

ORGANIZED LABOR AND THE EFFICIENCY  
MOVEMENT IN AMERICAN INDUSTRY

THESIS FOR THE DEGREE OF M. A.

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1933



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IN AMERICAN INDUSTRY

A THESIS

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# ORGANIZED LABOR AND THE EFFICIENCY MOVEMENT IN AMERICAN INDUSTRY

## CHAPTER I

### INTRODUCTION

No problem of industrialism has offered so much intense feeling or is of so great an importance to society as is the issue between management and labor over the introduction of efficiency systems into industry. Although we are primarily interested in the development of the controversy in the United States, the roots of the problem are to be found in the early stages of European industrialism.

The conflict has been present in American industry for over a hundred years. During this period six specific phases of the problem have been discernible. The movement first expressed itself in a resistance on the part of labor toward the introduction of labor-saving machinery. It next took form in the anti-piece-work movement; then in an opposition toward "Taylorism", which in turn was followed by antagonism toward the bonus system of wage payment. In the first two decades of the twentieth century the culmination of various features of previous schemes was embodied in the Scientific Management movement. Finally, during the past few years the attitude of labor has changed to acceptance rather than to opposition toward efficiency programs.

This new attitude has been called Union-Management Co-operation.

The purpose of this dissertation is twofold: first, to trace the historical development of the attitude of labor toward efficiency schemes, and second, to consider experiments of co-operative management in an attempt to discover the essential requirements for the removal of labor's opposition to the efficiency programs of industry.

### Importance of Efficiency to Workers.

The six specific phases, enumerated above, when combined constitute the efficiency movement. The schemes which have developed from these phases are of great importance to workers. All such plans alter the job and the conditions under which the laborers work. This situation arises because of the close relationship between the shop life and the social life of industrial workers. If a worker loses his job his income from this source ceases. The worker may then be forced to move to another community to find work and thus great hardships are often imposed upon both the worker and his family.

The inadequacy of wages is another reason for the vital interest of the workers in efficiency schemes. The job seldom gives sufficient ~~renew~~ <sup>renewal</sup> for the worker to provide for periods of unemployment or sickness. Therefore, anything affecting wages affects the worker's whole life. Again, the element of change carried by efficiency programs affect the worker by causing all the elements of the job to fluctuate.

When man first began to make goods, production was



carried on for use. The entrance of the capitalist changed this motive to one of profit. With profit upper most in mind, employers have been constantly in search for any means or method by which profits could be increased. This had a bad effect upon the workers as it relieved employers of the responsibility of adverse results which might accrue to laborers from the use of more efficient methods in industry. As long as profits were maintained any action became justified regardless of the deleterious effects upon the other groups of society. The workers were the greatest losers as they were solely dependent upon industry for their livelihood. Thus, not only the employers but the workers as well had a profound interest in anything which resulted in a change in the industrial set-up.

#### Slow Growth of Trade Unionism in the United States.

The efficiency movement has grown in spite of the opposition received from organized labor. This has been due to the relative weakness of organized labor in the United States. There are several reasons for the slow development of unionism in the United States. First, those causes which can be directly traced to the attitude of labor, and second, those causes which are primarily the result of employers' points of view.

The workers in the United States had the alternative of factory work or the homesteading of new lands. This land could be had for little money and a great deal of hard work. Therefore, if conditions became unbearable in the factory, the West always beckoned with the promise of freedom and independence.

This alternative was denied the continental workers unless they were willing to migrate to this country, and such a thing was impossible for the rank and file of the European laboring class. In the first place many had neither the ambition nor the desire to give up home ties and enter a new and unsettled country. In the second place many who did have the ambition and desire were not in a financial position to gratify their wishes. The only way left for them to alleviate bad industrial conditions was to organize and offer collective resistance.

Furthermore, in this country, due to the abundance of fertile land, industrialization was anything but rapid. Industry in its infant stages could not compete for labor with the golden opportunities offered by the West. However, the high price of land in Europe, and the relatively small amount necessary for industrial enterprise, allowed business to compete successfully with agriculture. This, of course, drew a large number of workers into industry. Competition led to the exploitation of the workers, for it was easier to cut expenses by lowering wages than to increase the efficiency of the plant. Individual action could do nothing to protect the workers from such abuses; therefore, organization became inevitable.

The type of business managers chosen in the United States further explains the late development of our trade unionism. In the late seventies American industry became interested in hiring managers "who could get results, not for the community, but for themselves and their companies,



one of the pre-eminent qualifications being the ability to handle labor - that is, the ability to get the utmost from the laborers for the least pay...."<sup>1</sup> This attitude developed later in this country than abroad. However, when it did become widespread, it encouraged the organization of the workers for self-protection.<sup>2</sup>

### Sources of Material.

The sources of material drawn upon for this thesis can be classified into three groups. First, the writings of union men and leaders; second, articles written by managers and employers; and third, articles and treatises of impartial third parties. This material was found in periodicals and pamphlets of unions and managements, popular and scientific magazines, books, and government documents. Of the first two classes the American Federationist, Industrial Management, and Bulletins of the Taylor Society were examined with great care and available volumes covering a fifteen year period were consulted.

1. H. S. Person, "Industrial Efficiency and the Interests of Labor", American Economic Review, March, 1912, Vol.2 (supplement), p.124.

2. Ibid.

## CHAPTER II

### THE EFFICIENCY MOVEMENT

Efficiency may be defined as the power to produce results. In business the results which are wanted are lower unit costs of production. Anything which effects a change of technique, organization, process, or method and which lowers the unit cost of production is considered efficient. Schemes or devices tending to produce these changes have been integrated into a body of thought known as Scientific Management.<sup>1</sup> The purpose of scientific management is to further the principles of efficiency by educating employers to its advantages. The growth and rapidly spreading influence of this new body of principles warrants its being called a movement.

In the past efficiency schemes have been primarily confined to the production side of business. That is, the prime motive or objective seemed to be an attempt to increase output without a proportionate increase in cost of production. Little, if any, attention was paid to the methods of personnel control, or to the human side of the industrial problem.

How Efficiency May Be Obtained.

There are two chief ways to obtain increased output. First, output may be increased if the workers are induced to increase their efforts and thereby produce more goods

1. See page 1.

within a given time. Second, output is increased through the replacement of workers by machinery.

As was noted in the first chapter, the introduction of machinery into industry has been in progress for many years. The invention of labor-saving devices was the first form of efficiency schemes to be put into practice. Organized labor has often objected most vehemently to the use of these devices.<sup>1</sup> One of the reasons why labor organizations originated was to meet the need of the workers for protection from the evils of the machine.<sup>2</sup>

As machinery became more commonplace and output increased, it became evident that a latent source of increased output was present in the worker himself. Much could be gained if ways could be devised to tap this source. To do this, various plans of wage incentives were devised. For the first time workers as a factor in the determination of output were recognized. Since that time attention has been paid both to the material and human factor.

#### Historical Background of the Efficiency Movement.

The wage incentive plan first used, and still very popular, was the piece-rate system. It "is a natural outcome of the machine processes which involve the production of many like units."<sup>3</sup> When workers are paid by the hour, day, or week, due reference is not given to the individual differences in the quantity of output. Some workers have,

1. See footnote, W.Wissler, Business Administration, page 61, 427.

2. The reasons for labor's opposition will be given in Chapter III.

3. J.D.Hackett, Labor Management, page 519.

through natural endowment, the ability to produce more work than others in the same period of time. Justice was not done under the old plan of wage payment. The faster worker received the same wage as the slower. Thus he was either penalized for his speed or part of his labor was exploited by management.

To correct this evil as well as to provide an incentive for greater production, certain managers devised a plan whereby the workers were to be paid on the basis of their actual output. This was done, where the type of work permitted, by placing a rate of pay upon each unit produced. For example, say a rate of five cents was made for each unit produced. If the worker could produce one hundred units per day he would receive five dollars for the day's work. If on the other hand, he wanted to earn ten dollars a day and was able to double his output, he could gratify his wishes. Thus the worker received a more just share of the fruits of his superior ability and increased efforts, for the only limit to his earnings was determined by his ability to produce. Management was favorable to this as the increase in output lowered the unit cost of production; that is, more goods were produced in the same amount of time with the same amount of plant equipment and capital outlay for overhead costs.

The experience with such a plan is worth noting. The workers increased their output to such an extent that their earnings increased out of proportion to those paid other workers. Employers could not afford to pay other workers,



whose output or efficiency had not increased, the same proportionate increase in wages. One of two things could happen. If the earnings of the worker rose beyond the point which management felt was the prevailing wage, the rate was out. If the rate were set too low, workers were discouraged. In either case bad feeling was created on the part of the workers.<sup>1</sup>

(2) Fredrick W. Taylor<sup>2</sup> attempted to correct these evils by the scientific determination of the rate of wage payment and measurement of the worker's ability. The essence of his principles are well brought out in the Hearings before the Industrial Relations Committee in 1914.<sup>3</sup> They were found to be: (1) reduction of rule-of-thumb knowledge to system and scientific formulae; (2) scientific selection and development of every man in the shop with the determination to make each a better worker and a higher wage earner; (3) bringing of scientific management men and labor into relations of friendly co-operation; (4) and a more equal division of work between the employers and the employees, that is, relieving workers of some of the details of their work by the use of more men.

The precise way in which this was done was through the use of time-and-motion study. This method determined how much a worker could be expected to produce in a given time at a maximum rate of speed which was not injurious to his health or physical well-being. Upon the findings the

1. J.D.Hackett, op. cit., p.521.

2. For other wage incentive plans see Ibid., pp. 529-40; especially pp.538-9.

3. J.A.Fitch, "Mutual Misunderstanding of Efficiency Experts and Labor Men", Survey, April 25, 1914, Vol. 32, p.92.

standard rate of pay was based.

Mr. Taylor felt that the most economical way of doing a thing could only be determined by such a process. Furthermore, the current rate of wages would then correspond to the best efforts of the workers.<sup>1</sup> If the workingman were called upon to find the best way of doing the job, demands would be made upon his knowledge which he could not be expected to have as young workers usually learn from older workers. There was no proof that the methods of work of the older workers were correct. In fact, it was often found that each worker had a different way of doing the same job. But through scientific study and experimentation, a better way was found. In addition, the worker could not be expected to have had either the opportunity or the incentive to study these things for himself. Nor did he have the chance to come in contact with a sufficient number of methods which would enable him to determine which way was best. For after all, once one gets into the habit of doing a thing in a certain way, inertia aids the individual to continue this procedure in the future.

A corollary to this was that greater compensation was certain to follow when a better method of carrying out an operation and a pay figured on a more equitable basis were devised.<sup>2</sup>

Mr. Taylor thought he had found an answer to all industrial ills. A 'fair day's pay for a fair day's work'

1. \_\_\_\_\_, "Labor Unions and Efficiency", Outlook, Nov.1,1913, Vol.105, pp.467-8.

2. For instance, if 10 units of production could be turned out in a day at the daily wage of \$4., it stands to reason that anything which would increase the output to 11 units, at the rate of 40 cents a unit, would give the worker and additional 40 cents a day.

could now be scientifically determined. He was, however, severely disillusioned. Instead of settling the problem of industrial unrest, Mr. Taylor's principles further aggravated it. He had overlooked the fact that the worker who could not do the set task would be dismissed and that workers might so increase their output and their earnings that their wages would have to be cut.<sup>1</sup> Furthermore, workers' psychology, change in industrial technique, and non-wage incentives were disregarded as factors in the determination of employees' attitudes.

#### Historical Background of Scientific Management.

Out of the principles of "Taylorism" has grown a scheme causing a great deal of industrial unrest. This scheme really embodies all other efficiency plans under the title of Scientific Management. At the present time it is the predominant efficiency system in practice. It is particularly toward this method and its various tools which the American Federation of Labor has, until recently, raised such vigorous objections. It has only been lately that a better understanding has been reached between labor and management.

The principles of modern scientific management, in comparison to the principles of Mr. Taylor in the early days of the movement, have been changed. His principles have been broadened and extended in an effort to overcome those features which were objectionable to organized workers. The aims and purposes of modern scientific management are well summarized by R. F. Hoxie:

"Theoretically, scientific management is an

1. Paul Devinat, "The American Labor Movement and Scientific Management", International Labor Review, April, 1926, Vol. 13, p. 468.



attempt through accurate industrial analysis to discover and put into operation the objective facts and laws which underlie true efficiency in production. In its broadest and best application it attempts through this process of analysis to determine the best location and structure of the shops for the particular manufacture designed; the most efficient processes and methods of production in general and in detail; the material, organic and human arrangements and relationships best suited to further the productive process; the most effective character, arrangement and use of the machinery, tools, and materials employed; the method of selection and training of the workers and managerial force most conducive to efficiency; the character and amount of work which out to be performed by each member of labor and managerial force; the payment to be accorded each individual in the interests of efficiency and justice; and in general it aims to discover all the materials, organic, and human qualities, arrangements and relationships which will result in greatest output and lowest cost".<sup>1</sup>

The outstanding change in Mr. Taylor's aims lies in the recognition of the human factor in industry. Weight is now given to the human element in the aims of scientific management. It is not to be understood that the desire, or chief aim, of scientific management is any different from Mr. Taylor's. Both modern scientific management and Mr. Taylor were primarily interested in the reduction of the unit cost of production. However, this has been submerged, on the surface at least, in an attempt to correct one of the latter's errors - the ignoring of the human element in industry. Time-and-motion study and job analysis are still considered the best way to determine the basis for a 'day's work' and a 'day's pay'.

It is also to be expected, by the use of such a

1. R. F. Hoxie, Trade Unionism in the United States, pp.326-7.

policy, that if strictly adhered to on the part of management, misunderstanding and suspiciousness by labor will gradually be replaced by confidence. It is admitted though, that in dealing with the human element of industry much of the success will be in the hands of these men in the time-and-motion study department.<sup>1</sup>

Greater faith is placed in time-and-motion study by its advocates. They believe that such a method provides a way in which efficiency can be increased. In fact time-and-motion study is "regarded as the chief cornerstone of scientific management, its main distinguishing features, and the point of departure for any understanding and judgement of its claims, especially with reference to its scientific character and labor welfare".<sup>2</sup>

Under the original concept of scientific management the union, as far as dependence upon it for the dissemination of craft knowledge is concerned, would no longer be necessary. Experts would, by the assembling of all information that was formerly the 'tricks of the trade', supplement the craft and craftsmanship of the special departments of the union.<sup>3</sup>

Active participation in job study by the workers would eliminate the unsatisfactory effects brought about by mass production. Workers would again possess the "old initiative, pride of craftsmanship, or whatever we choose to call it that for more than a century they have been steadily losing."<sup>4</sup>

1. O.C.Richards, "The Human Side of Time Study", Industrial Management, June, 1923, Vol.65, p.353.

2. R.F.Hoxie, op. cit., p.304

3. Ibid., p. 322.

4. G.C.Brown, "Workers' Participation in Job Study", American Federationist, June, 1927, Vol.34, p. 704.

Furthermore, job study would allow the placing of the 'right man in the right job.' It is contended by many that much dissatisfaction today is due to the workers' not being able to have the job which they like most, or the one for which they are best fitted. The soundness of this argument cannot be denied.

Labor leaders often overlook the fact that scientific management does not necessarily entail the use of the piece-work or bonus system of wage payment.<sup>1</sup>

#### Personnel Management As a Phase of the Efficiency Movement.

Some efficiency plans go further than the mere adoption of scientific management. Through a Personnel Manager a co-operative attitude on the part of labor toward their various attempts to increase efficiency is sought to be enlisted.<sup>2</sup> It is generally the duty of the Personnel Director to handle all the relationships between men and management. In the absence of other assistants he acts as the employment agent, time-and-motion study man, job analyst, and instructor. In addition, as a sort of balm to the unruly spirits of labor, various welfare schemes are instigated by management and administered by the Personnel Director in an attempt to correct the workers' grievances.

These plans vary in type and number from company restaurants to free recreation facilities and from two or three of these to scores. This type of incentive to increase the output of the workers is very paternalistic and seriously objected to by many labor leaders and unions.

1. Paul Devinat, op.cit., p.485.

2. Today this movement is gaining force among the more progressive employers.



Thus, it is seen, from this general discussion of efficiency that innumerable methods, systems, or plans are used by employers and managers in an attempt to increase output. And we have seen that the motive on the part of management is an effort to increase profits through the lowering of the costs of production. Furthermore, any method by which this can be obtained is designated as being an efficient one. And finally, management has recently taken cognizance of the fact that its goal can only be obtained through the constant recognition of the human element in industry. *Finish*

### Why the Efficiency Movement is Predominantly an American Movement.

The efficiency movement seems to be primarily an American movement. As yet it has made little progress upon other industrial nations of the world. Europe, as has been stated before,<sup>1</sup> was the first ground on which the roots of industrialism grew. It seems that of all places in the world efficiency should predominate in this spot. Yet the fact is that the United States, a relatively young and new country, excels all others in studied application of scientific industrial management.<sup>2</sup>

In a study by two British engineers, nine reasons were found which designate the cause for the efficiency movement's being strictly an American movement. They found that

"(1) the success of an enterprise, is, in a

1. See Chapter I.

2. This is borne out by the position held in manufactured goods of foreign trade and commerce. Compare position of United States in 1890 and 1920.

large measure, dependent upon a strict adherence to the policy of promotion of staff by merit and ability alone, (2) it is more advantageous to increase total profits by reducing prices to consumers.... than by attempting to maintain or raise prices, (3) rapidity of turnover makes for comparatively small requirements of both funded and working capital...., (4) the productivity PER capita of labor can be increased without limit depending upon the progress made in time and labor-saving machinery, (5) it is better that labor should be rewarded by wages bearing some relationship to output rather than by a fixed wage, the amount of wages earned by any one man being in no way limited...., (6) a free exchange of ideas between competing firms...., (7) elimination of waste is an essential factor in the attainment of national prosperity, (8) every possible attention (should) be paid to the welfare of the employees, and (9) research and experimental work are of importance to progress!1

Each of these were found to be in use in the United States and to be peculiarly American.

In addition to these, other reasons seem to follow which tend to make this predominantly an American movement. Trade unionism is not developed to the same extent in the United States as it is in the industrial nations of Europe. Two influences have resulted. In the first place, organized labor abroad has objected, sometimes directly and at other times indirectly, to the use of time and labor-saving methods or to other attempts to increase efficiency. In the second place, the greater the membership of an organized body the greater is the opposition which it can offer to any objectionable program. Although labor's objections may be as keen in the United States as in Europe, its relative weakness does not permit it to restrict successfully the introduction of efficiency.<sup>2</sup> Furthermore,

1. Bertram Austin and W. Francis Lloyd, The Secret of High Wages, pp. 24-5  
 2. Ibid., pp. 109-10.

industrial disputes do not seem to be so prevalent in the United States. Thus, the frequency with which certain firms, localities, or industries are paralyzed by trade disputes is much less here than abroad.

In the United States the development of a strong labor movement has been more retarded by the readiness and willingness of management to take their employees into their confidence. The natural outgrowth of such a policy has been a better understanding and a less uncompromising attitude on the part of labor toward management and management problems.

Progress in industry has been more rapid in the United States than abroad because of the difference in environmental factors. In comparison to European countries the United States has had a scarcity of labor during the last fifteen years due to the enforcement of strict immigration laws. This situation has been an inducement for employers to substitute other agents of production, especially capital in the form of machinery, whenever and wherever possible for the expensive labor factor. Furthermore, in order to make the best of the shortage of labor, all sorts of incentives have been offered workers to increase their output. The inevitable result of this has been a lower unit cost of production and higher wages. These influences have benefited industry through a more harmonious relation with labor and a distinct cost advantage over foreign competitors.

Another reason for the efficiency movement being predominantly an American movement has been the reluctance of



some European manufacturers to re-equip their plants with more modern machinery.<sup>1</sup> This, of course, is not conducive to efficiency. In this country manufacturers have never hesitated to junk equipment as soon as new and more modern equipment offered greater profits.<sup>2</sup>

A fact often overlooked in speaking of the greater efficiency of American industry, is the affect of the World War upon the European executive class. Initiative, enterprise, and energy are lacking in this group at the present. This has been primarily due to the devastating results of the war. A great many young men who would now be in executive positions were killed during the war. This has left vacancies to be filled by older men whose attitude, as they grow older, is to "rely more and more upon experience and less upon enterprise in their endeavors to progress".<sup>3</sup> The United States has had the good fortune to escape these great losses.

The picture of the efficiency movement is visualized too optimistically by those coming to the United States to study it. American efficiency is spoken of by many as conscious rationalization on the part of management. The idea is that all these things are accomplished with some lofty goal in mind. This is an erroneous attitude. As one able writer puts it, the rapid increase of American productivity "is a result more of mechanical ingenuity and large capital resources than of anything else."<sup>4</sup> The United States has

1. Ibid., pp.120-1.

2. This also has been a distinct contribution to the rapid industrial progress of the United States.

3. Ibid., p.121

4. \_\_\_\_\_, "Union Management Co-operation in England", New Republic, Jan. 4, 1928, Vol. 53, p.181.

been fortunate to have these factors at its disposal.

