

The Railroad Shopmen's Plan

MANY employers, notably a number of railroad executives, maintain that it is impossible to combine good management and high production with recognition of trade unions.

Trade union leaders maintain, on the contrary, that union members are better workmen than non-union workers, and that union wages, hours, rules and practices do not interfere with true efficiency.

Advocates of good management maintain that sound methods benefit not only employers, but labor as well.

Yet not often has any of these three groups thought of doing anything more than act as if its theory were an established fact. There have been few properly applied tests, with sound engineering methods and observed results.

This was in the mind of William H. Johnston, President of the International Association of Machinists, when he announced publicly, long before the railroad shopmen's strike of 1922, that he was looking for a progressive employer with whom coöperation for better service would be possible, on the basis of sharing justly between the responsible parties any benefits that might result. Mr. Johnston believed that trade unions and productivity are not enemies. He was willing to believe that wage-earners might benefit from improved methods. He was so willing to believe it that he was eager to make an agreement to help install such methods in anticipation of the benefits. If any employer sincerely thought that the rewards of improved service would not go solely to owners and management, he ought to be willing to agree in advance to share such rewards with the workers. Mr. Johnston reasoned also that a voluntary organization of the wage-earners, having earned their loyalty over a long period, and holding in their hands an agreement of this sort, would be a far more potent stimulus to good workmanship than any amount of cajolery practised by employers or their agents on an unorganized mass of suspicious men.

His gesture was the first act of a significant extension of collective bargaining. Wage-earners have long bargained for what they wanted by coöperating to interrupt production and profits. Why not extend that method, in the case of friendly employers, from the negative to the positive scale? Why not bargain for what the wage-earners want by coöperating to further production and profit?

Several railroad executives were personally approached, and President Daniel Willard of the Baltimore and Ohio had already given favorable consideration to the proposal when the strike intervened. The possibility of trying the plan was one of the factors which prompted him to take the lead in conciliation and settlement of the strike. As soon as the immediate dislocations of the con-

flict had been removed, conferences were held to give concrete form to the proposed coöperation.

The first record of the idea was in the preamble to the new agreement between the Federated Shop Crafts and the railroad, which was suggested by the unions:

The welfare of the Baltimore and Ohio Railroad and its employees is dependent on the service which the railroad renders the public. Improvements in this service and economy in operation and maintenance expenses result chiefly from willing coöperation between the railroad management and the voluntary organizations of its employees. When the groups responsible for better service and greater efficiency share fairly in the benefits which follow their joint efforts, improvements in the conduct of the railroad are greatly encouraged. The parties to this agreement recognize the foregoing principles and agree to be governed by them in their relations.

At the insistence of the railroad management, the Glenwood shop near Pittsburgh, a unit which had long been in turmoil, was chosen for the experiment, though the union would have preferred a less difficult start. Layoffs and shut-downs had been frequent in this plant. If the experiment could improve the quality and unit cost of the output, the railroad management could assign more work to Glenwood, increase the force employed there, and bring about greater stability of employment. Such measures would both benefit the men and reduce the overhead caused by the frequent shut-downs with their burden of idle equipment and labor turnover. Thus a concrete and practical objective was in view from the start.

The methods used were as unconventional as the inception of the program. An ordinary employer, wishing to increase productivity, hires experts and works out elaborate engineering plans which are then installed from above. There was, to be sure, a graduate engineer concerned in this project—Mr. O. S. Beyer, Jr.—but he was an employee, not of the management but of the union. His first step was not to develop a paper scheme, but to see that both the local management and the wage-earners understood the proposal. Not until it had been explained in every aspect and had received a vote of confidence from the men as well as from the executive forces was the first step taken. This step, in turn, was the installation of a regular bi-weekly conference between representatives of the management and the regularly constituted committeemen of the various local crafts. The meeting was for the purpose of considering improvements in the operation of the plant rather than grievances—though the committeemen were the same who handled grievances at other times. The fact that the ordinary union machinery was thus relied

upon was of first importance. It allayed suspicion at once, and gave assurance that the experienced representatives of the men, those who were accustomed to remedying the evil results of friction, would be the ones entrusted with the duty of helping to eliminate the friction.

