

BUSINESS DEPARTMENT

BRIDGING THE CHASM BETWEEN CAPITAL AND LABOR

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*Let peace replace strife.
Restore harmony between manufacturers and their workers.
Heighten the feeling that only unity can bring contentment.
Let the welfare of the people be the final arbiter in industrial disputes.
Bring to an end the acrid campaign of calumny and assault against business now prevalent
in town councils, state, and national legislatures.
Establish a triumvirate of the People, Labor, and Capital for the conservation of American
industries.*

THESE are the aims of a movement now under full headway known as National Industrial Conservation Movement. This movement has been inaugurated by the National Association of Manufacturers, in co-operation with numerous chambers of commerce and boards of trade, properly to inform the mis-informed, to make the thoughtless thoughtful, to prove beyond a scintilla of doubt that greater benefits will flow to every element of society, to every individual in the land, by substituting mutual interest for the present spirit of reprisal. The industrial conservation movement has a lesson to spread that is mean for the Employer, the Worker, and the Public.

The same principles that caused the workingmen to form unions are now being adopted by American employers so that the majority shall not suffer for the faults of the minority. Strength that comes from a unity of purpose is to bring about a solution of the problems that so-called reformers, bigots, demagogues, and others of the same ilk have inflicted on all factors of industry.

Early this year the labor problem assumed such proportions that the employers of the country deemed it necessary to form an employers' union to conserve American industry—a union of this type being as essential to labor as it is to capital. Colonel George Pope, president of the National Association of Manufacturers, analyzed the situation in the following words: "Unjustifiable attacks on manufacturers as a class, for evils which are tolerated and perpetrated by some employers, large and small, but who constitute only a small part of the employing forces of the country. Examples of such evils are: grinding child labor, unsanitary conditions in factory and shop, failure to protect against accidents." Such conditions as these for which the more

important industrial interests are not responsible result, Colonel Pope says, in "unfair cartoons, editorials which habitually and recklessly indict the whole class of manufacturers for the outrages perpetrated by the occasional black sheep of industry; the incessant fusillade of soap-box demagogues, whose illogical rain of invective is recklessly showered upon the just and unjust alike, and whose oratorical incendiarism would cure industrial evils by destroying industry itself."

It is believed that a common interest basis of industrial conservation will furnish a panacea for class legislation, for the feeling that the manufacturers are "hogging the wealth created by the masses," that excessive taxation on industry only takes money from the pocket of the "Robber Baron" for the benefit of the "Average Citizen"; and that the constant harassing of business is or will be of ultimate benefit to the worker and to the public.

In the course of this article I shall review conditions that have led up to compelling the employers to do something for their own protection, to counter-balance constructively the campaign of misunderstanding that the misled or selfish bigots and demagogues have waged, and which now threatens our domestic industrial development.

BITING THE HAND THAT FEEDS YOU

The thriving industrial cities of to-day are those that seek to do the best for their industries. The practice of giving factory sites free to manufacturers as an incentive to locate in the smaller communities and the relieving of such industries from municipal taxation for a period of years is still in vogue. There are many towns well located with respect to railroad facilities and waterways, and also convenient to good labor markets, that are seeking industries. Yet, despite this competition for industries, there are many cities that are actually hostile to them. (Some are unwittingly driving away the support of the populace.) Look at Paterson, N. J., Fall River, Brockton, Lynn. These are but a few of the many. These cities have burdened their industries instead of encouraging them. Our Federal Government spends hundreds of thousands of dollars each year in assisting manufacturers to find markets for their products, and then the minor governments, the municipalities and the states, undo this vast and beneficial work by their unfair or biased actions. Industries are being forced to quit many cities. Where is Brockton to-day? Where will Paterson be if it continues to be a hot-bed of social anarchy and if industrial strife remains? Paterson will surely follow in the footsteps of Brockton. Its industries will leave. Then both will have the same plaintive wail. The politicians will cry, "What is to become of us if our industries continue to leave? What will become of our population?"

Our plethora of legislation is causing the machinery of the law administrators to collapse. The courts are being burdened to an excess. The mass of legislation is beyond the human mind to grasp or comprehend and also beyond the power of the Government to enforce. Is it not time to have sanity in legislation? Is it not about time to stop this legislative avalanche? The people of the country alone are the only ones to create a breakwater against the surging seas of legislation that threatens to engulf the country. This is one of the aims of the National Conservation Movement.