### Obstacles to the Growth of the Efficiency Movement.

a. Obstacles arising from management. However, there are outstanding obstacles to the growth of the efficiency movement in the United States. These retarding factors are the attitudes of both employers and employees - particularly trade unions.<sup>1</sup> In speaking of management's attitude toward efficiency, J. A. Estey points out that "it is but a minority of employers that at any time see the light".<sup>2</sup> This condition may be because of technical difficulties, competition, and inertia.

The technical difficulties may be of such a nature that it becomes impossible to adopt the policies of the enlightened employer regardless of how badly it might be desired. Often the lack of sufficient capital makes it impossible to advance the processes of production in keeping with the accepted standards of the day. Or it may be that business conditions do not warrant the expenditures of funds sufficient to pay the costs and a reasonable profit.

Present conditions emphasize, as those of no other period have, the results of competition. In this way, employers who would like to adopt more efficient methods are not permitted to do so. For example, I once heard an independent druggist say that he had rather compete with a chain drug store than with an independent one, the reason

1. In the following pages when labor is spoken of it must be taken to mean organized labor as "organized labor is rather the organized expression of what labor in general would express if organized". See J.R.Commons, "Organized Labor's Attitude Toward Efficiency" American Economic Review, Sept. 1911, Vol. 1, p. 472.

2. J.A.Estey, The Labor Problem, p. 280

being that the former always sold at a profit, although small, and would thus allow him to continue at a profit. Although this case was applied to the retail trade, it is equally true in other branches of industry.

It has been relatively easy in the past to enter the field of business in this country. Profits were easily made from the tremendous natural resources. Many thus entered the industrial field who could not otherwise have done so. This condition has retarded the introduction of more efficient methods of production into industry.

Similarly, energy, initiative, and enterprise have not been at a premium. It has only been recently that these factors have been demanded. Until these old inefficient methods have been discarded, either through education or the force of competition, efficiency cannot reach a plane of universality.

Labor's attitude toward efficiency and the efficiency movement is of primary importance to its success. The importance of such an issue to labor has been shown. It was also shown that labor organized for the purpose of protecting its own interests. As expressed by one writer, "union men believe that their interests are mutual and are best cared for by association and collective action".<sup>1</sup> Therefore, anything which threatens this has been strenuously opposed.

**b. Obstacles arising from labor.** Management's effort to

1. A.J.Portenar, "Centralized Labor Responsibility From a Union Point of View", Annals of the American Academy of Political and Social Science, May, 1917, Vol. 71, p.196. See also H.B.Drury, "Labor and Production", Annals of the American Academy of Political and Social Science, Sept. 1920, Vol. 91, p.80.

increase output and lower costs threatens the stability of the union. The efficiency policies of vital interest to the unions may be considered as being: (1) the adoption of the piece-rate, bonus, and premium systems of wage payments and other similar methods of wage payment, (2) the minute subdivision of labor in an attempt to reduce skill to a point where a sufficient amount of it can be quickly developed, (3) the greatest possible use of unskilled labor including women, and (4) utilization of labor-saving machinery.<sup>1</sup> To state more specifically, labor and management differ over conditions of work, hours, base rate of wages, methods of distributing profits (efficiency rate basis), methods of conciliation and arbitration, tenure of employment, and the question as to the determination of what is a sufficient supply of labor.

Workers feel that they have certain rights<sup>2</sup> in industry. Among these are the right to organize, to bargain collectively, to have a voice in the determination of the conditions under which they work; means of expression through representation; and the right to an ever increasing standard of living.<sup>3</sup> In the brief this is the philosophy of labor. They base all their policies, activities, education, and aims upon the various aspects of the multitude of issues which arise out of their relationships with management. This philosophy is a result of years of experience with

1. G.H. Sheppard, "Industrial Representation and the Fair Deal", Industrial Management, Feb., 1922, Vol. 63, p.81.

2. See Chapter IV, p.62.

\*3. Hugh Frayne, "Will Greater Production Cure Social Unrest", Annals of the American Academy of Political and Social Science, Sept. 1920, Vol.91 p. 58-9.

capitalism. It has demonstrated to their satisfaction to be the only philosophy which they can conscientiously follow in the protection of their interests.

Not only is this philosophy the outgrowth of experience, but also of the teachings of American democracy. Opposition from workers arise when they do not find the same conditions existing in the industrial world as they found in the political world. This attitude is expressed by R. L. Cornick, a workers' representative in the Watertown Arsenal Ordnance Branch of the Ordnance Department, when he says, "Of what avail is freedom of thought or speech to a people unless they control the shaping of their destiny?"<sup>1</sup>

However, political conditions have less influence upon the lot of the workers than do the economic conditions. For this reason the philosophy of labor does not pertain to the political side of their life. Its vital interest is in the economic factors surrounding it which have a direct bearing upon its mode of living. Nevertheless, F. T. Carlton feels that organized labor today is an efficient conservator of American democracy as it aids in teaching the American people the principles of democracy.<sup>2</sup>

Each of the above mentioned issues is consistent with, and rises from, this philosophy of labor. Workers maintain that civilization is the result of labor and exists only through the efforts of toil.<sup>3</sup> And in accordance with this, society is essentially a co-operative enterprise in which

1. R. L. Cornick, "Organizing the Shop for Production", Annals of the American Academy of Political and Social Science, Sept., 1920, Vol. 91, p. 39.

2. F. T. Carlton, Organized Labor in America.

3. \_\_\_\_\_, "The Workers' Point of View", Monthly Labor Review, March, 1926, Vol. 22, pp. 555-6.



the status and rights of each factor depend upon the function they perform; grievances of labor are, therefore, a claim to rights and not to charity.<sup>1</sup> Upon this labor bases all its policies of resistance<sup>2</sup> toward management and its doctrines.<sup>3</sup>

Furthermore, labor leaders feel that the assumption that capital takes all the risks of loss and is therefore entitled to all the profits of industry is erroneous.

Whiting Williams says in respect to this that

"it is true that the worker has the preferred position over the capitalist because he gets his dividends on the investment of his labor before the capitalist does - and that is an advantage which many workers do not appreciate. On the other hand, by closing down this or that department when orders are shy...., the claim of labor may be completely side-stepped for the period, whereas capital continues to run its bill; it may have to wait and take a chance for the bill's payment, but the charge goes on and into the bill to be met some day. And every day's close down spells the same old thing to the chaps working with the shovel and even those with the drill press".<sup>4</sup>

So we see, that efficiency is a movement which attempts to lower the cost of production for management. We have examined its background and some of the important methods which it uses to obtain its goal. We have discovered that it is principally an American movement and the reasons for this. Even though Europeans worship our industrial efficiency, serious obstacles exist which hinder its growth.

1. F. T. Carlton, op.cit., pp.267-8.

2. The Policies alluded to here will be discussed in Chapter IV.

3. Wm. Crozier, "Labor's Interest in Administration", Annals of the American Academy of Political and Social Science, Sept., 1920, Vol.91, p.154.

4. Whiting Williams, "More Production? -- Say Where D'ya Get That Stuff?", Annals of the American Academy of Political and Social Science, May, 1920, Vol. 89, p.185, Cf. B.M.Jewell, "Union-Management Co-operation -- Recent Extension of Collective Bargaining, pamphlet, 1925.

And finally, an attempt has been made to depict the philosophy of labor and a more or less brief and general statement of labor's attitude toward efficiency methods and the efficiency movement has been presented.

### CHAPTER III

#### BASIC CAUSES OF LABOR'S RESTRICTIVE PRACTICES

The reasons for labor's restrictive practices and attitudes may be traced to a general state of fear. This may be the fear of change, of anxiety for the future or fear of joblessness, or of a loss of status. Fear of change may be accounted for by the workers' ignorance of management or it may be due to the general suspicion on the part of the workers toward any proposal of management. Anxiety for the future is present in the minds of all people, but much more so in the minds of the less secure group among the working class. Workers are particularly fearful as they are solely dependent on their job as a means of livelihood; wages which they receive are often inadequate to allow the accumulation of sufficient financial reserves to tide them over periods of stress such as unemployment, sickness or old age. Finally, for workers as a group, social status is measured by the nature of the job which they hold. Anything causing a change of job or the lowering of its skill lessens the labor's social status. This accounts for a great deal of the unrest among the more skilled workers.

#### Fear of Change as a Basic Cause.

The fear of change is partly psychological and partly

the result of past experience. In itself, change is a disturbing factor for it contains much that is unknown. The worker does not know what effect the outcome of a new method, device, or apparatus may have upon him. That change may be advantageous to labor is never considered until the change becomes a reality. Professor Leiserson's studies of labor's attitude convinces him that it is not the machine the men fear, but the change which is brought by it.<sup>1</sup> And in the case of scientific management, labor fears the changes accompanying it because of the adverse results which might come about.

In addition, workers' objections to efficiency are the result, to a great extent, of their experiences with it in its experimental stages. Those aspects which made an everlasting impression upon their minds were its bad features. The workers were impressed with rate cutting which eventually followed excess production. They also observed that the greater part, if not all, of the profit from such increased production was taken by management. They saw, therefore, that such efficiency devices were pure exploitation. Because of this and similar experiences, labor has assumed a suspicious attitude toward all plans which involve changes that are sponsored by management.

In addition to this attitude, labor's opposition is also due to the ignorance of the aims and character of the proposed efficiency plans. This has led to further distrust

1. W.M. Leiserson, "Collective Bargaining and Its Effects On Production", Annals of the American Academy of Political and Social Science, Sept., 1920, Vol. 91, pp. 4~~9~~-6.  
5

of management as well as to efficiency in general.<sup>1</sup> It has not been customary to take labor into management's confidence; so when a change was proposed, the workers had no knowledge of its possible outcome. As a result they have endeavored to protect themselves through opposition to all efficiency proposals. This ignorance on their part has only increased general distrust and suspicion toward all employers and their aims.

### Fear of Joblessness.

The tremendous importance of job security to labor has been taken out of the realm of conjecture and placed in the realm of reality by the recurrence of depressions. Workers fear the loss of job because they have no way to protect themselves. They are forced to turn to their meager savings and to public charity. The inadequacy of these and the humiliating influence of the latter, are the basis for this fear.<sup>2</sup> This situation has led to the adoption of policies directly restricting output, as well as to the multitude of rules which, although aimed at something else, indirectly places prohibitions on more efficient methods of production. The direct methods of restriction in this case have acted as a sort of informal unemployment insurance. This restrictive policy has been used to delay lay-offs and to stabilize earnings.<sup>3</sup>

### Fear of Loss of Status.

The opinion in which workmen are held by their fellow

1. J. A. Fitch, op. cit. p. 92.

2. Paul Douglas, Standards of Unemployment Insurance, p. 11.

3. S.B. Mathewson, Restriction of Output Among Unorganized Workers, p.86.



men is determined by their industrial position, thus workers jealously guard their own skill. This fact is often overlooked by management. Whiting Williams points out that labor's desire to preserve its social status is one of the fundamental motives for its opposition to efficiency.<sup>1</sup> For "almost numberless factors and 'conditions' of the job line up along the dollars and cents per hour to make a man's work the final, the supreme measure of the man himself".<sup>2</sup> Among the property class of society, a man's social status is measured by the extent of his property holdings. But, in the case of the great property-less class, the absence of such leaves only the 'conditions' of the job to designate the social status of the worker and his family.<sup>3</sup>

To sum up this general discussion, it can be said that the roots of labor's opposition to efficiency are based upon the fear of the threatened weakening or downfall of some particular bulkwark of its life.

#### Abuses Arising From the Efficiency Movement.

The early experiences which workers and unions had with scientific management have also provided them with a basis for opposition. The essential elements of this movement included time-and-motion study. With its use higher standards of output were required of all workers. These methods combined with incentive wage payment plans tapped the potential labor power which workers frequently possess. Excess earnings were followed by rate cutting in so many instances that

1. Whiting Williams, Mainsprings of Men,  
 2. Ibid., p. 39.  
 3. Ibid., pp. 56-7.

labor leaders did not hesitate to declare that

"time-and-motion study is....simply and solely an instrument for task setting and efficiency rating, used thus, in the main, to determine how much can be done by a workman engaged in a given operation within a given time, and therefore, to set the maximum task accomplished by him and the group of laborers to which he belongs."<sup>1</sup>

In addition, the engineers and technicians, who set up these tasks, introduced constant change in the methods of work. Scientific managers in American shops thirty years ago were almost uninformed on workers' psychology. The "human engineering" aspect of the job was quite completely overlooked. The old idea of "doing a thing in a clean, competent fashion without necessary fuss or waste" became "doing a thing in a machine fashion and in disregard of all human factors".<sup>2</sup> The degree of confidence placed in a given efficiency system was so great that it was believed by its advocates that all labor troubles and conditions under which trade unionism could not function successfully would be automatically corrected.<sup>3</sup> In view of this, the roots of dissatisfaction readily sprouted. At present the more progressive of efficiency advocates recognize the importance of the human element and have adopted it as part of all efficiency schemes.

### Experimenting With the Workers.

John P. Frey, one of the best informed American labor leaders, cites an additional reason for labor's skepticism

1. Carl G. Barth, "Scientific Management - Hearing Before House of Representatives", Bulletin of the Taylor Society, Oct., 1929, Vol. 14, p.305.
2. I.M.Tarbell, "Fear and Efficiency", Independent, July 7, 1917, Vol.91, p.19.
3. J.P.Frey, "Labor's Attitude Toward Methods of Management", Annals of the American Academy of Political and Social Science, Sept., 1920. Vol.91, p.143.

toward scientific management.

"Labor has objected in the past and will object in the future, whenever it believes that it is being experimented upon and experimented with by others, without having a voice as to the necessity, value, or the character of the experiments taking place during a period of change".<sup>1</sup>

It is not so much the actual experiment to which the unions object as it is to the fact that they have so little control over the process of experimentation. That is, the results of the experiment are entirely out of their hands.

Labor has learned that when things pass out of their control, advantage is taken of the workers by profit-seeking employers. They are no longer able to protect themselves. For example, it may be found through time-and-motion study that the work now done by twenty men, under slightly altered conditions, can be done by fifteen. If these extra five men are separated from their jobs without any provision for future employment, the entire cost of the change is borne by labor. Management has in this case reaped the benefits, and labor has paid the cost.

G. C. Brown also offers support to the contention that the lack of voice or control in an industrial experiment is a fundamental reason for labor's objection to the efficiency movement. He contends that "anyone who brings an open mind to its review (labor's objection) will admit....that it contains an element of truth and justice."<sup>2</sup>

### Lessened Productivity.

During the early years of the efficiency movement

1. Ibid., p.141.

2. B.C. Brown, "Workers Participation in Management", Bulletin of the Taylor Society, Feb., 1929, Vol.14, p.13.

organized labor believed that methods used did not increase the productivity of the plant. The reasons, acquired from past experiences, for this attitude were that the complexity of such systems demanded an increase in the number of clerks and supervisors. That is, the elaborate records and functionalized management necessary under such plans necessitated an increase in the administrative personnel. This affected productivity in two ways; first, any savings arising from the increased output of the workers would be off-set, to some extent, by the necessary addition of administrative clerks and supervisors; second, the possibility of interrupting the smooth flow of production would be enlarged by the increased complexity of the manufacturing process. For instance, if orders had to pass through the hands of ten people where eight were formerly required, the speed of this process had to increase twenty per cent if additional time were not consumed. Therefore, providing the first assumptions of labor were correct; the conclusions were not without foundation.

#### Insincerity of Management When Speaking of Increased Output.

Another reason for labor's objection to efficiency schemes was the belief that management was not sincere when speaking of its desire to increase the productivity of the plant. Two facts presented themselves which substantiated this attitude. First, management itself restricted output, second, the inefficiency and wastefulness of management contradicted a favorable attitude toward increasing productivity.

Management's desire to increase output at a given time

was usually due to the prospects of large profits.<sup>1</sup> As soon as the demand fell and profits decreased, employers instinctively sought to slow up production.

Mr. Thorstein Veblen in his Theory of Business Enterprise, pointed out that there were two forces present in industry which were diametrically opposed. One sought to increase continually the physical output of the plant and was interested primarily in decreasing the unit cost of production. The other sought to restrict output and was primarily interested in the maintenance of profits.

Management's disregard of its own inefficiency and wastefulness has been somewhat responsible for labor's antagonistic attitude. The early forms of the efficiency movement were primarily concerned with an attempt to decrease the wastefulness of the workers. The commission appointed for a study of the waste in industry found that labor was responsible for less than twenty-five per cent of the waste while over fifty per cent could be directly traced to management.<sup>2</sup>

So, when presented with these two facts, workers seriously doubted the sincerity of management when it designated a favorable attitude toward increased productivity. Neither could the workers understand why management should be allowed to continue its restrictive and inefficient policies while they were censored for having attempted to protect their own interests by the same policy. This

1. H.M. Kimball, "What the Workers Think About Capital", Industrial Management March, 1920, Vol. 59, p. 245.

2. Committee on the Elimination of Waste in Industry of the Federated American Engineering Societies, Waste In Industry, p. 9.



situation has been a fundamental factor in labor's opposition to all proposals on the part of management to increase productivity.

### Specific Reasons for Labor's Opposition.

The specific reasons for labor's objections to the efficiency movement can be classified into two groups - those which affect the workers as individuals and those which affect their organization. The former are of a personal nature and affect the organized and unorganized workers equally. These objections to efficiency schemes have a direct bearing upon the life of the individual, that is, the rights or liberty of the individual, irrespective of his union affiliations. The second group only affects the organization and is either a threat to collective bargaining power or to the solidarity of trade unionism.

The first group includes the tyrannical and arbitrary control exerted by employers. Workers also believed that they were speeded up and sweated, unemployment was increased, and a general lower wage level was brought about by efficiency schemes. Further, efficiency robbed the job of its skill, led to rate cutting, aided in the use of the blacklist, and stressed quantity rather than quality work. Finally, efficiency methods accumulated information which could be used against the workers, built up class consciousness, and the welfare plans included in these schemes savored of charity.

### Individual Reasons.

a. Tyrannical and arbitrary control by employers. The

free will of the worker has been subjugated by the increase of the supervisory staff and the minute subdivision of the work. The increased use of machinery has made the old handicraft expert a machine operator. An individualistic attitude can no longer be taken toward work. The worker has become a mere cog in the machinery of industry. This fact has been of greater importance to the American worker than to the workers of any other country. The workers here have been taught since birth to believe in the equality and freedom of all men. Yet when these very ideals are usurped in industrial practice, the worker can not be expected to accept the results.

Besides being contrary to the American democratic ideal, specialization does not allow for the increase in mechanical knowledge which the workers think is their right. Specifically, they object to specialization on three grounds. First, it does not provide adequate education for apprentices from which competent mechanics can be developed. Second, it keeps the worker at one job so long that its monotony numbs his mind. Third, by such a process, functional mechanics are made which can work effectively only under functional foremen and supervisors provided by the system.<sup>1</sup> In this way workers have become so specialized in their knowledge that they can do only one type of work regardless of consequences which might arise. Therefore, workers have objected to all phases of the efficiency movement.

**b. Worker is speeded up and sweated. A second basic**

1. J. P. Frey, "Relation of Scientific Management to Labor", Journal of Political Economy, May, 1913, Vol. 21, pp. 409-10.

objection to the efficiency movement has been that it was merely a subtle way of over-driving the workers. Essentially, time-and-motion study is interested only in ascertaining whether or not the particular operation or job can be done more rapidly. In reality it is only an attempt to speed up production. The objection in this case, as one union official puts it, is not so much the objection to increased efficiency of workmanship or production as it is to "the so-called efficiency systems which gauge the workman's usefulness as a productive agent by mechanical rules and devices which do not embrace the safeguarding of life, health, and welfare of the worker".<sup>1</sup> Here, then, lies the whole crux of the objection to greater speed.

Labor leaders also felt that the use of the stop watch was an attempt on the part of management to speed up the workers. By means of this instrument, the worker would be forced to work beyond the limit of endurance. It was enough to lower the age limit of hiring in industry without forcing the laborers to work at such a pace that the hiring age would have to be lowered still more. Furthermore, the stop watch in conjunction with time-and-motion study was construed as a plot on the part of management to take from the workers the 'tricks of the trade' which had heretofore remained solely in the hands of the unions and union men. In other words, it was a sort of usurpation of power. Job security was further threatened in that the use

1. Mathew Woll, "Industrial Relations and Productions", Annals of the American Academy of Political and Social Science, Sept., 1920, Vol.91 p.10.

of the blacklist made it harder for those workers classified as inefficient to obtain other employment.

