THE ROAD TO AMERICAN PROSPERITY

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THE current prescriptions for the restoration of prosperity in the United States and in the world are curiously varied. They include high tariffs, low tariffs, the extension of credit to bankrupt nations and to commercial enterprises old or even dead and new but unproved, the canceling of the debts of other nations to the United States, the lending of money by Government to numerous individuals who can give no adequate security, and the support by Government of distressed, diseased, disabled, self-indulgent, shiftless and lazy persons in both urban and rural communities at the expense of the competent, industrious and frugal. A few clear voices can be heard saying that the only way to restore prosperity is to release the stranglehold of labor unionism on production and on transportation of freight and passengers by land and sea. But this release obviously involves large reductions of wages in all production and transportation services and a resolution on the part of the great majority of the American people that the strike in trades which concern the necessaries of life in the temperate zones, like fuels, foods, building and transportation, is no longer tolerable in civilized society. During the past stages of industrial warfare the strike has been an indispensable weapon in the struggle for more pay and shorter hours; and in all the chief manufacturing nations it has done much good toward improving the conditions of life for the laboring millions. Now it may be no longer necessary, especially under democratic governments; but how many people are prepared to say so?

To bring about the disuse of the strike by legislation backed by physical force would be a difficult and painful process full of disasters and losses for both labor and capital and for the public at large. It therefore becomes an interesting inquiry whether there be any signs of change in the states of mind of the owning and managing class on the one hand, and of the laboring class on the other, which promise peaceful solutions of industrial problems.

Before we can deal with the prospects of change we must recall the long-established states of mind on both sides of the conflict. All labor unions have believed in and taught the limited output, the closed shop, the uniform wage and "going slow." These beliefs and practices are founded on the fundamental conception that there is not enough work in the world to go round, and that any man who does as little as he can on his job and keeps it is benefiting other workers who have no job, or are liable at any moment to have none. One terrible fear has prevailed generally among the laboring classes for generations, the fear of having no job, especially when the individual's productive capacity declines, whether from premature disability or old age. The insecurity of employment has been a terror to the working classes in all manufacturing nations that have used the factory system and and power-driven machinery, particularly in those industrial communities in which the status of the family of every miner, mechanic, transport worker or operative depends on his retaining the job he has made his own. It should be remembered that in the laboring class social distinctions are quite as highly valued as in any other class and are even more rigid. Hence, the loss of its social status by the family of the jobless man is a terrible loss.

Workers as Automatons.

The demand for shorter hours, enforced by the strike and other violences, is based in part upon another inevitable development of the factory system, namely, the extreme division of labor with the resulting intense monotony of work for the individual workman. This monotony reduces the workman to the condition of an automaton, makes it impossible for him to be interested in his daily work, and makes him eager to reduce to lowest terms the time and strength he must give to the earning of his livelihood.

The extreme division of labor is not solely responsible for the evil of monptonous and uninteresting occupation for the individual workman; for it has been a common practice among employers to keep each employe as long as possible making the same bit of an elaborate machine, or performing the same small function in a factory process which has many co-ordinated functions. This monotony in daily work has penetrated even the original handicrafts, like that of the carpenter, mason or blacksmith, for example. Most carpenter-builders or contractors now divide their carpenters into framers, roofers, floor layers, door and window hangers, and so forth, thus introducing an injurious monotony into the work of an old trade which for centuries has offered to a skillful man large variety in his daily occupation. Some wise contractors, however, purposely avoid inflicting this injury on one of the most ancient and excellent of trades. The labor union rule that no workman must go outside of the prescribed work of his trade, even for a moment, promotes monotony of work in every trade. Thus, if an electrician engaged in wiring a house, whose walls are of brick, ventures to cut a hole in one brick to receive the small metal box which he uses to change the direction of his wires at some angle in the house, all the union masons employed on the job must quit their work. The electrician must on no account do any work on brick. This rule not only inflicts unnecessary costs on contractors or owners, but increases a great evil in the modern industrial system, namely, monotony in the daily work.

So much for labor's habitual states of mind. Now for capital's. On the side of owners and managers the experience of generations with industrial conflicts has bred certain inherited or transmitted convictions concerning the conduct of a manufacturing business: First, that there is a natural and inevitable conflict between capital and labor; secondly, that the management of any sound business will always have to be autocratic and not democratic; thirdly, that the laborers in any works or factory have no right to know anything about the accounts, sales, profits or prospects of the business to which their labor is an essential contribution, their sole right being to receive their stipulated wages; and fourthly, that the employer is not called upon to interest himself in the general welfare of his employes, in their protection from disease and vice, or in the promotion among them of education, recreation and comfort, and that the employer does his whole duty when he keeps his business running year after year at a profit, so that he continues to be able to pay the market's wages to his employes.