Nothing is more wasteful of American energy than our political system. *We regard government as a business in itself rather than as a minor incident of life and necessity. We are ridden to death by too many laws. We choose public officials on the basis of popularity and then after electing them we judge their fitness to retain office by their volume of production rather than its qualities.* The result is that every officeholder feels impelled to keep busy—especially the legislator—in the hope that what he conceives to be his duty shall be replete of muchness. *We send to Congress men who have the time for it. The people who create our wealth remain at home. It is the latter who are more fit to devise legislation.*

Elihu Root says: "We can improve our lawmaking. We make too many laws. According to a count made in the Library of Congress, *our National and State legislatures passed 62,014 statutes during the five years from 1909 to 1913, inclusive. During the same five years 65,379 decisions from the national and state courts of the last resort were reported in six hundred and thirty volumes.* Many of these statutes are drawn superficially, carelessly, ignorantly. Their terms are so vague, uncertain, doubtful, that they breed litigation invariably. They are thrust into the body of existing laws without anybody taking any pains to ascertain what the existing laws are, what decisions the courts have made in applying and interpreting them, or what the resultant forces will be when the old laws and the new are brought together."

Then Mr. Root goes on to say: "One of the reasons why our legislation is so badly done is that this craze for making new laws upon every conceivable subject overburdens our legislative bodies and they have not the time to do their work properly. Instead of a moderate amount of legislation, well considered and well done, we have an enormous amount of legislation ill-considered and ill-done. The remedy for this is to cultivate public opinion in favor of moderation and against haste and excess in lawmaking." That precisely is one of the objects of the conservation movement. It hopes so to stimulate public interest in what is going on in legislative bodies that the people will curb the enactment of uncooked, radical, class legislation

that is now being compiled and passed in such staggering quantities.

We have too many laws. Too much class legislation—legislation which is not only unfair, but a burden on the country. Legislation which arouses the antagonism of employers, thus bringing about a feeling of enmity and hatred where there should be co-operation.

Whose fault is it that this condition exists? The public's, yours? You men who complain about social unrest now leave the big business of government to professional politicians. You call these politicians your "representatives." Do they really represent you? If so, are they looking out to protect your interests, and to conserve the industry of the country? Why is it then that when Congress or State legislatures meet, a feeling of fear, often amounting to panic, spreads throughout the land? Legislation to-day spells ruination to many a legitimate industry. *Legislation to-day is no more than barter. You grind my axe and I'll grind yours. You annoy me and I will annoy you.*

CURBING INDUSTRIAL EXPANSION BY TAXATION

Congressman Hull of Tennessee, an authority on taxation, recently compiled figures showing that *the people of the United States are paying, or rather were paying in 1913, the stupendous sum of \$2,130,000,000 in the form of taxes of all kinds.* What the total is now no one can say. Of this aggregate of \$2,130,000,000 the sum of over \$1,000,000,000 constituted general and personal property taxes, the remainder being paid as different special taxes including \$604,000,000 paid to the Federal Government in tariff taxes and internal revenue taxes. *Our population is about 100,000,000 people. Taxation of \$2,130,000,000 in 1913 would indicate a per capita tax of \$21.30.*

Over-taxation is curbing industrial expansion. The industrial conservation movement seeks to teach the evils of burdensome taxation, to turn the light on a subject that is a contributing cause to higher living costs. Congressman Hull reports that under the present income tax law and corporation tax to the United States the States of New York, Pennsylvania and Illinois gave \$69,078,981. These three states have 106 members in the House of Representatives. The other forty-five states paid in the same form of taxes \$55,788,488 and have 329 members in the House of Representatives. While this condition may be due to the geographical location of our leading industries, this fact does not alter the need for greater care in the tax apportionment.