Speeding up has been keenly objected to on another ground - increase of industrial accidents. This fact can not be questioned as sufficient statistical proof supports it.<sup>1</sup> Furthermore, the worker's dependence upon his job makes anything which might lessen his earning power of vital interest to him. For instance, if due to an accident, earning power is diminished fifty per cent, no way is presented to supplement this loss other than through the medium of compensation provided by law. This compensation is often inadequate.<sup>2</sup> So workers have strenuously objected to any method, system, or device whose primary purpose has been to speed them up.

c. Increased unemployment. Organized workers have also felt that unemployment was increased by efficiency schemes. Skilled workers were displaced and cheap labor was utilized in their place. When workers were speeded up, it was found that fewer workers could do the same amount of work as before. This meant that some were immediately displaced unless the demand increased sufficiently to take up the slack.

For instance, in the case of the cigarmakers, workers were displaced because of the introduction of cigar making machinery into the industry and were forced to find a new occupation. In the case of the typographical workers, the elasticity of the demand for printed matter was such as to permit the rehiring of the workers displaced by the

1. E.E.Cummins, The Labor Problem in the United States, pp. 80-1.

2. Ibid., pp. 727-30.

introduction of the linotype. As has been mentioned before, the possibility of being rehired is of little significance to workers. Therefore, their attitude of opposition has been based partly at least on the fact that efficiency methods tend to displace workers and thus increase unemployment.

Efficiency schemes also create unemployment in another manner. When specialization is put into full practice, the skill necessary to carry on an operation is so diminished that less skilled workers can manage production. Although other workers are hired in place of the more skilled at a lower wage, unemployment is created for the highly skilled group. Furthermore, through these highly skilled organized groups, a united opposition is offered to all methods, devices, or plans which will in any way substitute cheap labor for the more expensive, skilled labor.

A good example of this is the inflow of Mexican labor into many of the northern industrial centers and the resulting displacement of workers who have ability to demand higher wages for their labor. This, it might be mentioned, is the reason for the stringent opposition labor offers to the free immigration policy adopted by the United States until a decade ago.

As will be seen in chapter four, labor strongly opposes the introduction of labor-saving machinery. R.L. Cornick speaks of this in the following manner:

"Labor sees in labor-saving agencies and machinery, factors vitally affecting its immediate employment. It is certainly not reasonable to expect labor to co-operate in carrying out a program that might bring into existence a growing class of unemployed,



or to co-operate in the administration and furtherance of a system that lessens the self-respect and undermines the independence of the worker by making his work more and more mechanical".<sup>1</sup>

In this statement lies the basic reason for labor's opposition to the machine. The fear of loss of job and the consequences which follow are two very forceful factors in shaping the attitude of labor. This fear of unemployment is one of the most potent factors in labor's dissenting opinion concerning efficiency.<sup>2</sup>

d. Lowers general wage level. Another reason for labor's opposition to efficiency has been in the belief that wages are lowered by speed and a higher degree of specialization. Employers are reluctant to see employees receive high wages resulting from wage incentive plans and quantity production.<sup>3</sup> If wages rise beyond the point which employers feel the prevailing wage, the rate is cut, and the workers are forced to expend more effort for the same amount of pay. Workers also think that management is taking all the profits accruing from their increased efforts. Such an opinion is not illogical when considered from this point of view.

Another argument is used in connection with the lowering of wages. In times of prosperity management often shows labor that its wages are higher than at previous times. These higher wages are called counterfeit, for regardless of their dollars and cents size, they will not buy the necessities and meager luxuries of life which the higher

1. R.L.Cornick, "Organizing the Shop for Production", Annals of the American Academy of Political and Social Science, Sept., 1920, Vol. 91.

2. W.Haber, "Workers' Rights and the Introduction of Machinery in the Men's Clothing Industry", Journal of Political Economy, Aug., 1925, Vol. 33, p.395

3. J.R.Commons, Labor and Administration, p.131.

cost of living in prosperity dictates. Neither are they great enough to allow for modest provisions required by old age. In other words, they "have too little value when measured against the purposes for which wages must serve".<sup>1</sup> This fact is often overlooked when labor is criticised for requesting still higher wages.

e. Rebs job of its skill. The new labor demands of scientific management also affect the workers as

"scientific management tends to shift the demand from labor which is already skilled to that which is teachable. It draws its labor supply not so much from those equipped with the usual store of trade knowledge and technique as from those with the aptitude which enables them to respond more quickly and effectively to the intensive training in newer methods".<sup>2</sup>

This, in the opinion of the workers, was done in such a manner that those who were displaced through the loss of their job stood to lose their skill as well. With the advent of the new workers who were less skilled, the demand for workers of the old skill began to decrease. Thus, the expense of rehabilitation was placed on the workers' shoulders - the ones least able to bear it.

Furthermore, it no longer becomes necessary to pay high wages demanded by skilled workers. Thus, two results arise from the increased specialization and use of machinery. First, wages are lowered, and second, skill is reduced to an almost negligible factor. Workers feel that the old pride which existed in workmanship had disappeared and

1. E.E.Hunt, Scientific Management Since Taylor, p.242.

2. C.B.Thompson, "Relation of Scientific Management to Labor" Quarterly Journal of Economics, Feb., 1916, Vol.30, p.315.

monotony has taken its place. Work then becomes a burden and a real task instead of a pleasurable occupation.

In addition to this, social status is lowered when the skill required by a job is decreased. The 'conditions' of the job are no longer desirable. As was mentioned earlier in this chapter, the loss of social status is in reality a great loss to the working class.

f. Stressed quantity rather than quality work. Similarly labor leaders thought that the speed which a piece-rate system of wage payment required work to be done, did not permit sufficient time for production of the best quality of work. That is, the advocates of these schemes were not interested in the quality of the work as much as in the quantity. The greater the quantity, the lower the unit costs of production and the greater would be the probability of high profits. Thus were all care and pride of workmanship obliterated.

g. Paternalism of industry savors of charity. Many efficient plans, scientific management for example, include some paternalistic policies. Workers resent this as

"no self-respecting workman expects something for nothing. He does not want charity and shrinks from it. He realizes that the one certain way to obtain benefits and privileges is to be worthy of them"<sup>1</sup>

Furthermore, labor leaders felt that if sufficient compensation were received, workers would not require welfare aid.

1. F.H.Hazzard, "Industry's Handicap of Fear", Industrial Management, April, 1923. Vol.65, p.234.

Labor has also objected to welfare on the grounds that it tends to create a feeling of dependence upon the employer. Company welfare creates the feeling that individual liberty is curtailed in the pursuit of those desires, likes, and dislikes which go to make up individual liberty.<sup>1</sup>

Class consciousness is fostered by efficiency for it increases the dependence of the worker upon his job, decreases his skill, and thus reduces his social status. Dependence arising from lower wages, which usually follows a decrease in skill, is continually embracing a greater number of workers. More workers are replaced or forced to relinquish their independence and submit to inferior jobs. As the superior class becomes smaller, an attitude is generally built up that places a greater barrier in the way of an easy access from one group to another. Thus, labor strenuously objects to efficiency because it lowers the status of the worker.

h. Prohibits the practice of restriction of output. The commonly known practice of workers and unions to restrict output in order to protect the wage rate and unemployment is much interfered with by a plant conducted according to the principles of scientific management. This situation gave labor an additional reason for opposing scientific management.

As long as restriction of output could be used, it acted as a sort of informal unemployment insurance. It also acted as a guarantee of the maximum rate of pay in

1. F.T. Carlton, op.cit., p.296.

respect to the amount of effort expended. The only other method available to labor for protective purposes is the strike. It is less advantageous as it necessitates a separation from the job which is of little avail in times of slack work. Therefore, it is believed that restriction offers the best method of protection.

It can be concluded from the foregoing discussion that labor's objection to the efficiency movement has been the result of fear and that its most effective and trustworthy weapon may be denied it.

#### Efficiency Schemes Endanger the Union.

The second group of reasons why labor opposes the efficiency movement includes two main divisions: first, a threat to the collective bargaining power which in turn includes the scientific settling of all questions; and discrimination against union men by allowing open shops, by promoting company unionism, by preventing free representation, and by destroying protective union rules and the breaking down of standards of employment; second, a threat to union solidarity which is affected by a breakdown of craft lines. Finally the unions have opposed this movement because of union propaganda and the inadequacy of union knowledge concerning its aims, methods, objects and benefits.

Efficiency has affected the solidarity of unionism by breaking down craft lines and standardizing labor according to the speed of the fastest worker. This is of vital importance to unionists as experience has proved that the trade union is the best agent to represent the workers in collective dealings. In other words, without the union no

way of protection which is not restricted in some fashion remains for the workers. This will be considered in the discussion of the specific reasons for organized labor's objections which are to follow.

The efficiency movement is incompatible with trade unionism. This is because the former can only function successfully on the basis of constant and indefinite change while the latter functions on the basis of fixed, maintained industrial conditions.<sup>1</sup> The obsolescence of collective bargaining would leave labor without an instrument by which it could protect itself in case fair treatment were not accorded the workers. The only thing upon which they had to depend, under the early phases of scientific management, was the word of the employers. Experience had caused them to be suspicious of this. It was not until several years later that their attitude changed toward the managers of industry.

#### Efficiency Injures Bargaining Power.

a. "Scientific" settling of all questions. Labor has denied the 'scientificness' of scientific management as

"progressive trade-unionists are very sure that no system of management that addresses itself solely to the increased production of physical goods, neglecting in the meantime the human factors of production, can seriously be taken as scientific".<sup>2</sup>

This was undoubtedly true of scientific management in its early stages. However, the advocates of scientific

1. R.F.Hoxie, Trade Unionism in the United States, p. 341, and R.F.Hoxie, "Why Organized Labor Opposes Scientific Management," Quarterly Journal of Economics, Nov., 1916, Vol.31, p.78.

2. G. C. Brown, "Labor's Principles of Scientific Management", American Federationist, Feb., 1930, Vol.37, p.194.

management feel that the worker is not in a position to determine a better way to do the job.<sup>1</sup> With such an attitude present, unions and unionists feel that the only way in which justice can be done to labor is to bargain collectively over these questions.

b. Discriminate against union men. Another reason for labor's opposition to the efficiency movement is in the discrimination against union men. This has arisen through the open shop policies, instigation of company unionism, withdrawal of the free right to representation, and destruction of protective union rules.

1. Allows open shop. Efficiency schemes can only function smoothly when an abundance of labor is present from which managers may select their workers. Unions are composed of fast, slow, and average workers. If the available labor supply must be restricted to union men only, one hundred per cent efficiency can not be expected. Therefore, efficiency schemes cause the doors of a plant to be thrown open to all workers in an attempt to get all who are able to work at a maximum speed.

Unions want closed shops, for if all the workers of a plant are not organized, the power of collective bargaining is injured. When bargaining with the employer, the effectiveness of complete concerted action does not exist. This, then, does not place labor on an equal footing with the employer. Therefore, organized workers object to the efficiency movement when it favors an open shop policy.

1. See Chapter II, page 12.

2. Leads to company unionism. In many cases efficiency leads to company unionism in preference to trade unionism because employers can control their workers better under such a system. The unions dislike this control and therefore oppose all efficiency schemes. Company unionism usually arises as a sort of pacifier when labor troubles are present and the employer wishes to avoid open conflict. Such unions have the appearance of including all the features and advantages attainable by a union independent of a given plant or company. In reality they are more likely to be only a means of dividing the workers and further weakening their bargaining power. This is done by the control which the company management can exert over the union leaders and the lack of any possible outside assistance to the workers in case of a strike.

The trade unions oppose this because it does not allow the workers an independence and freedom of expression. Then, too, it weakens their bargaining power by not leaving a way for the use of outside assistance such as employers provide for themselves in their trade associations. The primary objection in this case is based on the injurious effects to collective bargaining. Bargaining power varies directly with the strength of the union. Company unions definitely limit the number that can be included under such a group. Therefore, the unions feel that company unionism is not an agent of their best interests.

3. Does not allow free representation. Furthermore, under company unionism, the power of representatives chosen



by the workers is lessened as they are themselves employees. The risk of being discharged is always present if too strong an opposition is put against some plan of management. Under 'free' unionism the workers have a choice of their representatives and these are usually the officers of the organization. As a rule the officers are not employees of the company with which they bargain. Thus, their power is in no way incriminated for the threat of discharge is not operative. Labor leaders can not see why employers who secure lawyers to look after their best interests should object to employees doing the same.

4. Destroys protective union rules. Labor leaders feel that efficiency destroys protective union rules. This reason is a sort of corollary to the last one. When the threat of dismissal is held over the heads of unionists, they are not inclined to obey rules which may be of a restrictive nature. In this case the fear for the future is a more powerful motive force than the union principle or ideal. Unions fear that if even one thing, efficiency, for example, is conceded to the opponent others will soon be demanded. The possibility of this continuing until the organization falls to pieces is always present.

If the opponents of unionism are once successful, prestige of unionism drops in the eyes of organized as well as unorganized workers. It then becomes harder to control existing members or to get new ones. With the realization of these facts the unions have continued a policy of opposition toward all intimations of more efficiency.

c. Breaks down the standards of employment. Labor has set up a great body of rules which limit the membership of the union. This is done to create a monopoly over the labor supply of a particular type and thus place the favored workers in a better bargaining position. When this situation is threatened, bargaining power is likewise threatened.

Efficiency threatens such a situation by widening the labor market and by encouraging exceptional workers to set as fast a pace as possible. The latter has no bad effects on labor as a whole if properly used, but the tendency is for employers to accept the rate of output of the fastest workers as the standard. This, by creating dissension in the ranks of the union, tends to weaken the bargaining power.

When the labor market is widened to such an extent that unorganized workers compete with the organized, bargaining power is likewise weakened. In this case when disputes arise the unorganized workers may or may not stick with the organized. Neither have the representatives of the organized group any authority to act for these workers nor have they any assurance that their decisions will be accepted.

#### Threatens the Solidarity of Unionism.

a. Breaks down craft lines. Craft unionism itself is seriously threatened by the efficiency movement as it tends to make craftsmanship obsolete. Mr. C. B. Thompson commented on the results of this as follows:

"In short, the effect of these features of scientific management is to breakdown the traditional lines between craft groups while at the same time they develop individual

differences and individual abilities to the utmost and thus establish a new grouping on <sup>1</sup> the basis of inherent and acquired capacity".

The breakdown of craft lines was a thrust at the very foundations of trade unionism. The destruction of this would eliminate all the benefits which accrue to the individuals as members of such organizations. Of course, there is the possibility of organizing the machine operators of these machines, but many unions have been unwilling to adopt such a policy.

b. Labor standardized according to speed of fastest worker.

The purpose of unionism is to protect the interests of the majority of its members. When output of the fastest worker is accepted as a standard, efficiency tends to place the majority at a disadvantage. Therefore, it is a direct threat to unionism for if the unions are unable to protect their members, affiliation with a union is of no practical use to the individuals; furthermore, the essentiality of the union lies in the fact that it can control the actions of those who are affiliated with it. In other words, bargaining power is derived from union control of workers. In this way the power of collective bargaining is threatened when union solidarity is adversely affected. Thus, there is a double motive for opposition to efficiency.

Unions are opposed to efficiency schemes for another similar reason. If the standardization of human life is brought about, all individual differences will be disregarded. The attitudes of the unions toward standardization are

1. C.B.Thompson, op.cit., p. 316.

often misconstrued. Their policy of opposition is directed toward the standardization of human life<sup>1</sup> and not toward the standardization of wages, hours, and working conditions.

c. Efficiency tries to regulate number of workers in given industry. Efficiency schemes attempt to regulate the number of workers in a given industry by making changes in technique and processes which require the services of only the most effective workers. This, at first glance, should not seem to be opposed by the unions as both the unions and industry are interested in this. There is, however, a difference in the two views. The advocates of efficiency want the number of workers to be limited only to the extent that there will always be a supply of the most efficient workers. The unions are interested in limiting the supply of workers to the extent that a scarcity can be assured. This gives them more power and allows them to demand and receive many things which would otherwise be refused them, for example, high wages, shorter hours, or time and a half for overtime may result.

The inability of the advocates of the two groups to become reconciled has led to a great deal of controversy and labor trouble. If efficiency were allowed to have its way, average and sub-average workers in the unions would have little chance of employment. Thus in the attempt to protect the less superior unionists, union leaders have strenuously opposed and objected to all efficiency proposals.

#### Union Propaganda Against Efficiency.

Unions have pursued an active policy of propaganda against

1. Mathew Woll, "Standardization", Annals of the American Academy of Political and Social Science, May, 1928, Vol.137, p.47.

efficiency. R. F. Hoxie maintains that the rank and file of the union members are quick to distrust their own leaders when their opinion does not coincide with that of the workers.<sup>1</sup> This becomes important when it is remembered that the rank and file would not accept the propaganda of their leaders if they had not had experience which led them to believe the words of their leaders. Because the workers have faith in their leaders, the officials are re-elected. Therefore, the experience of the workers must have been such to have substantiated the belief that efficiency was contrary to the interests of the workers and their organizations.

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From the foregoing analysis it can be said that labor has opposed the efficiency movement for many reasons. The basis for these objections have been either of a personal or union nature. In each instance workers have felt that the methods, devices, or instruments of efficiency schemes have violated some of their rights. In this respect William Green, President of the American Federation of Labor has said,

"I am confident that we can minimize industrial controversy through a proper regard and recognition of the rights of both the employees and the employers. The right of the employer to manage his industry, to control it, and to receive a fair profit upon his investment should be maintained and recognized. The right of the employees to organize, to bargain collectively, to be represented in conference with employers through their chosen representatives, is a right which should be readily accorded and completely recognized. A religious observance of these rights will do more to minimize industrial controversy than the application of any rule or formula".<sup>2</sup>

1. R.F.Hoxie, Trade Unionism in the United States, p.333.

2. Wm. Green, Unions Reduce Industrial Waste, (pamphlet), pp.11-12.

Mr. B. M. Jewell has given a similar opinion of the rights of labor by showing that labor and capital both have rights in industry. In his exact words:

"Each of the above groups (capitalists who invest their surplus dollars and labor, who invests their human lives) are entitled to the fullest possible protection on the preservation of their actual investment, and in addition they are each entitled to a fair return upon that investment, investors of surplus dollars or capital, must organize to protect their investment and to secure a fair return upon the same and they must be privileged to organize in the same manner they themselves determine will best protect their interests and by the same reason workers, investors of human lives, must also organize for the protection of their investment, as they shall determine best....Neither group of investors have any right to dictate, or in any manner control or influence the other group in the manner of how they shall organize or how they shall govern their own self-organizations, or who shall represent them, or how such representatives shall be selected".

Therefore, it can be said that labor's objections to the efficiency movement have been made in defense of some right whether that right was a personal or collective one. Its attitude in this respect has been no different than those of any other group. All people and all groups always have and always will attempt to protect their own interests to the best of their ability.

## CHAPTER IV

### TYPES OF LABOR RESISTANCE TO EFFICIENCY METHODS

The restrictive policies of labor unions may be classified into two groups - general or indirect and specific or direct. By general or indirect restrictions we refer to such aspects of any union policies and methods as produce adverse results on efficiency and managerial methods. They have reference to rules and regulations of the union which, although aimed at something else nevertheless retard the introduction of various methods of increasing efficiency. By specific or direct we mean such policies as are definitely aimed at a particular method, machine, device or practice. The policy actually restricts the efforts on the part of labor in an attempt to prevent the increase of output.

A careful analysis of the general types of efficiency restrictions reveals a multitude of rules and regulations governing almost every operation performed by laborers plus almost all relationships with employers.

The general objectives of unions may be said to include policies which seek: (1) to protect individual liberty in the shop, (2) to protect the organization, (3) to maintain or increase bargaining power of the men, (4) to guarantee the security of job tenure, and (5) to increase and protect the older workers' chance of promotion. In developing policies to achieve these objectives restriction may result.

## Indirect Policies.

a. Hours of work in relation to restriction. Union policies regarding hours of labor are not generally thought of as bearing on efficiency. But such relationship is readily established. The motives for the shorter-hours policy are three in number, namely, (1) the speed with which present industry is operated causes a worker to reach the exhaustion point more quickly, (2) higher wages received by workers demands more leisure in which to spend them, and (3) over-time plus regular hours required for the average working day makes the day too long.

One method by which employers can increase production is to lengthen the number of hours of work. A small increase in the output of each worker makes quite an aggregate difference. To off-set this, workers have sought to regulate the hours of the job by limiting their efforts. However, employers learned through experience that "by restricting the number of hours, the employers get unrestricted output per hour".<sup>1</sup> The truth of this is borne out by the fact that prior to 1840, laborers worked twelve hours or more per day. This has been reduced generally to ten hours by 1890, and in 1925, to nine hours. In spite of this reduction the efficiency of the American workman has increased. Undoubtedly some of the increase has been due to the introduction of labor-saving machinery. Nevertheless, the fact remains that now the worker can do the same amount of work in nine hours that he formerly did in twelve.

