

THE "BIG BUSINESS" MAN AS A SOCIAL WORKER

A SERIES OF PERSONAL PORTRAITS

BY DONALD WILHELM

III—DR. STEINMETZ, OF THE GENERAL ELECTRIC COMPANY

THE most interesting man in America is President of the National Association of Corporation Schools. He is a Socialist who earns one hundred thousand dollars a year as a consulting engineer. He has a bent little-boy body with enormous bristling brown head lodged between up-shot shoulders. His body makes one suspect he has been sprawled over a planning board ever since he was born, whereby one accounts for the forward curvature in his spine.

One finds him in the arcade adjoining a convention hall—a brown, bushy, dynamic little man, standing, hardly more than table high against the white wall. He is puffing a cigar and chatting wisely, eying his listeners through gold-rimmed glasses cocked on his thick nose.

"No," he said; "there is no sentiment in business."

His forehead wrinkled. He reconsidered: "I might just as well say yes. Business has no sentiment, but often men in business are sentimental. There is Williams, the first President of the Association; and there is Edwards, of the General Electric; and Insul, in Chicago—these men are sentimental. They are very enthusiastic. I am sentimental—"

"Because of public opinion?"

He wagged his head. "Public opinion—it is overestimated; it forgets."

He went, for illustration, back to his turgid journalistic days in Germany when he ran a weekly Socialistic paper till the Government confiscated it, then ran another weekly, then a bi-weekly. "The public forgets; it forgot the Colorado massacre in three days. But the unions do not forget; the unions have a memory."

He chatted, glanced about. Men passing through the tiled arcade stopped, looked, listened, inquired; were told that the wise little sage was Charles Proteus Steinmetz, chief

consulting engineer of the General Electric Company, inventor or perfecter of the induction motor, the polyphase motor, other motors, now President of the National Association of Corporation Schools.

One can feel the reach and play of his intellect. He has a tremendous mind, a tremendous heart; his heart and his mind are all of him. He is a Socialist; he is also a social worker. As a Socialist he sees what industry can be, as a social worker he sets out to help alter it, as Socialist and social worker he is president of a big business organization that is undertaking to do a little more than make the United States the first industrial nation of the world.

In his hotel room, coatless, sipping tea, the little man explains that the Association is a young organization of private and quasi-private corporations, of railways, manufactories, mercantile and other business concerns, that represents perhaps half the industrial capital of the United States.

"We want to correlate the educational facilities of the corporations with each other and with the educational facilities of the whole country," he explained; "we want to increase the production of every worker so he can earn more, increase his consumption, and thereby raise his standard."

One hears that this Nation is first in point of resources, third in point of production. It is third in point of production because its workers are third in point of efficiency. Most are mistrained, many are illiterate. Illiteracy is costing the Nation five hundred million dollars a year, the United States Commissioner of Education says. Inefficiency is costing the Nation much more. Greater efficiency presupposes greater contentment in work through a longer period of time, and those considerations mean that more than four per cent of our grade school graduates must have industrial training, and that—to illustrate—ninety thousand New York City

boys must not be turned into blind-alley lives each year; must, instead, reach the summit of their hopes and their maximum average income of forty dollars or so a week at the late age of thirty-three, as the college man does, rather than their present maximum average of ten dollars a week at the early age of twenty-two.

In other words, the organization of which Dr. Steinmetz is President is setting about deliberately to supply, for want of any similar provision by the States, a substitute for the old apprentice system. It is seeking to prolong the life and the hopes of grade school graduates, of every untrained American worker, and to conserve and to develop them—the most neglected and the most vital of American resources.

A corporation school, Dr. Steinmetz explains, is an elementary school conducted by a corporation to Americanize alien railway labor, for instance; or a commercial school with university class-rooms, and sometimes university lectures and credit; or a technical school with a course extending, as in one corporation, through four years of work of company work-time, demanding two hours each day, and a total of 10,960 hours in all, for bonus and diploma.

He went on; he summarized what he had said: "It is a question of efficiency—this new education . . ."

There is a new education, he believes, coming in America. The determination of it has in part come from the fact that but four per cent of American boys and girls are sufficiently educated, and from the perception that it takes a good man to stand an American college education. It has been stimulated by the cry for efficiency; but that cry is significant primarily because it indicates that it is coming to be realized that the cardinal function of a good citizen is meritorious production, or, what eventually will be considered synonymous with production—service.