Federal taxation is a tremendous drain on our industries. State and local taxes are as bad. Our local politicians and the people who elect them fail to observe the simple economic law that burdensome taxation eventually affects their own purses. *One town in New Jersey*

has permitted local taxation to increase 500 per cent in a five-year period as a result of the openly expressed purpose of local politicians to make local industries provide all improvements usual in large cities. This city has had its reward. It is still being rewarded. For each new plant that has come within its borders, it has lost three of its established industries. Take the case of Lynn, Mass. No less than 23 industrial plants, mostly shoe factories, left Lynn within a five-year period because of unreasonable taxation, compensation, and general labor laws adopted by the state legislature. These plants re-established in New Hampshire and Maine, where the laws were less burdensome. A director of two companies, one located in Massachusetts and the other in a neighboring state, declared recently that the one in Massachusetts paid in taxes \$1,000 for every \$100 paid by the other plant. Which plant is most profitable? The answer is apparent.

Massachusetts and other states are driving industries out of their boundaries simply because their laws make it impossible to compete with industries in other states. One company established 100 years in Massachusetts is now about to quit that state because its competitors have an advantage over it in lower cost of operation due to saner laws. The selfish agitator using distorted facts might explain this condition by saying that the working element in Massachusetts enjoys more than do their brethren in other states. This is not so. Employers emphatically deny they ever hoped to or wanted to dominate labor. They accept the present time as an era of social betterment, of industrial betterment. "We do not object to laws making it more comfortable for men and women who earn a living from our operations; but we pray that the avalanche of unnecessary and burdensome laws along these lines be stopped"—is the declaration of the employers who are behind the industrial conservation movement. Colonel Pope, head of the movement, declares that "If any of our members are found who have not put their houses in order, we are going after them until they do." This is industrial conservation's reply to those who would term the movement nothing but a snare of employers.

A few of the leading agitators in the field of organized labor oppose betterment work on the part of employers. These elements declare that welfare projects are merely devices to proselytize workers away from the unions. How far from the truth! The truth of the matter is that these agitators see a menace in betterment work because betterment work makes for greater contentment of the employe by removing the cloud of hate that others profitably seek to cultivate against employers. "*Look upon your employer as a monster*"—is the destructive agitator's injunction to the army of workers. Despite this antagonism, betterment work is making progress. Very few man-

ufacturers consider such work or expenditure to be philanthropy, but, rather, a necessary feature of their business. While their motives may be as altruistic as those of the average of mankind, they find that it is good, from the business point of view, to promote as far as possible, the welfare of their employes. *Industrial betterment* pays. I said before that industrial conservation has a lesson for the employer as well as the employe and the public. The lesson that Industrial Conservation has to teach to employers is to make their workers happy. Make them contented, respectful and loyal. *Replace discontent, disaffection, with co-operative fellowship. This is not sophistry. The hardest field for the agitator to organize is one where employer and employe are on terms of friendship.* The turmoil in New York, as I write, affecting the traction lines has proven unsuccessful for the agitators simply because the employers had won the regard of their workers. Not ten per cent of the traction employes went on strike last September, a remarkable showing when it is considered that over 30,000 workers are employed.

Betterment work should *not* be conducted on a philanthropic basis. It leads to more harm than good, in most instances. Philanthropy is not appreciated by employes. *That is the reason why the term "welfare work" is not in the best of odor. It smacks of charity, and the American wage earner does not want charity.* "Industrial betterment" on the other hand is better. It connotes an attempt to provide the best kind of working and living conditions, and it also implies the co-operative responsibility of the wage earner and the employer in bringing these conditions about, and in improving them from time to time. It is not dole handed to the wage earner, but is a token of that spirit of mutuality which, under right conditions, should permeate industry.

WHAT HAPPENED IN BROCKTON

If the people of Brockton knew what their politicians were doing in the past six years they would rise in wrath. Brockton to-day is suffering after having enjoyed its stolen fruit. In 1909 Brockton shipped 855,097 cases of shoes; in 1910, 818,828; in 1911, 774,495; in 1912, 679,946; in 1913, 698,386; in 1914, 646,791; in 1915, including the stimulated demand for shoes from warring countries, 611,976. Steadily declining! At \$14 a case for wages the shoeworkers of Brockton have lost \$13,000,000. Two-fifths of the shoe industry of Brockton has gone elsewhere. The reason for Brockton's decadence lies in the fact that a group of selfish domineering agitators are choking the life out of it. Fifteen years ago Brockton had a splendid future as a shoe manufacturing city. To-day the city would feel relieved if it lost all of its shoe plants. The City Council of Brockton planned to ascertain the cause of the blight; but the politicians who

know, stopped such a plan and the Council intrenched itself behind a statement that its sole duty was to enact ordinances and vote appropriations and not cure the cancer that exists.