1. J. R. Commons, Labor and Administration, p. 134.



b. Speed in relation to restriction. Limitation of speed also acts as a restriction upon output. In this case, unionists are endeavoring to protect the security of their job rather than to restrict directly the output. This attitude is also based upon the lump-of-labor theory. The idea is that as the amount of available work is fixed and the faster men work, the more quickly such work will be completed. To insure as much employment as possible, union leaders often require workers to limit their speed of production.

c. Overtime in relation to restriction. It has been expressed by one student, and believed by most, that when hours are reduced and overtime is paid 'time-and-a-half' the workers tend to slacken their speed during the regular hours in the expectation of receiving overtime wages.' This is somewhat doubtful. In periods of prosperity workers are rather steadily employed and earnings are fairly high. Any overtime would lessen the time available for rest and recreation. And further, the need for additional compensation is not so pressing. In times of depression little, if any, overtime is required, although the workers would probably accept it if offered the opportunity.

However, the subject of overtime is important in relation to restriction of output. Workers object to overtime on the grounds that it allows fewer men to do the available work by working longer hours. This threatens the security of the job in two ways. From an individual point of view, the workers complete all available work in a shorter time and are thus not as steadily employed. Furthermore,

the additional hours required to do the additional work are taken at such a time that there is a resultant interference with the health and welfare of the worker. From a general point of view, fewer men are required to do the available work and thus some are unemployed.

d. Union foremen in relation to restriction. Many unions have rules and regulations favoring the use of union foremen in plants. This is primarily due to the feeling that the workers' immediate superior is in a position to demand and enforce upon them what he thinks to be a fair day's work. If this judgement is contrary to union policy, a greater daily output may be demanded than unionists think is to their best interests. Therefore, if foremen are union men, and in sympathy with union ideas, the amount of work required will not be out of line with that which is felt just by the workers. This policy, then, acts as a restriction upon production.

e. Wages in relation to restriction. Wage policies have been formulated to protect all workers in general and the slower workers in particular. These wage policies have a restrictive influence upon production even though not created with that aim in view. The policy of the standard wage and the opposition to wage cutting are specific instances of policies formulated to protect standards of living.

Labor leaders feel it to be only just for two men who perform approximately the same task to receive the same wage. In light of this, unions have tried to discourage the various wage incentive plans used by management to increase output.

Labor's plans embody the payment of a flat rate for similar work. Although the more able workers are penalized under a flat wage rate, they are not tempted, by the possibility of greater earnings, to increase their output beyond the point which will cause the rate to be cut.

Labor leaders also feel reductions in pay are justified only in exceptional cases and under abnormal conditions. To them reductions would seldom be necessary if management itself were more efficient.<sup>1</sup>

f. Membership and apprenticeship rules in relation to restriction. Similarly, union policies on apprenticeship and union membership are also related to efficiency and output. For efficiency to be a success, its users must be allowed an abundance of labor in order that they may have the most efficient workers possible. Any way in which the unions hinder or limit the labor supply restricts efficiency and output. Therefore, union policies governing apprenticeship and membership are related to the efficiency movement. Labor leaders are aiming at vocational or craft education by the adoption of apprenticeship regulations. The attempt in this case is to make the union worker a better laborer than the non-union worker<sup>2</sup> and thus aid union men in gaining a preference over non-union men.<sup>3</sup> By restricting the number entering the trade, the supply of that particular kind of labor becomes relatively scarce and results in a demand for

1. G. C. Brown, "Workers' Participation in Management", Bulletin of the Taylor Society, Feb., 1929, vol. 14, p. 11.

2. J. R. Commons, op. cit., p. 123.

3. In the electrical industry the management accepted the apprenticeship system because its educational superiority was demonstrated to them. This is, however, the exception rather than the rule. See J. H. Hooley, "What Co-operation Has Done for the Electrical Industry", Journal of the Electrical Workers, Dec., 1930, p. 681.

greater wages.

The aim of membership rules is to protect wages and job security, which have been done by requesting a large initiation fee. This has kept out many who would otherwise be competitors for jobs. The success of the regulation has been mostly confined to localities in which the unions have had a fairly complete control over the market.<sup>1</sup>

### Specific Types of Restrictions

#### Union Opposition to Machinery

Since the introduction of machinery into industry on a large scale, several policies have been followed by different unions. These are: (1) prevention of the introduction of machinery, (2) increase in the amount of work going to hand labor by reducing the wage rate, (3) enlargement of the field of employment for the hand-worker by placing him as a machine operator, (4) reduction of the inflow of the workers into the trades, and (5) wider distribution of the amount of work left to hand labor.<sup>2</sup>

The first policy involves the use of any one of three methods. The unions might prohibit their members from using the machine; they might formulate and enforce rules against shipping of labor-saving machinery from one place to another; or, they might restrict the number of machines which could be used in proportion to the number of workers on the job.

1. This type of restriction is primarily confined to the building trade crafts where the unions dominate the market and the employer - especially Chicago and New York.

2. G. E. Barnett, Chapters on Machinery and Labor, pp. 140-1.

The Stonecutters' Union<sup>1</sup> practiced each of these three methods in an endeavor to combat the introduction of the stone planer. At first the planer was ignored. When the rapidity of its use became alarming, the union, in regions where the union was particularly strong, excluded planers as well as all plane-cut stone. In other localities where the planer was already in use, control was attempted by entering into an agreement with employers. In the agreement an attempt was made to limit the number of planers in proportion to the number of workers. Provisions were also made for limiting the number of hours and days which the planers were to be worked. Later the unions tried to compel the use of stonecutters as operators.<sup>2</sup> None of these methods, however, were successful in preventing the introduction and use of these machines.

Difficulties were also encountered when unions practiced the policy of reducing wages so that hand workers could compete with the machines. The inability of the union to get the workers to accept wage reductions did not allow this policy to be carried on successfully. Machine-made products could be sold in localities where the pay had not been reduced. Some of the unions met with this experience. Mr. G. E. Barnett has said that the policy of reducing wages was only resorted to when self-preservation was necessary.<sup>3</sup>

Three advantages were gained by the unions which adopted

1. The Stonecutters' Union, Typographical Union, and Molders' Union are good examples of the use of these five policies. For this reason the following pages will be confined to the experience of these unions.

2. G. E. Barnett, op. cit., pp. 36-7.

3. Ibid., p. 218.

the policy of enlarging the field of employment to include hand workers as machine operators. First, the amount of displacement of workers from hand work was reduced by the number of machine operators which could be used; second, danger of a surplus of skilled men could be avoided; third, union control could be maintained over the entire trade. It might be well to add that the extent to which displacement was avoided by adopting the policy of enlarging the field of employment to include hand workers as machine operators was inversely proportional to the displacing power of the machine.

Contrary to the results of many unions in their attitude toward the introduction of machinery, the Typographical Union was very successful in its policy. It accepted the linotype at its first appearance and succeeded in getting many of its members placed as machine operators. Where other unions that opposed the introduction of machinery into their trades lost their strength by a policy of opposition, this union gained strength by acceptance.

The reduction of the inflow of workers into the trade has not been adaptable to the United States. In this country control over apprenticeship has been in the hands of the local unions rather than in the hands of the national organization. Each local has striven to protect itself regardless of the results of its actions on other local unions. If all locals of a national union co-operated, displaced workers in one region could have become machine operators in another.<sup>1</sup>

1. This was possible as the introduction of machinery was gradual.

With the introduction of the linotype machine the Typographical Union distributed the available hand work by rotation of employment, that is, by voluntary lay-offs of one group of workers, another group was allowed to get a portion of the available work. The working time of each individual was also reduced, thus more men were employed. In other trades the three-shift system was adopted.

The employers were satisfied as the plant did not have to be run as long as before. This entailed no additional cost to the employer. In fact it lowered his costs, for a greater quantity of goods could be produced in the same time, or an equal amount in less time.

The Molders' experience with the molding machine has been similar to that of the Stonecutters and the Printers. At first they tried to ignore the introduction of the molding machine, but its introduction soon gained sufficient momentum to cause alarm. After much debate and the adoption of several short-lived plans, the national union adopted the following policy:

- "1. That the future policy of the union should seek to establish jurisdiction over the molding machine operator and all those who work in the various subdivisions of the trade of molding.
2. That they advise and instruct their members to accept jobs on molding machines and to endeavor to bring out the best possibilities.
3. That the officers of the organization ask the coöperation of the foundrymen in forwarding their plan, and in other ways to seek and devise means of putting the new policy into practice."<sup>1</sup>

The molding machine was objected to on the grounds that under the reduction of the piece rate, wages became

<sup>1</sup> L. M. L. Stecker, "The Founders, the Molders, and the Molding Machine", Quarterly Journal of Economics, Feb. 1918, vol. 32, p. 287.

less in relation to the expended effort. This is illustrated by assuming that under old conditions a rate was paid of seven cents per flask and with a daily output of sixty flasks, a daily wage of \$4.20 was possible. Under the new situation (use of the machine and a rate of  $2\frac{3}{4}$  cents) it would be necessary to increase the daily output to 165 flasks in order to continue the old daily wage of \$4.20. This meant that  $2\frac{3}{4}$  as much sand had to be mixed;  $2\frac{3}{4}$  as many flasks had to be shaken out; and  $2\frac{3}{4}$  as much metal had to be poured.

The point that the proponent of this objection overlooked is that the machine absorbed some of the labor that was formerly carried on by the worker. For instance, the molding machine sucks up the sand and rams the mold by means of air pressure. In addition to this, the machine used on large molds either removes the flasks, or mechanical lifts of some kind are provided for such work. The amount of additional effort saved by these means may not equal the additional effort required by the increased output necessary to maintain the former wage, but, at any rate, the additional effort required is not in proportion to the increase in the number of flasks made.

#### Restriction of Output.

Restriction of output, spoken of earlier in this chapter, has been one of the most effective methods used by organized labor in opposition to the efficiency system. Restriction of output is defined as being 'the conscious withdrawal of productive effort by the workers'. Although



few instances present themselves in which restriction is advocated as a direct policy by trade union literature, it is used by individual members. Its use is not only prevalent among organized workers but equally so among unorganized labor.

Workers have thought for many years that each individual had a 'right' to some job. Whenever one was deprived of a job, the right of the worker was violated. Much of trade union philosophy has been based upon this theory of vested interests.<sup>1</sup> In other words, the workers have objected to being deprived of their jobs in an arbitrary and unjust manner. With this belief deeply ingrained in the minds of all workers, restriction of output has become a normal action of labor.

Furthermore, managers of businesses have sought to protect their interests by limiting the supply of their products. It has become one of the accepted and legitimate phenomena in business. In fact, "the governments sanction such practices and the courts protect the practioners".<sup>2</sup> When workers have sought to protect their interests by such practices, they have been severely criticized by the public and have often been fired by management. Union leaders feel that as long as employers are allowed to restrict or limit the supply of their products in an attempt to profit by such action, workers should be accorded the same treatment.

1. Sidney Webb, Industrial Democracy, pp. 562-72.

2. L. Ardzronni, "Philosophy of the Restriction of Output", Annals of the American Academy of Political and Social Science, Sept., 1920, vol.91, p. 70.

Specifically, these policies seek to protect job security. In the long run, displaced workers may be re-employed. But, as unions are primarily interested in the immediate interests of a small group, and not in the welfare of labor as a whole, policies of this nature are not contrary to the business philosophy of trade unionism.

Management has criticized the unions for practicing restriction of output. They think that the unions, by so doing, are holding back the energetic and ambitious worker. J. R. Commons says this is only a half truth and adds, "The other half is in the circumstances of modern industry which take away from the more energetic workman the fruits of his energy and drive the slower worker beyond the point of endurance."<sup>1</sup>

In spite of this criticism there have been occasions in which employers have entered into collusion with employees in an attempt to limit output.<sup>2</sup> This has usually been done when the employer wanted to uphold the quality rather than the quantity of work done.<sup>3</sup>

The practice of the restriction of output is much greater in scope than is commonly assumed by most people. In speaking of organized workers and restriction Mr. G.S. Watkins makes the statement that

"for many years unions have established a frank policy of controlling output in order to increase their power; to stretch out available work; to avoid reductions in piece rates, and to protect the worker from

1. J. R. Commons, op. cit., p. 129.

2. C. D. Dwight, "Restriction of Output", North American Review, Nov. 2, 1906, vol. 183, p. 888.

3. J. R. Commons, op. cit., p. 129.

undue expenditure of energy. Such restriction is well exemplified in the limitation of the number of bricks by the bricklayers' union; in the refusal of the painters' union to allow the use of a brush wider than four and a half inches; in the demand by the plumbers' union that pipes be cut and threaded on the job...."<sup>1</sup>

Little statistical data as to the amount of restriction of output among unorganized workers have been available until recently. Formerly the assumption was that very little restriction was carried on by other than union men. Mr. M. S. Viteles cites a study which found restriction present among unorganized workers. Out of 350 cases "223 instances were found of obvious restriction. These were found in 105 establishments in 47 localities, representing 25 classified industries and 14 miscellaneous industries."<sup>2</sup> This clearly indicates that restriction among unorganized workers is not only widespread, but very much in evidence.

The forms which these restrictive policies have assumed are many. They have been in opposition to the use of machinery, to the rules governing the type of tools used, and to the regulations concerning the methods of operating the machine. Frequently it was a limitation of effort or refusal to work under the piece rate system of wage payment. The policies pursued in defeating efficiency schemes were uniform rates, shorter hours, restriction of the right to hire and fire, admission and entrance to the trade, and various jurisdictional policies. Finally, they often culminated in an aggressive policy embodied in the strike.

Workers have felt that with the introduction of the

1. G. S. Watkins, The Labor Problem, p. 470.

2. M. S. Viteles, Industrial Psychology, pp. 562-3.

machine and other labor-saving devices, the number of employed workers in that particular trade was decreased and unemployment resulted. Under such a system any benefit which arose could go to the employer or to the consumer at the expense of labor. The fact that any decrease in the cost was reflected in the price of the commodity was of little consolation to the workers out of a job for they were in no position to take advantage of the reduction. Even though displaced workers might, in the long run, be replaced in other industries, no method or device was present to tide them over this period.

One method adopted by the unions for self-protection from such an evil was to limit their output per unit of time. Output was limited to the available work on hand by setting a maximum, formally or informally agreed to, which no worker was to exceed. This policy of restriction although not created to limit output directly, did have such an affect.

Again the workers have attempted to protect their interests by using the strike. As a rule, it was used only to enforce a collective agreement or to win a dispute over a basic issue which vitally affected the 'rights' of the workers. The strike has been the most effective weapon of the union. It is generally used when all other policies have failed.

Opposition to the free use of management's power to hire and fire is also related to efficiency and output. The aim of this opposition is to prevent competition between workers for jobs. Competition rises when a given plant increases the efficiency of its workers by hiring only the

most efficient. Other firms, in order to compete, are forced to cut wages. After a general cut in the wage rate, the more efficient firm may also cut the wages of its employees. Thus, in either case a vicious circle is organized which operates to the disadvantage of the workers. For the same reasons unions have proposed a uniform rate of wages for all labor of a given kind. Unless a uniform rate can be established, management might use unsuspecting workers to 'beat down' the wage rate.

Jurisdictional differences are related to efficiency. Anything which demands the use of two men to do the work of one is a failure to utilize the efforts of both men to the maximum. Difficulties have risen through technical changes in industries. The unions feel justified in abiding by favorable decisions handed down in such issues because skill is protected and workers are prohibited from performing the less skillful tasks of skilled trades.<sup>1</sup>

A glance at some of the unions' experiences with the restrictive policies will throw light upon the forms taken by these rules and regulations. A great body of such rules is in force in the building trades. These rules have been set up to protect the workers from the dynamic changes which arise from methods of production, business conditions, and management. The influence of such rules is to

"Check the progress of these changes, to make the introduction of machinery gradual, to standardize the operations of management and to prevent a sudden shift in the workers'

1. For a more complete and detailed discussion of the effects and inefficiencies arising from jurisdictional disputes see, E. E. Cummins, The Labor Problem in the United States, chapter 7, especially pp. 245-53.

status. The rules are, in theory, therefore, conservative and appear to favor the status quo in industry".<sup>1</sup>

The Stonecutters go so far as

"to forbid any member receiving more than the other men on the same job. The officers defend this rule on the ground that it is the only way to prevent a few men in return for twenty-five or fifty cents more a day from setting a swifter pace for the others and so increasing the day's output demanded for the minimum wage. Unless all men on the same job receive more than the minimum, which rarely occurs, except when men are in great demand, this prohibition amounts to making the minimum a union maximum".<sup>2</sup>

During the war, the pressers in the Rochester Clothing industry wanted an increase in the weekly wage rate. An agreement was finally reached between men and management that if the pressers would increase their output ten per cent, wages would be increased a like amount. This example indicates two things: first, the workers were able to increase their output thereby designating that restriction was practiced; second, that where the workers can be shown or guaranteed that their wage rate will not be cut after efficiency has been increased, they can and will increase their efforts.<sup>3</sup>

Mr. Whiting Williams recites a case in which a union worker told him that he paid a fine of \$25.00 to his union for working too hard and too fast.<sup>4</sup> Although this is not a common practice of all, or even the majority of unions,

1. Sumner Slichter, "Labor Policies and Industrial Output", Social Science Research Council, Hanover Conference, 1926, p. 198.

2. D. A. McCabe, "The Standard Rate in American Trade Unions", John Hopkins University Studies, 1912, vol. 30, p. 312.

3. W. M. Leiserson, op. cit., p. 44.

4. Whiting Williams, "Let's Try Going Along With 'Em", Collier's, July 5, 1924, vol. 74, p. 12.

it is hardly an exception to trade union practice. The usual method is merely to warn the individual worker who thus exceeds the limit.

### Attitude of the English and German Workers Toward Scientific Management.

Before closing this chapter it might be well to indicate the attitude of English and German trade unionists toward scientific management. In England the workers will have nothing to do with such a program.<sup>1</sup> The answer as to why, lies partly in the natural conservativeness of the English people and partly in the strength of the English trade unions. British unionists have watched with great interest the experience of American labor with scientific management. In spite of the strength of the British unions, they fear the change which might be wrought if scientific management were adopted and practiced.

In Germany the opposite tendency is found. Labor is willing to accept more efficient methods of production providing workers are properly safeguarded in any proposed change. The situation is different in Germany than in the United States or Great Britain as efficiency "appears as a central scheme of industrial dealing and co-operation is formulated in the law of the land."<sup>2</sup> This, of course, is due to the devastating affects of the war on German industry and an attempt on the part of Germany to regain her former position in the industrial world. As a great part of

1. C. H. Northcott, "Scientific Management in England", Industrial Management, July, 1920, p. 57.

2. B. M. Selkman, "Recent Trends in Industrial Relations in Great Britain and Germany", Bulletin of the Taylor Society, Oct., 1928, vol. 13, p. 186.

Germany's industry was rendered useless by the War, it has been relatively easy for her to begin on a new footing with the inclusion of more up-to-date methods of efficiency in rebuilding her industrial system.

### Conclusions.

So we have seen the types, forms, and kinds of efficiency restrictions practiced by labor. This has also included a recognition of the more prominent objections of unions to efficiency systems. It has shown that there are both direct and indirect types of restrictions to efficiency. Of the indirect types the more outstanding ones were concerned with hours, wages, apprenticeship, standardization, union membership, and the attempts to control the labor supply. Of the direct types, two kinds have been discussed, - namely, opposition to machinery, and the conscious withholding of productive effort or restriction of output.



## CHAPTER V

### THE NEW POINT OF VIEW

The views set forth in the last chapter were those of labor's early opposition to the efficiency movement; this chapter seeks to present the new point of view. This new attitude is one of co-operation with management in an effort to increase the productive factors of industry. It is in sharp contrast to the old attitude of opposition and restriction toward the efficiency movement.

It should be noted early in the discussion that this co-operative attitude was not predominant throughout the whole of organized labor. However, labor is continually becoming more and more imbued with the co-operative spirit and idea. So far, only the more progressively minded organizations of a few industries have adopted the new policy. Gustave Geiges, President of the Full-Fashioned Hosiery Workers of America, contrasts the old and new attitude when he says,

"The essential difference....between the worker today and the worker ten years ago, is....that the average worker now realizes that the 'boss' is not the industry, but sees the industry first, with the boss as part of the picture. Not only is the worker beginning to see industry as a whole, but he is beginning to see his trade as part of the entire social and economic system."<sup>1</sup>

<sup>1</sup> G. Geiges, "New Relations Between Capital and Labor", (pamphlet).1925, p. 6.

This idea is borne out by the present attitude of organized workers toward scientific management.<sup>1</sup>

This is such a radical change of thought that an analysis of its raison d'etre is necessary.

