tells the Senate Committee that unionism "is not a good thing for either the employer or the employee."

"We know what the rights of our employees are," he said in an address, "and we feel obligated and take pleasure in knowing that we are at all times doing all we can for the people in our employ."

"How did you know," asked Senator Walsh, in the Senate inquiry, "that hundreds of thousands of your employees were content and satisfied?"

"I know it," said Judge Gary, "because I

make it my particular business all the time to know the frame of mind of our people. . . . My instructions regarding the treatment of the men are absolutely positive."

It follows then, that the strike, which was a great surprise and shock to Judge Gary, was not due to *his* workers, not due to any grievances upon their part—for his instructions regarding their good treatment were " absolutely positive," —but to outside agitators and revolutionaries, and to foreigners—as he repeatedly tells the Senate Committee.

Similarly when the subject of the twelve-hour day, the seven-day week, the " long turn," and the like, came up for discussion before the Senate Committee, he was forced by the logic of his own position—for he had said that he knew at all times the frame of mind of his employees—to declare that his workmen really wanted the long day and Sunday work—although most of the workmen who testified before the Senate Committee, and there were many of them, complained of the long hours and the Sunday work.

" The question of hours," Judge Gary tells the Committee " has been largely a question of wishes, of desire, on the part of the employees themselves." They want them because they " want more compensation."

So much for the industry as it looks in its broader aspects from above—to the only spokesman among the employers. Taking up, specifically, the twelve-hour day complaint, the employers argue against change from a two-shift to a three-shift basis on account of the immense cost entailed. It would require at once a large increase in the number of workmen employed, when the labour supply in America is already dangerously short: and in most steel-towns the housing is far from sufficient for such added population. There is great difficulty also in making wage readjustments; for if the workers go to an eight-hour day and expect twelve-hours pay for it—and they cannot live on much less—it means an enormous addition to the labour-cost of steel. The eight-hour day has already been introduced in a number of American steel mills, though in none of those owned by the United States Steel Corporation: and it is universal in England—and has been for many years.

Another thing that disturbs the employers profoundly—and I am trying to show how the situation looks and feels to them—is what seems the utterly wild demand of the more radical groups of labour not only to a voice in settling labour questions (which is all that the conservative labour movement has asked in the past) but

in the management of the industry itself. They assert that the whole labour movement is being permeated with these dangerous ideas: several of them told me that they had formerly held Gompers in high esteem as a conservative labour leader, but that he now seemed to have yielded to the radical element. They made a great point —Judge Gary did in his Senate testimony— of the leadership of such men as William Z. Foster, who was formerly a radical syndicalist, and a member of the I. W. W. They have had reprinted and distributed widely Foster's small red book. I had it offered to me four different times in as many days—to show what labour is after.

They see clearly the enormous complexity and delicacy of the industrial mechanism they have built up. They see the complicated technical processes in their industry—I visited at Gary the huge establishment where the by-products of the coking ovens are reduced into various valuable oils and chemicals—they see the immense intricacy of their organization for digging and shipping the ore and the coal and for manufacturing and selling their products from China to Peru. They know how little it takes to throw this delicate mechanism out of gear. The idea, then, of crowds of ignorant workers, who have no knowledge of the problems involved, no train-

ing to deal with them, breaking in with extreme demands for a share or a control of the management seems wildly destructive and disastrous. They fear it desperately—and exhibit as a proof of the reasonableness of their fear what has happened in Russia. They regard it not only as meaning the destruction of their own power, and of the organization which they have built up so painfully through so many years, but as a complete overthrow of our institutions. The solid earth of traditions, economic practises, legal regulations—their very earth seems crumbling under their feet. I am trying here to show how the situation really looks and feels from above. It is this feeling that has brought so large a number of employers, many of whom do not agree with his policies, to the support of Judge Gary.

One of the more moderate employers said to me: "We probably made a mistake in not sooner establishing a basis of real co-operation with our men: but that is past: and now that the issue has come in the form it has, we've got to stand by Judge Gary."

One unfortunate effect of the present crisis has been to drive both sides to extremes. The employers' group has undoubtedly been moving toward the extreme position of Judge Gary: and the labour group has undoubtedly been moving

away from Mr. Gompers toward the more radical leadership. But there are also tremendous counter-influences at work, and many quiet reconstructive experiments—which I shall describe later.

## CHAPTER III

### The Industrial Crisis as it Appears to the Worker

HAVING examined, in the previous chapter, the point of view of the employer-capitalist in the steel industry, I wish now to show how the same conditions appear from below to the workers. It is only as one tries to understand how the worker feels and thinks: his own actual point of view: that we can get at the problem.

When I went to Gary to make inquiries about the steel strike I had in mind the twelve demands made by the national leaders when the men walked out on September 22, 1919, but I heard only two discussed with any emphasis either by the workers or the management.

First, the twelve-hour day.

Second, the right to organize and to bargain collectively with the employer.

The twelve-hour day is a very real thing in the life of Gary: and I tried in a number of specific cases to find out what it means. Here is the exact daily schedule of a skilled American workman who does eleven hours a day during one

week and then thirteen hours a night during the next. He has his Sunday free, though many men in the steel industry still have the seven-day week: nor does he do the "long-turn" of twenty-four hours continuous service when the change from day to night work takes place—a practice still persisting in some centres of the steel industry. In order to get cheap rent—for there is a great shortage of housing in Gary—this man lives four miles out from the mill. He must, therefore, in order to be on time, get up early.

4: 30 A.M. he arises and gets breakfast.

5: 10 he leaves home.

5: 55 he reaches the mill.

6: 00 he begins work.

He is on duty steadily until five o'clock in the afternoon. There is no stoppage for the luncheon hour, but he has time, during waiting periods, to get something to eat. He arrives home at six o'clock: soon after he finishes his supper he must go to bed, for at 4: 30 in the morning he must be up again.

During the night shift he gets up soon after three o'clock in the afternoon, starts work at five o'clock, works thirteen hours, until six in the morning, is home at seven, and in bed before eight. Including the time it takes to go and come from the mill this man's time is really

commanded for some fourteen hours every day.

He has been at this work all his life; he now makes $7.87 a day.

"I don't live," he said, "I just exist—work and sleep. I don't get any time to see my family. I can't go to any entertainments without taking it out of my sleep: and I am too tired to go to church on Sunday, or to do anything else but lie around."

Another striker, a Pole, said to me in broken English:

"They tell us go to school, learn American. When we get time? Twelve hours a day! What the hell they want!"

Remember, I am trying to show just how it looks from below.

According to Judge Gary's testimony before the Senate Committee there are 69,284 men in the mills of the United States Steel Corporation (out of about 270,000 employed) now working the twelve-hour day—and there are many thousands more in the independent companies. Most of the workers actually engaged in the steel mills are twelve-hour men. The ten- and eight-hour men are mostly in other branches of the work, mines, transportation and the like. A great proportion of these twelve-hour men are ignorant foreigners, of some forty-two nationalities

at Gary alone, speaking a babel of tongues and hitherto unorganized and unorganizable.

When I remarked to a group of workers that Judge Gary had told the Senate Committee that employees of the United States Steel Corporation desired a twelve-hour day, and even a seven-day week, in order to make more money, I was greeted with a shout of laughter.

"Want it!" said one of them. "We can't help ourselves. The mills run on the two-shift basis and it's either twelve hours or quit. Besides, at the rate of wages per hour paid by the company most of the men could not live unless they worked the long hours."

So much for the twelve-hour day: the Senate Committee, in the recent conclusions, after investigation, said:

"That the labourers in the steel mills had a just complaint relative to the long hours of service on the part of some of them and the right to have that complaint heard by the company.

"We believe where continuous operation is absolutely necessary the men should at least be allowed one day's rest in each week."

The other great complaint, the demand to organize and bargain collectively, was more complicated, went down deeper into the roots of the controversy. For if the workers were granted the eight-hour day and the six-day week,

this other demand would not only persist but would probably be strengthened. I met one steel-employer who said to me: "If you give an inch: if you let them discover that agitation and organization gets them anything, you're gone. Gary's right."

He spoke of Rockefeller's introduction of the eight-hour day and shop committees in his Colorado plants. "Did it stop the strike?" he asked. "No, they went out with all the others. So did the Cambria mills where they had company unions. Gary's right."

There was one independent mill that was scarcely touched by the strike. It was looked upon with some envy in the steel industry. Its superintendent explained how he managed his workmen:

"Catch 'em young; treat 'em rough; tell 'em nothing."

So this question of unionization and collective bargaining—as Judge Gary testified—was the real crux of the strike. He saw it long ago when the Steel Corporation was organized: and he has never changed in his opinion or in his policy of opposition.

The workers also recognized this as the crux of the problem. I did not find much complaint of wages at Gary, for average wages of all employees since 1914 had increased from $2.93 a

day to $6.27 per day, 114 per cent., an increase a little larger than the increase in the cost of living. There were also a considerable number of workmen at Gary especially of the higher grades, who lived at low rentals in company houses or who owned their own homes, and some who had been assisted by the corporation in buying stock. These were mostly the more highly skilled men, either Americans or foreigners who have been a long time in the country. These men, for the most part, did not strike at all.

I asked one group of strikers what it was, then, that they wanted. Every one of them had been working in the Gary mills: every one of them spoke English well, two were of pure American stock, one was of Dutch ancestry, two Irish, one English, two Serbian, three Polish.

Since I am trying to show exactly how the strike looks from below, I am going to put down exactly the answers I got:

"We are striking for freedom."

"What do you mean by freedom?" I asked.

"Well, the right to have our organizations, the right to employ representatives to act for us, just as the Steel Corporation does, and the right to bargain collectively with the employers for our labour."

I found this group of men very intelligent. They told me that it had been the settled policy of the steel corporation from the beginning to fight unionism and one of them handed me a publication containing a copy of a resolution passed by the Steel Corporation on June 17, 1901—six weeks after its organization (which I have since verified; it appears in the reports of the United States Bureau of Labour), as follows:

"That we are unalterably opposed to any extension of union labour and advise subsidiary companies to take firm position when these questions come up and say that they are not going to recognize it, that is, any extension of unions in mills where they do not now exist, that great care should be taken to prevent trouble and that they promptly report and confer with this corporation."

While Judge Gary testified before the Senate Committee that men were never discharged for belonging to unions, the strikers not only assert here at Gary, but witnesses from the Pennsylvania mills asserted before the Senate Committee, that many such discharges had been made.

"Oh, the foremen don't say: 'You're a union man: get out.' But every movement, every whisper, in the mill is known. If we have a meet-

ing, we know there is a spy inside, or else the foremen or other officials come and stand outside the hall and watch the men go in. Let a man try to get the workers together, try to organize, and some day he'll get his pink slip because he has been ten minutes late, or because he's had an accident, or for one of a hundred small excuses."

Whatever may be the instructions from Judge Gary, this is what the strikers everywhere in the steel districts believe. Indeed, the second demand of the twelve that they made when they struck reads thus: "Reinstatement of men discharged for union activities, with pay for time lost."

Another thing they believe, is that foreigners of so many nationalities, who are now accused of causing most of the trouble, were deliberately brought in by the employers in order to make organization impossible. The difficulties in the way of unionizing ignorant men speaking twenty or thirty different languages are of course almost insurmountable.

"But the company denies this," I said.

"Of course they do—but look at this advertisement."

And they handed me an advertisement in the Pittsburg *Gazette Times* of July 14, 1909 (which I also verified):

"Wanted: Sixty tin-house men, tinners, catchers and helpers to work in open shops: Syrians, Poles and Roumanians preferred: steady employment and good wages to men willing to work; fare paid and no fees charged for this work."

They have a most extraordinary mixture of human beings in Gary—forty-two different nationalities, the Croatians and Poles leading, with large numbers of Greeks, Slovaks, Russians, Swedes, Hungarians. Latterly the Spaniards have been coming in: and since the war, and especially since unionism began to threaten, many ignorant Negroes and Mexicans. In the main mill at Gary over 1,000 Negroes are now employed.

I asked why it was, then, if this was a strike for freedom, that so many men went back to work so soon after the strike began.

"That's easy enough to answer. In the first place the power and watchfulness of the managers was such that we never could form a very strong union. How can you get ignorant Hungarians, Italians, Poles, Negroes and Mexicans together and teach them the value of organization when the dread of the boss is always over them? And no sooner does the strike start than the military comes in and prevents picketing and large meetings. Many of these for-

eigners are easily frightened by soldiers: they've had experience at home. On the other hand the most intelligent men, who ought to be leaders, hold high-paid places, or are buying company houses, or are getting bonuses, or are working for pensions. They know that if they go out they lose everything. Since this strike the company has done its best to stir up racial and national feeling between the skilled American workers and the Negroes and foreigners. It's their cue to keep us apart and disorganized. So it has got to be a movement largely made up of the unskilled labourers and they are foreigners. And there you are. Oh, they know their business—the steel corporation! And that's what has made wild radicals of some of the foreigners: they don't see any other way out except secret organizations and revolution."

Another thing these workers believe—and believe everywhere in the steel districts, as shown by the Senate investigation,—is that the government is somehow against them: the government meaning to many of the foreigners—for they know next to nothing at all of American institutions—the local police. I am not entering into the question of whether they are right or wrong but trying to get down what they actually believe or feel, for it is not upon what they

*ought* to believe and feel that they act, but upon what they *do* believe and feel. Well, they believe that the officials and constabulary are controlled by the steel companies. In Pennsylvania there is every evidence of suppression and even violent suppression by the constabulary. Much testimony was given before the Senate Committee to show that there is no such thing in some of the steel towns as free speech or free assemblage. The companies assert that this control is necessary to preserve order and protect property: but from below, to the strikers, it looks like oppression.

Many of the officials in steel towns are employees of steel companies. Even in Gary, where the control has been less rigorous, I heard much of the same kind of complaint. Whether the strikers are right or wrong, no honest inquirer can avoid the impression that they *feel* themselves suppressed. Much is done for them by the steel corporation: but of themselves, either by political or social organization, they feel that they are allowed to have no say about the vital conditions under which they work.

"But," I argued, "Judge Gary said to the Senate Committee that any worker or group of workers could make a complaint and get it remedied: that all superintendents were especially instructed upon this point."

I am going to put down the exact answer I got.

"Say, Mister, you weren't born yesterday, were you? What chance do you suppose one 'hunkie' or a bunch of 'hunkies' would have getting to Judge Gary with a complaint, or even getting to the head men of the Illinois Steel Company? And what do you suppose would happen if they complained very often over the head of their foremen? Here's the pink slip for you guys."

There are many other minor complaints—so the strikers argue—that can only be met when the workers are organized, just as the various mills are organized, in one body, and can meet the employers upon equal terms. There are examples of petty graft and petty oppression by foremen upon ignorant workmen, men are laid off without explanation or excuse, the plants are closed down without warning, and the loss falls upon the workers (thirteen per cent of the possible working time is thus lost every year to the employees).

This state of mind at Gary, and elsewhere in the steel industry, has resulted in vast losses to every one concerned. A considerable number of foreigners drew their money from the postal-savings bank, sold their liberty bonds, and went home to Europe, thus further reducing and dis-

organizing the labour supply. Some of the skilled men went to work in other industries. Two electricians, for example, whom I met, had easily found work at the union scale of a dollar an hour in Chicago. The mills were running inefficiently, with many inexperienced men, and the whole morale was low: and this at a time when the world was never so much in need of steel products.

## CHAPTER IV

### The Imputed Causes of the Unrest

IN two former chapters I endeavoured to exhibit a typical industrial situation in America—that at Gary, Indiana, during the recent steel strikes, as it looked, first from above, to the men who paid the wages, and, second, from below, to the men who received them.

We may now inquire into the immediate causes of this unrest, as set forth by leaders on both sides of the controversy. It is to be understood that these are the immediate and imputed causes—not necessarily the real or deeper causes, which will be considered later.

Judge Gary told us with conviction that the great majority of his workers were contented, that they wanted no strike and no union, but that they were incited and intimidated by "outside agitators" and "revolutionaries." He said that alien elements with radical beliefs were largely instrumental in causing the trouble.

"You think," asks Senator Kenyon, at the investigation, "that this foreign element is precipitating the strike, do you not?"

"I do," responded Judge Gary.

Mr. Gompers, upon his part, was equally clear. He told us that the workers were not contented, that they were compelled to work unnecessarily long hours, that they were not allowed to organize or to have any voice in the determination of the conditions under which they lived: that the workers were not intimidated by "outside agitators" or "revolutionaries" but suppressed by the employers.

Here, then is the very heart of the controversy. Judge Gary asserted that the trouble came from outside his steel plants and steel towns: Mr. Gompers asserted the trouble was inside of them. Judge Gary thought that the trouble was imported into Gary from Washington where the American Federation of Labour has its headquarters, or from Russia. Mr. Gompers thought the trouble was in Gary itself.

The remedies suggested follow hard upon the convictions of each group. Judge Gary—and a considerable proportion of the employer class in America—believes that if somehow these "outside agitators," "revolutionaries," "alien disturbers" could be squelched all the trouble would speedily disappear. So we have been seeing recently in America a number of extraordinary applications of this cure. Judge Gary himself, quite logically from his point of view, refused

to confer with "outside agitators"—Mr. Fitzpatrick, Mr. Foster and others. In Pennsylvania the constabulary put them in jail: refused to let them hold meetings. Upon the belief that the ideas that are disturbing industry came in from the outside—from Russia especially—they raided private homes and halls at Gary, and according to a lieutenant of the intelligence department of the United States Army, took away some tons of radical literature. At the Senate investigation Senator Smith of Georgia asked the lieutenant of intelligence who investigated the "reds" of Gary this question:

Senator Smith: If we shipped all the alien agitators and organizers out of the country——

Lieut. Van Buren (interposing): There would be no more trouble at all.

We are beginning literally to practise this policy, which seems so easy a solution to Senator Smith and Lieut. Van Buren. Already the American ship *Buford,* guarded aboard by soldiers and accompanied at sea by a naval escort, has taken some 200 of these alien agitators away from America, and returned them to the lands from which they got their ideas.

This policy of meeting the unrest finds a cruder echo—and yet a familiar one: I heard it often recently among ordinary comfortable people: "If a few of these agitators and 'reds'

were taken out and shot, we'd soon get rid of the trouble."

Now the logic of these remedies is indisputably sound: if the unrest is caused by outside agitators, and by alien revolutionaries as Judge Gary asserts, then if you remove the agitators, seize and destroy the literature containing the ideas, and prevent meetings in which they are aired, you stop the unrest. This is perfectly clear.

So much for the employer's view of the cause of the unrest and the remedy for it. The leaders of the workers, as I said, hold the contrary view, that the trouble is inside of industry, not imported from without: and, they proceed with intense conviction to act upon their belief. They try in every way, by speeches and publications, some of them of the shrillest and most revolutionary kind, to show that conditions among working people in America are dehumanizing, that injustice prevails, that men have become, as their recent "bill of rights" declares, "cogs in an industrial system dominated by machinery owned and operated for profit alone." They are so eager to prove their contention that they welcome every kind of investigation. Judge Gary profoundly distrusts public inquiries because, as he told the Senate Committee, they "give opportunity to certain men to air their

views and get before the public certain propaganda that is vicious and calculated to do harm."

But the workers eagerly desire these inquiries: and in the case of the recent steel strike did their best to get before the public the facts, as they saw them, regarding the twelve-hour day, Sunday work, the "long-turn," the speeding-up of workmen, the denial of the right to organize, the suppression of free speech and free assemblage, and so on. The first great item in their policy is publicity: the second is organization. The motive of the first is not only to stir up their own people but to get their case before the public: the motive of the second is to help themselves to their own relief: their key words, therefore, are "agitate" and "organize."

Now the issue that arises here between the two groups is an issue of fact: it is a question for the jury of the American people. Is the trouble and unrest—or any part of it, caused by conditions inside of the steel towns, inherent in the present state of the industry, or is it caused by "outside agitators" and "alien radicals"?

As usual in cases presented to that great, impatient, more or less inattentive jury of public opinion—which hates desperately to remain long enough away from private business really to hear the evidence—there is an enormous amount of exaggeration on both sides, extreme statements,

the imputation of the worst possible motives, personal abuse. It is ever the case that one extreme view tries to justify itself by magnifying the other extreme view. Extremes invariably breed extremes. Thus Judge Gary and the steel employers magnified the revolutionary elements among the workers, which were in reality unimportant either in numbers or in influence. They did their best to "play up" Foster and Margolis, and to try to convince the jury that these men really represented the views of American labour. More time was spent by the Senate in examining these two relatively inconsequential figures in the steel strike—Margolis, a lawyer having no connection whatever with the strike itself, and Foster being only one of a committee—than was given to any other witness except Judge Gary himself. The steel employers had reprinted and circulated widely among employers, business men and editors, Foster's red pamphlet on Syndicalism with this inscription on the outside:

"William Z. Foster, one of the authors of this book, is in charge of the present campaign to organize the steel strikers."

They gave this pamphlet a far wider circulation than ever Foster was able to give it: they aroused just the curiosity about the ideas which it contains, and which they are trying to

combat, that the radicals themselves failed in arousing.

Now, I am not here going into Foster's denial that this wild book published nine years ago represents his present beliefs—in another chapter I shall exhibit the true relationship of radicals to the American Federation of Labour—I am merely illustrating the point that the steel employers " played up " these extremists: and at the same time refused to meet and deal with the moderate leaders, who represent the great solid masses of American labour.

On the other hand, the extremists upon the side of labour play exactly the same game. I have examined recently a number of the more extreme publications issued by radical labour groups, some of them circulated at Gary, Indiana, and I have attended radical meetings and heard radical speeches. To many of these extremists Judge Gary is a very devil: all capitalists are devils: any one who sees anything good in the " present system " is a " tool." They do not recognize the fact that an immense proportion of American industry to-day is based, so far as labour conditions are concerned, upon reasonable conferences between employers and employees: or that many employers and managers in America are earnestly and sincerely endeavouring to work out new methods of co-

operation with their workers,—as I shall show later,—or that even Judge Gary has encouraged among other things great improvements in safety-devices in his mills—a really remarkable work.

Conservative extremists thus stimulate radical extremists. We have seen employed in this steel strike the now familiar technic of war. Both sides try to prove atrocities: both sides assert that the other is using the poison-gas of propaganda, and the dum-dum bullets of intimidation. Each side or a part of each side is doing its best to stir up hatred and suspicion of the other—with the danger always present that these violent views may involve the great quiet majority of both employers and employees who are trying to work out humanly, decently, and patiently the enormously complicated problems which confront all of us.

## CHAPTER V

### The Real Causes of the Unrest

IN this chapter I shall endeavour to answer the question: How much of the trouble and unrest in American industry is caused by " outside agitators " and " alien radicals ": and how much is caused by conditions inside of industry? Judge Gary thinks that the trouble, as I showed in my last chapter, is incited from outside: Mr. Gompers thinks it due to conditions inside.

There is no doubt that what Judge Gary calls " outside agitators " did come in and organize the steel workers. At its St. Paul Convention, in June, 1918, the American Federation of Labour appointed a committee headed by John Fitzpatrick, President of the Chicago Federation of Labour, who was never connected with the steel industry in any way, to go into the steel towns and organize the men. There is no doubt, as Judge Gary declares, that there are a few revolutionaries and alien radicals, some of them holding the extremist views, to be found at Gary and in other steel towns: there is no doubt that there is considerable violent

" literature " in circulation in these towns. There is no doubt, also, after the workers went out, that the familiar tactics of the strike—persuasion verging always upon intimidation—did take place at Gary. All this is true.