Mr. Beyer, as engineer, held the confidence of both parties and was enabled to know everything that was going on. But his job was not to tell them what to do. His job was to help them solve their own difficulties. If he could not leave a machinery capable of carrying on in his absence, he would have made little advance over the usual technique of management. The natural development of this method exhibited a profound logic often slurred over in more cut-and-dried plans. The joint committee began by dealing with certain personalities, on both sides of the fence, who had been a source of trouble. Some of these eliminated themselves. Others saw the futility of their previous behavior, got into harness and became among the most valuable contributors to the plan. Next, physical deficiencies of the plant were dealt with. Routes of carrying material were shortened and made easier. Good washrooms were installed. The men began to feel the result of coöperative planning in a dozen different ways related to the pleasantness of their daily work. From these simple beginnings the cleaning-up process went on to slightly more remote matters. It had previously been impossible to procure enough small tools in good condition, and this resulted in delay and discontent. The tool room was taken care of. Similar trouble had been experienced with repair materials, which resulted in "robbing" some locomotives to repair others. This situation was analyzed and a steady flow of adequate material provided. Soon the rebuilding and modernization of a locomotive was assigned to the shops, and everyone was kept informed of the progress made. "Engine 1003" became a symbol of the determination of the shop to do work in which it could take pride. Easily understood delay charts were prepared for the various jobs in the works, and were prominently displayed. Then records of gang performance were charted in such a way that progress could be visualized and each part of the force could match its record against that of others and against a schedule. Thus, step by step, and through the impulse of the men themselves, difficulties were obviated, morale was improved, and long strides toward good management taken.

It is important to note that in order to bring about these improvements not a single union rule was abandoned, and the men were still paid by the hour rather than according to any method of "payment by results" which varies the wages of the individual according to productivity. If the time should ever come when the men, of their own accord, should see the necessity of modifying a union practice in the pursuit of their goal, a

foundation will have been laid so that it may be done with general understanding and consent.

A plan of this sort should not be expected to bring about immediate results. There is nothing magic about it, but if given time it ought to make more durable contributions than one for which management alone is responsible. Yet tangible results have already been achieved. A high rate of labor turnover has been appreciably reduced, fuller and more regular operation has been made possible. In April and May, before the plan was working, the monthly materials shop expense per employee was \$15.08; the monthly average from June to December was \$7.43. The average man-hours per unit of output on shop orders for a staple article like jacks fell from 1.66 in April to 1.13 in September. Average delays per week behind the schedule so improved that the record of October in this respect was 63 percent better than that of April. The average length of time that locomotives have remained in the shop—the figures being properly weighted according to the class of repair—fell from sixty days in March to twenty-one in October. An over-all performance rating, expressed as an index of average units of work per man-hour, rose from 100 in June, 1922, when a special drive for production was made under the old régime, to 113 in September, 1923. Finally, and most important of all, a questionnaire sent to those on the road who had occasion to observe the performance of the work turned out by the shop evoked unanimous testimony to the improvement and high quality of the repairs.

Good shop work must have been at least partially responsible for the remarkable record of the road during the past year. Between December, 1922, and December, 1923, the percentage of freight locomotives unserviceable was reduced from 22.4 to 15.4, and that of freight cars from 9.2 to 5.9. This improvement occurred during the heaviest traffic of history—net ton-miles of the road having been 39 percent larger in 1923 than in 1922. The excellent condition of the serviceable equipment is indicated by the fact that car-miles per car-day (the average number of miles travelled per day by the average car in use) increased from 20.8 in 1922 to 29.3 in 1923. Yet in spite of the volume of shop work to which the above record testifies, its cost was kept down sufficiently so that the net operating income of the road was 77.5 percent larger in 1923 than in 1922, and was even 62.7 percent larger than the "standard return"—the rental paid during government control, calculated on the basis of the return for three pre-war years.