As has been mentioned before, the leading efficiency plan in the United States has been scientific management. The war has been one of the major factors in explaining labor's changed attitude. This explanation can be found in the close proximity in which labor and scientific management were thrown during this period. Because of the great demands required of production in these times, every available means for increasing production was demanded and enforced. Harmony and co-operation between all factors of production were compellent. This forced labor to associate and work with management.

#### Effects of the War on Labor's Attitude.

Labor observed several things when coerced to work under scientific management plans. First, employers who followed the principles of scientific management were most consistent in regarding and promoting "labor's interests and....to conserve labor's gains after the war".<sup>2</sup> Second, many of labor's former policies were found to be false. Third, observation also proved that machinery did not work to the disadvantage of labor. And fourth, time-and-motion study was found to be a minimizer of effort.<sup>3</sup>

1. H.S. Person, "Future of the Workers Under the New Industrialism", The Painter and Decorator, Jan., 1931, Vol. 45, p.2.

2. H.S. Person, "Scientific Management", Bulletin of the Taylor Society, Oct., 1928, Vol. 13, p.204.

3. Ibid.

These discoveries were in direct contradiction to former attitudes. The change in each case was due to a better understanding on the part of labor of the aims, object, and purpose of scientific management and a better understanding on the part of management of labor's aims and purposes. This led to a change in the attitude of management as well as as a change in the attitude of labor. This fact must be borne in mind throughout the remainder of this chapter.

### Changes in the Philosophy of Labor.

The change in the philosophy of labor should be considered as it designates the completeness with which the attitude toward the efficiency movement was altered. The new philosophy is also important as it is the basis for the attitudes which will be discussed a little later.

The change in the philosophy has led to a new outlook upon the subject of efficiency. This change has been recognized, not only by the leaders of organized labor, but also by the American Federation of Labor in convention. This shows the rather widespread influence of the new attitude among labor as a group.

### Attitude of the American Federation of Labor and Its Leaders.

As the conventions of the American Federation of Labor determine the policy of the organization, any change they take cognizance of is of the highest importance. Besides this, the President of the American Federation of Labor, as chairman of the Executive Committee and editor of the official publication, is placed in a powerful position in forming the attitude of the members. For these reasons it is necessary to observe any changed attitude of the organization

or its leaders.

Co-operation with management was first recognized by the American Federation of Labor in 1918 when it went on record as favoring two features - namely,

"First a committee of the workers would regularly meet with the shop management to confer over matters of production, and second, such committees could carry beyond the foremen and superintendent, to the general manager or the president, any important grievances which the workers may have with reference to wages, hours, and conditions". 1

This shows that the first thought on the part of labor was that co-operation could be useful in obtaining a fuller recognition of their desires. No attention was taken at the time of the fact that the efficiency of the labor force could be brought into this scheme without ill effects upon the workers.

The attitude of the American Federation of Labor Convention of 1925 did recognize this point. It went on record as follows:

"We hold that the best interests of the wage earners as well as the whole social group are served, by increasing production in quality as well as quantity, and by higher wage standards which assure sustained purchasing power to the workers and, therefore, higher national standards for the environment in which they live and the means to enjoy cultural opportunities. We declare that wage reductions produce industrial and social unrest and that low wages are not conducive to low production costs. We urge upon wage earners everywhere, that we oppose all wage reductions and that we urge upon management the elimination of waste in production in order that selling price may be

1. Mathew Woll, "Industrial Relations and Production", Annals of the American Academy of Political and Social Science, Sept., 1920, Vol.91, p.9.

lowered and the wages higher.

Social inequality, industrial instability, and injustice must increase unless the workers' real wages and the purchasing power of their wages, coupled with continuing reduction in the number of hours making up the working day, are progressed in proportion to man's increasing power of production."<sup>1</sup>

This is really a remarkable change in the attitude of labor when it is considered that in only seven years (1918-1925) the organized workers officially changed their outlook on the question of efficiency and increased production.<sup>2</sup>

Samuel Gompers, late president of the American Federation of Labor, in his later years believed in the principle of co-operation. He thought that co-operation, as a form of industrial self-government, could be worked out so as to protect or preserve all which was valuable in individualistic industry and, at the same time, assure better adjustment of the individual worker and the industry to the new industrialism.<sup>3</sup>

William Green, the president of the American Federation of Labor noted this change in point of view and commented:

"Many of our concepts are giving way to newer and more progressive points of view. The relationship of management to labor has changed and is changing. The mental attitude of labor toward industry and industrial processes is undergoing adjustment. Management is understanding more and more that economies in production can be brought about through the co-operation of labor and the establishment of high standards rather than through the automatic control and exploitation of labor. Labor is understanding more and more that high wages and tolerable conditions of employment can be brought about through excellency of service, the promoting of efficiency and the

1. Wm. Green, "New and Advanced Position of Labor", Industrial Management, April 1926, Vol.71, p.221. Cf. Wertheim Lectures on Industrial Relations, p.27.

2. See p.73

3. F.T. Carlton, op. cit., p.2.

elimination of waste. It is becoming more clearly understood that high wages and a higher standard of efficiency in industry are correlated, and that the industry that is best managed, most economically controlled, where workmanship ~~is~~ of the highest order under satisfactory conditions is maintained, is the industry that can pay the highest wages." <sup>1</sup>

The attitudes of the American Federation of Labor and its two leaders have been quoted at some length as they exemplify best the change in viewpoint.

#### Specific Reasons for Change of Attitude.

The attitudes of both management and labor have changed. Labor's attitude has changed because (1) the aims and purposes of management are better understood, (2) industrial conditions are changing, (3) the cost of strikes is beginning to be realized, (4) certain losses have been incurred by old policies, (5) education has shown old policies to be erroneous, (6) interests of labor are similar to those of management, and (7) science could aid labor as well as it could management.

Management's attitude has changed because (1) the human element in industry is more fully recognized, (2) time-and-motion study has begun to consider individual differences, (3) the dynamic conditions of industry are recognized, (4) the aims and purposes of labor unions are better understood, (5) experimentation has indicated fallacies of older scientific management views, and (6) the advantages of co-operation have been demonstrated. Each of these reasons will be considered in the following paragraphs.

<sup>1</sup>1. Paul Devinat, op.cit., p. 487.

## Changes in Labor.

As stated before, this change in attitude has not filtered through the minds of all organized labor. The new attitude prevails only among the more progressive leaders and members. This situation or condition is to be expected only when one considers that the American Federation of Labor is a very large institution,<sup>1</sup> and consequently affected by inertia or lag.

"Changes in policies and ideals of a necessity came slowly. Many of the leaders in the organization have been such for the greater of its career. They can not be expected hastily and joyfully to repudiate their past actions. It is to be anticipated that they will insistently cling to terms and phrases after the original significance has vanished."<sup>2</sup>

From this statement it can be readily seen why the co-operative ideal has not been accepted in a relatively short time by the whole of organized labor. As time passes and these older leaders are replaced by the younger men, the new point of view will probably become more prevalent and more deeply ingrained into union structure and philosophy.

a. Change in the attitude toward management. William Green has demonstrated that the attitude toward management has changed.<sup>3</sup> The War forced labor to come into closer contact with the leaders of the various efficiency schemes. They saw during this period that when the plans functioned properly labor was benefited as much as management. Labor leaders felt that in certain respects, the efficiency movement was

1. The membership according to the Official Proceedings of the American Federation of Labor for 1931 was 2,889,550.

2. F.T. Carlton, "The Changing American Federation of Labor", Survey, Nov., 21, 1914, Vol. 33, p. 191.

3. See pages 82 - 83.  
4 5

not contrary to the aims and wishes of the unions. That is, they found that through lowering the costs of production, a larger industrial income was left to be distributed to the various factors of production. With their power of collective bargaining, workers were in a position to demand a fair share of such increase. So, anything which would increase the income of industry made it possible for labor to demand higher wages, shorter hours, and better working conditions.

This led to a higher standard of living in still another way. Through lower costs of production and through a keen form of competition between manufacturers, the prices of goods were often decreased. As labor was also the buyer of the products which it made, it indirectly benefited from any decrease in price. This then, gave the workers a higher standard of living. Thus labor was certain to benefit in two ways - higher wages and lower cost of living.

b. Change in industrial conditions. The philosophy of labor is of a dynamic character. Its beliefs rest upon or are determined by surrounding conditions. This is apparent in trade union history; when no other means than open revolt were present to aid labor in maintaining its ends, strikes resulted. Now that management is assuming a different attitude toward labor, it is no longer necessary except in unusual cases to use such an extreme method. Thus the change in conditions has brought with it a change in labor's attitude.<sup>1</sup>

The dynamic character of the attitude of groups is a

1. E.E. Hunt, Scientific Management, p. 225.



factor of fundamental importance and its presence is so common that few take notice of its powerful influence. It is operative in influencing the minds of management as well as labor. Its importance can not be too strongly stressed.

William Green declared that trade unionism has passed through distinct periods or phases of thought. He says,

"The trade union movement has been passing through that period when physical controversies and the tactics of force were most effective; it is now in a period when its leaders seek the conference room, and there, by exposition and demonstration, convince the conferees of the justice and wisdom of labor's opposition".<sup>1</sup>

This indicates that the conditions in which labor finds itself have changed. It also indicates that labor is aware of these changes in conditions and has changed its attitude to the extent that it is now willing to co-operate with management to increase the efficiency of industry in a peaceful fashion.

c. Cost of strikes realized. Labor leaders have begun to realize the tremendous cost of strikes. This change is apparent when one considers the fact that unions have to rely less upon the strike and more upon co-operation in dealing with industrial problems. That is, they have turned to co-operation as the best method of protecting their rights and power of collective bargaining.<sup>2</sup>

The cost of strikes in dollars<sup>3</sup> and in intangible losses becomes apparent for the first time. Although the former is hard to measure, the latter is almost impossible,

1. Paul Devinat, op.cit., p.473.

2. Wm. Green, "Changing Conditions", American Federationist, July, 1928 Vol. 35, pp. 785-6.

3. E.E. Cummins, The Labor Problem in the United States, pp.333-4

for the intangible losses suffered seldom show up quickly. If the workers are fortunate enough to win a strike, a feeling of enmity remains on the part of management toward the unions. This may be concealed to a great extent, but its presence is a deterring factor to any peaceful negotiations. In the future, management is less likely to concede anything to labor unless forced to do so; the first opportunity to injure the unions will be grasped and used by management.

The strike is also very hazardous, for, if lost, the job usually disappears with it. Unions often hesitate to resort to its use because if the strike is lost, the union, as an organization, is ruined in that particular locality. It may take several years to regain strength both in members and dollars. These facts have caused labor to think well before calling a strike.

d. Losses from old policies. Some of the assumptions on which labor's former policies were based have been found to be fallacious. Thus, it has come to be realized that (1) the introduction of machinery could not be prevented, (2) high wages were not brought about by restriction of output, (3) skill was not decreased by machinery, and (4) job — study was not detrimental to labor. All of these have resulted from experience with various efficiency schemes. \*

Not only has labor found the policy of opposition to machinery to be futile, but it has also found that the pursuance of such a policy "delays or makes impossible, the adoption of measures which may mitigate the hurtful

effects of the introduction of machinery".<sup>1</sup> The realization of this is quite revolutionary when it is remembered that a decade ago a serious objection was made to the introduction of labor-saving devices.

This change in attitude has been slow in coming for "the old feeling ground into workers by short-sighted employers, that the harder a man worked the less work there would be for him to do, could not be eradicated overnight."<sup>2</sup> In some of the unions the old antagonistic policy is still followed. This is particularly due to the fact that its leadership is in the hands of narrow-minded leaders who have been unable to see or profit by the experience of some of their fellow unions.<sup>3</sup>

Labor has also discovered that when forced to work with labor-saving instruments, wages have increased in proportion to the increase in the productivity of the worker. This has been contrary to the union teachings. In the face of this, faith in the old idea of decreased earnings brought by the increased productivity has been shattered. Although the immediate effects of the introduction of machinery might have been injurious to the workers, sufficient time has elapsed to prove that labor gains from its use. The attitude of the employers also changed; during this transitory period those who had been short-sighted and had taken the profit of the workers' increased productivity for themselves began to realize their mistake.

1. G. E. Barnett, "Chapters on Machinery and Labor; Trade Union Policy", Quarterly Journal of Economics, Feb., 1926, Vol.40, p.214.

2. G. Geiges, "New Relations Between Capital and Labor", pamphlet, American Federation of Labor, 1929, p.4.

3. G. E. Barnett, Chapters on Machinery and Labor, passim.

It was found that instead of there being a decrease in skill by the entrance of the machine, a shift of skill resulted. In place of the old handicraft-skilled worker, a new class of workers was rising. These were machine operators who possessed a different kind of skill. It was necessary for these workers to be alert, competent, and skilled in the use of machinery if efficiency and safety were to be maintained.<sup>1</sup>

This loss of skill, which worried many unionists, was nothing more than the replacement of the old handicraft technique by that of the machinist. It did have a harmful and injurious effect upon the unions that did not see the futility of opposition. They soon began to lose members, and it eventually caused the disintegration of the union.<sup>2</sup> The unions that were more farsighted, or had leaders who were, immediately began to organize the new class of workers. Eventually the unions that followed this practice had, in many cases, the majority of their membership composed of this group. Thus, some unions profited by this condition while others lost.<sup>3</sup>

Finally, organized labor was forced to change its policies because it found that job study was as great an aid to workers as it was to employers. Laborers found that by means of job study, inequitable conditions of the work were corrected, safety was increased, strength was

1. R.W.Bruere, "Lost - \$44,000,000, or the Human Cost of Speeding Up," American Federationist, Oct.1928, Vol.35, pp.1204 -5.

2. This was the experience of the Cigarmakers' Union. Cf. D.J.Saposs, "Realism in Labor Strategy", American Labor Monthly, Oct. 1924, Vol. , p.26.

3. The Cigarmakers' lost while the Typographical Union, by its accepting the machine and organizing its operators, avoided ruin.

economized, and the best interests of labor were promoted.

The inequalities which job study corrected were those arising from the unequal distribution of work among the men. For example, two men performing the same task might be doing unequal amounts of work for the same pay. This was attributable to the guesswork fashion in which work was passed out. By scientifically determining the amount of work demanded of each man, the use of job study removed this inequitable condition.

Similarly, physical inequalities between men were readily seen from job analysis. By such a method a less able worker could either be transferred to a job more suitable to his physical abilities, or less than the standard amount of work could be requested from him; In either case these inequalities were shown up and provided for by the use of the job study.

Safety could be increased, for the dangerous features of production were brought to the attention of management in the reports of the job study men. For example, if a particular operation involving the use of a punch press were investigated, the danger to the operator's hands and arms became conspicuous. When brought to the attention of management in this way, guards were more quickly provided, and it no longer became necessary for an injury to occur.

When management began to recognize the presence of the human element in industry, greater precautions were taken toward anything which might lessen the efficiency of the labor force. Thus, the tremendous cost of industrial

accidents began to penetrate employers' minds. Management saw for the first time that it was adversely affected by the loss of the services of experienced workers whose injuries might have been prevented had proper precautions been taken. Any measure to lessen accidents was favorable to labor as it had previously borne the cost of any unfortunate occurrences.

Furthermore, the strength of the workers was economized by the scientific determination of the task. They found that job study was not necessarily used to speed them up and sweat them, but it was rather an attempt on the part of management to find the maximum speed at which workers could be expected to produce with the least physical and mental exertion. This was quite contrary to the old idea. It is to be remembered, however, that the experience which was the foundation of the old attitude was the result of abuses to which labor had been subjected in the early days of the efficiency movement. As it passed from the experimental stages, the greater part of these abuses also passed.

e. Education as a cause for a change in attitude. The first realization of the advantages of a co-operative policy was found to be among the few prominent leaders of the unions. The only way in which this attitude could be spread among the rank and file of the workers, and less prominent leaders, was through an intensive educational program. This was promoted in various ways, through the official organ, the American Federationist, various other union periodicals, and through personal contacts by means

of speeches.

Not only was the new attitude transmitted to the rank and file in this manner, but through such an educative policy the leaders of labor saw for the first time, efficiency schemes in their true prospective. The leaders were educated to the new aims and objects of the efficiency movement and they in turn, passed them on to the unionists by the same medium. This program - education - now plays a prominent part in all union projects.

The importance of such a policy is well expressed in the following quotation: The road to successful unionism lies in the workers, "so educating themselves that they will be able and willing to do more work in return for larger pay, rather than in fighting to do less work for the same pay or the same work for larger pay."<sup>1</sup> This policy has been adopted by the more progressive members of organized labor.

f. Mutuality of interests between labor and management realized. Labor leaders have begun to realize that employers' interests were also labor's. This has been an important factor in labor's abandonment of old policies and attitudes of opposition toward the efficiency movement. Workers see for the first time that the ills of the laborer were the same as the ills of the industry,<sup>2</sup> and that the success of management meant the success of labor.<sup>3</sup> That is, labor is beginning to see that even though management adopts and has adopted more efficient methods of production for their own protection and gain, the benefits of such a

1. Paul Devinat, op.cit., p.471. (quoting Charles M. Schwab)

2. G. Geiges, op. cit. p.8.

3. \_\_\_\_\_, "Labor's Idea Concerning Management", Monthly Labor Review, March 1926, Vol.22, p.554 (quoting William Green).

procedure are equally advantageous to labor.

The advantages accruing from such a policy are transmitted to them in the form of higher wages. This necessarily happens because their productivity is increased by such schemes; therefore, management can not only afford to pay higher wages to get the more efficient workers, but is forced to do so in face of strong competition. Labor, through its power of collective bargaining is placed in a favorable position to take advantage of this condition.

g. Science could aid labor was realized. Labor, until the World War, had looked askance at anything which pertained to or hinted of being scientific. This was the result of experience with the early forms of scientific management. But, after being forced into contact with various forms of scientific management during the War, labor soon came to the conclusion that it could be used to their advantage as well as to that of management's.

This led to the new point of view - co-operation with management. It has now reached the point where labor employs the services of efficiency experts and production engineers - a thing undreamed of twenty years ago. As W. O. Lichtner puts it, "Its leaders (labor's) have failed to appreciate that science could be of service to them as well as to capital".<sup>1</sup>

#### Reasons For Change in Management's Attitude.

So we see the change in labor's attitude has been particularly a result of causes directly traceable to fallacies

1. W. O. Lichtner, "Time and Job Analysis in Management", Industrial Management, Sept., 1920, vol. 60, p. 202.



of some of their former assumptions. As mentioned before, another set of causes has been present which have been instrumental in changing labor's attitude - namely, changes in management's attitude. These must also be considered if a complete picture of labor's new point of view is to be seen.

Employers have changed their attitude both toward unions and efficiency schemes. Changes wrought in the latter have been in specific phases of the movement, harmful to the aims for which they were created. These changes have in turn had great influence in causing the attitudes of the unions toward the efficiency movement to change. Each of the reasons previously cited<sup>1</sup> are of sufficient importance to warrant a separate discussion. With this brief introduction an analysis of these reasons follows in the next few pages.

a. Recognition of the human element in industry. Employers have found that desired efficiency can not be obtained without the aid and consent of the workers regardless of the adoption of labor-saving machinery. Human efficiency is essential to mechanical efficiency. Human hand and mind are its control. Workers with an amiable feeling toward the management turn out better work than those who hold a resentful attitude. Thus, if workers are not taken into consideration, the success of efficiency schemes will be limited to a great extent.<sup>2</sup>

This change in management has been important from the standpoint of organized labor. Workers no longer feel that management is solely interested in selfish desires for ways

1. See pages 83-4, *W.*

2. \_\_\_\_\_, "The Way to Real Efficiency", American Federationist, April, 1929, vol. 36, p. 402.

are now sought by which the health and welfare of the employees may be protected. This, then, has aided the changing in the attitude of all workers toward the instruments, aims, and purposes of the efficiency movement.

b. Change in management's attitude toward unions. Management's attitude toward unions has been instrumental in changing the attitude of the workers toward efficiency plans. Management has learned that it is to their advantage to bargain collectively with their labor force, as the decisions agreed to by both parties can be relied upon by management in the future. That is, if an agreement is reached concerning wages, management knows that no trouble will develop over the question during the life of the agreement. Furthermore, it is easier to deal with the men as a group than to bargain with them individually.

Experience has also proved that a much better feeling is created among the men toward management when they are allowed an independent form of organization. While company unions could give management the advantage of dealing with the workers as a group, agreements reached are less satisfactory, for the workers sometimes feel that they have been coerced. This does not provoke fair and impartial treatment of labor. As long as a strained feeling of this sort exists on the part of workers, efficiency is hampered.

Employers have also found that when speaking of science in management of men, its best examples can be found among labor leaders.<sup>1</sup> These leaders represent a large body of men

1. E. E. Hunt, op. cit., p. 223.

and, if these leaders are to remain at the head of their unions their position demands clever and adroit handling. Real science in management, especially management of men, is to be found in the standard unions. Such leaders must not only convince these outside organizations of the value of a given plan, but must also satisfy all the members that their actions have been the proper ones.