But let us look more closely at Gary. Here is a fine, bright city of some 80,000 people. It has an excellent Carnegie library, an impressive Y. M. C. A. building, good churches, superlative schools. It lives wholly upon mills owned by the United States Steel Corporation. Some of the workmen, largely Americans, are highly skilled and well-paid, often owning their own houses, sometimes having a few shares of stock in the corporation. But the great mass of the workers are more or less unskilled foreigners. There are forty-two different nationalities, speaking twenty or thirty languages. The majority in the mills work twelve hours a day, and many seven days a week. To an extent which at first amazes the inquirer these are young unmarried men. Forty-five per cent of the Servians, forty-eight per cent of the Roumanians, in the steel industry are single men (according to the United States labour reports). Even of those who are married, a large proportion have left their wives at home (sixty-two per cent of the Croatians, forty per cent of the Italians). They are strong boys or young men, largely peasants (sixty-four per

cent) from farms in southern or eastern Europe. About one-third of these men are twenty-five years of age or under—hardly more than boys—eighty-seven per cent are forty-four years old or under. The steel workers themselves assert that a man is "old at forty" in the steel industry: that men cannot stand the strain of the long hours and the heavy work.

Consider these masses of young men, peasants, who came to golden America to make, instantly, their fortunes. They were willing to work all hours, all times, where American workmen would not and could not work; they got as much money as possible, in as short a time, either to bring their wives over from Europe, or to go back there with their earnings. The poorest of them lived crowded together in the very cheapest places they could rent. There are some very poor places in this fine town of Gary: with no relation to any "American standard of living." Well, these men, working under such pressure, confused and divided, could not organize, had no way of expressing themselves. But they could get drunk. Before Indiana went dry Gary had probably the largest number of saloons to the population of any city in the United States: solid blocks of them. A population of young, unmarried men, away from home, working under high strain in an un-

familiar and dangerous industry, without amusement or diversion—this was the natural outlet. There may be those who think prohibition discourages economic unrest. I do not. I believe it is one of the causes of it: for it has removed the great deadener of human trouble—and human ambition—alcohol, and has left time to the workers to talk and meet and read: and money to buy publications and support organizations.

Consider, also, what the war did when it came. In the first place it brought the entire working force at Gary under an iron régime. Workmen could not go and come freely between Europe and America as they had always done, and they were worked harder and longer than ever: but on the other hand they got more money and had steadier work than ever before in their lives, for the steel trust raised wages eight times during the war.

This, however, was only a minor result of the war. Consider what they were taught day after day during the struggle. It was not what was put into their pockets but what was put into their heads that counted. They were told that this was a war for democracy and that when it was over everything would be different and better. The War Labour Board at Washington laid down the broadest and most advanced char-

ter of the rights of labour ever laid down in America. President Wilson said that after the war "there must be a genuine democratization of industry based upon a full recognition of the right of those who work, in whatever rank, to participate in some organic way in every decision which directly affects their welfare or the part they are to play in industry."

Never before were workmen in the steel towns so courted: so distinctly made to feel that they were a part, and really an essential part, of this great American movement. For a moment a kind of thrill of partnership, co-operation, reached even the lowest labour groups. They all bought liberty bonds, or war stamps, they all subscribed to the Y. M. C. A., and Red Cross funds—almost to the lowest man. I heard over and again in these industrial towns of the extraordinary feeling aroused during the war. The echo of it reached Europe: and was commented on there with a kind of envy as being something better than other nations could achieve. This, the workmen felt, was a taste of true Americanism.

For one glorious moment they were accepted as men working in a great common cause, side by side with the employers, all equally necessary. Hundreds of them, indeed, had actually gone into the army and fought in France. Some

had lost their lives. The soldiers who returned to the mills had new and free ideas: in the first great parade of strikers at Gary some 300 of them marched in uniform at the head of the line.

A new era of democracy and goodwill seemed dawning in the world. They were simple folk: they believed it: they felt it. We all felt it.

Then the war stopped and the disillusionment began. Nothing was really changed: there was no more democracy than there had been before! They had seen a vision, dreamed a dream: they had awakened. It was snatched away. Not only that, but the steel companies, not needing to speed up as much as during the war, began to discharge many men: and the workmen heard rumours that wages were soon to be reduced so as to get the industry back to pre-war standards.

I am trying here to show just what happened, just what was the psychology of these masses of men.

Well, they were back in the dull mills, working twelve hours a day—they had ceased to be men, and were again mere machines. A labour leader quoted me that bitter cry of the workers —which originated in quite another industry:

> "I work, work, work without end,
> Why and for whom I know not,
> I care not, I ask not,
> I am a machine."

Consider, then, in all fairness, what happened next. Some time before the war ended the American Federation of Labour had begun its campaign to organize the steel workers. It went slowly: it was uphill business—until the war ended. And then many disillusioned workers seized upon it as the one way of hope. The employers had done nothing. There was no way of getting at them. One man at Gary told me that Judge Gary was "as distant as God." Not a single man who has any real ownership or any real control of things at Gary either lives at Gary or is known to workmen at Gary. Not one! They are not pleasant places to live in—the steel towns. Most of the workmen I asked did not even know who was the "head man" of the Illinois Steel Company: and Judge Gary—of whom they have all heard—is 900 miles away in New York. To these men the Steel Corporation is a vast, impersonal, inhuman, unreachable machine.

So they listened eagerly to the labour organizers, for these men told them the same things they had heard during the war: exactly what President Wilson had told them: democracy, more freedom, more life.

But the moment they began to stir for themselves—organize—they at once found against them the old set policies of the Steel Corpora-

tion: its opposition to unionism: its opposition to any change in the conditions which, since they had had a taste of freedom, seemed doubly irritating. In Pennsylvania when they tried to hold meetings they were suppressed by the constabulary, their organizers were arrested, their papers were seized. In Gary, homes were broken into and searched. They felt the old hopeless conditions closing in around them.

Some years ago I heard deaf and dumb Helen Keller describe how, as a child, she tried to express herself and could not speak, could not even make motions that conveyed any idea, could do nothing for herself. She described the wild fits of rage she went into. She was suppressed, inhibited. Something of the same kind goes on among masses of men who are not allowed self-expression. A certain number become reckless: fall into rages: are willing to do anything to escape.

This is fertile soil for wild ideas: for quack remedies: for blind revolt. When conservative labour unionism is prevented, the I. W. W. leader is there with a flaming doctrine that promises much and promises it quick: there are utopian ideas from Russia. When open meetings and frank discussions are suppressed, workmen begin to hold secret meetings, make extreme demands, plot violent remedies. The

ideas they hold are usually of the vaguest and crudest. Chase them around with a few frank questions—as I have done many times—and you can ordinarily drive them into a corner and show them the want of logic, or reason, or even basis of fact, to support their beliefs. But you rarely convince them, for what they lack in light they make up in heat. How can they get light if all association and discussion is choked off? And how can anything else be expected when these groups of vigorous but ignorant young men are left crowded together in miserable places, worked to the limit of endurance, with no one paying any attention to them—body or soul—so long as they come to work every day?

Here, then, we begin to get at the bottom fact about Gary: indeed, about our entire industrial life. It is the unrest, the unhealthy conditions, that cause the Bolshevism; not the Bolshevism that causes the unrest. Once the process starts, however, as a disease germ makes easy work of a debilitated human body, the radical agitation increases the trouble—accelerates it.

If every radical alien were deported from Gary the causes of unrest would still remain. I spent most of the year of 1918 studying similar conditions in Europe: in every country I visited the same kind of unrest prevails—and no one attributes it either to aliens or outside agitators.

One recalls, also, that exactly the same complaint was made by the slave-owners in the South before the Civil War, that the slaves were contented, and that all the trouble came from "outside agitators" and "revolutionaries"—John Brown, Garrison, Lovejoy, Lincoln. As for the deportation of agitators and the suppression of opinion, that policy was tried out upon a grand scale for many years by the old Russian government: Siberia was populated with deported radicals: read George Kennan's books. It did not stop revolution: probably stimulated its more violent forms. Look at Russia to-day.

"While we can deport men for being anarchists," said Senator Kenyon to the Lawyers Club in New York, "we cannot deport ideas."

The first instinct of a man or a nation with a pain is to treat the symptoms: as we are doing now. Both sides are trying quack remedies: the employers a sure-cure bottle labelled, "Deportation—Suppression": and the workers a bottle with a red label: "Bolshevism." I don't know which is worse: which will sooner kill the patient. Why not do what any sensible man with a pain finally does?—learn what the underlying trouble is—the real disease—and try to reach and cure that?

## CHAPTER VI

### The Massed Forces Behind the Industrial Conflict—Organized Labour

IT is now important, if we are really to understand what is going on, to inquire what are the massed forces behind the present industrial struggle. For the steel strike, the coal strike, big as they were, were only skirmishes in a far-flung battle line: and we cannot understand them unless we know the grand strategy of the conflict, the diverse factions within both camps, and who the real commanders are.

Samuel Gompers is the type-figure of American labour: he is the most powerful and dominating leader American labour has ever had: but he is to-day in great trouble. In this respect Gompers resembles most other leaders in the world. All leaders are in trouble. Wilson is in trouble, so is Lloyd-George. And for a simple reason: followers won't follow. Publics have got out of bounds: they won't stay in old party lines, nor yet in old union lines: they challenge authority and discipline. They gibe at institutions.

Gompers is one of the extraordinary men of America to-day, not only the arch-type of a movement, but a character, a personage.

I shall never forget one vivid glimpse I had of him in London last year. He was going down in some triumph as a great figure to visit his birthplace in the slums of the East End. Here it was that his Dutch-Jewish parents had lived: here he learned his trade as a cigar-maker: here as a boy he spoke low Dutch.

I see him now striding down the street, a powerful squat figure, followed, a step behind, by a looming bodyguard of labour leaders. He was scattering the assembled and gaping subjects of King George, however well inured to the sight of potentates, to the right and left. His hat was set well back upon his head, his chin was thrust forward, and he was throwing aside humorous remarks to his followers. So I saw him once again in Paris. So he strode full-fronted throughout Europe, so sure of himself, and of his entire equipment of ideas, so conscious of the immense power of American labour behind him—that he scattered to the right and left all peoples of all nations. He told British, French, and Italian labour leaders, quite positively, what they must do to be saved.

Gompers reminds one a little of Clemenceau—a kind of rougher Clemenceau without the

French wit and finish, but with many of the same qualities of physical and intellectual force and vitality. Gompers, too, is a kind of tiger —an old man long habited to power, able, obstinate, vain, honest—a pattern of the pugnacious conservative. When the Chairman of the Senate Committee told Gompers that he could either sit or stand while testifying, he replied:

"I will do anything but lay down."

He will not "lay down": nevertheless he is in great trouble: and an account of what the trouble is will disclose clearly the problems which to-day confront American labour.

For thirty-eight years, except one, Gompers has been president of the American Federation of Labour. He helped organize it. He has done more than any other man in shaping the American labour movement.

In its beginnings the Federation represented a reaction from the policies of the old Knights of Labour. The Knights did a great work in their day: they helped give labour a national vision: but the organization was too indiscriminate in its membership, too centralized in its control, too vague in its purposes: and it made unfortunate ventures into politics.

Gompers avoided these mistakes. He built firmly upon narrow but strong craft unionism; he encouraged democratic control: he eschewed

politics. He discouraged utopian schemes: he urged labour to ask for specific things and a little at a time: better hours and better wages: and to clinch what they got with "collective bargains" with employers. If anything was desired from Congress or legislatures, labour was to get it just as business men got it, by lobbying, or by pledging candidates.

I speak of Gompers as doing these things: he was, of course, only one of many leaders who represented the main stream of development during recent years of American labour organization.

Well, it was a practical, hard-headed policy: and it has had a great influence in improving the material conditions of the more highly skilled groups of labour. Many of the craft unions are to-day very powerful, and rich. They have fine halls and office buildings, some have hospitals and homes, some have pension and benefit funds. The American Federation of Labour itself has a magnificent home office of the sky-scraper type at Washington: a very different place indeed from the cluttered little back office where I first called on Mr. Gompers, twenty years ago.

Like all successful movements, labour organization in America has tended to become institutionalized—the church of labour: and Gompers is the Pope of it.

The leaders are of a very definite type: practical, efficient, unimaginative business men. A group of labour leaders of successful craft unions cannot be distinguished to-day from any ordinary group of American business men. They *are* business men: and many employers have found them more than a match. They are traders: they meet and haggle over minute details of agreements: they work out complicated contracts: they handle and invest considerable sums of money. The American labour movement, so far as it is typified by Gompers, has the reputation of being the most conservative labour body in the world—as it undoubtedly is. It reached its very apex of power and honour during the war. It came as strongly to the support of the government as any Chamber of Commerce or Board of Trade. Gompers served on the Council of National Defence: and other labour leaders were used and honoured in many ways.

All this vigorous and successful development, of course, has not been without strong opposition. At every Convention of the American Federation of Labour for years before the war Gompers had a fierce tussle for control with the radical or socialist left-wing of the movement —but always won out. Gompers has fought socialism tooth and nail for years, with the result

that in America the old craft union leaders still dominate the movement, while in England, socialists are in control.

The radicals charge that the policy of the American Federation of Labour has been too narrow, too strictly economic: that it has no social vision: that it is essentially aristocratic —that it has built up and protected the skilled crafts, but tended to neglect the great masses of unskilled, or foreign, or Negro labour. The progressives say that better hours and more wages are not enough, that these things will never finally content the spirit of the worker: that he must strive for what many of them call, often vaguely, "industrial democracy."

All of these charges have some basis in fact. The number of members in the American Federation of Labour has never been more than a very small percentage of the total number of workers. The last census showed over 27,000,000 wage-earners in America, including agricultural labourers, domestic servants, and other non-industrial groups. But of this 27,000,000 fewer than eight per cent. were at that time in labour organizations affiliated with Gompers' Federation. Several of the greatest industries, where unskilled or foreign labour was largely employed, were left almost untouched—like the steel industry, the textile

mills, the oil industry and others. On the other hand the mine-workers with many unskilled and foreign labourers are firmly organized and affiliated with the American Federation of Labour; so are the hod-carriers: and in the last two years there have been large accessions to the ranks of organized labour.

This situation gave opportunity for the socialists and radical labour organizations like the I. W. W. to come in. I was at the Lawrence strike in 1912. Here there were several old, small, aristocratic craft unions, but no attention had been paid to the masses of the foreign workers until the I. W. W. leaders came in with their doctrine that the interests of the whole working-class, foreigners and unskilled as well as Americans and skilled, were identical, that there should be one great union and a place for every worker in the industrial organization. The idea carried like wild-fire—as it has in other industries. Right or wrong, it was a ray of hope to thousands of neglected, under-paid and over-worked human beings.

Another charge brought by the progressives was that the skilled craft unions, strongly organized, could make advantageous bargains with the equally strong employers' associations and mulct the public. That is, the union, having a monopoly on labour, could force up wages; and

the employers, having a monopoly on the industry, could force up prices—and the public would have to pay. I made a study some years ago of several extreme instances of this sort of bargaining under the title "Capital and Labour Hunt Together," and the practice still continues. The public pays high for both kinds of monopoly. And the worst feature of all, in this system, as the great masses of workers are now suddenly discovering, is that the "public" is made up very largely of the immense wage-earning class in America that is not in any union, and is thus wholly unprotected. In short, the masses of the unskilled, the foreigners, the Negroes, help pay for the good fortune, the high wages, and the short hours of the highly skilled organized workers.

This aristocratic unionism, this selfish attention to their own interests, this neglect of the masses of labour, furnishes the chief ammunition of the socialists and the radicals of the I. W. W. type in their attacks upon Gompers and the American Federation of Labour. It has also given powerful impetus to those in the labour ranks (many of them socialists) who want what they call a "real" labour movement, and therefore recommend a national labour party in America. They say that the American Federation of Labour has no genuine recon-

structive program like the British labour movement, and that it is controlled by a kind of political machine, headed by Gompers, which is impervious to new ideas or new methods: that it is old, rich, conservative, and no longer responds to the real aspirations of labour. I am trying here to put down the situation just as it looks from all sides. To be able to estimate the seriousness of the present unrest we must know all the factors in it.

Now, several recent tendencies have served to throw more power into the hands of the radicals. In the first place there has been the long-evident drift in American industry toward the employment of a greater proportion of unskilled men. Employers have introduced machinery and divided the tasks of labour so that each workman has, so far as possible, only one simple manipulation to learn. Modern industry has tended to steal away the skill of the craftsman. Any foreigner, no matter how ignorant, any Negro, can quickly learn to do much of the work in many of the greatest of our industries. This tends to defeat the whole idea of the old unionism, based upon craft skill, especially as it applies to the great basic industries.

Other more immediate tendencies have developed out of the war. Since 1914 all Americans have been more interested than ever before in

Europe and in European movements: and especially the workers. Among foreigners the Russian revolution has had a profound influence: among the more moderate and thoughtful groups, the program of the British Labour Party. I have found in talking with labour men of all kinds recently an astonishing knowledge of these foreign movements. Ten years ago, except for a few socialists, American workers had little idea of anything beyond the horizon of American methods and American ideas.

Another vital influence may be noted. This is the awakening self-consciousness of labour to its own power, dignity, indispensability, which came with the war. Labour was courted as never before, taken into government councils as never before, made to feel that in the future it would enjoy greater privileges than ever before. It came out of the war feeling that it had served well, done all that was expected of it; and was now entitled to the promised rewards.

New and enthusiastic campaigns for the organization of hitherto more or less untouched industries, like the packing houses and the steel mills, were begun. Whole new groups of workers began to come into the ranks of organized labour—actors, school-teachers, newspaper reporters, architects, nurses—and the wave even swept in many groups of government or public

service employees—policemen, postmen, clerks and the like. The most powerful and ably led unions in the country—the Railroad Brotherhoods—came forward with an ambitious plan, the Plumb plan, for the future control of the railroads. A strong movement was launched for the organization of a new Labour Party, to carry the whole struggle into the political field —which I shall consider in another chapter— and finally a sudden, but enthusiastic, interest sprung up in developing wholesale and retail co-operative stores, on the English system, in order to meet some of the problems of the high cost of living.

This sudden burst of new self-consciousness on the part of labour, new enthusiasm, new organization, has been met by a cold douche both from employers and from the government. "They taught us to be lions' whelps during the war," as one leader said, "and now they want us to subside quietly into beasts of burden. We shall never do it."

Now, the progressive and radical groups in the labour movement assert that Gompers and the American Federation of Labour are unsympathetic toward most of the new movements: that all vital thinking and new leadership is frowned on by Gompers. They say that he does not believe in a Labour Party,

nor in the Plumb plan, nor in the more or less vague but powerful demands for more "socialization" in industry. He sees the new unrest, but he knows only the rules of the old game as he has played it for fifty years. He has indeed tried to adapt himself to the new conditions—for example, in supporting a movement, which he could not have prevented, on the part of progressives like Fitzpatrick and Foster, to organize the meat-packing industry at Chicago, and later the steel industry, on a new plan, borrowed, in part, from the I. W. W. And he has welcomed into the Federation some of the abler young radicals like Foster, who are now "boring from within"—using the machinery of the Federation for pressing agitation and organization along the new lines.

Thus Gompers, with the wonderful machine he has built up, finds himself attacked upon all sides. A labour party movement, began scarcely a year ago, and led by men in his own camp, is spreading rapidly. There were never so many unauthorized and uncontrollable strikes as there have been recently. Gompers advised the steel workers to delay their strike, as the President requested: but they paid no attention to him. There have been powerful and successful insurgent unions—like the Amalgamated Clothing Workers—growing up outside of the Federa-

tion. He excommunicates them, but it does no good. And finally, to cap the climax, the association with government agencies formed during the war, which Gompers and the American Federation of Labour felt to be such a bulwark of strength, has suddenly crumbled away. He is no longer looked to and courted as the supreme arbiter and spokesman of labour. He could not even prevent the government from enjoining the coal miners!

Thus the whole great world of labour in America is in a new ferment—stirred to its depth as it never was before.

As regards the tendencies now apparent it may be divided into three great groups:

1. The old conservative unionists of the American Federation of Labour led by Gompers. While this group is wholly non-revolutionary, it is still very powerful: and if aroused, if it sees any of its liberties slipping away, it will prove a tough fighter. This is equally true of the great railroad brotherhoods. The present policy on the part of many employers and politicians toward indiscriminate attacks on all organized labour tends to drive these conservatives into a more radical position. Gompers, for example, finds himself now attacked by an employer, Gary, and a politician, Pomerene, for just the

kind of radicalism he has been fighting all his life!

2. The new progressive group. This is mostly made up of the left wing within the American Federation of Labour which has been fighting Gompers for years and has now formed a National Labour Party, with a program much more radical, more socialistic, than that of the American Federation of Labour. No one knows yet how strong the sentiment behind the movement is, but from what I saw at the convention in Chicago I should judge that it would take very little to precipitate a considerable number of the workers of America into radical political action.

3. The revolutionary groups. The chief of these is the I. W. W. but there are, or have been, many smaller bodies of communists, anarchists and syndicalists, especially among the foreign elements. In total numbers this element is very small, and divided up into many and warring factions.

Labour unrest exists: profound changes in alignments and leadership is going on. New and more radical men are coming to the front. Much will depend upon how this movement is treated by employers and political leaders. If it is indiscriminately attacked, if every leader who proposes a plan, or advances an idea not

approved from above, is called a "Bolshevik," or arrested and clapped into jail, or deported, the result will be to drive the whole movement toward a more radical position, and more revolutionary methods. Here is a great awakening of life: new ideas and new enthusiasm: if it is met with understanding, if there is evidence of a desire for co-operation, there are possibilities of a new constructive epoch in American industry. Many such patient attempts at better understanding and co-operation are now being made by both managers and men—I shall later tell of some of them—but there are also abroad wild councils of force which do not even try to understand what is happening and which tend to break down all the agencies of reasonableness and conciliation, and make for the very revolution which they think they are preventing.

## CHAPTER VII

### The Massed Forces Behind the Industrial Conflict—Organized Capital

LABOUR, as I have tried to show in my last chapter, presents no unbroken front. It is torn by factions, has no one program, nor any undisputed leadership. It has no unity.

But neither does the employers' side present an unbroken front. Here also there exist wide differences of policy and program: an outline of which will lead to a clearer understanding of the present industrial controversies.

Probably Judge Gary is to-day the outstanding representative of the more conservative group of employers—the right wing. He, too, like Gompers, who typifies the more conservative group of organized labour, finds himself under attack.

Judge Gary does not quite belong to the great group of industrial pioneers: Carnegie, Rockefeller, Frick: but he represents in general their attitude toward labour—the old tradition. He came a little later. He was not a steel-

master; he was the man of finance whose purpose it was to develop and conserve.