New Attitude of Labor.

Having thus recalled the traditional and commonest states of mind of labor on the one hand and capital on the other, we are now ready to ask if there are any signs that both sides in the industrial strife are getting some new light on these traditional habits of thought. This is one of the critical questions of the day in respect to industrial prosperity and social progress under democratic government.

It would be quite possible to infer from the recent strike vote in the railroad brotherhoods, the current strike in certain building trades, the partial success of the prolonged strike in the clothiers' trade, the effort of the unionized coal mining counties in West Virginia to compel the non-union counties to become unionized, the exhortations steadily addressed by the President of the American Federation of Labor to the affiliated unions that they resist all reductions of wages, and the recent denunciation of the National Government as a "merciless" employer because it has discharged some thousands of navy yard workers in execution of the agreement on the reduction of naval armament just made at the Washington conference, that the aims and policies of organized labor are unaffected by the prodigious events of the last seven years and that the labor unions are still bent on higher wages, shorter hours and complete control of the principal American industries and of the National Government. On the other hand, certain changes in the mental state of organized labor seem to have occurred or to be in progress. Thus, organized labor seems to have appreciated the effect on the American people of the police strike in Boston and to have accepted in good measure the rule—no strikes in any public service, national, State or municipal.

Again, organized labor sees clearly, in spite of frequent advices to the contrary from their leaders, that numerous corporations and partnerships are conducting their factories, mines, mills or machine shops as open shops to the satisfaction of their employes as well as of the consuming public. Furthermore, reductions of wages are being accepted in many trades or occupations, though by no means symmetrically or universally, extra charges for overtime are being abandoned, and "going slow" is being voluntarily renounced by both union and non-union men, or its abandonment is accepted as the fundamental condition of employment. In many communities scattered about the country building operations are being resumed in a moderate way with only slight reduction in wages and fall in the prices of materials, but on an understanding with the unions involved that there shall be no "going slow," and that the contractor may dismiss slackers on his own judgment. The success of such arrangements suggests that the self-respect of American workingmen has not been destroyed by generations of labor union inculcation of limited output and "going slow." The old feeling that "to come on the town"—or the State—is the uttermost humiliation still survives; and the New England "town meeting" spirit still animates innumerable American communities far distant in time and space from its original home.

The railroads afford a good field in which to study these tendencies. The railroad employes are a good type of American labor, skilled and unskilled. In the recent abandonment of a strongly threatened country-wide strike by the railroad brotherhoods they showed themselves capable of modifying their traditional policies in order to bring them into accord with the interests and needs of the immense majority of the American people. They apparently learned that the American people would not support the strike, or submit to the domination at which it aimed. They apparently learned that in the opinion of the American public the 12 per cent. reduction in wages authorized by the Railroad Labor Board to be effective July 1, 1921, will not enable the railroads to serve the public efficiently, put their neglected properties into good condition, and make a significant reduction in rates. They apparently learned that the public interest requires a further reduction in the war's unreasonable railroad wages.

Altogether the outcome of the threatened railroad strike in 1921 suggests strongly that the American public, the railroad brotherhoods and organized labor in general have learned something since the Adamson law was forced through Congress in 1916 by a stopwatch threat of the brotherhoods to tie up all the railroad transportation of the country.

Efforts to Reduce Living Costs.

The argument in favor of return to something like the cost of living which prevailed before the war finds ready acceptance among all sorts of people, including labor, organized and unorganized. Indeed, the American people as a whole has become eager to reduce the cost of living, and sees clearly that the high cost which the war brought about cannot be reduced substantially unless the war wages are lowered in all the industries which deal with the necessaries of life. Hence the great majority of the American people are coming to the conclusion that strikes should no longer be allowed in industries which deal with the necessaries of life, including transportation. Within this great majority will be found today hundreds of thousands of men and women who are accounted members of trades unions but who set the general interest of the community—including their own—above the interests of their special class. Of course, wages rose during and after the war in railroading, the building trades, and many other callings until they bore no significant relation to the cost of living. These high wages established in prudent families new standards of living which it is not for the public interest to lower sensibly, much less to abolish; for increased buying power in wise hands means stable community progress based on industry, frugality and liberty. Into other families, less intelligent or less conscientious, the exorbitant wages of the wartime brought nothing but habits of extravagance and senseless waste. These are now filling the ranks of the unemployed, and having made no savings during their fat years, are in want. Some students of industrial relations seem inclined to regard unemployment as a cause of industrial unrest. Is it not rather a symptom of an industrial disorder due to error or rashness on the part of capital or of labor or of both?