A reflection of this favorable change in the attitude toward labor unions rises from the unions themselves. In any discussion of the causes for labor's change in attitude toward efficiency, it is essential for favorable change in the attitude toward labor unions to be given due credit.

c. Recognition of the dynamic character of industry. In the past, management failed to recognize adequately that industrial conditions were ever changing. The action of management conveyed the idea that they believed once an improvement was accepted and incorporated into business, no other changes ever became necessary. This was very much in evidence in their treatment of labor. If a rise in wages were accorded the workers, no further attention was paid them. Prices of the commodities of living might rise ever so high, yet management took no cognizance of that fact when the laborers wanted another advance in wages. This was the complete ignoring of two factors - namely, the human factor and changing conditions. The former has been discussed previously and needs no more than to be mentioned in this connection.

Changes in industrial conditions make alterations in

policy necessary. This, many managements failed to do by making their industry too highly functionalized and standardized.<sup>1</sup> By adopting such a policy, the quality of flexibility was lost to industry. This made it cumbersome, unweildy, and hard to adjust to ever so slight a change in conditions. Thus, this same attitude was often carried over in dealing with the labor problems. It only encouraged a similar attitude on the part of labor toward management for it felt a fight was necessary in order to obtain any concessions demanded by a change in industrial conditions which affected them. Management's realization of this has had a similar affect upon the attitude of the organized workers and has been reflected in their attitude toward the efficiency movement.

d. Attitude toward experimentation changed. Experimentation has been a decided factor in the formation of organized labor's attitude toward efficiency. Although this has been carried on by management, it has had a profound influence upon the workers. Management learned through several years' experience with various efficiency schemes, that true efficiency can not be brought about without the aid of the workers themselves.<sup>2</sup> It forced them to eliminate the objectionable features of efficiency schemes. They have found, in spite of all ideas to the contrary, that certain features of efficiency to which workers objected caused the failure of the whole plan.

1. L. A. Wood, Union-Management Co-operation on the Railroads, p. 8.

2. G. C. Brown, "Workers' Participation in Job Study", American Federationist, June, 1927, vol. 34, p. 706.

For these reasons, employers now believe that it will be easier to deal with the organization of the workers that is intimately acquainted with the problems of industry than to be forced eventually to deal with governmental agencies that know nothing about industrial conditions and problems.<sup>1</sup> As has been mentioned before, this co-operative attitude on the part of management has been met by a similar one by labor. This change in the mind of each group has mutually affected each other.

e. Recognition of the advantages of co-operation. All of the reasons discussed in the preceeding pages have culminated in management's realization that a policy of co-operation carried on between it and organized labor has definite advantages of mutual benefit. A pursuance of this policy can be of value to management, for an alliance of this sort with the powerful organizations of labor will create a favorable frame of mind toward efficiency policies. For example, unrestricted output will be given if the workers are allowed a voice in the control of industry and a share in the benefits derived from their increased productivity. The need of restrictive policies would no longer be necessary to obtain the desired ends and would therefore be discarded.

Furthermore, when the aid of organized labor is enlisted, a potential source of salesmen will be available.<sup>2</sup> Other union men will be urged, through the many union publications, to purchase the goods of co-operating employers. Until recently this fact was not appreciated by management. The

1. G. Geiges, op. cit., pp. 2-3.

2. O. S. Beyer, Jr., "That Acid Test - The Ledger - Indicates Success", Journal of the Electrical Workers, Dec., 1930, p. 669.

recognition of it has led to the adoption of a more favorable attitude toward trade unions.

### Some New Views of Labor.

Several new labor views are worth considering at this time. They will demonstrate the complete "about-face" which labor has made in regard to the efficiency movement. These are in relation: (1) to wages, (2) to standardization, (3) to scientific management, (4) to restriction of output, and (5) to the knowledge of management's financial position. Each of these in the past has been more or less bitterly defended and thought of as being irreconcilable with efficiency schemes.

Workers formerly believed that the only way in which wages could be maintained, or raised, was through restriction of output and other defensive and restrictive policies. A new attitude has appeared in place of this. Labor is now strongly convinced that wages can only be maintained and increased by the elimination of waste and the introduction of economy processes.<sup>1</sup> Only in this way can wages continue to rise in the face of falling costs of production. Furthermore, increase in the efficiency of the workers and management are compulsory if standards of living are to continue rising.

However, a compensatory feature is present in the fact that more efficient workers will be attracted by the high wages. This in turn, "is reflected in the volume of productivity, and in many instances in the quality and character of the manufactured article."<sup>2</sup> It is, indeed, a

1. Wm. Green, "Unions Reduce Industrial Waste", Pamphlet, 1929, p. 4.

2. Ibid.

revolution of labor's attitude.

Labor formerly looked askance at any proposal to introduce standardization into the plant. This idea has been supplanted by a more favorable attitude as the workers now believe that they "benefit through whatever makes for more economical production because less of the income of industry is spent in liquidating losses".<sup>1</sup> This is of benefit to labor as a greater part of the income of industry is left from which wages can be increased. Indirectly efficiency may have a beneficial effect. If the savings thus derived are transmitted to consumers by lowering the price of the manufactured article, the increase in the physical volume of output caused by increased demand<sup>2</sup> will require more men to be hired and possibly higher real wages. While the monetary rate of wages may not increase, the increase in the physical volume of goods may lead to more steady employment which, in turn, is a greater aggregate wage for workers so affected.

Labor has also changed its mind in respect to scientific management for two reasons. In the first place, it sees for the first time that science can be of value; that is, the old method of guess work is replaced by collected, recorded, and correlated facts. These facts in the hands of labor are just as useful to them as to management. In the second place,

"Labor is interested in the successful management of industry because it reasons that with the introduction of economy processes,

1. Wm. Green, "Effect on Labor of the New Standardization Program of American Industry", Annals of the American Academy of Political and Social Science, May, 1928, vol. 137, p. 43.

2. The assumption is that demand is elastic.

in the development of efficiency and increased production, the cost of manufacturing and production can be reduced without lowering the standard of the workers or reducing wages".<sup>1</sup>

This is quite a contrast to the attitude as set forth in the last chapter.

Labor has dropped all its objections to scientific management and "Taylorism" except its objection to the bonus. This change has been very radical and in many instances the unions have taken the initiative in promoting more efficient methods of production in a given plant or industry.<sup>2</sup>

In addition to the favorable attitude now assumed by labor toward scientific management, requests are made by labor for knowledge in the determination of business policy. That is, the workers want to know about costs, supplies, the source and the reliability of the supply, all the about the product and overhead, and operating costs.<sup>3</sup> These seem to be unusual requests of workers, but labor thinks these demands are justified as they are of vital importance to the workers' life. Furthermore, if organized labor is to compete with management in the elimination of waste and the reduction of production costs, it becomes necessary for it to have a knowledge of these things.

Furthermore, labor leaders feel that science must return the 'conditions' which steam power took out of their lives. They refer particular here to the loss of pride of workmanship, decrease in the rewards for skill and ingenuity,

1. Wm. Green, "Unions Reduce Industrial Waste", Pamphlet, 1925, p.6,.

2. This will be pointed out in the following chapter.

3. S. Gompers, "Union Labor and the Enlightened Employer", Industrial Management, April, 1921, Vol.61, p.239.



and the host of similar 'conditions' which the workers of the handicraft stage have lost to the machine.

Finally labor has changed its mind in respect to its previous policy of restriction of output. They have for some time recognized the evils. But, in order to prevent an increase in production at the expense of the worker it has been necessary to continue this policy. Labor now feels that if fair treatment is guaranteed, it is perfectly willing to co-operate with management to increase output.<sup>1</sup>

This attitude is reconciled by the fact that the unions are now ready to, and will if allowed, assume responsibility for the maintenance of output.<sup>2</sup> That is, they are willing to be held accountable for output if management will guarantee that the costs of such increase as is obtained will not entirely be borne by the laborers.

#### Forms of Organized Labor's Change in Attitude.

The change in the attitude of organized labor toward the efficiency movement has also caused a change in its methods and policies. In place of the old policies or rules which acted as a check to any attempts to increase output, new policies have been substituted which are in strict accordance with such plans or schemes. These new policies or methods of encouraging efficiency are: (1) research, (2) elimination of waste, (3) programs for increasing production, and (4) Union-Management Co-Operation.

Research is the method used by scientific procedure

1. R. F. Hoxie, "Why Organized Labor Opposes Scientific Management", Quarterly Journal of Economics, Nov., 1916, vol. 31, p.74.

2. W. M. Leiserson, op. cit., p. 45.

in the investigation of union and industrial problems. Previous to this change in attitude, the advantages of such a usage had been neglected and ignored. And similarly, the problem of waste had received little attention or recognition from unions. From the results of research and studies in waste elimination, programs are formed for increasing plant efficiency. These may act as a direct or indirect encouragement to the workers for increasing the physical volume of output, or they may be confined to pointing out to management where its own efficiency may be increased. Thus, both efforts and materials may be conserved.

Finally, labor has adopted a policy of co-operating with management in programs to increase the efficiency of industry. In this chapter co-operation will be treated only so far as its object, necessity, the basis for co-operation, and the gains, results, or accomplishments are concerned. In the following chapter specific causes will be given along with a more complete and detailed discussion.

a. Research. For the first time unions are beginning to gather statistics, analyze and measure the trends of many of their problems. For example, the most reliable information concerning unemployment statistics is compiled by the American Federation of Labor. These figures are gathered by the local organizations of the affiliated unions and then sent to the headquarters of the American Federation of Labor. Monthly figures of the total number of unemployed unionists are compiled and printed in the official organ, the American Federationist. The trend of unemployment is also measured

and closely watched. With the aid of this, the unions are informed at all times of actual employment conditions. In this manner facts are substituted for guess work.

This procedure is forming an attitude, on the part of the labor leaders at least, which is "rationalistic, thoughtful, and social toward all union problems....and all forces affecting the industry in which the worker finds himself".<sup>1</sup> The formation of such a scientific attitude on the part of labor leaders is making a factual basis possible upon which their actions and policies may be founded. It places labor in an impregnable position when bargaining collectively with employers or in other pursuits of its aims and desires.

The American Federation of Labor practices the policy of research and has created a Research Department which employs the services of labor economists, technical engineers, and statistical experts. Some of the other large unions have also formed a Research Department. Notable among this group is the Brotherhood of Railway Carmen of America whose research department has done a great deal in aiding the co-operative movement on several of the railroads. They carry on a continuous study of ways and means of increasing the efficiency of these railroads.

b. Elimination of Waste. Many volumes have been written on the waste which is present in industry. Criticism of this tremendous cost has created an agitation sufficient to bring its attention to organized labor. They have begun to realize that if waste could be eliminated, wages even in the

1. M. H. Hedges, "Door to Labor's Future", American Federationist, July, 1932, vol. 39., p. 741.

face of falling prices may be maintained, or even raised. Previously, wages have been cut when prices fall.

Labor leaders have not confined themselves to a program of the elimination of material waste only. They recognize two other wastes - namely, human and spiritual waste. In their attack upon waste they point out the \* enormous loss of human life through industrial accidents and the dulling affect which specialization has upon the minds of the workers. Loss of life due to accidents in the United States is estimated to be in excess of 23,000 per year.<sup>1</sup> The thing which unionists object to is that many of these accidents are preventable. For example, deaths due to mine dust explosions, a thing which makes mining a hazardous occupation, can be prevented by the use of rock dusting.

Spiritually industrialism of today does not give the worker a chance to express himself in his work. He is confined to a few operations which are repeated times without number. A waste occurs here, for such a stupifying effect is created that the attitude is carried over into the worker's social relations. Then, too, no provisions are made for taking advantage of the ingenuity of the workers. That is, suggestions which might improve the process or new inventions which might be offered by the workers, are often not allowed. Some plants offer prizes and other incentives to encourage suggestions but for the most part if suggestions are allowed they are not encouraged. All in all, a

1. E. E. Cummins, op. cit., p. 94.



great waste of the spiritual or mental efforts is present in modern industry.

This attitude toward waste in industry has become rather widespread among organized labor. The Atlantic City Convention of the American Federation of Labor of 1925 went on record as urging upon "management the elimination of waste in production in order that selling prices may be lowered and wages higher".<sup>1</sup> This policy is now firmly established in trade union action. Many more unions in several industries are actively engaged in trying to eliminate waste.

c. Programs for increasing production. Since the War, organized labor has pursued a policy of trying to increase production. This move has been comprised of two phases. Some of the unions are in the first phase, others in the second, and some have not yet begun action.

The first step, or phase, consists of an open declaration favoring such a policy. This must also include an educative program which will convert workers of a dissimilar view to accept and practice this policy. The second step, or phase, consists of the adoption of an actual program for increasing production. This must include three things. First, all strikes and disputes must be eliminated from industrial relations as they are wasteful in themselves as well as contrary to efficiency. Second, labor must consider 'an abundance of good work well done' as a desirable end, because no other attitude can lead to successful increased

1. Irving Fisher, "Labor and Scientific Management", American Federationist, June, 1927, vol. 34, p. 694.

production. Third, unions must contribute toward improving the technique of industry. Only in this way can output continue to be increased.<sup>1</sup>

Labor leaders who sanction this policy are aware that labor gains in two ways from such a policy. First, ~~the~~ labor gains as workers, because its wages can continue to rise with the increase in its productivity. Second, the workers gain through a lower selling price of the goods for their increased productivity lowers the unit cost of production, and, in the face of strong competition, prices can be lowered.

It should be added here, and the fact stressed, that this attitude is not universal throughout organized labor. It is only the more progressive unions such as the Brotherhood of Railway Carmen of America, the Amalgamated Clothing Workers of America, and the Amalgamated Hosiery Workers of America that have adopted or will submit to such a policy. Unions having progressive leaders are the only ones that can see merit in efficiency programs. As yet even the leaders of other unions, either very conservative in nature or led by less broad-minded men, are not convinced of benefits which may be derived from increasing production.<sup>2</sup>

d. Union-Management Co-operation. The fourth form which organized labor's changed attitude has taken is Union-Management Co-operation. Previously we have spoken of it as 'unions co-operating with management'. This term, along with 'co-operative management', will be used interchangeably

1. Paul Devinat, op. cit., p. 472.

2. The reasons for this may be found on pages 83-4.

in the following pages.

Union-Management Co-operation has been defined by J.H. Hooley, President of the New York Electrical Contractors' Association, as

"Co-operation on the basis of sympathetic understanding on the part of each (labor and management), of the problems of the other....which demand....organization,....conference,....compromise,....self-subordination, (and)....individual courage".<sup>1</sup>

In view of what has been said of early union and management relations, this has demanded a different attitude from each of the parties. Neither, until recently, has been willing to co-operate with the other.

The extent of this new relationship is not very great. Widespread co-operation in this country does not exist for three reasons.<sup>2</sup> First, many of the important industries of this country are not even partially organized. Second, where organization is present only a few co-operative proposals have been made and accepted. Third, the policies of many executives which include a favorable attitude toward co-operation are the exception rather than the rule.

The object of co-operative management is to improve operating efficiency of the plant or industry; to introduce new machinery or to improve the old; to reduce operating costs by the elimination of waste and the introduction of economies; to raise the general level of sanitation and safety of the plant; and to increase the skill and efficiency

1. J. H. Hooley, "What Co-operation Has Done for the Electrical Industry", Journal of the Electrical Workers, Dec., 1930, p. 966.

2. \_\_\_\_\_, "Union-Management Co-operation in England", New Republic, Jan., 4, 1928, vol. 53, p. 181.



of the workers.<sup>1</sup>

Each of these aims or objects is beneficial to labor and management. All tend to increase the working efficiency and thereby increase the total income of industry. Management profits in the form of lower costs of operation and less labor trouble, and so this allows management a larger profit. The workers gain through increased wages, better working conditions, and more harmonious relations with employers. That is, few strikes and less disputes will arise.

Organized labor has a critical function in industry which is brought out to its fullest extent under co-operative plans. This function is critical both as to position and as to judgement passed. In the case of the former, by assuming a share of responsibility for the effective conduct of industry, labor is placed as a governor upon production and the effectiveness with which it can force management to operate to the best advantage is a foregone conclusion. In the case of the latter, organized labor can aid management in improving the working processes as the workers actually do the work and are more liable to know the results of the various processes of production. This means that the workers can assist management by suggesting improvements which otherwise would never be known.

Co-operative management is essential to industry. This is true for maximum production can not be obtained where a possibility of confusion, misunderstanding, and friction

1. Bureau of Labor Statistics, "Beneficial Activities of American Trade-  
Unions", U. S. Department of Labor Bulletin #465, 1928, p. 154.

exist.<sup>1</sup> The maximum of public service can only be given when costs of production and prices are as low as possible. Anything which interferes with this is contrary to the good of society. Therefore, if co-operation between labor and management will decrease friction, increase production, lower costs and prices, it acts in the interests of society.

If Union-Management Co-operation is to be successful, it must be placed on a sound basis. It becomes necessary also, for both management and organized labor to concede certain things. Management should (1) allow the workers to organize, (2) be willing to accept the representatives of the unions for purposes of negotiation, (3) regard the unions as helpful and necessary, (4) see that a definite agreement exists as to mutual benefit, (5) stabilize employment as far as possible, (6) allow labor to share in the gains of co-operation, and (7) establish co-operative machinery.<sup>2</sup>

On the other hand, labor should (1) be well organized, (2) have a clear conception and knowledge of what good management is, (3) found its policies upon facts rather than guess work, (4) agree to assume only a constructively critical and co-operative purpose, and (5) agree that control is not to be dual or joint, that is, the final decision must always rest with management.<sup>3</sup>

Each of these acts which management and labor must do are concessions on their respective parts. In each case a

1. Mathew Woll, "Industrial Relations and Production", Annals of the American Academy of Political and Social Science, Sept., 1920, vol. 91, p. 9.

2. O. S. Beyer, Jr., "Labor's Contribution to the Scientific Organization of Industry", American Federationist, Jan., 1928, vol. 35, p. 34.

3. G. C. Brown, op/ cit., p. 12.

full endorsement of these conditions must be acknowledged by both and abided by. Further, these conditions are the chain of co-operation. It is no stronger than the weakest of these points. The success of co-operation depends upon the confidence which is inspired by the men and management between each other. If either fails in that which it agreed, co-operation can not be a success. This fact can not be too strongly emphasized.

The machinery of co-operation is the same as that for collective bargaining.<sup>1</sup> The only difference is that more responsibility is placed upon the existing agencies under co-operative management thus compelling them to be more efficient.<sup>2</sup> That is, unions have assumed responsibility for certain things which they did not under collective bargaining minus co-operation - for instance, they have assumed a measure of responsibility for production. Management assumes responsibility for fair dealings with labor - a proportionate share in the increased profits, better working conditions, and so on. With such a basis conscientiously adhered to, Union-Management Co-operation can hardly avoid success.

So far co-operative management has only been an experiment, but the success justifies further experimentation along the same lines. The gains or accomplishment of co-operation may be divided into three groups. First those

1. The machinery of co-operation will be discussed more fully in the following chapter. Here it is only mentioned with reference to its importance to the basis of co-operation.

2. O. S. Beyer, Jr., "Railroad Union-Management Co-operation", Pamphlet, American Federation of Labor, 1925, p. 9.

which are of a general nature, comprising a change in the mental attitude of the productive forces of industry, establishment of confidence and understanding, and better service reflected in lower prices. Second, certain gains arise which are of a direct advantage to management; <sup>f</sup>For instance, new effectiveness and economy of industry, insurance against further labor troubles, and a new stimulus to cast aside the old negligent and inefficient practices which burden many industries. Third, those gains which are of direct benefit to employees. These are a better grip on the rights which the workers have already succeeded in obtaining, higher wages, better working conditions, a new interest in the job, and new affiliations with the engineering profession. Each of these groups are of importance to demand a detailed discussion.

Although the policy of Union-Management Co-operation is not and has not been promoted for altruistic reasons, its greatest accomplishment has been one of a decided benefit to society.<sup>1</sup> This has been the creation of a new mental attitude on the part of both employers and employees. The results which have accrued to society as a whole have been accomplished through mutual effort rather than antagonism, that is, through peaceful negotiations rather than industrial war. Where every bit of ground is gained by the exertion of force in the form of strikes, lockouts, and boycotts, the cost of such are passed on to the consumers. The public

1. U.S. Bureau of Labor Statistics, op.cit., p.155.

in general, through ignorance, has often taken an attitude opposed to organized labor, one of the best methods for rectifying such conditions.

Another great cost is passed on to society. Every business failure means waste of human effort, materials tied up in idle equipment, and loss of capital funds. Often such losses are caused by misunderstanding and lack of confidence between men and management.<sup>1</sup> Co-operation tends to correct this situation by promoting amiable feelings. Of course, this demands several years of co-operation, for the other attitudes are deep seated and can only be overcome by a demonstration of their fallacy.