There was something magnificent about these pioneers: they were big, free men. They had imagination. In a new America, they had an unsullied canvas and they painted with a comet's tail. One who visits the city of Gary gets a vivid impression of the grand scale upon which they worked. Thirteen years ago, there was nothing here but a wilderness of sand-dunes; and to-day a city of 80,000 people. I don't know whether it was Judge Gary or some other, but consider going there thirteen years ago, and standing, let us say, upon one of the low hills overlooking the wide grey lake and saying:

"Over there I will build my mills: there shall run the main street of my city: there I shall encourage churches and schools. This spot of infertile sand I will cover with soil: I will water it: I will plant trees. This shall be my park where all the people may enjoy themselves."

Think, moreover, of having both the power and the money—unlimited millions—to create the city and the mills there planned, and to see that creation succeed!

Well, these were genuinely big men and they did a great work. There was something cosmic about the way they dreamed, the way they built, the way they accumulated money: and the way

they have given it away. Frick, dying the other day, left $117,000,000 to the American people.

The very boldness and success with which they created and built gave all the men of that generation an extraordinary sense of authority and self-confidence. In visiting many of the offices of the Steel Corporation, I found one motto, printed upon card-board, upon the wall. It somehow expressed the spirit of the place, indeed, the very spirit of American industry and these were the confident words:

It Can Be Done

Like so many of these early men, Judge Gary came up from the bottom. He was born on a farm in Illinois where as a boy he worked twelve hours a day—as he relates when the twelve-hour day in the steel mills is discussed; he was a lawyer, a judge, and finally a great financial and industrial organizer—the head to-day of the greatest corporation in the world, with more power over the lives of human beings than many a king. A magic career!

These earlier men all dealt boldly not only with material but with men. They were strong individualists. They did not confer, or co-

operate, or teach: they dictated. It was the way of the times. They fought union labour when they could, dealt with it when they must, and finally crushed it. But in those days if a workman did not like the management, or the management like him, he could and did get out. But *then* there was always a place for him to go: there was always the West; and more or less free land and free opportunity. The restless, agitating, organizing spirits thus left the ranks of the workers: whereas in Europe, there being no easy way to escape, they remained in the workers' ranks and agitated and organized.

But a change in this respect has come swiftly in America: there is no longer a free escape: no open and easy West. So the restless spirits, more and more, have to remain where they are and take out their restlessness in social organization. This is only one of many profound changes that have been going on in America since Judge Gary was young: since the great days of the creators and developers of industry. I wonder sometimes if he fully visualizes these changes!

Judge Gary is an old man: he is 74 (Gompers is 70)—a strong man with strong ideas, very sure of himself. No one who talks with him—as I did—can doubt his sincerity. He wants to do right, he believes he is doing right. He

is quiet-voiced and tranquil and deliberate. When he talks he asserts very little, but seems curiously to comment, to suggest, to question. He is frank: and he has the courage of his convictions.

I tried in a former chapter to show, in his own words, just how he looks at the present industrial ferment. He stands, so far as labour is concerned, just about where Carnegie and Frick stood in 1892. He judges the twelve-hour day in his mills by his own twelve-hour day sixty years ago on the farm. He has indeed seen the approaching unrest and has tried to meet it with a really wonderful development of welfare work: safety devices, housing, hospitals, pensions, play-grounds and the like. His corporation spent $17,000,000 in 1918 in these various activities which I hope to describe more fully later, for they are as fine an experiment as has anywhere been made of welfare work as a means for meeting industrial unrest, and exhibit both the strength and the weakness of that method.

Judge Gary's autocracy has been benevolent: but it has been an utter autocracy. As to the new spirit stirring among the workers, especially during and since the war, I think it fair to say—judging by his own speeches and testimony—that he has never sensed it at all. He has done

much for the bodily comfort of his men: of the soul of the modern worker he seems never to have had a glimpse.

I said that Gompers and the American Federation of Labour represented the most conservative labour body in the world. Judge Gary represents the most conservative group of employers. It is only in the United States Steel Corporation and in certain independent steel companies that the twelve-hour workday and the seven-day week remain entrenched. There is no metallurgical necessity for the long day: the eight-hour day has been introduced in England and in Germany: and in other industries having continuous operation, like the paper-pulp industry, the three-shift system is the rule. Judge Gary is also the last great bulwark against labour unionism and collective bargaining. Even in the steel industry, some of the principal employers have clearly recognized that new human devices must be created to meet new human needs. John D. Rockefeller, Jr., has introduced company unions and shop committees in his Colorado steel plants: and he has the eight-hour day. The Midvale Steel Company, one of the great independents, also has a shop-committee system—of which I shall speak later.

Of course, one great source of Judge Gary's

strength in his position as a leader is that he has made his policy pay—and pay big. And this is a tremendous argument anywhere in the world. Here are the profits of the corporation since 1914—after deducting federal income taxes:

| | |
|---|---|
| 1914 | $ 58,267,925 |
| 1915 | 107,832,016 |
| 1916 | 303,449,476 |
| 1917 | 253,608,200 |
| 1918 | 167,562,280 |

There have been dividends and extra dividends —amounting, on common stock in 1917 to five per cent. regular and thirteen per cent. extra and in 1918 to fourteen per cent. Large sums of money have also gone into improvements of the property and into surplus.

Do not think that these profits escape the eyes of the workers. They are published in all the labour papers: and when the argument that the cost of introducing an eight-hour day makes it prohibitive these figures are produced. One of the labour papers has a heading called " Hidden News "; and into that column goes the profit records of great employing corporations of all sorts. Here is an item recently published:

" The Western Sugar Company yesterday declared an extra dividend of ten per cent. in

addition to the regular quarterly dividend of one and three-fourths per cent. on the common and preferred stocks."

It is necessary in trying to understand this problem of industrial unrest to see how these things really look from below to the workers. We must ask what the reaction is upon tens of thousands of striking steel workers, for example, who are asking for better conditions when they read these reports of the profits of the steel trust: or upon the same men, struggling with the high cost of living and the shortage of sugar, when they see the large profits of companies dealing in food. Get their point of view for a moment! They feel powerful resentment: they act upon the information they have: no one tries to explain except the radical orators. Suppose we cut off the radical orators, suppose we destroy the radical literature which assumes to interpret these facts: does that change the facts or remove the causes of resentment? If these profits and conditions are necessary or reasonable in industry, is there not some way to explain them so that the workers can understand?

I talked recently with a number of employers: one of whom had a strike in his plant lasting for three months. It had nearly ruined him and his business: the overhead charges were eating him up. He told me eloquently of the difficulties

he had to meet, the complexities and hazards of his business, the competitive nature of his field of operations: and of the utter unreasonableness, as he saw it, of his striking workers. I was so much impressed with what he said that I asked:

"Isn't there some way that you could explain your position to your workers, or their leaders, as you have to me?"

He scouted the idea.

"Have you tried?"

"No—what's the use? They don't want to understand: they can't understand."

"But," I said, "they understand enough to tie you up and ruin you—and ruin themselves at the same time, for that matter. Isn't it worth trying?"

Judge Gary thus represents the most conservative American attitude toward labour: but other groups and other ideas are everywhere springing up. Let me tell a little experience I had not long ago, for it throws a vivid light on the whole problem of the employers' attitude toward labour. I was waiting for a short time in the reception room of one of the steel plants at Gary. There happened to be four technical publications on the table for waiting visitors to look over. So I looked them over. One of them was a copy of "System," another a copy of "Industrial Management." And as I read, my

wonder grew. Right here in one of Judge Gary's offices was enough of the dynamite of new ideas to blow up his system!

Here I read of shop committees, co-operation with workers, the need of new kinds of management based upon mutual understanding between employers and employees. Let me quote one paragraph—I'd like to quote many more:

" Industry to-day is drudgery for the average worker—perhaps the great impulse toward industrial democracy is the desire to break the bonds of irksome work and restore a condition where labour will be a pleasure and not toil. In the face of this aspiration, which has been working in industry for a century and has cut the average working hours in two, what reason can support the demand that we must work longer hours? The unanswerable argument is ' it can't be done.' We cannot run counter to the great forces operating in industry."

When I read this, and some other things in these books, I looked again to see if they were not labour journals: and then I thought of running out and calling in the secret service officers who were then engaged in raiding homes in Gary and capturing revolutionary literature. I thought Judge Gary at least ought to know what was going on inside his offices!

The publications I saw thus at random were

expressions of a great movement within industry itself to improve human relationships. Quietly, but strongly, in the last dozen years has grown up a new interest in management: schools of management; a science of management and a new profession, the specialist in industrial relationships, have come into existence. These men are close to the problem itself and really know the situation. Financial and business heads of great corporations have often got very far away from the human problems of the mills: but these men are trying to get back again. They are the men most responsible for production and for the smooth running of the shops. Yet they are relatively low-paid men, especially in the great corporations. Their true interests are often quite different from those of the bankers and capitalists who control the industry. One sometimes hears urged the necessity, if we desire greater activity and enterprise in industry, that capital be better rewarded. There are a number of old ladies in a town I know who hold stock in the United States Steel Corporation. If you rewarded them with five times the dividends they now receive I suppose production of steel at Pittsburgh would not be greatly increased. But if you were to reward the managers and the men who are on the job, no doubt there would be an increase in production.

Here, in short, is a great new field, full of life and suggestiveness, which I hope to develop more completely in other chapters. There are at present in both large and small industries—but mostly in small industries—a great number of hopeful experiments in human relationships between owners, managers and men: not only the familiar collective bargaining between unions and employers, but many other arrangements, including the shop-committee system, profit-sharing, arbitration boards and so on. No one of them is a " solution "—all of them are hopeful experiments.

I divided the labour movement in America into three great groups: the employers fall also into three groups.

1. The conservative capitalists of the Gary type in whom the old individualistic impulse is still very strong. They are often men who represent, as Gary does, the financial side of the industry rather than the technical side. They do not come closely into contact with the human side of the labour problem.

2. The great mass of employers, like those in the building trades, the railroads, and in many industries, who accept the principle of labour organization and bargain collectively, not because they like to—though many now think it the best and easiest way out—but because they

must. Labour demands it and is strong enough to enforce its demand. Some of the great independent steel masters like John D. Rockefeller, Jr., have come a long way into the camp of the progressives.

3. A group I should call the radicals if there were not such a curse upon the name. These are men of the new management-engineering type who try to look at industry from a scientific point of view, who want to know the facts, and are as much interested in the human machine as in the power-plant or the dynamos. They see in some kind of understanding and co-operation between management and men the only solution of industrial problems. They do not deal with the men because they are forced to, but because they want to. They think harmonious relationships in a factory will produce more steel, shoes, sugar, than continual strife and suspicion. And a surprising number of these men are trying to practise what they believe—and some of their results are most interesting.

## CHAPTER VIII

### Awakening of the Public to the Industrial Crisis

WHEN I was in Chicago a man with whom I was discussing the industrial problem suddenly asked:

"What are you going to do about me?"

"What do you mean?"

"Well, I'm the Innocent Bystander. I'm the man who gets the brick-bat intended for one of the belligerents. I'm the Public. Whatever happens I get hurt."

I have dealt in former chapters with the attitude of various groups of employers and employees toward the present industrial unrest. It is now important to consider the point of view of the "great third party." The awakening of the public to the seriousness of the present unrest, its threat to American institutions, is, in some ways, the greatest news in the whole situation.

We are in the midst of a sudden, powerful, and, at present, crude reassertion of public rights. It is as though the American giant had suddenly awakened—or just returned from war

overseas!—and finding disorder all about, had acted with terrific force and directness. It is the American way—we may not at all approve it, but there it is!—to act first and inquire about it afterward. I recall a saying of the early days in the north woods, when the lumbermen first went in: " Cut the trees, ask about the lines afterward." There is much of this spirit still left in America.

So we have pounced right and left upon disturbers—with little inquiry and less understanding—tossed one handful of them back to Russia and evidently propose to toss still others. No one knows the number of thousands—or the fleet of ships required to take them! A stupendous business! We have raided the offices and homes of both wild and tame radicals, sometimes with legal authority and sometimes without; we have choked off radical orators; turned out radical members of the legislature and now propose the most sweeping and drastic legislation in the world for dealing with disturbers. One bold stroke at what seemed a threat to public rights and public order—the police strike at Boston—has made a presidential candidate!

It is not the way they do it in England: nor yet in France: it is our way: and must be so accepted and dealt with.

It is our way: and behind it, ruthless as it is,

and little as many of us can approve the methods employed, there is a deep instinct that the selfish forces of cliques, groups, interests, in American life have grown too strong: and that " there must," as one leader expressed it, " be *some kind* of a new deal."

The causes of the present disorder and unrest reach far back and deep down: the war merely accelerated developments already under way. At the bottom lies the popular discontent, which has been growing for years, with the economic arrangements of society: a feeling that they are unjust and undemocratic: a feeling that while there have been enormous developments in machinery and business organization, the social and political structure has not kept pace with them. This feeling is not peculiar to America: it is worldwide.

Some one has said that the greatest invention of the " Wonderful Century " was not the steam engine, or the dynamo, or wireless telegraphy, but that extraordinary and potent device, unrestricted social organization.

Groups everywhere that felt oppressed, or wanted protection or privilege, organized to get it. Capitalists organized, combined, trustified —and succeeded beyond the dreams of avarice. Labour organized and became powerful. Prohibitionists organized and dried up the country.

Women organized and got the vote. Voluntary social organization has for the last twenty-five years been humanity's magic wand. It would do anything! It has built up a wonderful technique of its own: it knows how to get money, use propaganda, influence elections, force legislators. It is a wonderful tool—used sometimes for good purposes: sometimes for wholly selfish purposes.

Consider more specifically labour organization. I remember well the little, dismal, smoky rooms over saloons that used to represent the typical labour union headquarters of twenty-five years ago: I thought of the contrast the other day when I visited the fine hall—it cost several hundred thousand dollars—built by the Street Car Men's Union of Chicago.

Once the movement demonstrated its success in improving the conditions of life for workingmen—and it was the only way they had—it spread like wildfire. I was amazed the other day to look at the list of unions affiliated with one of the principal city central bodies: school-teachers, actors, newspaper writers, architects, nurses. They are all coming in. Public employees are coming in: policemen, postmen. The movement is even penetrating the rarified atmosphere where authors and college professors are supposed to dwell. I received a communication the other day

from the Authors' League, of which I am a member, that read strangely like many a trade-union document—only the Pants Makers and Hod Carriers have had longer experience and know better how to do it. We authors have gone at the business in our "labour union" of standardizing contracts, making better terms with our employers—the predatory and shamefully plutocratic publishers!—and working for more pay and better living conditions.

"As a result of six years of unremitting effort," remarks this document, "the author enjoys a new standing and a greater security than at any other time in the history of the profession."

You see what our union does! We're better off than ever Shakespeare was: or Dickens or Thackeray, or Cervantes, or Goethe. We're securer: we have a new standing: and organization did it!

As I say, this tendency toward group organization has gone to great lengths in our society. It has been a powerful centrifugal influence, disintegrating our life into thousands of small, warring groups, societies, factions—each seeking its own advancement, its own security, regardless of anything else. This has applied to both employers and employees.

One reason why political life has reached such

a low ebb in America—why politics attracts so poor a quality of leadership—is because vital men who really want something done feel surer of getting it through outside organizations, than through the indirect and cumbrous machinery of politics.

In its essence this strong, crude impulse toward a new public order represents a powerful reaction from these disintegrating tendencies.

For years we were hammering selfish capitalistic organizations—we are still at it—and now we are hammering labour organizations. We don't want either Gary or Gompers to boss us: to control our lives, or force their will upon us.

We have had one or two recent object lessons of stunning force. The entire 110,000,000 of us have seen our business paralysed, our production cut off in the steel industry because Gary and Gompers could not agree. The 110,000,000 of us have suffered still more acutely because 400,000 of us who are coal miners stopped producing a basic necessity of life. There was never before in America such an acute demonstration of group interest against public interest. No wonder the American giant is angry—blindly angry—and beats about in a kind of berserkian rage—not at all particular as to what heads he hits, or how.

If this rage, however, were the only expression

of the public interest the outlook would be dark indeed. But it is not. While there are powerful forces using the fine burst of passion for a " new deal," for " public rights," for " law and order " in America to serve their own selfish interests: using it as a smoke-screen to conceal their own purposes: there is, it seems to me, a new sense abroad that law and order must be based upon a real understanding of the new conditions and upon a solid foundation of justice.

Never before has there been such a number of inquiries from all sides and by all kinds of organizations: or such a desire to get at the truth. We have had government inquiries—one of them the President's Commission—which have aroused unusual public interest. It is nothing that the President's first commission failed: at least it failed dramatically, with the protagonists of the opposing issues clearly revealed.

On what may be called the side of the capitalists the awakening is marked. The other day, in the office of one of the notable figures of Wall Street—where one would least expect to find such a sentiment—I saw framed and hanging on the wall this quotation from a speech by Mr. Asquith, delivered in January of last year (1919):

The old system has broken down. War was its final declaration of insolvency. New factors are at work. Science not only has not said her last words but is fairly to be described as still only lisping the alphabet of annihilation.

Organizations such as Chambers of Commerce and Merchants' Associations have been working on the problem. They all begin with the assumption that the old system is at least cracking, if not, as Asquith says, broken down: and that new methods must be devised to meet the situation. I have before me, for example, the report of the Merchants' Association of New York, which attributes the difficulty to the greed and blindness of both groups—labour and capital—and suggests the following remedies—which are very different in tenor from those which would have been recommended by a similar organization a few years ago:

The recognition by both employers and employees that the determination to achieve national prosperity rather than to enforce maximum selfish returns should be the controlling motive in industry.

The establishment of a recognized and permanent method of conference between the employer and his employees.

The limitation of the economic law of supply and demand as a basis of labour policy by the utilization of a more human doctrine.

The Chamber of Commerce of the United States has also made public the careful report

of a committee which lays down thirteen "principles of industrial relations." Among these principles are the following:

> The public interest requires adjustment of industrial relations by peaceful methods.
>
> The right of workers to organize is as clearly recognized as that of any other element or part of the community.
>
> Industrial harmony and prosperity will be most effectually promoted by adequate representation of the parties in interest.

The Church, which represents a great conservative opinion in America, is moving as never before; trying to understand and meet the new conditions and problems. In one church I know on a recent Sunday morning one large men's class discussed "The Relation Between Wages and Production," another was studying Professor Rauschenbusch's book on social problems in the light of Christian teaching, and a women's class was considering "The Health of the Community."

One great church movement has been spending tens of thousands of dollars making an investigation of the steel strike: and one need only refer to the Social Reconstruction Program of the Federal Council of Churches in America and the pronouncement of the Catholic War Council of the United States to be convinced

of the deep and serious interest of the churches in this problem.

In a recent statement the Unitarian Church of America says:

"The claim to a more equitable distribution of the profits of industry is not only clamorous, but just."

A sense that the old system is unjust and needs revision permeates all groups of our society. A prominent business man took from his pocket the other day and read to me this paragraph:

> The rapid growth of great cities, the enormous masses of immigrants (many of them ignorant of our language), and the greatly increased complications of life have created conditions under which the provisions for obtaining justice which were formerly sufficient are sufficient no longer. I think the true criticism which we should make upon our own conduct is that we have been so busy about our individual affairs that we have been slow to appreciate the changes of conditions which to so great an extent have put justice beyond the reach of the poor.

"What Bolshevik said that?" he inquired; and answered his own question, "It was Elihu Root."

He was quoting from a new and exhaustive study of the "present denial of justice to the poor," made by so respectable a body as the Carnegie Foundation.

Not only public and business and religious bodies are profoundly awakened, but labour groups as well.

Labour is learning that it has public as well as special interests, that to a large extent it *is* the public. I heard a speech at the convention of the Labour Party at Chicago in November by Glenn E. Plumb, whose name is connected with a new plan, the Plumb plan, for railroad control. He set forth the new situation in a way which seemed to startle some of the labour leaders there assembled. He said that in the early days of organized labour craft groups could get together and by organization force up wages, the cost of which the employers promptly passed along to the public. But what is the public? asked Mr. Plumb, and went on to show that a large majority of the public was made up of wage-earners or wage-earners' families, so that when a strong union got a raise in wages most of it was paid by other wage-earners. As more and more labour organizations got into the field, the more wages were forced up, the faster grew the process by which increasing wages for one group chased up the living costs of all the other groups.

He might also have said, but did not, that not only increasing wages, but lessening production, whether caused by the limitation of output by

labour unions, the inefficiency of employers or by strikes or lockouts, had to be met by the public, a majority of which is also wage-earners. In short, we are all the public toward each separate greedy group, whether of workers or employers.

Mr. Plumb's idea is that there has got to be a "new deal, a new arrangement of society"; he has a "plan" for working it out, so has the new Labour Party, so have the socialists. I am not here entering into the merits or weaknesses of any of these plans or proposals, whether coming from labour or capitalistic organizations, or churches or other public bodies, but calling attention to them as evidences of the wide awakening to the seriousness of the problem and the effort to grapple with it.

A new note was also prominent in the so-called "bill-of-rights" issued by a group of 119 union leaders at Washington on December 12, 1919. There is a clear attempt to meet the new public criticism of labour organization, especially regarding productivity and efficiency, by the proposal of new remedies for the organization of industry. No group, any longer, dares leave the public out of account.

All this groping for a better understanding of conditions: this assumption on all sides that there ought to be more justice, more democracy

in our industrial relationships—however uncertain yet of specific applications of new remedies —is surely the most hopeful element in the present unrest.

## CHAPTER IX

### Approaches to a Solution of the Problems —by Americanization, as Suggested by the Employers

THE clear recognition by the public, as well as by the parties immediately concerned, of the present conditions of industrial unrest, and the real danger to America inherent in them, is surely the best foundation for making a new start. It is surprising, the number of associations, both voluntary and representative; religious, social and political organizations, and trade groups, as well as individuals, now at work upon the problem in some of its aspects. Many plans, schemes, panaceas, are being suggested: many experiments being tried. Some show great labour: some represent patient investigation: some shoot wholly wide of the mark: some reveal little or no knowledge of real conditions. But their significance lies in the exhibition they give of sincere desire to meet the situation in some constructive way.

We know that we are in trouble.

We have the desire and the will to find a way out.

What we lack are clearness and unity of purpose in seeking a remedy.

Three main ways of approach to a "solution" present themselves:

First: that of the extremists on both sides: the "shoot 'em down" program on the part of the intolerant employer: the "blow 'em up" program on the part of the intolerant worker. Either way lies perdition.

Second: that of a great mass of employers and employees—and of the public as well—who see the problem dimly (or some part of it) and who want really to find a constructive solution, but who think it can be reached in some large general way. They want a quick, wholesale remedy that won't hurt much, or cost much, or take much time. They do not yet understand how deep-seated, of how long duration, how chronic, the disease has become. For example, it appears vividly to some employers that in the recent great strikes most of the trouble was caused by "foreigners," by "aliens," and "alien ideas." They do not follow the extremists in demanding instant suppression and deportation, but they do jump at what seems to them a ready and wholesale remedy: "Americanization." Americanize these workers and you cure the trouble!

On the part of the workers there is a similar

example of the desire for a broad general remedy. They believe that much of the trouble is due to unjust laws, the oppression of judicial injunctions, outworn political methods, and propose a new political party which will overturn the old system, or parts of it, and construct a new one by law.