Because their service is less than one hundred per cent efficient public opinion pounces upon the railways and upon other corporations; and now is resolutely turning to pounce upon the farmer and the planter too. And planter and farmer and corporations are beginning to retaliate. They are pouncing on the State and its educative processes, preaching and teaching efficiency.

"You are usurping a function of the State," the Industrial Relations Commission averred. "We are trying to show we want

to co-operate with the State," the first President of the Association replied.

The welfare of industry is the welfare of America, for the furtherance of industry is the furtherance of production, and production itself, theoretically at least, is provision for, and presupposes the welfare of, the undistinguished many in the working world. Everywhere there is new alliance between education and industry and between the corporation and the community. Even capital and labor are, in the big new tendency in education that has in it almost the only promise of industrial peace, reaching across from diverging paths to co-operate with one another in gaining the greatest happiness for all. Corporation executives are not undertaking a function of the State for charity, and the workers want no charity; each is doing his part, as Dr. Steinmetz pointed out, to increase his production, to better the standards of his own life.

Dr. Steinmetz likes to feel his mind running to broad theory. He reverted again and again to the industrial and social significance of the Corporation School Association, then he took a breath and leaped away once more to broad theory:

"In any business," he said, "three phases of organization have always been considered—the financial, administrative, and technical phases, I call them. But there is a fourth phase. It has been coming to attention for a long time, but we are just beginning to notice it. It is the human phase. It is just as important, just as essential, as the others—the labor unions and many other forces have made it so. . . . The unions? What is fair for one side is fair for the other. You must let the unions organize. You see, when the small employer hired one laborer the two men bargained on an equal basis, but when many employers got together the employee did not have a fair chance. You must remember that a corporation is just many small employers banded together into a unit; instead of having them as individuals you have them as a corporation. Therefore as soon as you get an organization of employers logically you should get an organization of employees. That is good—the unions have helped to force the corporations to notice the fourth phase.

"The fourth phase—it has been considered last. It is going to be considered first." He grew suddenly enthusiastic. His blue eyes beamed so kindly that one was reminded of his life, so lonely that once he spent a

year alone in a little German hovel to perfect an electric principle, and of the son he adopted, and the three orphan children of whom he now is grandfather. He went on:

"I liken these four phases of industry to the parts of a machine. You know, a machine will not run unless all its parts are oiled; but some of the parts can be oiled last and cleaned last. Now the least important cog in a machine is just as necessary as any cog, but perhaps you do not have to give it the same attention at first; indeed, some render service a long time without any attention at all."

He puffed his cigar vigorously, was enveloped in a sudden cloud of blue, fragrant smoke. He has been smoking all his life and drinking tea. In his student days at Breslau he smoked a pipe and he drank beer, in keeping with the profundity of the little group of student friends with whom he sat in frequent determination of the economic and social destiny of the world. He had a lot of excitement in those days, and he tells of them so infectiously that one sees the early part of his life in outline, and remembers that his mother died when he was very young and his father was a lithographer and railway employee who sacrificed nearly everything to get his son a technical education.

Comrade Steinmetz belonged to a club. The members of this club were suddenly arrested because a photograph of them appeared in a photographer's window the same day as, and within less than twelve and a half feet of, a photograph of Lassalle, the eminent Socialist. The little group of students were haled before a justice, and the good German Court, viewing with disfavor the conclusive fact that there was no evidence obtainable for or against the club, straightway imprisoned some of its members, but freed the forgetful little-boy body of a man. Straightway the boy inventor tested the resourcefulness that has built up one invention after another since. He went home and invented an ink with which, quite indistinguishably, he wrote up and down the blank pages of books he was privileged to send the prisoners. This writing one of the prisoners, a young man engaged to be married, was told how, from chemical elements obtainable from tooth-wash and blotting-paper, to develop and read. The little man sent even love letters, and he built up an impregnable defense for his student friends, got them acquitted, and enjoyed his good college

joke till the authorities suddenly took after him in such terrorizing mien that he accepted a supply of cigars, took to his heels, and fled over the line to Switzerland and America. He has been smoking cigars ever since. One learns to associate his cigar with him. At the General Electric shops an order to stop smoking appeared one day. The next day Dr. Steinmetz was missing. He had quit. The president of the company had to send an automobile for him. He went on smoking now, his elbows propped on the table, his cigar flaming between his first and second fingers.