The excellence of this record is brought out vividly if one compares it with that of the Pennsylvania, a larger and financially stronger road, which runs through much the same territory and operates non-union shops. The improvement in percentage of unserviceable locomotives and cars

on the Pennsylvania was slightly less than on the Baltimore and Ohio. Yet its traffic increased only 22 percent—a little over half the traffic increase of its rival. Although in 1922 its serviceable equipment did almost as well as that of the B. and O.—19.8 car-miles per car-day against 20.8—in 1923 it was left far behind with 23.4 car-miles against 29.3. And the expense of the improvement it made was so great that its net operating income—in spite of the growth of traffic—increased only 13.6 percent over 1922 and only 3 percent over the “standard return.”

The plan of coöperation for service has passed through its trial period successfully. The men like it and have produced results. There is no question that the railroad and the public have benefited. But a period of danger is at hand. The benefits to the men have, so far, not equalled the benefits to the railroad. W. Z. Foster and the radicals of the left, without the slightest appreciation of the

immense potentialities of the plan, are viciously attacking it as “class collaboration” which benefits the profit-makers to the detriment of the worker. In spite of their blindness, they will be partly right and will begin to carry conviction to the rank and file unless the management brings its share of the undertaking to a logical conclusion. Much has been done in one plant, but something more is necessary. The unions are urging the management to go ahead with the creation of a maintenance reserve which may be used for repair work during a seasonal or other slack period and so stabilize production and employment, and with extension of coöperation to other parts of the system. The management has taken the first steps toward such broader measures. During the next few months what will be on trial on the Baltimore and Ohio will not be so much the union’s as the private employer’s capacity to coöperate for service.

GEORGE SOULE.

The Irony of the Harding Cabinet

REVENGE is nowhere more useless than in politics; nowhere does it butter so few parsnips. But the Democratic party is enjoying in these days a certain revenge upon the Republicans, who swept over them with that seven millions plurality in 1920, that is really important. The Democrats’ revenge is not important because there is any assurance that it will yield them profit and gain; it is important because it is found in one of the deadliest, most searching ironies in the whole annals of American public affairs—an irony that will burn for years to come.

When Mr. Harding was nominated for President in 1920, there was scarcely a thoughtful man to be found who honestly believed he was equipped for that office, especially in consideration of the incredibly difficult problems before the country at home and abroad. The nomination of Harding and Cox, following an eight-year period in which the public had become accustomed to Wilsons, Roosevelts, Tafts and Hughes’ created a sentiment among intelligent people that was admirably expressed on the night of the election by a rugged and intensely patriotic old financier. Told that Mr. Harding had swept the country, he clapped his jaws together and said grimly: “I say what I have said from the beginning: Thank God only one of them could be elected.”

The campaign caused some people—not very many as the returns showed—to believe that Mr. Cox was a man of more resolution and force than had been thought. But in so far as Mr. Harding made a popular appeal on his own account, it was because of the belief that he was not a man of resolution and force. That may seem an extravagant statement. But it is true. Mr. Harding constant-

ly pictured himself as a man uncertain in his own mind and seeking guidance. He did so partly because he was a modest man and sincerely sought to avoid trying to appear what he was not; and partly because, as a skilled politician, he had become convinced that the country, in its bitterly critical attitude toward Mr. Wilson’s strongheadedness, was in the mood to take to its bosom the exactly opposite type.

But even while the people, for a thousand different reasons, were making up their minds to vote for Harding, and even while, in their antagonism to Wilson, they were applauding his diffuseness of thought, their common sense told them unerringly that somewhere in the Harding administration there must be power and force. They answered the questionings of their common sense by replying that “‘they’ would keep him on the right track.” And “they,” reduced to concrete terms, usually turned out to be the Cabinet.

There was to be a great Cabinet. Harding, the modest, was the kind of man who would gather about him a great Cabinet. It was the easier to think of a great Cabinet being all sufficient, gathered around a modest, advice-taking President, because it had become the fashion to attribute all the sins charged against the Wilson administration to the “yes” Cabinet which Mr. Wilson insisted upon having. So strong was this idea of a great Harding Cabinet that it persisted undiminished after the beginning of the Harding administration, when the cause of disillusionment should have been patent to every man of normal temperature. Highly seasoned and honest observers spoke of the Cabinet sessions as the ablest counsels on earth.

Is it necessary to be more specific in revealing