Third: the third group is a much smaller one as yet, but it is made up of those employers and managers and men who are beginning to see the depth and width and length of the problem, and whose approach is based upon the patient method of scientific inquiry guided by a spirit of genuine goodwill. They strive to know all the facts and to get at a real cure, through steady day-by-day practice and experimentation in shops and factories. These are the men actually on the ground, not distant financiers, nor distant labour leaders, nor distant theorists. These are the men who must get at a *modus vivendi* or be ruined. The work that some of these good-will employers and managers are doing is as fine and high as anything to be found in this world to-day.

Now, in this chapter and the next, in order to get at least two of the more general remedies out of the way first, I will take up the subject of the present campaign for Americanization as suggested by the employers' end of the con-

troversy: and political action as suggested by the workers. Both are valuable movements: our foreigners do need "Americanization" and need it badly: and the workers do need political expression: but we must understand thoroughly what is implied by each movement and how far it is intended to go with it. In the following chapters I shall exhibit some of the more intensive and scientific experiments and try to show how far each is effective in meeting the trouble —for example, welfare work, the shop-committee system, the method of continuous negotiation and arbitration as remarkably practised in the clothing industry, the new science of management as stimulated from the employers' side, and the new impulse toward co-operative enterprises among the workers.

Consider now the subject of "Americanization." I know of a meeting held not long ago by a group of business men in New York City to discuss this problem. They were deeply concerned about it. The suggestion made in all seriousness by the principal speaker was that a certain number of those present contribute enough money to have a large number of copies of the Constitution of the United States printed and distributed. He said that there was a Bible in practically every hotel-room in America: there ought also to be a Constitution.

People must get back to the sources! At another meeting I know of a speaker suggested a wide advertising of American principles in the newspapers: said that it had been already adopted with great success in one or two cities. Another plan provided for a resurrection of the "four-minute men" who spoke so effectively for the liberty loan campaigns during the war, in which American principles would be presented in theatres, schools and so on —in four minutes! Other proposals, many of them very valuable so far as they go, provided for the wide teaching of the English language in night schools, shop schools and the like. This is actually being done in many places.

I know of one plant in Milwaukee, a tannery, where 406 foreign-born employees recently completed nine weeks instruction in the English language, speaking, reading, writing and arithmetic. They had an hour every day for five days each week on the company's time and without loss of wages. The results were excellent. There are said to be 500 industrial plants in America where work of this sort is being carried on. It is not only good for the workers but it pays the employer to have a "one language plant." Certain cities like Cleveland have begun serious campaigns to teach English to foreigners

and there has been a wide revival of interest in night schools and adult schools.

There have also been many proposals to forward the same end by law. In its report, after investigating the steel strike, the Senate Committee recommended a change in our naturalization laws to require "some education of all foreigners, at least to the extent of speaking the American language," and providing that if they do not acquire this knowledge within five years after their arrival they may be deported.

All of these suggestions, though some of them indicate an extraordinary failure to visualize the stupendous nature of the problem they are attacking so lightly, are significant of one great fact—and this is the conviction that the "melting-pot" idea of America has failed, the idea that merely being in America was enough, by some kind of magic hocus-pocus, to turn vast numbers of foreigners of old and resistant races into good Americans.

Consider this familiar and yet always startling fact, that in the last twenty-two years since 1897—the period of the greatest expansion of American industry—over 15,000,000 immigrants have come to America. Twice as many people as there are to-day in all Canada! A stupendous migration! Unlike the earlier immigrants, who distributed themselves more evenly throughout

the nation, these later peoples have tended to settle in indigestible lumps in the industrial regions. Foreigners largely dominate the great basic industries of the nation: coal, steel, oil, textiles, the packing-houses and the clothing trades. We have been so confident of the magic of the melting-pot, so busy making money, that we were blind to the fact that instead of transforming these masses of foreigners, American institutions were being transformed by them. After an investigation of certain conditions in the textile industry eight years ago I wrote:

> American workmen with American standards have largely disappeared from the textile industry, and even the solid English and Scotch workers are now flying before the immigrants from southern Europe who can, or will attempt to, exist on lower wages. The tendency is all toward grading downward. The danger is that these low-living, hopeless conditions will become the established mode of life. They may become the typical American conditions.

There is, indeed, much to be done with education, with the teaching of English, with instruction in American ideas, but these things barely scratch the surface of the problem.

"When we get them so that they can understand us," asks one critic pertinently, "what are we going to say to them?"

Americanism has got to be learned as the original Americans learned it, by practice, by great freedom to talk, to read, to associate. One great fount of Americanism was the New England town-meeting; representing free association, free discussion, common effort. But the masses of foreigners in many industries are prevented from having either free associations among themselves to affect their own lives, or free association or co-operation with the management to make industry more efficient and productive. And in some cases the conditions of their employment are such that they could not possibly avail themselves of such agencies of "Americanization" if they had them.

I met a Serbian steel workers at Gary, who said to me passionately:

"They accuse us of not becoming Americans. When do we get time? Can a man working in a blast-furnace—and anybody knows that ain't no boy's job—twelve hours a day, or even ten hours, get time to learn English—or learn anything else? What in hell do they expect of us?"

They have, indeed, night schools in Gary and in other steel centres, but as one teacher told me plaintively, not many come for very long. "They can't keep awake," he said. Father Kazincy, a Polish priest in Pennsylvania, bitterly complained of the long hours and Sun-

day work to the Senate Committee because his people could not "have any religion." He said regarding the Americanization schools:

"They are not a very great success for the simple reason that the men are overworked and they do not feel like going to the schools and depriving their families of their company after these long hours. Sundays they have none, for most of them go to work."

In spite of all the faults and excesses of labour unionism—and they are many—I think no one who studies the situation honestly can escape the conclusion that it is one of the very greatest of all agencies of Americanization for these foreigners: for here they really *practise* free association, free speech, free action. Unionism to-day is almost the only agency that is free from any distinctions of "race, colour or previous condition of servitude." I once investigated a strike among the clothing workers in New York. I found in the union Jews, Americans, Germans, Italians, Lithuanians, Poles and even Irish and Scotch, all working together in a common cause. No other force tends more strongly to secure the amalgamation of these diverse peoples or to inspire them with a common public opinion than these unions. To-day, I believe the unions in the clothing industry in America which are now co-operating fully with

the employers, are doing more to hold their own radical elements in check—by the force of their own inner public opinion—than any policy of outside force and deportation on the part of the government could possibly do.

The American elements in our population are fully as much in need of training in Americanism as most of the foreigners: for Americanism is not a language, or a flag, or even a constitution, but a certain free and generous point of view. It is a spirit: an attitude toward life: a full acceptance of the idea that all men should have free opportunity for the development of the best that is in them. It cannot be given from above: it has to come from within. It cannot look upon any man as a mere cog in a machine, as do those who believe in the commodity theory of labour, nor yet as a machine, as the early and orthodox scientific managers seemed to do: but he must be considered as a human being. And in the larger part of American industry to-day this kind of real Americanism is denied the workers and denied them by Americans. It is the great fundamental error of our system.

There must be, in short, a real application of the principles of American democracy to industry—" a full recognition of the right of these who work, in whatever rank," as President

Wilson expresses it, "to participate in some organic way in every decision which directly affects their welfare or the part they play in industry."

Herbert Hoover expresses the same idea in another way:

"The paramount business of every American to-day is this business of finding a solution to these issues, but this solution must be found by Americans, in a practical American way, based upon American ideas, on American philosophy of life."

He says that the "primary question is the better division of the products of industry and the steady development of higher productivity." There must be a "better distribution of profits": and maximum production "cannot be obtained without giving a voice in the administration of production to all sections of the community concerned in the specific problem: . . . it cannot be obtained by the domination of any one element."

In short, there must be more democracy in industry. No one autocratic element, whether the great steel employers at one end of the scale, or the radical labour leaders at the other, can be permitted to dominate: there must be a greater representation in administration of all the elements concerned: and there must be a

better distribution of the products of the common toil. This is the true Americanization of industry: and it is the only method by which production of goods, now the greatest need of the world, can be stimulated.

## CHAPTER X

### Approaches to a Solution of the Problem—by Political Action, as Suggested by the Workers—The New Labour Party

ONE striking product of the present upheaval of industrial unrest is a new national Labour Party, born at a convention at Chicago in November, 1919.

It is important to inquire, if we are to understand the present situation, just what this movement represents, who compose it, and how much it means. We know what a tremendous power the Labour Party is becoming in the politics of Great Britain: does this new movement presage a similar development in America?

I attended the convention at Chicago, as I also attended the Convention of the British Labour Party in London, June, 1918, at which the widely heralded report upon reconstruction—really the declaration of the new general policy of labour in the British Isles—was adopted.

Several features of the convention at Chicago are worthy of note. In the first place the fact that it was held at Chicago is significant.

Labour is more closely organized, more self-conscious, more advanced in its views in Chicago than in any other American city. It was the first large city to have a local labour party: in the last campaign (1919) it polled 56,000 votes for John Fitzpatrick for mayor (while the socialist candidates polled 28,000) out of a total poll of over 600,000 votes. This, then, was the friendliest atmosphere for such a convention that could be found in the country.

It was an unexpectedly spontaneous convention. It was run from the floor and not from the rostrum. It was not cut and dried. I think the number of delegates who came (there were about 900 from thirty-five states) rather surprised the promoters of the enterprise. A great many false reports were disseminated about it: that the convention split hopelessly on several issues: one of them prohibition: and that the delegates from the Farmers' Non-Partisan League, with Governor Frazier at their head, had withdrawn. As a matter of fact, it was an unusually harmonious convention which did the work it set out to do: and Governor Frazier did not withdraw, because he was never there: and the Non-Partisan League fraternal delegates remained to the end. The new party was organized and is preparing to place candidates in nomination not only for national offices

at the election next fall, but also to enter as many local and state campaigns as possible.

Two warring attitudes toward political action have long existed in the ranks of organized labour in America. One of them is represented by the conservative wing of the American Federation of Labour headed by Gompers. Gompers has always fought independent political action: or a distinct labour party. He has been for the policy of working just as the corporations have always worked, as the anti-Saloon League, and the Women Suffrage Associations have worked: within the old parties, or by lobbying in Congress or legislatures, or by supporting this or that candidate upon a declaration of his views concerning certain demands of labour. He has never even been as advanced in his method as the Farmers' Non-Partisan League of the northwest, which accepts the old two-party system, but tries to seize control of one of them from within—as it has succeeded in doing in North Dakota.

Gompers' policy for years was attacked by the radical wing of the American Federation of Labour led chiefly by the socialists, and once or twice he was nearly unseated. The war smashed the old socialist party: but by no means altered the views of the left wing of labour regarding political action. And

the convention at Chicago was, in reality, the independent expression of these radicals. Some of its chief leaders, like Max Hayes and Duncan McDonald, President of the Illinois Coal-Miners, were formerly members of the socialist party. Its chief leader, John Fitzpatrick, represents the " Chicago crowd," which, while maintaining their position within the American Federation of Labour, are more or less openly in revolt against Gompers and many of his policies. The Chicago Convention was countenanced by Gompers in no way, nor did any national union send official delegates: the convention was a rank-and-file movement made up of delegates from local or central organizations in thirty-five states.

The spirit of the convention was rather well typified by the personality of its principal leader: John Fitzpatrick. Fitzpatrick was born in Ireland, is a horse-shoer by trade, worked as a youth in the packing-houses at Chicago. He is a Catholic and a total abstainer. He has been for years active in the labour movement, and President of the Chicago Federation of Labour. He is a powerfully built man, smokes a pipe continually, is a whirl-wind orator, and much trusted by his following. He is an excellent organizer: but he represents a type of labour leader that is passing: the fiercely oratorical,

denunciatory, heavy-fighting type, which came up doing great service in the hurly-burly of the early days of labour organization. He knows well the strategy of strikes, but has done no real constructive or political thinking: has no statesmanlike plan.

His argument for a new labour party is based upon the conviction—which is shared by a very large and growing proportion of organized labour—that the two old parties are controlled by capitalists and Wall Street, that the courts are used by employers' interests to defeat the aspirations of labour, that public offices generally are filled by "labour-haters"; and there being no justice or right to be expected from either of the old parties, the only alternative is for labour to have its own political organization. Fitzpatrick's speech at the convention was described by one of the delegates as the "groan of a wounded giant." Like most of the other speeches it was shot through with a fierce spirit of revolt—and there was ammunition a-plenty at hand for every speaker. They denounced the government injunction against the miners: the threatened anti-strike provisions in the Cummins railroad bill: the deportations: the treatment of strikers in the steel centres: the profiteers.

The mission of the Labour Party was thus set forth in the resolutions:

The Labour Party was organized to assemble into a new majority the men and women who work, but who have been scattered as helpless minorities in the old parties under the leadership of the confidence men of big business.

These confidence men, by exploitation, rob the workers of the product of their activities and use the huge profits thus gained to finance the old political parties, by which they gain and keep control of the government. They withhold money from the worker and use it to make him pay for his own defeat.

Labour is aware of this and throughout the world the workers have reached the determination to reverse this condition and take control of their own lives and their own government.

In this country this can and must be achieved peacefully by the workers uniting and marching in unbroken phalanx to the ballot boxes. It is the mission of the Labour Party to bring this to pass.

But when the delegates who, like Fitzpatrick, expressed their sense of the injustices and wrongs that labour suffers, came to the forging of a platform: a constructive policy: they exhibited the greatest possible contrast to the British Labour Party. Nothing had been thought out, or worked out. Instead of a careful, studied plan of social reconstruction such as British Labour adopted, their platform represents a miscellaneous collection of remedies suggested, more or less extemporaneously, by various delegates. Apparently they put in every

reform that any delegate wanted—from the nationalization of unused land to the abolition of the United States Senate.

Certain provisions aim to reach the radical farmers' group, for example:

Credits for farmers "as cheap and available as those afforded any other legitimate and responsible industry."

Farmers to be assured prices for their products that will meet cost of production and "a reasonable margin."

Women's organizations are favoured in these planks:—

Single standards of morals in enforcement of laws affecting divorce and the sexual relation, with age of consent for both sexes at 18 years.

A wage "based upon the cost of living and the right to maintain a family in health and comfort without labour of mothers and children."

Prohibition of labour of children under 16 years.

Among the other planks are legacies from the old populist party, the "Bull Moose" movement, and planks aimed to satisfy the more advanced socialists and other radical groups, the municipal reformers and the trade unionists, as follows:—

Repeal of the espionage act.

Freedom of speech and assemblage.

A league of nations based upon the 14 points.

"All basic industries which require large scale production and are in reality upon a noncompetitive basis"—railways, mines and forests—to be nationalized.

Endorsement of the Plumb plan for railroad control.

Heavier income and inheritance taxes.

The banking business "to be placed in the hands of the federal government."

An executive budget in Congress.

Abolition or curtailment of the supreme court's right of veto over national legislation.

Popular election of federal judges.

Guaranteed right of workers to bargain collectively.

State or federal aid to provide land and homes for residents of town and country.

Workers to have a real voice in the management of business and industry.

Abolition of detective and strike-breaking agencies.

Protection of workers from the competition of "convict-made, sweat-shop or child-labour products or goods brought from other countries that are produced by cheap labour for the purpose of underselling the American product."

A maximum working day of eight hours, and a 44-hour week.

Abolition of unemployment by various methods.

Continuation of war-time soldiers' and sailors' insurance and the extension of such life insurance by the government without profit to all men and women.

All government work to be done directly, not by contract.

Union label on all federal, state or local government supplies and materials.

Full political rights for railroad and civil service employees.

Home rule for municipalities.

Amendments to the United States Constitution to be submitted to the direct vote of the people.

Initiative, referendum and recall.

Here are thirty-two planks—a mixture of political, economic, social and financial reforms —representing big and little ideas from every source, and intended to attract all groups of revolt.

And yet, although it welcomes to its rank workers of both " hand and brain " in support of " the principles of political, social and industrial democracy " it reveals no larger vision—as do both the British and French labour movements— of broad public and national needs. Take the single matter of large and efficient production which is to-day for the publics of all nations becoming a crying issue. In both England and France immediate and large production are being recognized as truly the concern of labour as well as of other elements of the population. Here, for example, are some sentences from the resolutions of the British Labour Party:

What the nation needs is undoubtedly a great bound 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, the equitable sharing of the proceeds among all who participate in any capacity and the adoption of those systems and methods of administration and control that may be found, best to promote, not profiteering, but the public interest.

The French Confederation of Labour at its Congress at Lyons in September, 1919, also shows that it sees clearly the need of greater production, especially since the war. Its resolution says:

To continue production in order to satisfy the needs of men, to increase it in order to put at the disposal of all a greater total of consumable wealth, these are questions to which the world situation resulting from the war has given a formidable importance.

The labour movement affirms that it should and can answer to this appeal, but it also declares that any effort in this direction is irreconcilable with the maintenance of the present régime. That appeal to labour to which all labourers are ready to respond, must henceforth rest upon the complete recognition of the rights of labour.

It is probably unfair to compare this young labour party with the much older and more experienced movements of Europe: but we must try to see exactly where it stands. It faces a much greater problem, in other ways, than the British Labour Party. Here the new party has not even the support of its own group, as in England, for the powerful following of Gompers

is in opposition. It thus represents only one wing of the labour movement.

America is also a huge country with far more diversified interests than any European country. Here the agricultural and small-town vote is still enormously powerful: and the new Labour Party has not yet convinced even the radical farmers of the Northwest. While it expresses the old revolts it lacks as yet any flaming creative vision or moral appeal which, in America particularly, is essential to any strong popular movement.

And yet it is plain to see that American workers and American farmers are rapidly awakening to political consciousness: to the necessity of some political expression to supplement the direct economic pressure of labour and co-operative organizations and strikes. No one who talks with labour leaders or attends labour gatherings can avoid this conclusion. They all agree to it, but differ as to method. The future is at present largely in the hands of the old parties and the old party leadership. If the old parties offer programs of reconstruction which convince the labour groups as being genuine and honest they will hold the great masses of organized labour now wavering between the conservative policy of Gompers and the radical new-party idea of Fitzpatrick. For the whole labour

movement in America is now, as never before, in a plastic or fluid state. If the old parties on the other hand exhibit no vision of the needs of the new time: or if they make insincere proposals—as they have so often done in the past —to catch the labour vote, then the drift to a new radical party movement (whether based upon this Chicago Labour Party or some other) will be swift and sure. The war has made a profound impression upon labour—here and in Europe—and old party leaders who think that labour is going back quietly to its old-time status are doomed to disappointment.

## CHAPTER XI

### The Genius of Mechanism and the Soul of Man—The Spiritual Aspect of the Problem

THIS chapter is an interlude: but like any well-regulated interlude, the play cannot somehow go on without it.

I should like to step out for a moment before the next act—like some prologue—and with my thumb pointed backward at the obscured actors upon the stage (who take themselves so seriously!) take you, the audience, into my confidence for a moment.

I have already exhibited, as best I could, some of the forces at work in the present industrial unrest, some of the leadership, some of the more evident and general devices of reform. The plot and the protagonists, the conflict and the crisis, are more or less made clear. Something of the high theme, the motif, the spirit, is yet wanting.

I can perhaps best indicate one part at least of the theme or the motif by describing my own first vivid impression upon visiting a steel town.

I went down to the city of Gary in a snow-

storm. A cold raw wind was blowing off the Illinois prairies. The train was cold. The city I had just left behind was cold. It was cold, and darkened at night. Some of the factories were closed: the stores, although at the beginning of the holiday rush, were open only part of the time. I was going from a city suffering from a coal strike to a city suffering from a steel strike.

It is an hour's journey from Chicago to Gary. Gary is one of the magic cities of the world. It has to-day about 80,000 people, and broad, well-paved streets and fine public buildings, and a school system with an international reputation. No steel mills in the world equal in modern improvements those at Gary. And yet thirteen years ago—as I have already said—the place where Gary now stands was a desolate waste of sand dunes. Wild ducks, flying in from the lake, settled in the sluggish inlet and were undisturbed: foxes skulked among the scrubby oak-trees. One of the great steel masters, coming to look over the site of the future city, was lost among the dunes near the present location of the Carnegie Library.

It was a big, free, bold thing to do—the building of Gary. It was well and truly dreamed. This was the one spot, here at the foot of Lake Michigan, where the ore from northern ranges,

floated down in huge, tubby cargo-boats, could most easily and cheaply meet the coal from southern mines and be fused into steel. The mills could take advantage, in distributing their product, of the net-work of railroads centring around the southern loop of the lakes. They had near at hand the vast human reservoir of Chicago upon which to draw for their labour. How well thought out: how wonderfully achieved!

I went to Gary not alone because it was one of the chief centres of the steel strike, but because among all the cities in America, the entire industrial scene nowhere more vividly presents itself.

Consider what an opportunity this magic city offers the observer. For here industry has had a clear field: no limiting traditions, no restrictions. Here, if anywhere, American industry is to be seen exactly as it most desires to be seen. It has had scope and space, unlimited money, time, power—every ingredient for miracle-making—to give form and fashion to its utmost dream. Here we have it, then, at Gary—the life-like portrait of American industry, delineated by its own bold hand.

Let us look at it narrowly: for like any great masterpiece, it is as enlightening for what it cunningly conceals as for what it easily discloses.

There is character here, certainly, a kind of stark power, a kind of bold originality. "Huge and alert, irascible yet strong." Is it grim? Well, Vulcan is toiling at his blazing forges. Is it benevolent? Is it cruel? And is there not something strange about the eyes? Is it so nakedly American that we should hesitate to draw the curtain and exhibit it to a visitor from Mars?

I had confidently expected when I went to Gary to be chiefly interested in the men and women there: the workers, the bosses, the observing newspaper editors, the merchants, lawyers, teachers: but curiously I was not. I went, indeed, first of all to see the men of the town, many of them hot with the passions engendered by the strike, I saw the unexpectedly comfortable homes of the skilled workers, and the wonderful schools, and the library, and the post-office, and the Y. M. C. A. building. I sat with the strikers in the dingy coop they called headquarters. I talked with mill officials and watched with some wonder the soldiers who were protecting the town—but everywhere I went, during every moment of the time, the centre of the scene was occupied with the stupendous spectacle of the mill. Its tall, slim stacks, plumed with strange-coloured smoke, its broad-shouldered blast furnaces, its portly

ore-piles, dominate the town. At night the flare of its converters signal the very heavens: and no one can escape the sound of its brazen voices.

When I had been inside the principal mill, and had seen with my own eyes those titanic processes, had watched the blazing white metal pouring from the Bessemer converters, had looked through smoked glasses into the boiling hell of the open hearth furnaces, had seen the steel ingot lifted by iron fingers from the heating ovens and rolled with easy power into steel-rails—when I saw all this, the impression of dominance was immeasurably increased.

As I saw it that stormy December day, just at dusk, it seemed a kind of titan, dwarfing all the human life around and within it. So few men were to be seen, or they were so insignificant, so dim, compared with the stupendous machinery, that one barely noticed them. The mechanism appeared, somehow, to be operating itself. I can scarcely describe it: but there it was, a kind of monster squatting on the shore of the grey lake. A tireless monster that never sleeps! Regardless of disputatious workers, and capitalists, and economists and politicians, it toils day and night, summer and winter, Sundays, Christmas, the Fourth of July. Its appetite is unappeasable. Thousands of men, dig-

ging for their lives in the iron-ranges of Minnesota and thousands more in the coal-fields and quarries of Indiana and Illinois can scarcely keep it satisfied. It drinks the entire flow of a river. It requires 10,000 men at Gary alone, speaking a babel of twenty languages, to serve the intimate daily necessities of a single mill.