The elimination of these unnecessary costs of industry allow prices of goods and services to be lowered. In this way society benefits directly. There are also indirect gains to society which are not measurable in terms of money. The savings in human life, the creation of better spiritual attitudes of the workers and the carrying over of these changed attitudes into social life can not be weighed in monetary values, yet their social value is tremendous.

Management gains from the pursuance of a co-operative policy by obtaining an organization which operates more economically and which has a greater productive effectiveness in proportion to the amount of effort expended.<sup>2</sup> Economy exists through the conservation of material effort,

1. Wm. Green, "Labor's Ideas Concerning Management", Bulletin of the Taylor Society, Dec., 1925, vol. 10, p. 243.

2. G. C. Brown, "Union-Management Co-operation Committee", American Federationist, June, 1930, vol. 37, p. 675. See also O. S. Beyer, Jr., "Three Years of the B. and O. Plan", New Republic, Aug. 4, 1926, vol. 47, p. 300.

lives, money, and spiritual values. These savings culminate in the form of greater effectiveness of organization, which permits greater profits. As stated elsewhere, this is the real measure of value as far as management is concerned.

Economy and effectiveness are fostered in still another way. A more amiable attitude on the part of labor toward management encourages workers to take more care of materials; to call fewer strikes; and to give unrestricted output.

Co-operative management also forces employers to cast aside their lethargic attitude as organized labor acts as a check upon all the wasteful methods. Workers offer suggestions for better methods of production and the correction of inefficiencies. In this way, many things of which they would otherwise have been ignorant are called to the attention of management.

Employees gain from the use of co-operation as they are placed in a stronger bargaining position. That is, management recognizes them as a collective group and defers to their wishes more frequently than under any other system of industrial relations. Organized labor thus gains in two ways. They have succeeded in holding the rights obtained before co-operative management was adopted<sup>1</sup> and they are in a better position to demand fulfillment of other rights. Furthermore, as co-operation increases productivity, wages become higher, and working conditions better.

The offering of rewards for suggestions from workers has encouraged them to feel that they are no longer mere

1. B. M. Jewell, "Recent Extensions of Collective Bargaining", Pamphlet, American Federation of Labor, 1925, p. 7.

machines. A new attitude of interest and pride in their work is gradually being built up. They are given the opportunity to share in the development of their jobs and of themselves. As personal development progresses, social status of the workers increases. This acts as compensation for the additional effort which has been expended.

Finally, laborers gain from their affiliations with the engineering profession. The usefulness of this profession emanates from the technical improvements which they can point out to the unions and the unions in turn to management. As mentioned before, any decrease in waste brought by improvements in the productive progress culminates in increased wages or better working conditions, or sometimes in both.

It should be emphasized before this chapter is closed, that Union-Management Co-operation is not a panacea for all industrial ills. This movement is, as yet, in its experimental stages and too optimistic conclusions should not be drawn. Mistakes have been made in the past and will be made in the future. However, the expectations of Union-Management Co-operation are great for the change in attitudes of the two groups concerned ~~has~~ demonstrated that, so far, each is sincere and will not be discouraged by reverses and setbacks. With such an outlook co-operation can not do otherwise than succeed as long as it is pursued on sound and rationalistic grounds.

## CHAPTER VI

### UNION-MANAGEMENT CO-OPERATION - SOME TYPE CASES

In the preceding chapters we have designated the types of organized workers' restrictions against the efficiency movement, the reasons for such practices, and the new or more recent view point and the forms in which it expounded itself. The present chapter will show in what ways the new attitude has worked and what its results have been.

It should be kept in mind that as yet this plan, Union-Management Co-operation, has been confined to a few firms in a relatively small number of industries. The most prominent groups that have adopted Union-Management Co-operation have been the railroad industry. As a result most of this chapter will be devoted to a discussion and analysis of this plan. It should be remembered that the cases depicted here are yet in their experimental stages and that statements made in connection with the policies, mechanism, or rules followed by the various co-operative plans can not be taken as conclusive. There is much to learn from these experiments before definite statements can be made or before Union-Management Co-operation can be called a success in industry.

The plans to be considered in this chapter will be the Baltimore and Ohio plan of the railroad industry; the



Chicago clothing trade, Full Fashioned Hosiery trade, and the Pequot Mills plans of the textile industry; the Philadelphia Rapid Transit plan of the street railway industry; and miscellaneous plans of other industries. As mentioned before, emphasis will be placed upon the Baltimore and Ohio plan since it has been in operation longer than any of the others.

#### Baltimore and Ohio Plan.

a. History. The first cognizance given co-operation by any of the railroad unions is found in the preamble of the constitution of the Brotherhood of Locomotive Engineers organized in 1864. It says:

"The interests of the employer and the employee being coördinate, the aim of the organization will be the coöperation and cultivation of amiable relations with the employer and to submit questions of differences to arbitration when an agreement can not otherwise be reached and to guarantee the fulfillment of every contract made in the name and by the use of every power vested in it...." <sup>1</sup>

However, it took sixty years for this aim to be realized.

The next move toward co-operative management came during the World War. It was to the Director General of the railroads that the proposal for co-operative management was made and it met with favorable consideration. However, the War ended before definite plans could be formulated or put into practice. Immediately after the War, difficulties were encountered in replacing the railroads upon a peace time basis. Therefore, there was no opportunity to do anything with the co-operative proposals.

1. B. M. Jewell, "Union-Management Co-operation in the Railroad Industry" Bulletin of the Taylor Society, Feb., 1926, Vol.11, p.21.

With the return of the railroad management to private hands, the deflation movement which followed was borne chiefly by the federated shopcrafts. This culminated in the strike of 1922 which further indicated the need and advantage of co-operative management between the unions and management. The unions felt that if management would cease to fight them and use their energy for elimination of waste and increasing the efficiency of the tools and machinery of the company, all difficulties which led to the waste and inefficiency would be alleviated.

In the spring of 1922, a union spokesman approached the president of the Baltimore and Ohio Railroad with a co-operative proposition. Its feasibility being evident, the president of the railroad agreed to give it a trial in one of the shops.

b. Formulation of plans. Because the Glennwood shops of the Baltimore and Ohio had long been a most irritating spot both from the point of view of management and labor, they were selected for the experiment. The specific irritations in this shop before co-operation was tried can be characterized in somewhat the following manner. For several years lay-offs over long periods of time had caused hard feeling between men and management. Agitators succeeded in making conditions worse. Petty intrigues were prevalent, and grievances were not settled satisfactorily. Little money was spent by management for repairing or purchasing tools and equipment. In fact, every time slack work presented itself on the railroad, the Glennwood shops were affected

first. Because of the high costs these shops were used only as emergency repair shops. In addition to these conditions, jurisdictional disputes were prevalent among the workers and living conditions were anything but ideal.<sup>1</sup> Suggestions from the workers were not highly regarded, and voluntary action on the part of the labor force was not encouraged.<sup>2</sup> Management had much of its repair work done, especially on locomotives, outside its own shops. Thus, Union-Management Co-operation was started in a shop in which labor and management were at great odds. In fact, there was a total lack of harmony.

In the formulation of this co-operative plan Mr. Daniel Willard represented the management; Mr. William H. Johnson, the workers; and Mr. O. S. Beyer, Jr. acted in the capacity of technical expert and remained neutral in the negotiations.

c. The plan adopted. The object of the plan adopted by the Baltimore and Ohio is well indicated in the preamble to the agreement accepted and signed by both parties. It states that,

"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 co-operation between the railroad management and the voluntary organizations of the 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 railroads are greatly encouraged. The parties to the agreement recognize the foregoing principles and agree

1. Ibid., pp.5-7

2. L.A.Wood, op.cit., p.2

to be governed by them in their relations".<sup>1</sup>

Thus the chief object on the part of each party was to promote better service to the public. This incidently was expected to increase the income of the railroad and each party agreed to share equally in the benefits.

Management was particularly interested in gaining the co-operation of labor unions because 65 per cent of the gross revenue was spent for labor costs.<sup>2</sup> Anything which would lead to the conservation of labor or to increasing its efficiency would be an asset in lowering the expenses of the railroad. That is, management was interested more in making the human factor efficient than in introducing machinery and mechanical improvements.<sup>3</sup>

The labor unions were primarily interested in the continuity of employment.<sup>4</sup> They had seen from experience that opposition did not gain for them the fulfillment of this desire. Therefore, if management could guarantee them a maximum amount of employment, they were willing to aid management in increasing their own efficiency.

To increase the regularity of employment the Baltimore and Ohio plan proposed to modernize and rebuild certain types of locomotives in their own shops. In this way it was felt that any unemployment which might result from the increased efficiency of the shopmen would be supplemented by this kind of work in slack times.<sup>5</sup>

1. Quoted by O.S. Beyer, Jr., "B. and O. Engine #1003", Survey, Jan., 1, 1924, Vol. 58, p.315.

2. B.M.Jewell, "Recent Extension of Collective Bargaining", Pamphlet, A.F. of L., 1925, p.5.

3. D.J.Saposs, "Realism in Labor Strategy", American Labor Monthly, Oct., 1924, p.25.

4. H.W.Thornton, "Union-Management Co-operation in the Railroad Industry" Bulletin of the Taylor Society, Feb., 1926, Vol.11, p.13.

Additional steps taken to stabilize employment were the systematic and scientific forecasting of revenues, the systematic and scientific budgeting of expenses, establishment of a clearing house for furloughed employees, mileage and hours were made flexible for each pay period, extra-boards were created to hire extra men, and special conferences between management and union representatives whenever it became necessary to curtail expenses to the extent of affecting employment were held.<sup>1</sup> By such a procedure the unions assured their members that any of the fears arising from increased efficiency would not become a reality.

Similarly the workers were protected in regard to the legitimate rewards which they considered themselves entitled to for any increase in their efficiency.<sup>2</sup> In other words, by means of co-operation and agreement, the workers were guaranteed a fair share in the increased returns arising from their increased efforts.

The extent of Union-Management Co-operation in the railroad industry is widespread. In 1927 there were 64,000 men and one sixth the total mileage of the railroads in the United States and Canada operated under co-operative schemes.<sup>3</sup> Four large railroads - Baltimore and Ohio, Chesapeake and Ohio, Canadian National, and the Chicago and Northwestern - now have co-operative plans<sup>4</sup> affecting seven unions - International Brotherhood of Boilermakers, Iron

1. O.S.Beyer, Jr., "Union-Management Co-operation in the Railroad Industry", Bulletin of the Taylor Society, Feb., 1926, Vol.11, p. 15.

2. Ibid, p.22.

3. O.S.Beyer, Jr., "Management and Labor Co-operate on the Railroad", Industrial Management, May, 1927, Vol.73, p. 264.

4. O. S. Beyer, Jr., "Three Years of the Baltimore and Ohio Plan", New Republic, Aug. 4, 1926, Vol.47, pp.298-300.

Ship Builders and Helpers of America, International Brotherhood of Machinists, International Association of Sheetmetal Workers, International Brotherhood of Electrical Workers, International Brotherhood of Stationery Firemen and Oilers, and the Brotherhood of Railway Carmen of America.<sup>1</sup> Such rapid progress since 1922 shows how the co-operative movement has spread and indicates the widespread influence of the new attitude of organized labor. Whether this plan will become the accepted and become the common form of railroad industrial relations or not remains to be seen.

The basis upon which this plan was formulated consisted of seven principles. (1) Full and cordial recognition was given standard unions as the properly accredited agents to represent the employees of the railroad unions. (2) Management accepted these standard unions as helpful, constructive, and necessary in conducting the railroad industry. (3) Wages, working conditions, and the prompt and orderly settlement of all grievances were to be governed by an agreement between the men and the management. (4) Co-operation was to be carried out for the bettering of the service and the elimination of waste. (5) Employment was to be stabilized. (6) The gains of co-operation were to be measured and shared fairly between men and management. (7) Joint Union-Management administrative machinery was to be perfected as quickly as possible.<sup>2</sup>

Each of these principles were concessions on the part

1. B. M. Jewell, op. cit., p. 1.

2. O.S. Beyer, Jr., "Union-Management Co-operation in the Railroad Industry", Bulletin of the Taylor Society, Feb., 1926, vol. 11, p. 7.

of both parties. However, management conceded more in protecting the unions from evil consequences which might arise from the increased efficiency. Previously the only way the unions had of maintaining the ground gained, or to secure new concessions from management, was by force and threat of strike. With the adoption of the principles of this new plan, the old policies were no longer necessary.

Although the concessions granted in this plan seemed to be entirely on the part of management, the unions conceded their restrictive policies and promised to aid management in the elimination of waste and other inefficient practices. This in reality was the forfeiting of traditional methods by which the unions could protect themselves and their members, thus the real or fundamental basis of Union-Management Co-operation was confidence.

The machinery set up to administer this plan consists of local, regional, and system conferences between the duly accredited representatives of management and the Unions.<sup>1</sup> Each side appointed its own representatives. The local conferences were held every two weeks and system conferences every three months.

The authority of these committees was not sufficient to allow them to make decisions. This authority still rested in the hands of the management as it assumed the responsibility for the operation of the railroad.<sup>2</sup> However, local and regional committees were allowed to appeal cases

1. In the case of the unions their representatives are the officials of the Railway Employees' Department of the American Federation of Labor.

2. B. M. Jewell, op. cit., pp. 6-7.

to the next higher committee. A better understanding of the duties of each of these committees is gained if the subjects which they discussed are examined.

Local conferences considered job analysis and standardization, methods of improving tools and equipment, proper storage, care and delivery of materials, economical use of supplies and materials, proper balance of forces and work in the shop, co-ordination and scheduling of work in the shop, training apprentices, recruiting new employees, improving the quality of the work, conditions of the shop and grounds, securing new business for the railroad, securing new work for the shops, measuring output, and stabilizing employment.<sup>1</sup> In each of these cases it can be seen that the subjects discussed were purely of a local nature and interest.

Regional conferences were limited to similar subjects of discussion. In these, the subjects were either of a regional nature or were review causes of the local conferences. The emphasis here was laid on the co-operation between the various departments under the jurisdiction of the regional representatives.

The system conferences were primarily interested in the co-operation of the various groups of the entire railroad.<sup>2</sup> They also took up with the management the grievances of a broader and more inclusive type such as wages,

1. O. S. Beyer, Jr., op. cit., pp. 11-12.

2. The railroad unions also carried on an educational program for the training of committeemen, system representatives, and union officials in the civics, history, and economics of the railroad industry. This insured that the conferences, so far as the union representatives were concerned, would be carried on in a business-like fashion. Ignorance of the subjects and problems under consideration was not present. (see B. M. Jewell, op. cit., p. 25).



hours, general working conditions, and the like. It was also this group that signed any agreement and enforced its provisions.

d. Results of union-management co-operation on the railroad. Before closing the discussion of co-operation on the Baltimore and Ohio Railroad it would be well to sum up its results in the Glennwood shops and the results to the unions and management in general.

It will be remembered that the introduction of co-operation into the Glennwood shops was merely a test of the principles of this scheme. Until the Glennwood experiment was put into operation, co-operation was only an idea whose practicality was unknown. After its trial there, the basis of co-operation, as spoken of previously, was further developed and held to be fundamental. In other words, it was found in this trial that for Union-Management Co-operation to be successful, unions must be given full recognition; must be considered necessary and useful; better service, elimination of waste, and stabilization of employment must be its purpose; both parties must share fairly in the gains; and adequate co-operative machinery must be developed.<sup>1</sup> Thus the basis of co-operation in industry was developed from actual experience rather than from theoretical sources.

The committees to the System Federated Conventions of the Baltimore and Ohio and Canadian National Railroads testified:

1. B. M. Jewell, op. cit., p. 4.

"That co-operation had resulted in a decided improvement in the relationship between management and men, thus strengthening the morale of the service; that substantial improvement in the tools and working conditions had been affected, enabling increased output of better quality; that considerable progress has been made in stabilizing employment and so increasing wage income; that satisfactory progress had been made in developing a sound understanding of the co-operative idea among employees and officers; and, that the causes ordinarily making for grievances had been greatly reduced while the settlement of grievances which did arise had been greatly expedited".<sup>1</sup>

In addition to these the Machinists' Union at its National convention held in Atlanta in 1928, said that co-operation had given them time and a half for Sunday and holiday work, vacations with pay, and had increased their wage income.<sup>2</sup>

The two most important features which organized labor has been interested in were increased employment and wages. On the Baltimore and Ohio about one month's extra work was given to the entire force through the repairing of their own rolling stock.<sup>3</sup>

Management gained by the reduction of friction between it and the unions. This allowed it to utilize the efforts formerly used in opposing the unions in a more constructive manner. The reserves formerly applied in opposition are now used to promote efficiency in management. Management also gained materially in the increasing of efficiency of the industrial organization through suggestions offered it by the workers. These were of a distinct benefit for under policies other than co-operation, suggestions were

1. O. S. Beyer, Jr., "Three Years of the Baltimore and Ohio Plan", New Republic, Aug. 4, 1926, vol. 47, p. 298.

2. Wertheim Lectures on Industrial Relations, op. cit., p. 6.

3. B. M. Jewell, op. cit., p. 6.

not allowed or recognized. The employer had no way of knowing or discovering these improvements as he had no direct contact with the work. Finally, management has benefited because all the purposes for which co-operation has been created have been, and still are being realized. That is, the efficiency of the road has been increased. New business has been secured by employees and the repair of their own rolling stock in their shops has lowered the cost of such work.

In general it may be said that the presence of another group, intimately acquainted with the problem and work, has stimulated management to look after its own efficiency. No longer is management able to increase its own profits through the lowering of wages. This has forced it to look to the real sources of waste and inefficiency. The employees, through their suggestive power, always stand ready to prod management, and to watch its methods of work as well as those of the employees.<sup>1</sup>

Therefore, it can be said, with respect to Union-Management Co-operation of the Baltimore and Ohio Railroad, that co-operation has proved successful as it has stabilized employment, increased efficiency, lessened the causes for disputes, prevented waste, prevented inefficient and uneconomical practices, and has stabilized production in the shops.<sup>2</sup> It has also improved the morale of the workers,

1. For further information on the gains from efficiency from the labor point of view as well as from management point of view, see O. S. Beyer, Jr., "The Machinery of Co-operation", American Federationist, Nov., 1929, vol. 36. pp. 1316-7.

2. O. S. Beyer, Jr., "Management and Labor Co-operate on the Railroad", Industrial Management, May, 1927, vol. 73, pp. 269-70.

service, and the quality of the work,<sup>1</sup> all of these factors are reflected in the financial statement of the railroad. So far, co-operative management on the Baltimore and Ohio Railroad can be termed a successful venture.

#### Canadian National Plan.

In the case of the Canadian National Railroad, certain conditions existed in the system which were unfavorable to the ready development of Union-Management Co-operation. These were: (1) lack of system and despatch in the settlement of grievances, (2) lack of a definite conception as to the status and functions of the unions concerned, (3) inadequate union representation on some sections of the railroad, (4) dissatisfaction in some of the shops in which the bonus system of wage payment was used, and (5) the irregularity of employment.<sup>2</sup> With the exception of the third, these problems were not materially different from those of the Baltimore and Ohio in the Glennwood shops.<sup>3</sup> A compensating feature to these conditions did exist in the case of the Canadian National, for it could profit by the experience of the Baltimore and Ohio.

However, in the case of inadequate union representation, the Canadian National was faced with an entirely new problem. The question of union organization had until recently been one of a controversial nature between men and management. The employer had always been in a strategic position to aid or hinder, if not actually prohibit, the

1. \_\_\_\_\_, "Result of Co-operation of Workers and Management on the Railroads", Monthly Labor Review, July, 1927, vol. 25, p. 30.

2. Wertheim Lectures on Industrial Relations, op. cit., p. 8.

3. For this reason no discussion of these will be given here. See pp. 111-2.

workers from organizing.<sup>1</sup> That is, through his power to hire and fire, he could discourage unionization, but, if favorable to the unions he could do a great deal in aiding them.

Before co-operation could become an accepted practice on the Canadian National, it was necessary for sufficient organization to take place that the employees would be properly represented. However, this was not a difficult thing to do and did not retard the plans to any great extent.

The object of co-operation on the Canadian National was to develop better relationship between the railway and the employees; to improve output and thereby reduce unit costs; to provide for the utilization of the brains and ingenuity of the men in the shop; to insure continuity of employment; and, to promote a more accurate conception on the part of management and men of the other's point of view.<sup>2</sup>

The plan adopted and the machinery set up for its administration was the same as that for the Baltimore and Ohio. In fact, it was closely patterned after their plan. Furthermore, its results and achievements are closely allied to those of the Baltimore and Ohio.