The Brockton "Searchlight" is however pressing the matter. It says editorially: "Not only has Brockton's industrial disease been acknowledged by the great mass of the people, but 95 per cent of the shoe workers of this city, if given the protection of an absolutely secret ballot, will give it as their opinion that the policy of their own organization officials is to blame for Brockton's industrial decay."

If industrial conservation had begun its propaganda in Brockton five years ago, that city would to-day probably have retained its importance as a shoe manufacturing center.

ARE THE EMPLOYERS GREEDY?

In a past issue of the FORUM I discussed the arrogance of labor resulting from the widespread demand for workers due to war conditions. A Pittsburgh business man took exception to my article. He declared it to be shameful and vicious. He wrote that the employers were greedy. In the course of that article I declared "Wage increases have been compelled where manufacturers would not grant them of their own accord." This statement is a fact. The New Bedford Cotton Manufacturers' Association gave a ten per cent wage increase costing them \$3,000,000 more each year, but declared that its business had not warranted the increase, but that as labor generally was receiving higher wages it would concede to the demands of the workers. This Pittsburgh business man wrote "What an admission! If the employers refuse to grant an increase in wages, why should not the employes force it if they have the power?" The usual argument of the unthinking. Who controls the greatest economic power? The man who supplies the machinery—the employer—or the man who operates the machinery, the employe. The answer of industrial conservation is that neither of the two controls the greatest economic power. The agitators attack betterment work on the part of employers as a snare. Yet they do not state that hundreds of millions of dollars have been spent by American manufacturers in improving the condition of their workers. How much have the National Cash Register Company, the International Harvester Company, the United States Steel Corporation, Cheney Brothers, the Curtis Publishing Company, the Eastman Kodak Company, just to mention a few of the many, done for their workers? Take a trip to Gary, Ind., to Rochester, to Joliet or other cities where large plants are, and see the fine homes the workmen get at moderate rents. They are not barracks, as the agitators would care to have you believe. They are homes that thousands of clerks in the big cities would be proud to have.

Ours is a big country. A prosperous country. To continue as such "big business" is essential. Business does not need, does not ask, for any special legislation in its favor. It wants to be left alone that it may attend to its legitimate affairs. Paternalism and socialism are not desired. "Big business" asks justice, and relief from the persecution to which it has been subjected of late years. It is therefore necessary for employers to join with employees, for employees to join with employees, and these two with the people to form a triumvirate—and then get busy and take the "dust" out of industry.

PREPARING FOR THE COMMERCIAL STRUGGLE

The country is now in the shifting sands of a temporary prosperity, and at the same time is apparently ignorant of the undermining operations that are constantly going on. It is manifest that some of those who profess properly to guide the destinies of labor have blinded themselves to the obvious fact that after the war this country will have a struggle for commercial supremacy on its hands. Industrial conservation calls on the nation to prepare for what is coming. Is labor preparing? Is labor learning a lesson of thrift? Is labor putting away some of its extra gains for the proverbial rainy day? Many so-called labor leaders have for the past three months been sowing the seeds of what it calls a "prosperity strike." Labor's great power is being misguided. If every labor man in this country struck against free trade and for a protective tariff, there would be some reason for such action. But to make a show of its strength at a time when its aid is sorely needed is merely representative of the usual frame of mind of selfish and short-sighted leadership.

Like going into battle with raw recruits, would be our facing Europe for world-wide trade after the war without a closer degree of co-operation between labor and capital.

We are certain that after-war competition will be severe, and with the United States the strongest nation of all financially, the efforts, I may say the concerted efforts, of Europe, will be towards our undoing. And are we prepared to meet this commercial invasion? Have we anything to compare to German efficiency, French economy, British determination, and Russian cohesiveness and ponderousness, not to include Japanese adroitness? Are we to be torn by industrial disputes as to the division of the fruits of industry? Are we taking steps to re-enforce the foundation inwardly or outwardly? Industrial conservation means to safeguard our prosperity. It seeks to conserve the benefits to both the worker and the employer. There will be a crisis such as never before obtained and on the shoulders of the American employer and his worker rests the responsibility for our weathering the storm.