Each time I visited Gary these impressions deepened. More and more I seemed to feel the implacable power of the mechanism there at the lake: and, in comparison, the insignificance of the human element in the process. One evening, as I was going out along the high embankment from which one can glimpse the whole enormous aggregations of flaming chimneys and spreading mills, it came to me, that, in its essence, mankind was facing the problem as to whether machinery should dominate men or men machinery. Were men to be merely cogs or servants of stupendous insensate mechanisms or were they to stand out as masters, using easily and freely the tools they had built? Was the "genius of mechanism," as Carlyle expressed it long ago, to sit forever "like an incubus upon the soul of man," or was the soul of man to free itself and command the genius of mechanism?

I think many an observer, visiting these great industrial towns will have the same question vividly presented to him: and he will begin

straightway to try, with all his power, to see whether or not the soul of man is really dominated by the mechanism, and why it is—and how it can come free and triumphant in the struggle. For this is the true theme, the motif, of this vast drama.

Yet the more I looked at Gary, and its mills and its men, the more I thought about them, the more amazing, after all, it seemed that these little insects of human beings should be there at all, that they should have been able, somehow, to create such a stupendous mechanism, such a titanic iron slave, and that having created it they should be able to command for its service so many of the forces of nature—heat and cold, air and water, electricity and gas—that they should know where to find all of the varied ingredients and bring them together exactly on time, mix them accurately, and produce finally such an outpouring of fashioned steel.

I went into the immense room, larger than any cathedral, where the ingots were being rolled. All the machinery was powerfully at work—and no other mechanism created by men gives a sublimer impression of resistless power than a modern rolling mill—but nowhere at first did I see a single man. Not one! It was almost uncanny! Presently I looked up. There, in a partly glassed cage high on the wall sat the

worker among his levers and his buttons: the cerebellum of the creature! After all, it *was* managed by men!

A moment later it came to me with a flash, exactly what the trouble was. Yes, men actually controlled the monster, but they quarrelled with another about it: there was a divided spirit: there was no common purpose! They were crippling the willing slave of them all, who was toiling to give them bread and clothing and shelter—and whatever of books, education and culture they might be able to acquire. There were actually soldiers patrolling the streets and guarding the mills to prevent them from killing one another, or from injuring the monster. They had built a marvellous machine—and were threatening to break it up because they could not agree about managing it!

Nor was this crippling confined merely to times of open strife. If that were all, we might speedily find a remedy. But it was going on all the time: there was no real co-operation: no true unity of spirit. A scientist in management, Mr. Gantt, after a life-time devoted to the study of industrial plants, gave it as his mature judgment that on the average the manufacturing capacity of this country was not more than twenty-five per cent. of what it ought to be if the productive machinery were properly man-

aged. A part of this was due to inefficiency of the management: and part due to the slackness and want of interest of the workers. Think of it! A slave willing to do four times as much work as it is doing—but crippled by confusion in the control!

Some other extraordinary features of this situation at Gary flew to my mind. In the backstreets of the town, unhappy groups of the most ignorant of the workers were meeting—men who cannot speak English—men that no one pays any attention to so long as they come to work every day. No mill in the country has a higher reputation for neatness and good order than the great mill at Gary. Gleason, the superintendent there, hates dirt, waste, rubbish, and will not abide them. He thinks them unsightly and dangerous! And yet they leave this human wastage neglected in dark corners of the town and wonder that it flames up in spontaneous combustion.

Well, these ignorant foreigners—they have never, for the most part, been organized in unions at all,—hold their meetings. They feel that something is wrong in the mills. It is in the very atmosphere. Some of them, perhaps, have read pamphlets dealing with European revolutionary movements. Everything is there so clearly explained. Nothing is more beguiling

to ignorant men than a patent remedy, whether for body or mind. They want a quick cure, and take it instantly. In the early days of the strike some of these men quite frankly advocated the immediate seizure of the mills by themselves—the workers!

No one has explained anything to them, or tried to: no one, so far as they know, has tried to remedy the conditions under which they feel that they suffer.

Nine hundred miles away from all this in New York sit the commanding men of the steel industry. They have given the workers of the town much good housing, and cheap, they have provided safety appliances at the mills—really in a wonderful way—they have instituted a pension fund, and they invite the workers to invest their savings in the stock of the corporation on a helpful and generous basis.

"See what we are doing for them!" they tell us.

It seems like black ingratitude that workers, after all this, should strike! Twenty-five years ago I saw men and women hungry in the model homes of the town of Pullman during the great strike there. Mr. Pullman had done everything (he thought) for his workers: and he mourned like some Lear over the tragedy of their ingratitude.

Well, those things do not prevent strikes, and never have; and never will, for they do not touch the heart of the trouble.

I puzzled a long time at Gary, how best to describe the real trouble—how to express it. I am not presumptuous enough to imagine I can explain it all, but one thing, at least, I think I see clearly. In the earlier part of this chapter, speaking of the self-delineated portrait of industry as it is to be seen at Gary, I referred to a certain strange aspect of the eyes. I know now: and feel like whispering the truth. Blind! No vision—or clouded vision. They do not see what the real struggle is: they do not unite to meet it.

For a little while last year—that wonderful year when our soldiers were in France—American industry opened its eyes: looked up! Both sides nearly forgot they were working for money: they forgot long hours: they even forgot profits (some of them!); they forgot to quarrel; they were united. For once they made the monster-slave of mechanism sweat at his task. For they had a vision of ships plying the Atlantic loaded with American soldiers, of a railroad across France, of guns for our brigades to fight with. How they all worked and produced for that clear purpose! The eyes of the whole world watched with admira-

tion how we turned out ships and cars and rifles.

All that has gone now. We had a glimpse of a better way, we tried uniting to depose the genius of mechanism which sits upon our souls, tried working together for a high purpose, we achieved miracles—and are back again groping in the old murkiness, quarrelling with one another, and crippling the giant that feeds us. We could unite, and produce, and sacrifice, to protect the nation from a danger from without: we seem to have no appreciation of the danger within, no vision of the task of meeting it! And where there is no vision the people perish.

Not long ago I read in an account of a recently discovered manuscript of the New Testament a remark of the Master to a shoemaker at work:

" Man, if thou knowest what thou dost, blessed are thou, but if thou knowest not, thou art condemned."

It is a very wonderful place—Gary—an extraordinary demonstration of the sheer genius and energy of human beings, but one wonders, having been there, having seen the crippled mills, the dissatisfied workers, the irritated management, the fearful losses in production, wages, profits, the soldiers patrolling the streets with charged arms, and groups of revolutionaries

plotting disturbances, and groups of officials planning suppressions—one wonders if those who manage and those who work at Gary do not warrant the condemnation of not knowing what they are about.

And yet having said this of Gary, I have said too much for industry in general, for there is a new vision coming in industry; new leaders are at work; new experimentation is going on. Industry in some of its branches is finding its soul —as I shall show in coming chapters.

## CHAPTER XII

### Welfare Work as a Solution of the Problem and How it is Regarded by Both Employers and Workers

IF one would bore into the very kernel of the present industrial unrest, let him examine the significant modern development of welfare work in American mills and factories. For here, at once, we encounter an extraordinary difference of view between certain leaders among the employers and certain leaders among the workers. In the Senate investigation of the steel strike, for example, Judge Gary gave no part of his testimony greater importance, nor spoke with more sincere enthusiasm, of any aspect of the work of the United States Steel Corporation, than of the extensive welfare work now in operation in the various mills and towns—pensions, stock-ownership, sanitation, accident preventions, schools, churches, clubs, playgrounds and the like. He gave at length the numbers of restaurants, swimming-pools, athletic fields, bandstands, sanitary drinking fountains, water-closet bowls, clothes lockers, and so on, provided by the corporation for the benefit of

its army of 268,000 workers. He showed that in 1918 over $17,000,000 was expended for these purposes, and in 1917 over $10,000,000.

He said: "The amount we have expended for the benefit of our employees is extraordinary as compared with anything that has ever been done before, so far as I know, anywhere or during any period."

This is absolutely the truth; no individual or corporation ever equalled Judge Gary's great company in the extent or cost of its welfare work. There is, therefore, no better example of the system to study; nowhere is the demonstration more complete.

Nor is there any doubt that Judge Gary looks upon the system with sincere faith and satisfaction, for he said to a meeting of the presidents of his subsidiary corporations (in January, 1919).

"All of us experience more or less a thrill of pride in hearing from government officials that our reputation for considering and promoting the welfare of our employees is the best in the entire industry."

He is right—it really is.

How, then, are we to interpret the bitter and cynical references to this work by many labour leaders; how explain—if it can be explained—Mr. Gompers' contemptuous term for it? He

called it—before the Senate Committee—" hell-fare " work. If this is the word of the most conservative labour leader in America, it can be imagined what must be the feeling of more radical leaders.

Are not all these things—these comforts, these aids to health and pleasure, these incentives to thrift—are they not all good? Why, then, should they be so bitterly resented by the labour leaders?

Before trying to explain this extraordinary difference of view, I wish to present a few more facts about the work Judge Gary has done; for it is in many ways very wonderful.

The phrase, " Safety First," which has now spread over the world, originated under Mr. Buffington in one of the plants of the Illinois Steel Company at Chicago. It represented the beginning of a powerful effort, in which the Steel Corporation has led the entire country, to introduce safety devices, to eliminate accidents. No industry is more dangerous to life and limb than the steel industry and in none has the " Safety First " movement made greater progress. Competitions have been set up between mill and mill and department and department and at Gary I saw huge, electric-lighted bulletin boards like baseball scores—bearing the records of various groups of workers

in preventing accidents: and everywhere about were signs of warning.

"Danger Here."

"Think."

"Our Motto: Safety and Cleanliness."

"No Smoking, Matches or Open Lights."

They have accident specialists—veritable safety "cranks"—who do nothing else but study safety improvements and train the men to watch for danger. Last year (1918) they spent over $1,000,000 in this work of accident prevention. Between 1906 and 1912 the number of serious and fatal accidents in all the plants of the corporation were reduced by forty-three per cent. They also have a fund for relieving men and families of men injured or killed in the mills, upon which they expended in 1918 $3,336,000.

They have a pension fund started by Andrew Carnegie in 1901 for superannuated or disabled workers. Over 2,900 men are now so pensioned, receiving an average of about $22 a month. This cost in 1918, $709,000.

But the feature of the entire plan upon which Judge Gary lays most stress is the effort to encourage stock-ownership in the corporation among the workers. Arrangements are made to sell shares at a little below market price to all classes of employees, give them a long time to

make payments, and finally, if they hold their stock continuously for five years to pay them a bonus of $5 a share per year for each share they hold. On September 1, 1919, there were 61,328 employees out of a total of 268,000 who owned 158,061 shares in the corporation upon this basis. This is, of course, a very small fraction of the total stock-issue of the great corporation—about one fifty-fourth—not enough, naturally, to influence the action of the directors in any way. It represents an average saving of all employees of about $60 each—if the value of the stock is counted at par.

The corporation has also built many houses for its employees (though far from enough) which it rents at rates generally lower than those prevailing among private owners, or has sold the homes, as at Gary, on long time at low payments. It also contributes liberally to all churches, many schools, libraries and the like. Judge Gary personally presented a large sum of money for erecting the Y. M. C. A. building in the city of Gary: and Andrew Carnegie built the fine library.

Why should the workers call this "hell-fare" work? If we are really to understand the length and breadth and depth of this problem we must understand exactly how these things look and feel from below. As I have said

before, it is not what the employer thinks the worker ought to feel that matters, but what the worker really does feel.

I have talked with many leaders and many workers upon this subject and endeavoured to get at their exact point of view. M. F. Tighe, President of the Amalgamated Association of Iron, Steel and Tin Workers of America, one of the leaders concerned in the recent steel strike, set forth some of the objections to welfare work in his testimony before the Senate Committee.

"The paternal features of the industry," he said, "that have been so very fluently expounded by the corporate interests, are nothing more or less than a hog-chain shackling the employees, putting them in the position that they dare not, at any time, assert those inalienable rights the American citizen is supposed to have—because, once he becomes the owner of that property, he must be employed in that plant, he must be submissive to any conditions that management may undertake to put upon him—for if he loses his position what value is placed upon his property?"

As to the bonus system, Mr. Tighe also says:

"We are opposed to that. We believe a man should be paid for the actual labour he does and that pay should be put in his envelope on every pay-day and not be left to the discretion

of a so-called philanthropic employer at the end of a certain period."

The Chairman: Your position is that you do not ask for gifts?

Mr. Tighe: Yes: that is our position exactly.

The Chairman: You ask for justice not gifts?

Mr. Tighe: Yes.

I got the point of view of one of the workers at Gary regarding the stock-ownership plan. He himself held two shares of the stock.

" Every share of stock," he said, " has a string attached to it. In order to win the bonus we must stay five years in the employ of the company: and even then the bonus is distributed under the rules only to those who in the judgment of the management ' have shown a proper interest ' in the welfare of the company. If he leaves the employ of the company for any reason —say he strikes—he loses the entire bonus. You see what cowards that tends to make of men who have a small stake in the company—and what power it puts in the hands of the company. It tends to make men afraid to organize or protest against abuses, lest they be accused of not being loyal. In the same way a pension system which is regulated according to the recommendations of foremen and superintendents is a way of shackling many older employees. Then, a certain number of men are tied up with houses

they have bought from the company on long time: for they know that unless they are 'loyal' and 'good' they may lose their jobs and have to sacrifice their property—for in most mill towns, if a man is discharged, he must move elsewhere."

Mr. Gompers said to the Senate Committee:

"What the workers want is less charity and better wages and labouring conditions. The direct purpose of this welfare work is to alienate and prevent the workers from thinking in terms of organization for self-protection and mutual welfare."

In its essence the criticism of the workers is that welfare work is an expression of benevolent autocracy, while they are struggling for more democracy: that it breaks up any unity of action: and while it makes life pleasanter for the few, it often consigns the great mass of workers to the necessity of living under hard working conditions. In the recent strike many of the skilled workers, the Americans, were thus tied up to the company by stock-ownership, the purchase of homes and the like, so that any group action or organization among the workers was robbed of its natural leadership. Of 268,000 workers only 61,000 (and this includes many foremen, superintendents, and other officials) were stockholders.

"What use is most of this welfare work," one

workman asked me passionately, "when we are compelled to work twelve hours a day and seven days a week? In the face of the twelve-hour day Carnegie Libraries, Y. M. C. A.'s, playgrounds, and the like are just jokes."

Another workman put in:

"Judge Gary says that welfare work pays, and pays big, in dollars and cents. If that is so, why should he take credit to himself for doing it? Of course it pays, because it helps keep the workers separated from one another, prevents organization, and enables the company to maintain its long work day."

Thus the very argument used by the employers to prove the value of the welfare work, that it helped prevent labour organization and thus broke up the strike, is the very argument used against it by the workers.

Another argument frequently heard among workers is this:

"Give us a chance to organize and decent wages and we will do our own welfare work and do it on a real democratic basis."

Some of the activities of labour unionism along these lines in America are most interesting. Several strong unions in Chicago and New York, for example, have their own educational directors with classes, lecture and concert courses, and the like. Some of the concerts

given by the clothing-workers—and given in union-owned halls—are of the very best. Other unions have extensive benefit and insurance systems. In his testimony before the Senate Committee, for example, Mr. Gompers compared the pension system of the United States Steel Corporation with that of the International Typographical Union showing that the latter was maintaining just twice as many pensioners, in proportion to its membership, as the United States Steel Corporation: and that these pensions were not regulated from above, but were awarded by the men themselves.

It was a significant thing, at Gary, to find that no work was spoken of by both company officials and workmen with more sympathy and approval than the Good-Fellow Clubs and the Joint Committees for carrying on the accident prevention work. Here, through a tiny crack, had crept in a little democratic relationship, a little co-operative effort, between management and men. The Good-Fellow Clubs are instruments for aiding needy workers and the Joint Committees in the accident work are for the purpose of building up public opinion among workmen in the mills in the matter of preventing accidents. In both of these limited activities committees of the management and committees of the workers are really acting toegther—and

both are proud of it—and proud of the results of it. For everything depends upon the spirit of approach.

"If this method works so well in these small matters," I asked one of the great steel men, "why will it not work just as well in dealing with other and larger questions—wages, hours, living conditions?"

"Why not?" he asked, "but we're terribly slow to see it."

Yet this is exactly what Rockefeller saw—and introduced—in his Colorado steel plants. It is what the Midvale Steel Company has seen and introduced in several of its great plants. Many hundreds of manufacturing establishments in America are already adopting this new democratic relationship in the management of the labour aspects of their work. These really remarkable experiments—all so new that they were practically unknown before the war—I shall explain in following chapters.

Five stages or epochs in the relationships of labour and capital—since large-scale industry came into existence—are clearly distinguishable in America.

1. The purely autocratic, individualistic method. The employer believes that he can "do what he likes with his own property." He "hires and fires" to suit himself. Sometimes

when the plant is small and the owner-manager is close to his men and can preserve a close human relationship, or when it is larger and he happens to be a great personality, this method may work very well—at least from the point of view of the employer. But when ownership becomes separated from management, as is so often the case now in America, or the plant grows so large as to destroy the possibility of close personal relationships between management and men, it often works very badly indeed.

It is this destruction of real contact and real understanding between employer and worker that is the cause to-day of much of the prevailing unrest. Especially is this true if the manager is of the dominant, driving type. "Catch 'em young, treat 'em rough, tell 'em nothing," was the motto of one steel-mill manager in the recent strike—and some employers thought it really worked, because he succeeded in keeping his mill in operation while others closed down.

2. The autocratic method tempered by welfare work: as in the United States Steel Corporation. Judge Gary is an absolute autocrat, but he is a benevolent autocrat.

3. The militaristic method, in which labour is organized, and often the employers as well. Employers and employees are in two more or less hostile camps: they have frequent wars

(strikes) and sign frequent truces (collective bargains). War is always wasteful and military methods inefficient, and always the non-combatant (the public) is the chief sufferer. Yet this is the method (and labour has had in the past no other way of protecting itself or winning its rights) under which a large proportion of the industries of America are now conducted. Sometimes a little real co-operation is attained by this method: usually not.

4. The new co-operative method now beginning to have a wide trial in America—and a still wider one in Great Britain. Here shop committees of workmen (whether organized in trade unions or not) and the management seek to co-operate, rather than to fight, over their mutual problems.

5. A step beyond this we have at least one great experiment—in the manufacture of men's clothing—in establishing a *government* for one entire industry in America: a government based upon co-operation and a democratic relationship between management and men throughout the industry.

These new schemes are not the mere suggestions of theorists or dreamers, but are being practically worked out by practical men, both employers and employees, as I shall show in following chapters.

## CHAPTER XIII

### The New Shop-Council System as Applied in a Typical Small Industry—The Dutchess Bleachery at Wappingers Falls, New York

I CAN best set forth the new method of co-operation between employers and workers in America—generally called the "shop-committee" system—by telling the extraordinarily interesting story of what has happened in one small industry where it has been applied.

Before the war this new method was practically unknown either in America or elsewhere—although there were several pioneer experiments in progress—but to-day there are several hundred industries—or if individual plants are counted, many thousands—varying all the way from huge steel plants like the Colorado Fuel and Iron Company and the Midvale Steel Company, to little factories of a few hundred hands, where the new plan is being practically tried out. In a following chapter I shall present a general survey of the present state and promise of the entire movement—for the experiments vary widely in detail and still more widely in spirit—

but the actual living operation of the new method can best be understood by looking at its application to a small industry in a small town where all the factors are plainly visible.

Wappingers Falls is a very old town, as towns go in America. It lies back from the Hudson River a few miles below Poughkeepsie, where a fine stream comes down out of the hills to supply power for its mill. In earlier days before the railroads came, its only communication with New York was by way of Hudson River sloops which in summer worked in through the narrow inlet, or in winter by the stage-coach along the river road.

Here long ago a bleachery and cotton print-works was established (now called the Dutchess Bleachery). I asked a bent old man I saw working over one of the vats how long he had been there.

"What's that?"

"How long have you worked here?"

"Fifty-nine years," he said, "in this one place."

So it was long ago. It was like many, if not most such plants in America. It had its Royal Family that owned everything—mill, houses, land—and lived little there, but had leisure for education, and European travel—opportunity written large. And the people worked long

hours—as long, they say, as fourteen—then twelve, then ten, and wages were low. There was never any incentive upon their part to work hard, or improve methods, or increase production, because no surplus of their common toil ever by any chance reached their pockets, for their income was inexorably set by the iron law of supply and demand in the wage-market. On the other hand they did help bear whatever losses the state of the trade or the inefficiency of the management might entail upon the industry—for whenever business was "dull" the mill could be slackened down or closed, and they thrown out of employment. Their labour was as much a commodity as the chlorate of lime they used in bleaching the new grey cloth or the starch in stiffening it.

A few years ago the mill was purchased by a new company, the chief owners of which were men with social imagination. They were among the many employers in America who are beginning to be troubled about their relationships to their business and to their workers.

When the war came to Wappingers Falls there was that sudden lift of common effort, common enthusiasm, which for a moment fired the soul of America. For a moment we forgot ourselves; we were greater than ourselves. There are those who mourn over the reaction,

and the present wave of unrest, but nothing can ever rob us of that great moment, nor wipe out the effect of it. We shall never go back to the ante-bellum ways or times. Whether we like it or not we are entering a new world.

The war jogged Wappingers Falls, as it jogged so many other towns, into a sudden self-consciousness. It had, for once, a good look at itself. Here it was, a rather outwardly attractive town of some 3,500 people—with comfortable shady streets and picturesque hills all about. Most of the people lived in pleasant but more or less dilapidated houses, a few of which were miserably built of sheet-iron, roofs and all, as cold in winter as they were hot in summer. There was one big Roman Catholic Church—for a majority of the people are of Irish and Italian origin—and four struggling, competing Protestant churches most of them without vision or leadership. Its schools were no better, nor worse, perhaps, than those in other mill towns like this—more a habit, a routine, than a source of power. Its politics was without issues or ideas: had degenerated into local factional strife for trivial authority and small rewards. Its saloons were the saloons of any small manufacturing town, and the less said of them the better. As for the mill in which all the people worked, for which the town existed, it was owned

almost exclusively (its capital is $1,350,000) by people who did not live in Wappingers Falls and never had.

Not an especially pleasant portrait, you say: and yet this town was probably better than the average of mill towns in America. It might be called A Portrait of an American Town at the Beginning of the Twentieth Century. There was not enough emotion below the surface to make its aspect tragic—there was only blankness, dulness, uncreativeness—boredom!

In the summer of 1917 a young minister named James Myers went to Wappingers Falls. He was sent by the owners of the company to see what he could do to change the conditions. When the new company had taken the property it had been much run down physically; they had built it up, got it on a profitable basis, and they wanted now to attack the problem of a new relationship with the personnel.