"If any of the four phases of a business are neglected," he said, "if either the financial, administrative, technical, or human phase is neglected, there is bound to be disaster. It may escape notice, like a rusty cog, for a few years, but you will hear from it. Thus if you neglect the financial phase—well, you have trouble. And if you neglect the human phase, you will get inefficiency every time, and the Industrial Workers of the World will catch you if you don't watch out."

He laughed. "Yes, yes; that's what the Industrial Workers of the World are for—they are to frighten employers when they get rusty on the human side."

He thinks that it is not the big corporation but rather the little competitors that first "get rusty" on the human side—that it is big business, and not little business, that throws fewer employees to the industrial scrap-heap. He believes in the large corporation, he believes in the carefully regulated trust. His mind looks far beyond any stage of nationalism, and yet he is doing his utmost to bridge his old-time Socialism to the new-time industrialism, confident that they are synonymously American, and that, with corporations and all that goes with them, in this Nation lies the hope of the world. He believes in the large corporation because it is an inevitable step in the progress forward, and he notes pleasurably that it is removing the lines between nationalities, developing the same great common interests for all, and working indomitably along in the groove of an inevitable tendency. He pointed out some of the good the corporations are doing—welfare work, safety work, educative work, compensation for injuries, sick benefits, old age pensions, service annuities, profit-sharing—

He caught on the words "profit-sharing," rose from his chair, in eight words explained

why he is a Socialist accepting one hundred thousand dollars a year from a corporation:

"Profit-sharing," he said; "it is half-way to Socialism."

"It is half-way?"

"Yes, yes, it is the half-way mark. It is a very ingenious way for labor to get half instead of all. . . ."

He stood his feet squarely by the end of the bed, a smiling little mental giant only five feet high.

" . . . Yes, as soon as all our big industrial and transportation corporations have combined, under stricter and stricter regulation, into one big corporation so powerful that it must be called the United States, we will have reached the goal. The rates of interest will be so low—"

He galloped on with an enthusiasm that knew no bounds. He laughed infectiously now and then; he was having a good time.

It was suggested that the big business men of any era are the broad, humanitarian men of that era, and that some of the big business men of the present era, therefore, are Socialists.

"Yes," he laughed. "I can show you—"

He returned from broad theory once more.

"Both labor and capital are grateful for the corporation," he said. "No one is ungrateful but the Government. The United States Government—it has its army and its navy planning to help to train young men for work in the big corporations. Yes, and President Wilson—he is trying to get Government ownership of railways and trying to break up the corporations at the same time. He is not consistent. He does not understand. And Mr. Taft—he did not understand. They have the old ideas about small production. They try to break up the large unit into the small."

His keen blue eyes narrowed; he grew a little more serious.

"The Sherman Law—it was intended to regulate the big corporations, not to break them up. It was used to break up Standard Oil, the biggest and most powerful corporation we had, and now there are thirty-four parts and the Government can't control them because they have no central responsible body. And it is very noticeable that the interests are more powerful than they were. . . . It cannot be done. You can't turn back economic fact; when you try to turn back a fly-wheel, something's got to break."

COMMERCE AND FINANCE

A MONTHLY ARTICLE BY THEODORE H. PRICE

THREE MONTHS OF WAR: LOOKING BACKWARD AND FORWARD

BY the time this is published the war will have been in progress nearly three months. In taking account of its effect upon business it must be admitted that up to this time, in so far as America is concerned, the anticipated has been worse than the reality.

Thus again has it proved true that "we have many troubles, but most of them never happen."

The loss of life and economic waste which the struggle has entailed are, of course, distressing and deplorable, but in England and America, at least, the consequences have been far less cataclysmic than had been expected.

No banking or commercial concern of first-rate magnitude has failed in either Great

Britain or the United States. No great corporation has confessed embarrassment, and no one entitled to credit has been denied such financial facilities as were absolutely essential to the conservative continuance of business.

In England the Government stepped into the breach with extraordinary boldness, and by guaranteeing to the Bank of England the repayment of debts at present uncollectable made them an acceptable basis of credit. Recently it has gone even further, and has arranged to guarantee the lenders against loss by loans made to members of the London Stock Exchange on collateral which may have been depreciated by the war.

It is generally believed that this far-sighted action was taken upon the initiative of Sir