There is some evidence, too, that the members of labor unions in some trades do not follow their leaders as well as they used to do, sometimes making an explicit declaration that they are disobeying their elected leaders, but oftener contenting themselves with silently acting contrary to the express advice of these leaders. "Outlaw" strikes have increased in frequency. It may be remarked in passing that many events have occurred within the last five years (1917-1922) to increase the distrust of people in general concerning the internal management of labor unions. It is confidently affirmed by union men, and is commonly believed, that on important measures the determinations of the unions are really made by the younger and least responsible members, the older members habitually neglecting to attend the meetings of the unions, no matter how important the issue to be voted on may be. It is also alleged that the practice of keeping on their rolls the names of members who never come to the meetings and never pay any dues is extending in labor unions. Because of the secrecy of all labor union meetings, it is impossible to get at the facts on these subjects; but this very impossibility increases the object which the American public is feeling more and more to the invisible management of labor unions and of the federations of local unions.

Unions and Piece-Work.

In recent years, the method of paying the individual workman by the piece or by his "results" has come into rather general use in some of this country's most considerable industries. Organized labor has always been opposed to piece-work; because a factory which pays its workmen by the piece permits its individual workers, both men and women, to earn very various amounts of weekly pay, thus violating a fundamental policy of unionized labor, namely, a uniform wage in a given trade or occupation throughout the largest possible region. The uniform wage for all journeymen or skilled workmen in a given trade has always been a fundamental doctrine with the labor unions, a doctrine very injurious to the personal character of the individual workman. When, for instance, a young man has once been admitted to a carpenter's union, he has no pecuniary inducement to become more skillful at his trade from year to year; because he can only earn the prescribed uniform wage, no matter how much more skillful and productive he may become. If, however, he be paid by the piece, the higher his weekly earnings will become with every increase in his skill and therefore in his productiveness. In other words, piece-work abolishes the uniform wage. It is a significant fact, therefore, that more and more mills, mines and factories, using a great variety of raw materials and turning out very various products, pay their workmen by the piece. They do this, of course, because both parties, managers and employes, or capital and labor, like that way best. The method is applicable to crews or gangs of workmen who combine to produce a given article, quite as well as to individuals.

Let us consider now the many signs of changes in the traditional views of owners or managers concerning the relations between capital and labor. To many employers the conflict between capital and labor seems more and more destructive and injurious, as organization is perfected and extended on both sides, particularly as the organization of capital has proved to be more difficult and less firm than the organization of labor. As the conflict becomes more destructive and its losses heavier, the question arises whether after all it be inevitable. In the next place, although most owners and managers still hold that success in any manufacturing industry is dependent, as a rule, on one head or controller of its policies, it is not inconsistent with that principle to supply the indispensable head with interested advisers and associates who exercise important functions of oversight and discipline, although always under the direction of the head or chief. Again, the repugnance on the part of owners or managers to giving the workmen in the factory or shop knowledge of the cost of its plant, and of its sales, accounts and risks has been much diminished in many cases by experience of the great increase in the efficiency of any body of employes which results from the conviction on their part that the shop or factory is in some true sense theirs as well as the owners'; theirs because they wish to promote in every way its interest and its safe functioning; theirs not only because their daily labor is essential to that safe functioning, but because they feel that on their fidelity and efficiency its prosperity depends and therefore the security and well-being of themselves and their families through a long future. Again, the state of mind of the employing class has undergone within recent years a great change in respect to the expediency of promoting the general welfare of employes. It has clearly become the interest of the employer to protect his employes as well as he can from disease, accident and premature disability, and to promote among them education, comfort, sensible recreations, and sound family life. Naturally, this interest takes effect only when the relations between employer and employe are not casual and brief, but durable.

Better Industrial Relations.