Mr. Hatch, the treasurer of the company, had been for some time interested in experiments in "industrial democracy," and had begun the introduction of the new system in a mill in which he was interested in Abbeville, S. C. He wanted to try out something of the same sort in Wappingers Falls. He had only two general ideas regarding the method of going about it—both fundamental; one was to go slow, not make

changes too abruptly, the other was to be honest with the workers at every step: that is, not to give them something that looked like a "new deal," merely as a screen for a closer riveting upon them of the old system—or to prevent unionism.

A meeting of the 500 operatives was called and the new representative plan was explained to them and they elected by secret ballot six representatives (afterwards eleven) from the various departments. These were organized into a Board of Operatives and James Myers was chosen executive secretary, his salary being paid by the company. It is to his enthusiasm, vision, and organizing ability that the plan owes much of its success.

There was one small labour union of skilled men in the mill and they joined in the enterprise and elected their president, Mr. Bennett, to the Board where his experience as a union leader was of great value. The Board, at the beginning, was given three groups of powers:

1. To solve the problem of housing. The company houses were out of repair and there was constant complaint. The company agreed to give the Board of Operatives entire charge of these houses and to supply the money for all repairs they should recommend.

2. To take up the matter of education and

recreation in the community and especially the matter of a club-house to take the place of the saloons when they should be closed.

3. The Board was also empowered to suggest methods of improvement to the management in other matters—living conditions, wages and the like, but it was without power to enforce its recommendations.

A survey of housing conditions was immediately begun: and the practical knowledge of the operatives on the Board was at once apparent —and also their desire to maintain a businesslike attitude toward the problem. That is, they held that the houses ought to return a fair interest on the capital invested. At once a great transformation began to take place in the village: reconstruction of old houses, new paint, new conveniences: and even the removal of several antiquated tenements. All this was entirely managed by the Board of Operatives but paid for by the company. The Board also established a fine baseball and athletic field in a natural amphitheatre, and a playground for the children, and by winter they had taken possession of one of the old saloon buildings and changed it into a well-equipped village club-house which is, today, one of the most popular places in town—a centre of its life. They also began the publication of a monthly paper called *Bleachery Life*

—dealing not only with the new plans but with all sides of mill life, including certain news printed in Italian for Italian workers. This has been a real agency in awakening mutual interest. Plans have now been made for selling all company houses to workers at low prices with deferred payments: and a savings system has been instituted.

The officials of the company kept in close contact with these developments. In November, 1918, they were ready to lay the foundations for the next step. Mr. Hatch addressed a mass-meeting of the workers and outlined the broader aspects of his new plan which he called a partnership between workers, management, and capital.

In a partnership each partner, he explained, shares the responsibility of management by taking charge of the business he is best qualified to handle: partners are also entitled to know the general results of their joint efforts and he said that in future the Board of Operatives would receive the report of the net earnings of the company just as did the Board of Directors; and, finally, partners share in the final net profits of the company, and he outlined a new plan of profit-sharing between the owners and the workers which I shall describe later.

Finally he summed up his attitude toward the

whole problem in words which merit careful reading as a fine expression of the new point of view:

> Why am I not satisfied with the system of paying wages as determined by supply and demand, *i.e.*, with paying the market price for labour and making as large profits for the company as market conditions will permit? Because I am convinced that this system has been weighed in the scales of human experience and found wanting. It treats every employee as a means to an end, the end being the enrichment of the employer, whereas every man, every woman, and every child is an end in himself or herself, the most valuable creations in the universe. To phrase it differently: Because this system has on the one hand resulted in poverty for many in this glorious land of plenty, and on the other causing, as it does, the concentration of great wealth in the hands of a few, has enshrined the pursuit of material wealth as the dominant life motive of men.

This was a general outline of principles: as yet there was no real machinery for working them out. But such machinery cannot be created out of hand: it has to develop out of the needs of the situation. As the Board of Operatives broadened its scope of activity it came again and again into contact with the deeper problems of the mill itself: wages, hours and real co-operative control. As yet it could only make suggestions to the management: but by May, 1919, it was ready to ask for more power. The Board explained to the company that " the

apathy and lack of interest with which the employees view the Board of Operatives " were due to the fact that its powers did not affect directly those " things in which many employees are most vitally interested—matters within the mill, question of hours, wages and the various conditions by which they are surrounded in their daily work." In response to suggestions from the management, which was already considering the reduction of the hours of labour in the plant, they also asked for a forty-eight-hour week instead of the prevailing fifty-five-hour week and for an increase of wages by fifteen per cent. At the same time the Board of Operatives now felt enough of the new spirit of co-operation and partnership not to stop merely with a demand for better wages and shorter hours for the workers, but they offered to do their part in keeping up production. They expressed their determination to produce as much in eight hours as formerly in ten, and actually suggested the installation of time-clocks to keep a record of all employees. Their resolutions are well worth considering:

> While feeling its responsibility in making these suggestions (about decreasing hours and increasing wages), the Board of Operatives believes that in addition to the saving which will be affected in power and light, the plant can be so managed, and its efficiency so improved in other ways,

as to result in turning out practically the same production in 48 hours as it turns out at present in 55 hours. To this end the Board of Operatives wishes specifically to recommend the following methods of increasing efficiency:

That time-clocks be installed, covering all operatives.

That a regular monthly foremen's conference be held for mutual discussion with the agent, of the problems of mill management, in order to harmonize the working of the various departments of the plant with each other; to improve working conditions which may effect plant efficiency; to promote the spirit of co-operation among all departments, and with the management, and to increase the efficiency and production of the entire plant.

That a mass meeting of all employees be called and full explanations made in regard to the importance of co-operation on the part of every one in order that production may be kept up and no loss sustained by us all as partners, on account of reduction of hours.

The next step was a long one. The company decided to establish a Board of Management, consisting of three members representing the employer's side (the Manager of the mill, the New York agent, and the Treasurer of the company—Mr. Hatch) and three members chosen by the Board of Operatives, Mr. Aurswald, Mr. Beasley and Mr. Clark. This Board was given absolute power " to settle and adjust such matters of mill management as may arise "—practically complete control of the mill. In case of a deadlock between the two groups over any question, they are empowered to elect a

seventh arbitrating member whose deciding vote shall be final. This Board went into control in August, 1919.

A profit-sharing system was adopted on these terms: After all expenses are paid, including six per cent interest on capital, the net profits, whatever they may be, are divided, half and half, between the stockholders and the workers. Mr. Hess, the Agent (Manager) of the mill has introduced a very complete cost-accounting system, so that net profits can be known monthly and dividends are therefore now declared monthly. The first dividend to the wage-workers was paid last August and represented four per cent upon wages earned in the previous six months.

No sooner, however, is any profit-sharing plan discussed than the problem arises as to what will happen when losses come. The company has met this problem by establishing two sinking funds to be built up out of profits until each reaches $250,000: one to pay half wages to workers if the mill is forced to close down, the other to maintain regular interest on capital.

These new responsibilities, coupled with the new opportunities for a real share in any increased effort has awakened a wholly new spirit in the mill. There is a reason now for " getting busy," for pushing up production. Instead of

opposing the introduction of efficiency schemes in the plant—as workmen so often do—they welcome them. For more production, more efficient work, means more profits—and half of all profits go to them.

I want to give one example of this. Last winter the New York office "came back" at the Board of Operatives at the mill because of damage to one large shipment of cloth through "pin-cuts." It had cost the company $6,000. In former times this loss would have been "swallowed" and not much said: perhaps some employee "fired" if the guilty one could be found. Here is the way the New York office expresses its feelings to the operatives at the mill:

> Let's just for the fun of the thing figure this out for each of us. Increased expenses mean decreased profits, and in this instance our decrease in profits amounts to about $6,000, less what we can get for the salvage. Under our partnership agreement the stockholders stand half, or $3,000, and the other $3,000 is at the expense of the operatives. You all can easily figure out for yourselves just about what your individual share of this is, and can ask yourselves if you got your money's worth. We are sure the stockholders did not. We haven't written you a letter for some time, but this subject sure did drag us out of our shell.

It was no trouble for the 500 operatives at the mill to calculate what that piece of careless-

ness cost, on an average, each of them. It was $6. It went through the mill like a shock and it was known just how and where the damage occurred. It can be seen what the public opinion of the mill would be toward those workers who had been so careless as to reduce by $6 the profits of every employee in the mill.

Another thing the Board of Operatives has done is to offer prizes for suggestions from workers—in order to get the minds of every one to working upon the common problems of the shop. This has already resulted in a number of improvements. At the payment of each month's dividend also, Mr. Hess proposes to hold a mass-meeting and go over all the affairs of the mill and show the workers where they can improve processes, cut corners, save money. With both managers and men working at improvement of methods, something is bound to happen at Wappingers Falls!

But this is not all. The company has now gone still a step further upon the road to "industrial democracy." It has reorganized its own Board of Directors. It has now five members, three representing capital and management, one elected by the Board of Operatives, and one representing the community of Wappingers Falls—who is the President of the town. This is aimed to draw together all the interests con-

cerned: the management, the workers, the town. Especially is the last a novel idea—community representation—for in all old mill towns there is a heavy weight of dull local suspicion of the mill and the company. If the town can *know* what is going on, it is the theory of Mr. Hatch that the town also will help. He wants good will all the way round. The company has now also made arrangements to sell shares of its stock to its operatives at a price somewhat below market value.

The greatest source of difficulty, suspicion and jealousy, leading to war in international affairs is secret diplomacy. And so it is in industrial affairs: secret deals, back-stairs agreements, sly bookkeeping, dishonest profit-sharing. The men behind the Wappinger Falls experiment recognize this and have provided for a wide degree of publicity. With representatives of the Board of Operatives sitting on the Board of Management of the mill nothing relating to the manufacturing end of the business can be covered up—and now with a delegate of the Operatives and of the town in the Board of Directors the entire inside of the company's business will be known. This is a very advanced step—taken, so far as I know, by only two other employers: one the Filene Store in Boston, the other the Procter & Gamble Soap Company of

Cincinnati. It is perhaps practicable yet only in relatively small industries, but it is a tremendous demonstration of the absolute sincerity of the employer in approaching his problem. It is also the best insurance to the employer that his industry will weather hard times and the possible necessity of reducing wages with the full co-operation of the workers—for they, also, will be on the inside and know of the difficulties and problems that confront the industry as well as he does.

This, in brief, is the new plan as applied at Wappingers Falls. It is, of course, very new—as are all of these experiments. As Mr. Hatch himself says:

"We cannot really know how it will work until it has been under way for three or four years and we have passed through a period of hard times and losses. That will be the test of it!"

The great point, however, is that here the *spirit of approach* is honest on both sides: there are the beginnings of real co-operation, of real democratic control. With such a spirit new adjustments can be made to meet new difficulties. Like any other human scheme it can be attacked and criticized at many points, but the great thing here is that the problem is being approached with a genuine scientific desire to

know the conditions and a spirit of goodwill in meeting them. If this does not work nothing else will—and we might as well toss over civilization, retire to the cynic's corner, and rail at the wickedness of men!

I should also like to add just this observation: and it applies as well to most of these new experiments, *where they are genuine,* and that is that both sides seem to be "having the time of their lives"—downright enjoyment of the new adventure. For it is real creative work in a new field—the most fascinating kind of creative work: with human beings. As one employer in another industry said to me:

"It's the most interesting thing I ever did in my life. It beats mere money making all hollow!"

Like any other truly creative work its results exceed expectations, and yield unanticipated rewards.

## CHAPTER XIV

### Development of the Shop Council System in America—Method of Organization—The Movement in England and Germany

HERE is a significant observation quoted, not from a labour leader, nor yet from a radical reformer, but from an American steel master, who is also a great employer of labour:

"The real leader in industry to-day is not the man who substitutes his own will and his own brain for the will and intelligence of the crowd, but the one who releases the energies within the crowd so that the will of the crowd can be expressed."

Charles M. Schwab has also said:

"I know something about making steel but I don't know anywhere near as much as the thousands of steel workers."

His view corresponds closely with that of the foremost thinkers upon industrial reconstruction both here and in Europe; and that is, that there are vast undeveloped resources of knowledge, energy and creative genius in the human

factor in industry; and that the next great step forward in civilization will consist in releasing this knowledge, energy, genius of the great masses of the workers.

Under the old autocratic régime in industry there have been specialists in financing, in selling, in advertising, in technical processes; but the last thing of all to be considered was the most important of all, the human element; the labour; in industry. Any foreman or boss could "hire and fire." It is only very recently that labour-experts, labour-managers, labour-engineers have begun to appear as an essential factor in industrial organization, and in only a few of the more enlightened has the labour expert risen to anything like an equality of status with the other departmental chiefs. I know of only a few cases in which labour management is dignified by a vice-presidency or other high official recognition in the company.

Under the old autocratic régime everything is directed from above, according to the will of the employer or manager, and the tendency is toward the suppression of every form of creative energy on the part of labour. The United States Steel Corporation is to-day the greatest American example of this system. Fortunately, not only in the steel industry but in many others as well the new secret for releasing the enormous ener-

gies of human beings is now being discovered and developed. The idea is spreading with extraordinary rapidity both in America and in Europe. It is not confined to the thoughtful labour leaders, nor to students or experts in industrial management, but many employers and employers' associations are, as one observer said to me, "riddled with it."

And this "secret" consists in applying to industry little by little the simple machinery of democracy.

"We do not need a revolution," said H. L. Gantt, one of the true pioneers of the movement, "we do not need a class war. Most people will work for the common good if you give them a chance. The trouble is that we have been clinging to an autocratic system under the mistaken idea that it was good, at least for the aristocrat. The fact is, that it isn't. Democracy is far better for all of us. Industrial democracy will release our energies and make us the strongest people on earth."

I described in the previous chapter how this new system had been introduced and showed how it worked in a typical small industry. To-day there are hundreds even thousands of mills, factories and other business organizations, all the way from huge steel plants, like the Colorado Fuel & Iron Company, the Midvale Steel

Company, and important transportation and shipbuilding companies, to little factories with a few hundred hands where the new idea is being tried out. It is a very new movement. Before the war it was practically unknown outside of a few halting pioneer experiments; to-day it is scarcely an exaggeration to say that it is more in the thought of American industrial leadership than any other single group of ideas.

Mr. Gantt predicted that it would make us "the strongest people on earth"—but we shall have to push hard indeed if we beat the British and the Germans in the introduction of this great new organization of human energy in industry. For the British have already gone beyond us through the adoption as a national policy of the Whitley Councils System providing for the reconstruction of industry upon a democratic basis. While a large proportion of our employers and labour leaders, through lack of understanding, are still opposing the whole idea, the great majority of both organized capital and organized labour in Great Britain have accepted it. Already forty-one national industries, including many hundreds of individual plants, employing over two and one-half million workers, are operating under the new system—although none of the great basic industries have yet adopted it.

The Germans have sought the same end in their methodical and formal way by passing, on January 17th of this year (1920) a "shops council" law which will apply to all factories or plants where "more than five men or women are employed." It is called "one of the most radical pieces of economic legislation since the war." It means the gradual reconstruction of German industry upon a co-operative and democratic basis.

Compared with the sweeping changes contemplated in both Great Britain and Germany—our economic competitors—the American movement is still tentative and experimental. Although many enterprises are trying out the system, this represents a very small proportion of the tens of thousands of employing establishments in America. It is as yet a mere crack in the surface of the old order.

The new method was adopted whole-heartedly during the war by our own War Labour Board, and through that organization applied in more or less rudimentary forms to many industries where labour disturbances were threatened—great concerns like the General Electric Company, at its Pittsfield and Lynn plants, the Bethlehem Steel Corporation, the American Cash Register Company, and several important plants at Bridgeport, Conn. And the Presi-

dent's Industrial Commission which recently sat at Washington has recommended the adoption of the new system as one of the main features of its report. There is this to be said about Americans; they are quick learners, and once they understand the enormous possibilities of the new co-operative relationship there is no doubt that it will be swiftly applied. The atmosphere of American life is peculiarly favourable to the growth of such democratic movements, and we have already demonstrated, during the war, an extraordinary ability to "get together" and to infuse industry with a "spirit of co-operation" which accomplished great results in a short time.

DeTocqueville long ago called attention to the peculiar genius of Americans for forming associations of all kinds, for all purposes—in short, their ability to work together.

"Wherever at the head of some new undertaking you see the government in France, or a man of rank in England, in the United States you will be sure to find an association. The English often perform great things singly, whereas the Americans form associations for the smallest undertakings."

The American approach to the new system is by the American method, through encouragement by volunteer associations and experimentation in actual enterprises. It lacks the regu-

larity of a German system prescribed by law, or a British system carefully studied by a governmental body and adopted from above, but what it loses in uniformity it may gain through variety of creative experimentation, the attempt by many individual brains to apply the principle to specific cases. This cannot fail to produce a greater degree of flexibility and a closer adaptation to actual needs than any prepared plan. The creative impulse thrives best where experimentation is freest.

So it is that when we endeavour in America to define what the new system of " industrial democracy " really is, we find a large number of different " plans " or " systems," varying widely in detail or still more widely in spirit. We have the Colorado Fuel and Iron plan, the Bridgeport plan, the Leitch plan, the Amalgamated Garment Workers plan, and others, and as yet no comprehensive governmental plan at all. It is a movement which has grown more or less spontaneously from within.

Now, I shall not enter here into a discussion of the details of these various plans. I have illustrated in a former article exactly how the system was applied in one small industry, but there are certain broad general principles which underlie the entire movement. Fundamentally, the effort is to do away with the old autocratic

and militaristic organization of industry, and gradually substitute for it a new co-operative and democratic organization.

Under the new system labour is no longer regarded as a mere part of the machinery, but as a partner with a definite share in the management. The essential structure is very simple. It consists of committees secretly elected by the workmen of a shop or an industry (hence the names " shop committee " or " employees' representatives ") to meet similar committees appointed by the management, thus producing a " workers' council " or " trade board " to discuss and settle certain of the problems of management—beginning with the problems especially affecting labour, working conditions, wages, hours and the like. One vital purpose of the movement is to reach and deal with the causes of unrest and never permit disagreements to develop to the point of open war (strikes). It may be a very crude and partial arrangement in which only a little democracy is let into the industry, and only very limited powers conferred upon the " council," or it may go to the length of admitting a representative of the workers to a place in the Board of Directors of the company with extensive privileges granted the workers of sharing in the profits and of purchasing stock in the corpora-

tion—as in the example at Wappingers Falls which I have already described. All of the experiments represent an approach to "industrial democracy." Those who wish to go into the whole matter more fully—and there is a notable awakening of interest in this subject all over America—may find further information in certain books and reports: or better yet, by visiting some plant where the system is now in operation. The subject is as yet so very new, and the developments are so rapid, that the literature is rather unsatisfactory. Two new books which interpret the spirit of the movement are "Industrial Good-Will" by Professor John R. Commons of Wisconsin University, one of the best of our American authorities, and "Industry and Humanity," by W. L. Mackenzie King, former Minister of Labour of Canada. For a more detailed account of actual plans in operation there is a report on "Shop Committees and Industrial Councils" published by the New Jersey State Chamber of Commerce, Newark, N. J., and a summary, "Works Councils in the United States," by the National Industrial Conference Board, 15 Beacon Street, Boston. This latter is a report made under the direction of twenty-five of the foremost Employers' Associations of America. Other excellent reports

may be obtained by applying to the United States Department of Labour: and there is a small book by W. L. Stoddard upon the experience of the War Labour Board in establishing shop committees.

Much opposition to the new system in America is to be found among both employers and employees. Upon the side of the employers it is due in part to the natural inertia of men who have succeeded by the old method, who know that method well, and are fearful of any change or new adventure: in part to the human desire to maintain "authority"; and in part to the short-sightedness that sees more immediate profit in the present system. It is so much easier to "boss" than to co-operate. And the new system looks like revolution! Many employers will examine it seriously only after they have been through the hard punishment of strikes or other labour disturbances. It is among the younger, more progressive, more thoughtful employers that the movement is spreading most rapidly. Since the close of the recent steel strike, employers opposed to the plan have called attention to the fact that employers working in companies having the new system (in a more or less rudimentary form) like the Colorado Fuel and Iron Company and the Midvale Steel Company—went out on strike

with the other steel workers. This is true (except as to the Bethlehem Steel Company where the new plan of co-operation and conciliation was largely instrumental in keeping the plant going) but significantly it has not discouraged a single one of these great employers. They are going straight ahead with their forward-looking experiments. As the *Iron Age* well says in an editorial:

> We have looked upon the steps taken by various steel companies to cultivate better relations with their employees through conference committees, on which the employee representatives are chosen by the workers, as having great promise, and we have the same opinion in spite of what happened at these plants in the period of the strike.
>
> It need hardly be said that the defeat of the steel strike leaders and the rising up of public opinion against them do not signify that there is no call for change in labor conditions in the steel industry. . . .
>
> The fact that so many workers in the production of steel are of foreign birth makes all the more necessary the employment of extraordinary means by the employers to establish a relation of confidence. The problem is neither more nor less than that of realizing throughout the industry the same democracy that was urged as the goal of every united effort of managers and men during the war. We believe the employee representation plan is the best means yet devised for reaching the desired end.

On the part of the workers the opposition to the new idea is also due to fear and misunder-

standing—especially among the older and more conservative leaders of the Gompers type. They have built up their labour organization upon a militaristic basis: they regard the employer more or less as a natural enemy upon whom, from time to time, they make war (strike) and with whom they sign truces (collective bargains). It is as hard for them to get the new idea of frank co-operation and a democratic relationship as it is for the old-fashioned employers. And they really have a genuine basis for their apprehension: for in some cases the new device of shop-organizations, so-called "company unions," has been deliberately used by employers for hampering labour organization or weakening its influence. The workers know what an indispensable instrument labour organization has been to them in getting even the primary recognition of their rights and they dread desperately anything which suggests interference with their free action in this regard. They are very suspicious of certain of the "company unions" in the steel industry: indeed one of their demands when the steel strike was called was the "abolition of company unions."

On the other hand some of the progressive younger leaders like Hillman of the Amalgamated Garment Workers, believe thoroughly in the new movement on the ground that any

association of workers, giving them freedom to act in matters pertaining to their own lives, leads certainly to more self-conscious organization—and will tend to help rather than hinder the labour movement.

The only secure approach to the new system is a genuine spirit of goodwill firmly based upon a scientific examination of all the factors in the problem. Any employer who "takes on" the "shop committee" or "employees' representation" system merely as a sop to labour, or with the intention of using it to fight unionism, or to postpone doing real justice to the workers, is doomed to failure. He discredits the whole idea, in which the spirit of approach is the essential element. If he wants to reap the benefits of industrial democracy he must begin by being democratic: if he wants genuine co-operation, he must himself genuinely co-operate. In England the Whitley plan of workers' councils presupposes complete organization of labour; and labour must never be expected to forego the full use of its one weapon of defence—organization and the strike—unless it is thoroughly convinced that capital and management is sincere in its proffers of co-operation and conciliation, and honestly proposes to introduce a greater degree of democracy in management.

## CHAPTER XV

### The Shop Council System as Applied to the Men's Clothing Industry of America and Canada—The History, Principles and Structure of the Development

I COME now to what is undoubtedly the most significant and comprehensive experiment, at present under way in America, in the introduction of a new co-operative and democratic relationship in industry.