To what do these considerations lead? To happier industrial relations. Wherever a relation approaching that of partnership between owners and employes is instituted, even though the form be obviously crude or incomplete, there will arise an effective co-operation between owners, managers and hands, a co-operation in improving the plant as a means of earning interest on capital and simultaneously improving the moral and physical conditions under which the necessary labor is performed. Wherever the idea that increased returns to the capital invested in an industry should be accompanied by increased returns to the labor which carries it on is accepted and carried into practice, and it has also become an accepted charge on capital to promote the moral and physical well-being of all the employes and their families, there the industrial strife which inflicts such terrible losses on the entire community tends to cease. Wherever employers admit employes to knowledge of their business, its profits and losses, its risks and advantages, its hopes and fears, and also to a control, shared with management, over the discipline of the works, the hours and the wages, while retaining in their own hands medical and nursing provisions for their employes and facilities for play, recreation, education and social enjoyments, there new relations are established between capital and labor to the unspeakable advantage of both.

Innumerable efforts in these directions have recently been made in all the manufacturing regions of the United States, some by individual owners, some by firms and some by corporations, large or small. Some of these efforts have failed because badly conceived or badly managed; but all have succeeded for which has been found a single director or manager possessing the needed personal qualities as head or leader. A striking instance of that kind of success under very unfavorable circumstances will be found in the Mitten Co-operative Management of the Philadelphia Rapid Transit Company from 1911 to 1922. Through the study and working out of such plans employers and employes are alike improved, and from these improvements spring bright hopes for democratic society.

American trades unionism has learned much from the intense labor troubles in Europe during the years of active fighting in the World War and since the armistice; but more from the British Isles than from the Continent. The successive defeats of the revolutionary trade unionists in Great Britain during the last three years and especially the breakdown of the Triple Alliance, a formidable combination of miners, railroad employes and longshoremen with other marine transport workers, all organized in strong unions under experienced leaders, were apparently due to two causes; first, the steadiness of the British public and their prompt volunteering to maintain indispensable public services, and, secondly, to the moderation and conservatism of large numbers of union men, who were not willing to seize by force the immediate control of the principal British industries. In the United States, organized labor has always been comparatively free from the taint of socialism, red or pink, Russian, Jewish, German, French or Italian; although some of its leaders have entertained the socialistic opinion that a union man who owns his house, or has a deposit in a savings bank, has really become a capitalist and therefore an untrustworthy member of a militant union or of the labor class. This sobriety and intelligence in the ranks of both British and American trades unionism may reasonably incline any observer, sympathetic or unsympathetic, to believe that organized labor may consent to abandon before long policies which are demonstrably bad in their effects on the individual workman and have become unnecessary, though formerly indispensable.

There is great need of a thorough survey by a board of competent experts to ascertain what capital is now doing toward admitting labor as a partner, giving labor knowledge of the work of each separate plant and a larger share in its profits and accepting a large responsibility for the education, health, recreation and social enjoyments of their employes and their families. Such a board would need to be clothed with adequate authority; for there will be considerable difficulty in getting at the facts on this subject. Many owners and managers attach high value to their recent inventions concerning co-operative action between employers and employes and are reluctant to reveal these assets to their competitors. Other proprietors have adopted schemes which have met with only partial success; and they want time to improve them before they are published. In general, owners and managers are averse to Government inquiries into their doings. Labor, on the other hand, is in a cautious and inquiring state of mind with regard to these new performances on the part of capital, enjoys the new benefits it is receiving, but wonders why capital is conferring them, and whether they are going to be permanent. Hence labor, like capital, is likely to prefer privacy in these matters to publication.

The survey should not only state the facts with regard to the industrial experiments already started, but should demonstrate the need of much time for further experimentation and study. Time is needed for further trial of the method of discussion and compromise in industrial disputes—the only successful method in political conflicts—and for further experience with the method of conference followed by arbitration. The best mode of constituting an arbitration tribunal is not yet thoroughly worked out, although a presumption has been established against tribunals representing labor, capital and the public, and in favor of tribunals representing the public only. Nobody knows in how many hours of work per week for each individual workman the total needed work of the civilized world, outside the tropics, can now be performed, without hurting the workers and with the aid of all available machinery and motive power. The best guess at the present moment seems to be forty-four to forty-eight hours per week; but that is nothing but a guess. How many years of normal industrial conditions will it take to determine that fundamental fact? It cannot be determined at all in the present abnormal condition of the world's industries and commerce. It will be a great step forward, however, if the principal industrial nations of the world, and particularly the United States, can see their way to put an end to war between capital and labor as means of settling industrial disputes. Many nations seems to have made up their minds that fighting is not the best way of settling international disputes. There is some chance that the chief manufacturing and commercial nations will come to feel that cruel and destructive violence is not the best way to settle industrial conflicts. If the American democracy can carry that feeling into practice on its own territory, it will add greatly to the services it has already rendered to humanity.