It has demonstrated its success in certain markets over a longer period than any other. It has operated in what was for years the most turbulent of all industries—the men's clothing trades. Here competition among employers was bitterest and most unscrupulous: here labour conditions were the worst; here in the ghettos and the tenement districts of New York and Chicago extreme radicalism found—and still finds—its toughest rootage. And yet out of this condition of industrial anarchy has developed the beginning of a reign of law, founded upon a genuine spirit of co-operation.

In the shops of Hart, Schaffner & Marx of Chicago, with 7,000 workmen, where the new

idea has been tested out for over nine years—lasting through the strain of the war and through epidemics of labour disturbances in neighbouring clothing factories—there has never been a strike. On the other hand an immense and steady improvement has taken place not only in the living conditions, but in the spirit of responsible independence, the morale, the manhood, of the workers; production per man (in that market, at least) has been rising: and finally, the employers have been steadily prosperous. As to the effect of the new system upon the consuming public I shall speak later.

A plan, a system, a spirit, which will accomplish all these results in a time of industrial unrest is assuredly worth careful examination.

In order to make the present situation perfectly clear, let us recall for a moment the three stages through which the clothing industry in common, indeed, with others—has passed during recent years.

1. The period of unrestricted competition among both employers and workers. I remember well, many years ago, studying and writing about conditions in the garment trades. Clothing was then made in dark holes in tenements—veritable "sweat shops"—by miserable and helpless foreigners who were driven to long hours of work at starvation wages by the un-

regulated operation of the law of supply and demand. By subdivision of labour the system had stolen the skill of the craftsman and given nothing in return. It requires to-day fifty workers to make a pair of pants, and of tens of thousands of tailors very few could to-day make a coat, still less a suit of clothing.

The whole industry had become a blind and greedy struggle for jobs among thousands of unskilled men. Employers were practically as helpless as the workers: they were equally bound upon the wheel of cut-throat competition. Any one of them who tried to improve conditions was speedily forced to the wall by ruthless competitors.

2. The second great stage represented the effort to escape from this hopeless condition of competitive anarchy by organization. Both sides in all branches of American industry began to combine, the employers in corporations, trusts, associations; the workers in labour unions. Where large capital was invested and extensive machinery was necessary—as in the steel industry—anarchy often gave place to an autocracy of capital: with law and order imposed from above by a strong man or group of men. Judge Gary to-day is such an autocrat: and the United States Steel Corporation is an example of this stage of development. It has succeeded

by organizing capital and keeping the workers more or less disorganized.

But this development was not possible in the clothing industry, because an employer could get into it with almost no capital at all. All that was needed was a loft, or even one room, a few sewing machines (or not any), and an ability to attract, dominate, or browbeat labour.

But if the employers in the clothing industry could not combine, the workers could and did. They began organizing by crafts, the more skilled men first, and there ensued a long and bitter warfare of strikes and lockouts. Unions were broken and defeated only to rise and fight again. The whole industry was kept in a condition of chaos. The United Garment Workers, affiliated with the American Federation of Labour, at one time became very powerful but not powerful enough to impose upon the industry an autocracy of labour—equivalent to the autocracy of capital in the steel industry. For floods of new immigrants kept coming into the country bringing new labour competition, and requiring Herculean efforts on the part of the unions to educate them to the need of organization. And one of the fundamental ideas upon which unionism then rested—and it remains today an essential weakness of the American

Federation of Labour—was craft organization, at a time when craft skill and craft lines were of steadily decreasing importance in many branches of industry.

In the years from about 1908 until the outbreak of the Great War (it was worst of all in New York—better, after 1911, in Chicago) the conditions in the clothing industry were all but intolerable. There were repeated and costly strikes and lockouts, a constant tendency on both sides to avoid living up to agreements, a steady decrease in production and efficiency. Neither side was strong enough to impose law and order in the industry. This is the unfortunate stage in which many great industries in America now find themselves. The coal-mining industry, for example, has recently reached an intolerable deadlock.

3. We are now entering upon the great third stage of development. It is not surprising that it has come earliest in the clothing industry because, as I have shown, the conditions were such that both employers and workers became convinced that life was impossible in either of the other stages.

Some wholly new method was necessary. Organized hostility in industry had produced only chaos: what remained but to try co-operation? Autocracy of capital in industry had not

resulted in justice or in a reign of law; what remained but to try democracy?

This is the great change, the right-about-face, implied in the present remarkable wave of experimentation, which I have described in former chapters, with the new system of "shop committees," "works councils," "trade boards."

Two men, both in the same shop, one an employer, one a worker, are mainly responsible for the beginnings of the new development in the garment trade. They were both men of vision and of practical courage. It is a very interesting story. The employer was Schaffner, of Hart, Schaffner & Marx. He had built up a large business in Chicago, he had retained in his workers a more than ordinarily close and benevolent interest. When the great strike of 1910 tied up his shops it nearly broke his heart. It seemed the height of ingratitude on the part of the workers. But unlike many employers who have to face this problem he did not become blindly angry and assume that he was all right and the workers all wrong—and that a stupid resort to force was the only solution. He asked himself what the trouble really was. He began to inquire into the whole subject of relationships between employers and workers. One thing he discovered immediately was that as his shops had grown larger, and machinery had been intro-

duced, that the old personal relationship and personal understanding between him and his workers had become impossible.

" The great trouble," he said, " is that I don't really know my own men. I don't really know what is going on in my own shops."

If he did not know his men, it was important that he should know them. So he employed a man who was entirely outside of the industry and therefore not prejudiced, a man with a trained, scientific mind, to study the problem. This was Professor Earl Dean Howard of Northwestern University, probably the pioneer labour manager—at least of the new type—in American industry. There are now over fifty such labour managers in the clothing trades alone, many of them formerly college professors. It was such an evident thing to do! There were experts in advertising, experts in selling, experts in financing, experts in production—and no experts at all in the most important factor of all in industry—labour. Goodwill in industry is not enough. Schaffner had had goodwill and his men had struck. There must, indeed be goodwill, but it must be based upon accurate knowledge and a common understanding.

This was the beginning of the new experiment upon the part of the employer.

In the same shop there was a young Jewish

clothing cutter named Sidney Hillman. He was at the time only twenty-four years old. He was born in Russia and came up through the narrow but thorough training of a rabbinical school. Like so many other restless young Russians he became an active revolutionary against the Czarist government. He was arrested before he was eighteen years old and thrown into prison where he spent his time reading every book upon economics and political science he could lay hands upon. When he got out of prison he left Russia, spent a year in Manchester, England, and then came to Chicago where he went to work in the plant of Sears, Roebuck & Co. and later in the shops of Hart, Schaffner & Marx. He had an ambition to be a lawyer, but when the labour disturbances began he at once came into local leadership and was the principal agent on the part of the men in working out with the firm the remarkable new co-operative agreement which went into effect during the following year, 1911.

At the time of this agreement the dominant union in the garment trades was the United Garment Workers which was affiliated with the American Federation of Labour. But many of the local organizations were discontented with the old craft unionism and the militaristic methods and leadership of the American Federa-

tion of Labour. In the national convention of the United Garment Workers in 1913 the differences came to a head and when a considerable number of delegates were denied seats they withdrew, held a rump convention of their own, formed a new organization called the Amalgamated Clothing Workers, and elected Sidney Hillman their President, although he was not present at the convention.

The principles upon which the new organization was founded were in brief as follows:

1. To place less emphasis upon craft organization and more upon a union of all the workers in the industry; to be as hospitable toward the unskilled as toward the skilled.

2. To co-operate with employers wherever possible rather than to fight them—but to fight and fight hard if necessary. They had before them the Hart, Schaffner & Marx agreement of 1911 as a way of approach toward industrial democracy.

Although excommunicated by the American Federation of Labour this new organization spread with extraordinary rapidity. To-day it has a membership of some 200,000 and practically dominates the workers in the men's garment trades (except for certain shops chiefly making overalls which are still affiliated with the old United Garment Workers) of America and

Canada. It is one of the most powerful unions in the country; it publishes its paper in seven languages; it conducts interesting welfare and educational work; it is planning large office buildings for its use (one to cost a million dollars) in New York and Chicago; it is projecting co-operative enterprises of several kinds; it was rich enough to send a check for $100,000 to the steel workers in their recent strike. It has succeeded in binding together in a close union workers of a dozen different nationalities and races, chiefly Jews, Italians, Poles, Bohemians, but including many old-stock Americans, Scotch, English, Scandinavians and others.

The essential element in the Hart, Schaffner & Marx agreement from which the entire development springs is also the fundamental idea found in the " shop committee " system that I have already described—that labour must be represented in managing those elements of industry which concern its own life. Therefore the Hart, Schaffner & Marx agreement provides for the secret election by the workers in each shop of a " chairman." These chairmen, who are, of course, union men, because the shops are firmly organized, elect five delegates to meet five representatives of the employees in a " trade board " where all questions that arise can be discussed upon an equal and democratic basis.

This is in its essence the usual "shop councils" system; but in the garment trades two very important new features have been introduced. One is the principle of continuous negotiation, with an agreement never to let a difference of opinion reach the point of a strike. Instead of meeting occasionally and dealing at arm's length, these "trade boards" in Chicago are in session every day and any trouble that may arise is instantly dealt with.

The other important feature is the "impartial chairman." He is the outsider who is chosen to preside over the trade board and to decide questions when a deadlock occurs between the five members representing the workers and the five members representing the employers. In short, there is not only continuous negotiation but continuous arbitration. Very able and broad-minded men, often college professors, have been chosen for impartial chairmen and arbitrators. At present Professor James H. Tufts of Chicago University is chairman of the Board of Arbitration in the Chicago market.

So much lies in the spirit of approach to these new methods that every one who is really interested ought to read the following four extracts (written by J. E. Williams, now deceased, the first chairman of the Board of Arbitration, and one of the real creators of the movement) from

the preamble of the agreement—which are in their way a setting forth of the basic principles for a new constitution for industry, which is now in the making:

On the part of the employer it is the intention and expectation that this compact of peace will result in the establishment and maintenance of a high order of discipline and efficiency by the willing co-operation of union and workers rather than by the old method of surveillance and coercion; that by the exercise of this discipline all stoppages and interruptions of work, and all wilful violations of rules will cease; that good standards of workmanship and conduct will be maintained and a proper quantity, quality and cost of production will be assured; and that out of its operation will issue such co-operation and goodwill between employers, foremen, union and workers as will prevent misunderstanding and friction and make for good team-work, good business, mutual advantage and mutual respect.

On the part of the union it is the intention and expectation that this compact will, with the co-operation of the employer, operate in such a way as to maintain, strengthen, and solidify its organization, so that it may be strong enough, and efficient enough to co-operate as contemplated in the preceding paragraph; and also that it may be strong enough to command the respect of the employer without being forced to resort to militant or unfriendly measures.

On the part of the workers it is the intention and expectation that they pass from the status of wage servants, with no claim on the employer save his economic need, to that of self-respecting parties to an agreement which they have had an equal part with him in making; that this status

gives them an assurance of fair and just treatment and protects them against injustice or oppression of those who may have been placed in authority over them; that they will have recourse to a court, in the creation of which their votes were equally potent with that of the employer, in which all their grievances may be heard, and all their claims adjudicated; that all changes during the life of the pact shall be subject to the approval of an impartial tribunal, and that wages and working conditions shall not fall below the level provided for in the agreement.

The parties to this pact realize that the interests sought to be reconciled herein will tend to pull apart, but they enter it in the faith that by the exercise of the co-operative and constructive spirit it will be possible to bring and keep them together. This will involve as an indispensable prerequisite the total suppression of the militant spirit by both parties and the development of reason instead of force as the rule of action.

The new arrangement in the Hart, Schaffner & Marx shops though at first regarded by many employers with great suspicion and scepticism, worked so well that it has now spread until it covers the entire industry in America.

In each of the great markets—Chicago, New York, Rochester, Baltimore—there are "market boards" in which the organized employers meet the organized workers to discuss and settle problems that concern the wider interests that arise in the entire market. Last July, 1919, another great step forward was taken: the employers of the entire country organized a National Federa-

tion to meet upon an equal basis the national union of the workers and to establish a national joint board which should be in effect a government for the entire trade in America and Canada—establishing law and order for the whole industry. This has just begun to function.

In this chapter I have sketched all too briefly the interesting history of this new movement, set forth the principles upon which it is based, and outlined the structure of its organization. In the next chapter I shall examine the development critically. How has it affected the worker, how the employer, how the public? What are its defects and limitations, if any?

## CHAPTER XVI

### A Critical Examination of the Shop Council System in the Clothing Industry —How Does it Really Work?— What are its Excellences and Limitations?

READ this acute description of the present condition of American industry: "A chronic state of civil warfare—with the classes perpetually struggling for advantage—with small consideration for the public welfare."

Signs of emergence from this intolerable condition are now beginning to appear—here and there a factory flies the flag of the new republic, here and there a shop or a mill, but only one great national industry, thus far, has risen into the new reign of law, established anything like a stable or orderly government.

I described in my last chapter the representative system of government in the men's clothing trades of America, where we have both employers and workers organized and the rudiments of legislative, judicial and administrative machinery well established.

Some 4,000 employers in these trades, mostly in New York, Chicago, Rochester and Baltimore, Boston, Montreal and Toronto, with an enormous investment of capital, employing 200,000 workers, are now living under and within this new government—not all happily yet, but with better order and better conditions than ever existed before. It is the purpose of this chapter to consider the new system critically. How does it really work? What is its effect upon the employer, the workers, the public?

The best evidence of the success or failure of a government is to be found in the testimony of the people who live under it.

In the factory where the new government has had its longest and severest trial—over nine years without a strike—the employers, Hart, Schaffner & Marx, have this to say:

"In our own business, employing thousands of persons, some of them newly arrived in this country, some of them in opposition to the whole wage system, hostile to employers as a class, we have observed astonishing changes in their attitude under the influence of our labour arrangements. Many seem to understand that they can rely upon the promises made to them by the company, and that all disputes will be finally adjusted according to just principles interpreted by wise arbitrators."

These employers find that the unexpected and indirect advantages of the new system are as remarkable as the direct advantages.

"Not the least of the advantages we have derived from our system is the reaction of the ideas and ideals, first applied in the labour department, upon the other departments, and particularly upon the executive staff of the manufacturing department. Inefficient methods of foremen, lack of watchful supervision, and inaccurate information as to prevailing conditions on the part of higher executives, these could not long survive when every complaint brought by a workman was thoroughly investigated and the root-cause of the trouble brought to light."

I had much the same conclusions from Samuel Weill, who is at the head of the Stein-Bloch Company of Rochester, another large manufacturer of clothing. He is thoroughly convinced of the value of orderly government in industry, with the workers assuming their proper share in the management.

"By letting the worker have what he is entitled to, we protect and guarantee what we are entitled to," he says: "we cannot get security unless we give it."

This is inside testimony from employers who have been working under the new system, and

have found it profitable both in money and in satisfaction.

It is significant, also, that in markets like Chicago, where the system has been in operation longest, the testimony is most unequivocal. In the New York market, where its acceptance is recent, there is still much doubt and scepticism.

New York is a market where competition among some 2,000 small manufacturers and contractors is still fierce. They have indeed got together in a strong organization with a labour-manager, Major B. H. Gitchell, representing them, but when confronted by the shortage of labour, which now exists, and a strong labour union, it is difficult indeed to keep them in line. The less responsible among them secretly break over the agreements and bid up on wages. At the same time some of the lesser officials of the labour union, who have not become fully imbued with the new spirit, and who feel their power, make unreasonable and autocratic demands. I found employers in New York who told me that conditions had never been worse—and yet they are maintaining their organization and the machinery of adjustment and conciliation.

"We employers are mostly to blame: we aren't as willing to sacrifice for the common good as the workers," one employer said to me,

" but we'd be far worse off than we are, if we hadn't the new system of control."

Indeed, one who gets down into the new movement is astonished sometimes that it can exist at all. Selfish competitive interests are still so strong on both sides, the social spirit still so weak, that it requires immense patience, steadiness, perseverance, to keep the new spirit alive and the new machinery in operation. On the employers' side there is always a reactionary group that will not " play the game," or sacrifice any present profit for future security and prosperity. And if the employers find their reactionaries a problem, the workers find their radicals an equally difficult one. The chief struggle of the far-sighted leadership among the Amalgamated Clothing Workers is to keep in line the impatient extremists who are not satisfied with steady growth, but want the millennium by tomorrow afternoon.

No one who examines these movements carefully can doubt that the greatest of all forces in controlling and moderating radicalism among the workers is not stupid force applied from the outside, but public opinion developed from within, through vigorous labour organizations.

To see the labour managers on one side and the labour leaders on the other dealing day after day with these inflammable human elements in

industry, trying to give to short-sighted selfishness a little wider vision, trying to mitigate competitive ferocity with a touch of the spirit of co-operative understanding, trying to get into the dull brain of prejudice some little glimpses of the problem of the other man, is not only to appreciate the immense difficulty of the problems involved, but to be filled with admiration for the determined idealism, the patience, the faith, of these leaders, and to wonder that they have got as far toward a new reign of law as they have. When I think of the many men, both employers and workers, who stand on the side lines and agitate and denounce and threaten, who have theories and dogmas which they want applied over night, who demand that the government settle instantly difficulties which they are too cowardly or too inert to settle themselves, my admiration for these men who are patiently playing the great creative game on the inside is immeasurably increased.

The establishment of a new reign of law means, of course, new methods of discipline. Ability to secure discipline is the test of any government. I went with an employer in New York into one of his shops where there were only a few men at work. He explained why:

"We had a bad labour chairman here: and the men got so obstreperous that we could no

longer stand it. Under their agreement they could not strike, but they could commit a kind of sabotage by refusing to produce. Well, we entered into negotiations with the higher union officials, who investigated and found that we were right, and with their sanction we discharged every man in the shop: and are now building up a new force. Under the old system if we had discharged the entire force of a shop, it would have caused a general strike and no end of trouble: but we had the disciplinary power of the union behind us."

This power of joint discipline is an important element in the new agreement. Both sides can be, and are, compelled to obey the law.

" The company's officials," says Section VII of the agreement, " are subject to the law as are the workers and equally responsible for loyalty in word and deed and are subject to discipline if found guilty of violation. . . . If any worker shall wilfully violate the spirit of the agreement by intentional opposition to its fundamental purposes (and especially if he carry such wilful violation into action by striking and inciting others to strike or stop work during working hours) he shall, if the charge is proven, be subject to suspension, discharge or fine. . . . If any foreman, superintendent or agent of the company shall wilfully violate the spirit of this

agreement and especially if he fails to observe and carry out any decision of the Trade Board or Board of Arbitration he shall, if the charge is proven, be subject to a fine of not less than $10 or more than $100 for each offence."

This matter of discipline is, of course, a keystone of the new movement. It is one of the elements which has made expert labour managers so necessary to employers: men expert in dealing with the workers and with the union leaders. Much wisdom is already growing up out of these agreements. Consider this paragraph upon discipline by Professor Earl Dean Howard, labour manager for Hart, Schaffner & Marx:

"So long as the offending employee is to be retained in the factory, any disciplinary penalty must be corrective and no more severe than is necessary to accomplish the best results for all concerned. Most offenders are victims of wrong ideals or mental deficiencies, the remedy for which is not punishment but help and instruction. Delinquencies in management can frequently be discovered and the manager or other executive may need the services of the expert discipline officer quite as much as the original offender. The efficiency of the discipline officer should be measured by the proportion of ex-offenders who have ultimately become compe-

tent and loyal friends of the company. It is his prime duty to prevent and remove from the minds of the people all sense of injustice in their relations with the employer, which is the fundamental cause of the bitterest industrial conflicts."

Another most important test of the new system is this: does it get results in added production? This is the question that not only the employers, but the public, will anxiously ask.

Well, industry is now learning, after hard experience, that production is due far more to the spirit of the shop, to goodwill, than to any other single factor. It cannot be secured for long by coercion, nor do high wages necessarily assure it. Whatever makes for more of the cooperative and democratic spirit in the shop, invariably makes for more production. The ratio is exact. The old spirit of civil war, antagonism, and hostility is deep-seated and hard to eradicate: therefore, the change from inefficiency and low production to higher production is slow. The turn has actually come in Chicago, where the new government is well entrenched: it cannot be said, yet, to have come in New York, where the system is still new. Under the old "sweat-shop" conditions high production was forced by actual coercion: and the rebound has been to the other extreme. And yet even in New York, both employers and workers are

beginning to turn their attention seriously to the matter of more and better production. Last June the Cutters Union, in an agreement, accepted the principle of joint responsibility for production and steady employment. In August the knee-pants workers made a similar agreement. In one shop where there had been a sharp drop in production following the introduction of week-work instead of piece-work, joint conferences were held between employers and workers. It was explained to the workers that low production in New York meant that trade would be seized by the more efficient markets of Chicago and Rochester, and that for the good of all, production must be kept high. The whole matter was discussed by the workers with the result that there was immediate and decided improvement.

As to the public interest in production, the new agreement in the clothing trades is an important element in keeping down the price of clothes. Continuous production, as contrasted with the old wastefulness of strikes and shutdowns, is a real service to the public: for whatever the issue of a strike, it is the public that in the long run pays the bills for idleness. In a recent award as arbitrator at Chicago, Professor James H. Tufts said:

"The social and public value of an orderly,

peaceful method of negotiation and arbitration for wage adjustments (and all other disputes between employers and employed) cannot be gainsaid. This industry, as now organized under agreements which aim to substitute reason for force, is performing an important public service. Both the firms and the union members have made certain financial sacrifices for the sake of a larger end. The labour market is being stabilized: goodwill is being cultivated: responsibility is being built up."

Yet there is a real danger to the public inherent in this new movement, which the critic must recognize. When the whole industry becomes thoroughly organized, the employers on one side, the workers on the other, and disciplined under an industrial government of their own, there is the danger that they will use their power to raise prices and enrich themselves at the expense of the people who must buy clothing. I have argued this point many times with men on both sides. They answer that their arbitrators are far-sighted, impartial men of high standing, who will help to watch the public interest, and that they themselves are wise enough to see that very high prices tend to curtail consumption: and therefore reduce the income to the industry. These are all, indeed, drags upon the tendency of a powerful and

united industry to force up its profits unduly: but unchecked power of this sort is still dangerous. It is at this point, probably, that the United States Government will have to play an important part. At present there are no such things as standards in any industry. We don't know what are the proper standards of living: or what should be the relationships of wages to cost of living. We don't know, by scientific tests, what should constitute a day's work in any industry: either in hours or in production. Here is a vast field for thorough and impartial examination, and a new kind of publicity: and the United States Government is the only agency that can properly undertake it.

Whenever I have spoken of this new system to employers in other industries, two questions are nearly always forthcoming. How about unionism? How do they get rid of bad labour leaders?

In this industry, they have the open shop, the closed shop and the preferential shop: all three kinds: but the question, once the new spirit of co-operation develops, curiously becomes one of minor importance. In Chicago they agree to neither an open shop, nor a closed shop, but have a preferential shop. That is, preference is given to the union man in both hiring and laying off. But with a thoroughly responsible union

the whole matter takes care of itself. As to the irresponsible or grafting labour leader, he simply cannot thrive in this atmosphere of constant co-operation and goodwill. Your bad labour leader fattens on civil war in industry: he plays upon the fears and cupidities of both sides. In the New York market, recently, several minor leaders were accused of dishonest practices, tried by the union itself, and not only deprived of their offices, but in three cases expelled from the union. Hart, Schaffner & Marx gives this testimony:

"Much depends upon the leaders of the workers. We have had some experience with misinformed and self-seeking men who secured temporary influence over our people, but somehow they failed to thrive in the atmosphere of our agreement."

As to the workers under the agreement, the change from the "sweat-shop" conditions of a few years ago is little short of miraculous. They now have a forty-four hour week throughout the industry and wages that bring them well up to the American standard of living. They have gained in morale and in responsibility through self-expression in their unions. The social spirit is strong among them, and is beginning to exhibit itself in all sorts of new projects, such as co-operative enterprises, educational and amuse-

ment associations, naturalization and Americanization work, mutual-aid organizations, and so on. There is a world of social education and discipline yet to be gained, but the beginnings have been made.

I have feared all along the temptation to be over-sanguine about this remarkable new movement, as well as the less developed shop-committee systems which I have described in former chapters. It must be said in all fairness, that the great test of these new experiments is yet to come. They have come into being on a rising market and during a shortage of labour. What will happen when there is a falling market, or "hard times"—when there is again a surplus of labour? Or, what will happen if the immigration of foreign labour again inundates us and brings new competition into the labour market? We must face these questions.

I found the leaders on both sides in the clothing industry very certain that they could weather the storm.

"There is no other alternative," said one: "if we don't hang together, we hang separately. The only alternative is anarchy and chaos: we have got to maintain organization and a reign of law, or we all go down together."

And it is a fact, also, that in both Great Britain and Germany industry is seeking these

new co-operative arrangements as the only way of escape. Far-sighted and wise men on both sides see in some approach toward industrial democracy the inevitable next step.

No, we cannot be sure that this particular mechanism will work. All we can ever know, for a certainty, about any complex problem in life is the rectitude of our spirit in approaching it. In these new movements, however faltering, we discover, it seems clear to me, a genuine effort toward more co-operation, more goodwill, more democracy, an honest though difficult struggle to emerge from anarchy into organization and a reign of law. This effort, this struggle, at its core, is sound; it is based upon the eternal verities. We must have faith in it.

## CHAPTER XVII

### Foundations of the New Co-operative Movement in Industry—The New Professor of Management, and the Labour Manager

TO many people the new "shop council" and co-operative plans for dealing with the problems of labour seem like a revolutionary innovation—a transformation too sudden to be sound. As a matter of fact the preparation which preceded the introduction of the new system, while quiet, has been substantial and thorough. The changes appear sudden in many cases because they were precipitated, perhaps a little before industry in general was quite ready to accept them, by the exigencies of the war and of reconstruction.

In this chapter I wish to give some glimpses of the background of the new movement—show something of the preparation for it. A movement which finds such swift acceptance in the three principal industrial nations of the world—Great Britain, Germany and the United States—must have behind it a solid body of conviction.

We have been accustomed in the past to consider only three groups as vitally concerned in

industry: the employer-capitalist: the worker: the public. But very quietly, in the last fifteen years, a fourth group has been rising in importance—especially in large industries of all kinds. The members of this group do not belong strictly to the employer-class, nor yet to the working-class, nor do they stand aside like the public. They belong to the new profession of management: they are the experts in scientific production or the experts in dealing with labour.

As long as industry was small and the relationship between employer and worker was close and personal, the labour question was of relative unimportance: but with the growth of great industry, the owner-employer was separated farther and farther from the actual functions of management. There crept in managers, superintendents, foremen, as connecting links between the owner and the worker. As time passed these men have grown more and more important to industry: for it is upon their skill, knowledge, tact, that the prosperity of the shop or mill really rests. In most of the greater industries in America to-day the owner-employer-capitalist lives in some more or less distant city: he handles problems of financing, salesmanship, advertising, and leaves the actual operation of the mill or factory largely to the managers.

These managers are thus men not primarily interested in profits—for they do not often get any of the profits they make—but in production, in efficiency, in the process itself: so they have begun, more and more, to develop a professional spirit toward their work. Perhaps no recent movement in our educational life has been more notable than the rapid development of schools of business engineering, schools in which the principles of management are studied and taught. Many of the great universities and technical colleges—Harvard, Dartmouth, Wisconsin, Chicago, Illinois, New York and others specialize in these lines. Drexel Institute in Philadelphia, for example, maintains a school especially for training foremen.

A great new impetus toward a professional rather than a mere profit-making attitude toward industry was given by F. W. Taylor a dozen years ago in his campaign for scientific management. Other movements like the study of safety-engineering, profit-sharing, vocational guidance, the sanitation and housing of workers, the development of psychological tests for employment, the whole great trend toward vocational and technical education, have all helped in stimulating this new professional spirit.

Management is thus coming to rank as a profession, as Webster's dictionary well defines the

term: " a calling in which a man uses his knowledge for instructing, guiding or advising others or of serving them in some art." Here the ideas of education and service, not of profit, come uppermost and this is the true attitude of the new profession.

I speak of this broad development, which is now firmly entrenched in America, with its regular publications, its societies and organizations, in order to make clearer the relative place of the labour manager, and labour management, which, as a newer part of the general movement, is coming to occupy a most important place in our industrial life.

As an indication of the extent of the development, the annual convention of the new National Association of Labour managers held last May (1919) at Cleveland was attended by 1,006 delegates from every section of the country. It was so large a gathering that two banquets had to be held to accommodate all the members.

The significance of this new movement can hardly be exaggerated: for it means a right-about-face in the attitude of our industries toward labour. From being the least considered of the elements that enter into production it becomes the most considered.

A. H. Young, the labour manager for the International Harvester Company, one of the

pioneers in the movement, speaks of the members of the new profession as "pioneers in a new era in industry." He refers to the series of revolutionary changes in our industrial life in the last half-century: the steam-engine and power development: new methods of transportation and communication: the perfection of automatic tools: and the consolidation of business organization.

"And at last," he says, "has come this belated concentration of thought and effort upon the human machine. . . . Our function is to nurture this new interest in human well-being; to show the foremen, the workers, the officers, the owners, the truly wonderful fruits of mutual service; to stimulate their effort in its development; to seek constantly for and apply new truths; and to note as our reward not that which *we* have done, but the result accomplished by all."

The new co-operative spirit is strong in all of these men.

"The whole movement," says Dudley Kennedy, personnel manager at the Hog Island shipyards, "is an attempt to get back the old spirit of 'cameraderie' that prevailed when the owner was personally known and truly appreciated by every one of his employees . . . an attempt to return to something like the old relationship

when the employer and his employees were real co-operating friends."

The new profession is so interesting that it has drawn into it a very high class of men with high purposes. In the clothing industry, of which I have already spoken, many of the labour managers were formerly college professors; in one case I know the labour manager was formerly a minister: and most of them are men who can approach the difficult new problems in a broad scientific and sympathetic spirit. A labour representative of one of the great industries of America thus describes the new profession:

" Many successful employment managers have had little or no ' practical ' experience. These men possess almost a sixth sense which is a composite of a large measure of horse sense, a generous dose of the milk of human kindness, great sympathy, tact, diplomacy, and finally, an unwavering belief in the cause espoused, coupled with absolute honesty of purpose. The workers are about the hardest people in the world to fool. Mummery, stage-business, forms, mechanics or technique, will not produce happy relations between the employer and employees in a plant where they are set up in lieu of personality and honesty of intent to serve."

The primary purpose of the labour manager

is to understand the workers' point of view so thoroughly and so sympathetically that he can present it strongly and clearly to the management. In the clothing trades, where the development is probably the most advanced, the work of dealing with the labour leaders is an important one (and the labour leaders here co-operate perfectly with the labour managers): and in some industries the labour manager has become so essential an element that he has been taken into the management as a vice-president or other official upon an equal basis with the other three great departments of industry: production, finance and sales.

The labour manager also plays an important part in all of the activities connected with safety, sanitation, housing and in general welfare work. I spoke in another chapter of the hostility of workmen in the steel industry to welfare work—they even call it "hell-fare" work, because they think it an effort to substitute trivial favours for essential justice. There was no such feeling in times when industry was small and employer and worker were close together: for then a gift from the employer to the men could be understood on both sides. Under the labour manager there can be again a proper approach to welfare work. Here is the word of the managers of one large factory:

One of the most important functions of our labour department is welfare work—giving advice and material assistance to unfortunate employees, improving the working conditions in the shops, maintaining rest rooms and libraries, etc.,—but this is not done for the purpose of more easily depriving the workers of their right to be represented in all matters to which their interests are involved. Working men are quick to resent the substitution of favours for justice. Welfare work, however, in connection with general fair dealing is very effective in securing goodwill, especially if it increases the personal contact between the officials of the company and the employees.

Yet I do not wish to imply that the pathway of the labour manager is "roses all the way." Far from it. Often the employer does not more than half believe that he is worth his salt. Foremen, superintendents and other production officials find it hard, as William M. Leiserson, of Rochester, one of the most experienced of labour experts, has testified, "to give up their traditional authority to what they consider impractical young men with new-fangled notions of kindness and consideration in the treatment of labour."

No, the old system dies hard!

Enterprises where the labour manager has been introduced, and where the new co-operative spirit has begun to express itself, find immediate results in increased production, says Morris

L. Cooke, one of the foremost of American efficiency engineers:

"Permanent success in increasing productiveness is invariably accompanied by an intensive cultivation of the personnel problem. The manufacturing plant seeking increased output should have as its purpose 'the highest development—mental, moral and spiritual—of each and every person connected with the organization.'"

One of the greatest causes of inefficiency in industry is a high labour turn-over: and the kind of sabotage in which the workers hold back on production. The labour manager who devotes his whole time to the study of these problems and to ways for curing them, has been found to be of the greatest service.

In fact, the increased efficiency resulting from a genuine effort to study the personnel problems in a shop or mill is so evident that many employers have introduced the system with the idea that it will solve all the problems of labour. But it is no cure-all. It is only the beginning of the long process of co-operation: the beginning of a new relationship: and unless the employer is willing to go forward with the introduction of more democratic methods of management throughout, he will not for long reap the rewards of the new experiment.

Specialization in labour management is of no

sporadic growth, nor does it represent mere idealistic experimentation: it is now firmly rooted in many branches of American industry. Among the membership of the new National Association of employment managers are represented many of the most progressive industries in America. The President is Philip J. Reilly of the Dennison Manufacturing Company, now connected with the Retail Research Association, the vice-president is John C. Bower of the Westinghouse Electric Company, the secretary is Mark M. Jones of the Thomas A. Edison Industries of Orange, N. J.

Some industries are very cautious and have not gone far in trusting their labour managers, nor in introducing even the rudiments of the new co-operative spirit: in others the labour manager has become the most important official of the company. Of all the openings in industry to-day for able young men, especially those who are infused with something of the new spirit of social service and desire to go into business not for mere profit but because there is also a genuine opportunity to serve, none is more promising than the profession of labour manager. And the demand for experts in this line during the next few years will be extensive.

It is this professional attitude toward industry, with its new sense of the untapped re-

sources of the human element in production, which gives one such confidence in the stability of the " shop-councils " movement, the new effort to secure employees' representation, the new methods of co-operating with labour unions, and the whole trend toward more democracy in industry. It is the best warrant that they will " stand the test of hard times."

This movement, and the remarkable recent revival of interest of the labour organizations in co-operative trading enterprises among working men—such as stores—and even banks and factories—are perhaps the most hopeful signs upon a rather gloomy industrial horizon.

" We and all the nations perceive, as never before," says Professor John R. Commons in his book, " Industrial Good-will," " that the next stage in industrial progress is not that economic revolution which Karl Marx predicted, it is not even development in machinery and tools, but it is the increased production and increased wealth of the world which are now dependent upon the health, intelligence, goodwill of labour. That nation which is foremost in giving heed to the health and housing, the vocational education, security, and wages of its working people will be the nation which will survive even in time of peace."

## CHAPTER XVIII

### Autocracy and Democracy Struggle for Industrial Control—Some Results of the New Co-operative Experiments

IN this final chapter I wish to gather certain loose ends, and suggest certain general conclusions.

Boiled down, the present crisis in America—and for that matter in the world—represents a struggle to escape from the chaos of industrial warfare, with the waste and inefficiency which characterize war, into a new reign of law and order. "Law and order," however much the term may be abused, is to-day the passionate desire, the deep need, of the whole world. It is desired and needed in international affairs: still more desired and needed in the great field of industry.

Three methods are proposed for attaining law and order in industry.

The first is that of the extreme conservatives like Judge Gary of the United States Steel Corporation, who would enforce law and order from above by virtue of maintaining a determined autocracy of capital. While power-

fully organized themselves, employers who hold to this point of view use every device to keep labour disorganized. Judge Gary will neither meet nor deal with outside representatives of union labour, nor will he recognize organizations within his mills.

If employers of this type are forced by the growing power of labour to deal with the unions it is in no real spirit of co-operation: they merely sign a truce, and the attitude on both sides remains one of suspicion and hostility which may at any moment flame up in open war (strikes, lockouts).

The second method is that of the extreme radicals. An examination of the extreme radical movements among American workers will show that most of them have for their central purpose, however vaguely expressed, however veiled, the imposition of law and order upon industry through autocratic control by labour. They see only injustice, suppression, inefficiency, in the autocracy of capital—and they fly to the other extreme. "Labour must rule," is the slogan of revolutionary radicalism. Extreme conservatism thus breeds extreme radicalism: Czarism breeds Bolshevism. The exemplification of this extreme point of view is found in the "dictatorship of the proletariat" now existing in Russia. While the great masses of labour in America

to-day are not yet touched with this extreme spirit, nevertheless labour unions are growing now as never before: they are penetrating many industries formerly unorganized: like the steel mills and the textile industries. They have already conquered the packing-house industries. They are going into politics as never before—with the successes of the Labour Party in England to cheer them on. They are undertaking with a fresh spirit of determination co-operative enterprises designed to serve the sole needs of the workers.

To any honest observer who surveys the development of the past twenty-five years it is clear that while they have lost battles the workers are winning the war. One need only recall as evidence of this advance the immense body of labour legislation passed during the last few years in America and the fact that labour is now represented in the President's cabinet; one need only recall the part which labour leaders played during the war: and, finally, the power exhibited recently by labour organizations in the steel and coal strikes and in the railroad controversy. While the masses of American labour may not subscribe to the outright program of the extreme radicals that " labour must rule," yet the whole drift of the labour movement is in that direction.

The third method represents a vigorous rejection of the whole idea of autocracy—either the blind and greedy autocracy of capital, or the rough autocracy of labour. A sturdy and wholesome voice is rising powerfully in America —not clear yet and rather angry, but full of vitality—that says:

"A plague o' both your houses. We will be bossed neither by Gary nor by Haywood: nor by the ideas they personify. Get together now and do your job! Give us production: give us clothes and coal and steel and food—and stop your fighting about it!"

Out of this spirit, and out of the intolerable chaos which long-continued conditions of incipient civil war in industry have produced, has sprung the remarkable movement which I have already described, toward a new co-operative relationship between employers and workers: and a gradual substitution of democratic for autocratic control of industry. It represents a right-about-face: a new spirit, a new attitude. It is opposed by both extremes: both the old hard-set employer-class and the wilder radicals: but it is being accepted by the younger, more progressive leaders among both employers and workers, and is spreading with great rapidity.

To-day the two ideas—democracy versus autocracy—are struggling for mastery in Ameri-

can industry: upon the issue hangs, to a large extent, the future welfare and progress of the nation.

The great need of a world that is short of clothing, food, housing, manufactured materials of all kinds, is more production.

The old autocratic method of control has been weighed in the balance and found wanting as an agency for increasing production. It has been inefficient and wasteful to a degree that few people realize. Scientists in industry have declared that our industrial plants are producing only about a quarter as much as they might produce, without a cent of additional capital, if methods of handling both machinery and personnel were perfected. Morale in industry has dropped below zero. Autocratic employers think sometimes that when they have prevented labour organization or held it back that they have prevented strikes and secured efficiency; but as a matter of fact they suffer continually from a kind of chronic disease of striking. Experienced men leave their jobs: and new and inefficient men have to be brought in and trained—a very expensive process. The "labour turn-over" to-day in American industry is appalling: and labour turn-over is only a chronic phase of the disease of striking. It is as though a general were trying to fight a battle

with half or two-thirds of his trained men deserting all the time, with raw recruits taking their places! Another element of crass inefficiency is to be found in intermittent employment, as in the coal-mining industry; another in the want of any systematic effort to train and educate workers to do their work well instead of carelessly. Of course, with labour changing all the time any systematic training is impossible. Under the old system no loyalty is developed, no team-spirit, no enthusiasm.

Under the new plan of co-operative effort production increases with the new spirit of the shop. Team-play becomes as important to industry as to baseball—team-play and sacrifice hitting. And with honest co-operation, the worker will share in the rewards of the increased production resulting from common effort. Some form of profit-sharing eventually appears in industries where the new system is introduced: and this adds further stimulation to efficiency. The autocratic employer often complains bitterly that the worker does not produce as much as he could.

"Why should I?" asks the worker. "I get nothing out of it. None of the profit of added production comes to me. The employer takes it all."

One of the questions that is always fired

straight at the advocate of the new system by the employer who is still sceptical about it is this:

"Now, that's all right in the clothing trades —or at Wappingers Falls—or in the Dennison Manufacturing Company—but it won't work with us"—and he begins to tell of his peculiar difficulties, and of how unusually ignorant his workers are, and how atrocious the labour leaders he has to deal with. Or he says that the owner of such-and-such a plant is rich and can afford to experiment. The trouble with many employers is that they want to be absolutely assured of success before they venture: and that isn't the way the world is built.

Nevertheless it is a fact that a scheme which succeeds in one industry may fail in another. There is the hackneyed contrast between a water-power plant with an enormous investment of capital and a labour force of half a dozen men—and a laundry with little or no capital invested and a large number of workers. No mechanical plan can fit both cases.

Industry is as various as life itself: wholly different groups of conditions present themselves, for example, in the building trades, in public service corporations like railroads, in government or municipal employment. Small-town and small factory conditions are wholly different

from those in the great steel and textile industries.

No mere mechanism—especially no patent-panacea, and there are patent-panaceas in this department of life as in any other—will solve the problem. Everything depends upon the spirit of approach: the attitude of employer and worker: if there is a real desire for co-operation, a genuine wish to substitute a democratic for an autocratic point of view, the method will soon appear. Each situation must be studied for itself. It is a wholesome sign in America that we are taking hold of the problem in the American way—experimentally, locally, with small respect for former experience and with little attention to theories—a method which irritates some critics who want us to "think through" and to "have a program"—like the Germans or the British. The variety and enthusiasm of the experimentation in America seems to the observer a sign of health: we are going about it with the same spirit of inventiveness and ingeniousness—with the same disregard for government commissions and government advice—which has always marked the most vigorous and original American development.

One of the chief dangers now confronting the new movement is the evident effort upon the part of some employers to use the new device

with the intent of forestalling the organization of labour. They put in the form of the system, perhaps call it "democracy," but have not the spirit by which it can really be made to work. There is a type of employer, as H. F. J. Porter remarks, "who talks co-operation but wants the other fellow to do all the co-operating." No class of men are harder to fool than the workers: and many of them to-day are suspicious of the new system because they are not convinced that it is genuine. One of the demands of the steel workers in the recent strike was for "abolition of company unions." There is danger in every case where the system is "put in" by the employer, as he would put in a new machine, without encouraging a firm and independent organization of the workers. There can be real co-operation only where the co-operators both have the sense of being free. Goodwill must be reciprocal: it can never be all on one side. I know of employers who have put in various forms of welfare work with a real intent to express their goodwill and have been tragically disappointed when it evoked no return: but goodwill comes not out of gifts, but out of association. It is for this reason that the best example of the development of the whole idea is in the men's clothing trades (as I have already described), in which both sides are firmly organ-

ized: and approach each other face to face as up-standing equals.

There must also be open diplomacy between the co-operators: there is nothing that so allays suspicion and feeds the spirit of common effort as frankness in taking the workers into full confidence. In several industries in America representatives of labour now sit on the boards of directors and are fully informed of the entire state of the business. Real publicity—which is simple truth telling—would solve a large proportion of the ills the world now suffers from.

One great value of the new system is that it must more and more set up standards of employment—for once the old system under which labour was a purchasable commodity is shaken, new methods of determining standards of work, standards of living, standards of pay, must be devised. In the clothing industry research bureaus have already been established by both employers and workers and the work of investigation has begun: but probably most of this task will eventually have to be done by outside, impartial government agencies.

Another important development—perhaps the most important of all—is the gradual upbuilding of a common law for industry, through the recurring decisions of shop councils and boards of arbitration. Industrial democracy is thus emerg-

ing just as did political democracy through a steady accretion of principles of control and adjustment: a veritable common law.

Dean J. H. Wigmore of the Northwestern University Law School, in commenting upon this growth of law in the clothing trades of Chicago has this to say:

> The significant thing is that general principles are beginning to be formulated. And the moment you have general principles, used for deciding particular cases, you have justice in the form of law, as distinguished from the arbitrary justice of a Turkish caliph, or from private struggle decided by private force.
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> Industrial controversy will become as justiciable as property controversy. And a new field will have been gained for systematic justice.

Another tendency apparent in the new movement is a renewed interest in education. Just as a great wave of educational enthusiasm, which found its best expression in the common school system of America, followed the introduction of real political democracy, so a wave of a new kind of education is coming in with the approach to industrial democracy. Autocracy thrives upon ignorance as it does to-day in the steel industry: but education is the very life-blood of democracy. In every case where the new system has been genuinely introduced there is a tremendous urge toward classes, clubs,

schools. Both employers and workers are interested. The Amalgamated Clothing Workers have a regular department of education: and the shop school, or the training-class is a characteristic feature of these new movements. For with goodwill comes a new loyalty to the shop or mill: that new loyalty tends to reduce the labour turn-over and make for steadier employment: and steadier employment means the opportunity and the encouragement for better training of the workers. I can only touch upon this important subject here: it deserves an entire chapter.

One other point is of great importance: the support of public opinion in demanding that the two parties to the industrial warfare which is now paralysing our whole life get together and stay together. The public must more and more keep in touch, not necessarily with the details of the problems involved, but with the general currents of progress.

I received a rather impatient letter the other day from a correspondent who said he had read my presentation of some of the rather discouraging aspects of American industry.

"What is the solution of the problem?" he demanded.

Well, I felt like asking in return:

"What is the solution of life?"

For the labour problem is the greatest continuing process of life. In it are involved the myriad human relationships under which men work together here upon the earth to produce food, clothing, shelter—and a few beautiful things—for themselves and their children. Is there any "solution" for that?

The trouble is that men get tired and want things settled: they want a formula; or they find a warm and comfortable corner and hate to be disturbed in it. But life and the labour problem do not get tired: they go on!

In another sense, there *is* a solution. It consists in the attitude, the spirit, which one maintains toward the labour problem—an adventurous, inquiring, experimental attitude, ever hospitable toward new facts: and a generous and democratic spirit. I wonder if men can find this solution in its completeness without some high faith in God, and some vital interest in their fellowmen.

THE END

THE COUNTRY LIFE PRESS
GARDEN CITY, N. Y.