#### Co-operation in the Textile Industry.

a. Chicago Clothing trade. While the Chicago clothing trade has had collective bargaining since 1910, co-operative management was not adopted until after 1920. In 1910, a

1. By refusing to hire union men or to allow any worker to remain in the employment of the anti-union employer, workers could not continue to be employed unless they were willing to give up their present job. The importance or dependence of workers upon their jobs has previously been discussed. When this fact is duly considered, the strategic position of management in prohibiting workers from organizing can be seen.

2. Henry Thornton, "The New Partner - the New Labor Era", American Federationist, Oct., 1929, vol. 36, p. 1308.

strike covering almost all the workers and employers of the market resulted in the formation of a new clothing workers' union - The Amalgamated Clothing Workers' of America. This union has become the official agent of the workers in all negotiations with management.

The co-operative plan under operation at the present time has been developed from early collective agreements. The first agreement<sup>1</sup> covered only the settlement of grievances by arbitration. In later years it has grown to include all relationships between the workers and management. In principle the co-operative plan includes the joint determination of time-and-motion studies, joint determination of the piece rates, and all phases of the workers' relationships with machinery. Furthermore, the customs in work are likewise duly considered and protected.

The machinery of administration consists of a Joint Board, elected by the thirteen local unions of Chicago, and an impartial chairman appointed by both workers and employers. All grievances and interpretations of the existing agreement are passed upon by the general chairman. In contrast to the co-operative plans found in the railroad industry, final decisions of all employer-employee relationships lies in the hands of this one individual.

The difference between these two industries in respect to authority can be explained in the dissimilarity of the organization of the industries. The clothing industry

1. Joint Board of Amalgamated Clothing Workers of Chicago, The Clothing Workers of Chicago, pp. 1-120.

is composed of a large number of employers some employing a few workers and others a large number. In the railroad industry a very few employers employ all the workers in the industry. For this reason authority has been placed in the hands of an impartial chairman in the clothing trade while the railroads continue to place authority in the hands of management.

Another reason is also present for the differences found in the administration of these two industries. The railroad workers have been organized for a much longer time than the clothing workers and are, therefore, in a better position to protect themselves. That is, a greater unity exists between them as they are definitely of their power.

The clothing workers seek to protect hours, wages, security of job, individual freedom, their organization, health, and working conditions. By taking part in the determination of the piece rate, wages are protected as well as the health of the workers. By jointly determining time-and-motion studies the workers are able to protect security of their job, health, and working conditions. Grievances as to the working conditions can be settled through complaints registered with the impartial chairman. Furthermore, the organization is protected by an agreement that union workers will be given a preference over non-union workers although the employers are not prohibited from using non-union workmen when union men are not available.

The unions protect the workers from the displacement of men by labor-saving machinery. This is done by the

provision in their agreement that no change in the technique or improvement in the process can take place to the disadvantage of the workers.<sup>1</sup> If change in technique or process is desired and takes place, the displaced workers are either transferred to another department with approximately the same pay or are placed in another company in the same type of work. Thus, normal expansion of business remains about the only outlet for a change in technique or process.

The unions are thoroughly informed on the technique of shop management. This was illustrated with the failure of the David Adler and Sons Clothing Company of Milwaukee. The union in order to provide employment for its striking members entered into the manufacture of men's clothing. They made a contract with Hart, Schaffner, and Marx Company of Chicago. Although this measure was adopted only as a temporary expedient, it became so profitable and worked so well that the experiment has been continued. Thus, the union is well versed in the technique and problems of management. This has been an aid in negotiating with management.

Definite co-operation between unions and management was begun in 1925. At this time it became necessary for Hart, Schaffner, and Marx Company to change the styles of their garments. Formerly they manufactured medium and high priced suits which demanded high grade workmanship. Just previously to 1925 the demand changed in favor of a lower

1. Wm. Haber, "Workers' Rights and the Introduction of Machinery in the Men's Clothing Industry", Journal of Political Economy, Aug., 1925, Vol. 33, p.398.



priced suit. If they were to remain in business it was necessary for them to change their styles and put out a cheaper garment. But as they operated under an agreement with the workers, it was not possible to make the required changes without the sanction of the union.<sup>1</sup>

With the aid of careful research by both management and the unions, it was agreed to try the production of a cheaper garment under an entirely new plan. This new plan was known as the "X Plan" and was carried out in a separate shop. In the new venture the company recognized the union as a co-operative agent in production by allowing it many controls which had heretofore been retained by management. The unions were now given all the authority over discipline, establishment and maintenance of standard of work, and were allowed to help design the new garment. Furthermore, the unions were allowed to plan the layout of the new shop and, although the labor costs were jointly determined, the unions were given the right to determine the distribution of this to the workers.<sup>2</sup>

In return for these new responsibilities the unions gave up many prevailing customs<sup>3</sup> in order that efficiency might be increased and piece rates lowered, although the hope was that due to the increased efficiency, weekly earnings would remain the same. The reason for this attitude is found in the words of Mr. T. Holland:

1. The cheaper suits would necessitate a lowering of labor costs. This in turn meant a lowering of the wage scale which could not take place without the sanction of the unions.

2. T.Holland, "The X Plan in the Clothing Industry", New Republic, Aug. 7, 1929, Vol. 59, p. 307.

3. The impartial chairman has always upheld the unions' use of these customs as being the powers of the union and thereby a right which justified protection. (See T.Holland, op.cit., p. 307)

"Under the X plan, the union won, at a single stroke, much of the control that had been its aim in building up this network of customs, and since they were no longer necessary as a war measure against management, they were eliminated in the new shop".<sup>1</sup>

One way in which the efficiency of the new shop was improved was that the layout of the work was taken over by the clerical force. This allowed the discharge of 150 cutters. Each of these received a dismissal sum of \$500.<sup>2</sup> which was to tide them over until new employment was found. This was acceptable to all concerned and brought very satisfactory results.<sup>3</sup>

Although the Rochester and New York clothing markets are organized on a basis similar to that of the Chicago market, they have not adopted Union-Management Co-operation in its true form. The basis of union and management relations in these two markets is collective bargaining. Many advantages have been gained both for the employers and the workers, but the large benefits which rise from co-operation have not been reached. The scope of the Rochester plan is as inclusive as that of the Chicago plan. However, while more men are affected in the New York market, than either in Chicago or Rochester, the market is not as completely organized.

b. Full-Fashioned Hosiery trade. Although a formal co-operative plan does not exist in the Full-Fashioned Hosiery trade, the relations between the unions and the plants have

1. T. Holland, loc. cit.

2. Ibid., p.308

3. This sum was created by management contributing two-thirds and the union one-third. (See T.Holland, loc.cit.)

encouraged co-operation. The basis of this union is of a militant nature. Gustave Geiges, the president of the American Federation of Full-Fashioned Hosiery Workers' Union, stated that, "management will become more efficient whenever labor is militant, educated, progressive and shows a willingness to co-operate with management in operating labor-saving services".<sup>1</sup> Such a policy has been adopted by this union and an extensive educational program for the promotion of more efficient work by its members has been carried on.

The union has attempted to teach its members the proper use of materials and a sense of responsibility toward industry. This educational program has included the new union attitude toward machinery as well as efficiency. Gustave Geiges also stated that, "in our industry we feel that the willingness of our organization to try out new machinery and methods at all times, has, in the long run, added to our earning power and has probably done even more to add to the employers' earning power."<sup>2</sup> This new attitude is also reflected in the policy toward hours. The union leaders feel that the workers can work at a high speed with the minimum number of mistakes for only so many hours.<sup>3</sup> Any additional time required of them is done at the expense of efficiency; that is, more mistakes will occur which leads to a greater percentage of inferior work.

Furthermore, the union has carried on an intensive

1. G.Geiges, "The Full-Fashioned Hosiery Industry", American Federationist, June, 1927, Vol.34, p.671.

2. Ibid.

3. Ibid., p.672.

study of the market to see the possibilities of glutting it and to gain more reliable information as to the true condition of the industry. They realize only too well the influences of such conditions. The union is also trying to educate the employees to the evils resulting from overproduction. Overproduction is trying to be overcome by the use of the workers as an aid in securing new business from firms using the open-shop policy. Similarly, the union is trying to educate the workers to adapt themselves to changes in styles. That is, such changes influence the workers as different methods of work are required when styles are changed.<sup>1</sup>

c. Pequot Mills Plan. In the Naumkeag Cotton Mills of Salem, Massachusetts, a co-operative plan has been adopted by management and the union. The object of this agreement was to remove "as far as possible, all causes for misunderstanding and friction and (to promote) to the greatest possible degree the mutual helpfulness of the two organizations".<sup>2</sup> This consisted of the recognition of the union, a minimum wage for women workers, provisions for collective bargaining, collection of union dues in the mills, and a shop committee and foremen conferences to adjust grievances.<sup>3</sup>

The expression of the union point of view, of its aims, and the success the plan has had is well put in the words of J.P.O'Connell, the Union Business Manager in Salem.

1. J.P.O'Connell, "The Naumkeag Experiment - the Union Point of View", Bulletin of the Taylor Society, Apr.1930, Vol. 15, p.67

2. Ibid.,pp.673-4.

3. Ibid., p.67.

Co-operation, he says,

"means participation in the subject of wages, hours of labor, shop conditions, shop discipline, engagement, transfer, and discharge of employees, application of shop rules and working conditions, supply of work, introduction of new machinery, improvement in the industrial processes, organization of industrial research with industrial experiments and scientific management. Union-Management Co-operation, with its participation plan, differs from company unionism, or sham Industrial Democracy plans inasmuch as it acknowledges that the workers are allowed and should have a share in the control of all those conditions and processes which affect them directly or appreciably and about which they possess some helpful knowledge.

No one group in industry has a monopoly of all the brains, if industry can see eye to eye with the plans of the trade union participation movement as I have outlined, there can be harnessed for release a tremendous latent power!" 1

From this statement can be seen the similarity between it and the object, aim, and results of other co-operative plans which we have discussed. The administrative machinery in this plan is very much like that adopted by the Baltimore and Ohio. We are beginning to see that the machinery of administration of the industry depends a great deal upon the particular organization of the industry or firm concerned although the purpose and results of all co-operative plans are in most cases identical. This should be kept in mind from now on.

Due to competition from unfair employers, the Pequot Mills were placed at a competitive disadvantage with the more selfish textile employers. When the unions failed to

1. J.P.O'Connell, "Address on Union-Management Co-operation in the Pequot Mills", The Textile Worker, pp. 21-2.

organize the latter's workers, an appeal was made to the American Federation of Labor to induce its members to buy the products of the Pequot Mills in preference to other goods.<sup>1</sup> This method has become a very common practice for unions that appreciate the dangers arising from the pursuance of a policy of strike or boycott.

Competition became so great in this industry that it was necessary to reduce the wages of the employees. The merits of co-operation became evident at this time and warrant mention. An appeal was made to the workers and they voluntarily sanctioned a reduction of their wages.<sup>2</sup> This fact is quite remarkable and speaks well of the co-operative movement; especially when one realizes the sacrifices the workers made.

#### The Philadelphia Rapid Transit Plan.

The Philadelphia Rapid Transit Company began collective bargaining with its employees in 1911. As the Mitten management spread to other cities, the same form of industrial dealings was carried with it. In 1929 the Mitten management signed an agreement with the unions whereby union sanction was given to this particular form of co-operation. It was further agreed that all unionists who came under the Mitten management in the future would accept collective

1. Ibid., p.16.

2. In this case, 2,000 workers voted two ten per cent reductions in wages within six months. (Ibid., p.161). Another case of this is cited in the case of the Convention of the Full-Fashioned Hosiery Workers which urged their members to accept reductions even in the face of threatened stability of the organization. This is further evidenced in the official organ of the Textile workers when it states that "this action of a large division of our membership bears out our statement made many times, to the effect that workers, through organization, can do more to accede to facts, when they are placed before them fairly and squarely, and to reductions in their wage scales, when the conditions of the industry warrant such action".

( "Scientific Management in Conjunction With the Trade Union Move-

bargaining in this form. This agreement was known as the Mitten-Mahon agreement.

The Mitten form of collective dealings with its employees consisted of many paternalistic policies which are of such a nature that their soundness and possibility of long run success is doubted. D. D. Kennedy is of the opinion that the success of the Philadelphia Rapid Transit plan was too dependent upon the personality of Mr. T. E. Mitten; that the plan was too paternalistic; that little arbitrary control was present; that the workers had little control over things other than those pertaining directly to them; and, that the attitude of the men was contrary to the success of the plan as three distinct groups were present in the organization. One group favored the plan, a second opposed it, and a third was not at all interested in collective bargaining.<sup>1</sup> Such a situation was not conducive to the co-operative spirit and idea of the previously cited plans.

In the case of the Philadelphia Rapid Transit Company we find a plan formulated on other than a trade union basis. While those plans which are founded on co-operation between management and a union have been a success, this one has many defects. It would seem that such a situation tends to lead toward the decision that co-operation on any other basis than between managements and unions is not as desirable as it should be.

1. D.D.Kennedy, "The Philadelphia Rapid Transit Plan", Industrial Management, Dec., 1924, Vol.68, pp.371-2

### Coal Industry .

Union-Management Co-operation in the coal industry was tried in the Rocky Mountain Coal Company of Colorado.<sup>1</sup> A co-operative plan was set up to allow for a more favorable competitive position with local companies. It was found through co-operation that the productive efficiency of the workers was increased and industrial peace assured.<sup>2</sup> Co-operation has not been applied to this industry to any great extent, but a very fertile field for such plans is evident.

### Printing Industry.

No plans have been instigated in the printing industry between union and management; co-operation has taken a different form. The International Printing Pressmen and Assistants' Union has established a department which reads the daily editions of a great number of newspapers and offers suggestions to their managements. If so desired by any management the union will send a technician to examine the plant and point out where its efficiency can be improved.<sup>3</sup> The cost of such a service is borne entirely by the union which feels that it is repaid by thus making possible the payment of higher wages to the pressmen and their assistants. The success of this service is evidenced by the many letters of appreciation received from foremen and publishers.<sup>4</sup>

1. This company is organized under a Wyoming charter but does business in Colorado. See Moody's Financial Reports.

2. \_\_\_\_\_, "Union-Management Co-operation in Coal", American Federationist, Sept., 1929, Vol.36, p.1046.

3. U.S.Department of Labor, "Beneficial Activities of American Trade Unions", Bureau of Labor Statistics, Bulletin #465, p.161 (1928)

4. For other miscellaneous plans see U.S.Department of Labor, op.cit. pp.162-76.



### Co-operation in European Countries.

Co-operation in England during recent years has been stimulated by the success which was seen in the United States. The severe distress of English industry has also been favorable to this movement as management is willing to do almost anything which will relieve it.<sup>1</sup> This movement has taken the form of 'works councils' which are similar to our shop committees. In 1927 there were 47 such councils covering 3,000,000 workers.<sup>2</sup> Their periods of meeting were irregular; the subjects which they considered were fact finding, welfare, seeking better legislation, standardization of wages, hours, institution of vacation schemes, and the improvement of factory conditions.<sup>3</sup>

Co-operation has been carried farther in the railroad industry in England. A committee, known as the Whitely Committee, was appointed to look into the industrial relations of the English railways and make recommendations for the promotion of bettering the situation. This committee "urged that a national council be established for the whole of an industry, a district council for each of its territorial divisions, and<sup>4</sup> works committee for each of its individual plants".<sup>4</sup> Furthermore, management and men were to have equal representation on all matters of common industrial interest and all such matters were to come up

1. \_\_\_\_\_, "Union-Management Co-operation in England", New Republic, Jan.4, 1928, Vol.53, p.181.

2. B.M.Selkman, "Recent Trends in Industrial Relations In Great Britain", Bulletin of the Taylor Society, Oct., 1928, Vol.13, p.180.

3. \_\_\_\_\_, "Union-Management Co-operation in England", loc.cit.

4. L.A.Wood, op.cit., p.2.

before this committee. The plan was to be operative only where trade unions existed.<sup>1</sup>

The London, Midland, and Scottish Railway Company, the largest in England, adopted a form of co-operation proposed by its General Manager, Sir Josiah Stamp. Its conferences were devoted to the efficient handling of transportation services and economies in maintenance of buildings, roadways, and repair of cars and locomotives. Little, if any, time was devoted to the discussion of grievances. So it can be seen that the English co-operative schemes differ to quite an extent from American and Canadian plans. However, rewards for suggestions of merit were given.

So far the success of co-operation in England has been somewhat limited as labor will not co-operate unless given a share in management and English manufacturers are unwilling to concede this. In spite of a great mutual distrust between management and labor the co-operative movement is beginning to receive some recognition. The movement is also retarded to a great extent by unions which are fully organized and therefore very powerful. Then, too, the democratic spirit and idea is not ingrained into the minds of the British workers as it is in the minds of the American and Canadian workers. It has, however, great possibilities if placed on a sounder foundation, for British labor is fully organized and therefore Union-Management Co-operation can have a more widespread influence.<sup>2</sup>

1. Ibid., p.294,5.

2. Ibid., p. 181.

'Works councils' in Germany have become compulsory, providing the workers demand it, for all establishments employing twenty men or more.<sup>1</sup> This has been a part of the great social legislative program which has been developing in Germany for years. The rationalization of industry, which has been instigated since the World War, has been instrumental in placing both management and workers in a frame of mind conducive to co-operation.

In general, the workers in European countries have turned to politics in order to find an adequate outlet for self-expression. This has promoted a feeling of suspicion and mistrust between employers and employees. As long as this situation exists a favorable attitude toward co-operation will slowly develop.

In concluding it can be said that the co-operative movement is predominantly American. Although not present in American industry to any great extent, it is rapidly gaining ground. Furthermore, such experiments as have been tried indicate co-operation as a successful method of promoting industrial peace and increasing the efficiency of industry as a whole. Again, one should not ignore the fact that the relative newness of this movement will not warrant dogmatic statements as to its probable success and desirability; it does indicate that a better approach to the problem of industrial relations and the efficiency movement is being presented to industry and trade unionism.

1. M.L.Cooke, "Some Observations on Workers Organizations", Bulletin of the Taylor Society, Feb., 1929, Vol.14, p.9.

## CHAPTER VII

### AN EVALUATION

The preceeding chapters have shown the development of the efficiency movement in the United States, and have indicated why it has been largely confined to this country. The objections of organized labor to the methods, devices, instruments, and programs of the efficiency movement have been discussed and analyzed. From this analysis the reasons for the workers disapproval of efficiency schemes have been noted. Chapter five indicated the new point of view of the unionists as well as the forms which this new attitude has taken. Finally, the co-operative management programs and other forms of Union-Management Co-operation were discussed at some length. These chapters have also raised the question as to the kind of a program which is necessary to win the goodwill of labor. Chapter seven seeks specifically to answer that question.

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The interest of society in the efficiency movement is to search for a higher standard of living. It is also interested in obtaining industrial peace. This interest is not fanciful. It is vital. Therefore, anything which interferes with the progress of the efficiency movement tends to raise the prices which consumers pay for goods

and lowers the social standard of living. It is for this reason that the attitude of labor toward the efficiency movement is of vital social importance. Furthermore, society has the right to demand that industry subserve its intent. After all, the only reason why industry exists is to satisfy the demands of the public. Therefore, this chapter attempts to throw light upon the question of how the wishes, or desires of society, may be satisfied. That is, to determine what can be done to achieve a workable arrangement between employers and employees.

Three things are essential in obtaining the goodwill of labor. First, it must be ascertained what labor wants, second, what labor can do to secure these wants, and third, what industry can give toward the satisfaction of the desires of the workers. Above all else, labor wants security - security of employment, restriction of admission to trades and old age pensions, and protection of skill. Next, comes freedom or an industrial democracy similar to political democracy, safety of bargaining position, and maintenance of status. The workers also desire a voice in the determination of industry; especially in relation to working conditions, rate of pay, division of the profits accruing from their increased efforts, and machinery for conciliation, arbitration, and settlement of grievances. Finally, unionists want individual as well as union recognition, complete organization of all workers, and the expulsion of all paternalism.

To obtain these labor must be willing to undergo a

radical change of thought and must surrender many of its traditional attitudes. It must modernize its own organizational structure and gain an elasticity of policy which will facilitate a better adaption to changes in methods of work. Finally, workers must obtain all the facts connected with industry and armed with such facts, seek full participation in management as well as being willing to accept the responsibilities which may accompany it.

Industry must recognize the right of labor to participate in management and provide for the joint determination of the task, pay, and distribution of such gains as may arise from mutual management. Industry must also give the workers the privilege of organizing and must develop co-operation between itself and the workers. In addition to these, industry must undergo a change of thought the same as labor. Management must realize the presence of mutual interests in industry and must change its motive for production from one of profit to production for use. And finally, industry must adopt social planning and control in order to stabilize employment and standardize wages, hours of work, and working conditions. It must also accede to social legislation which will provide for unemployment, old age pensions, and sickness. If properly administered none of these will injure industry other than to prohibit exploitation and the possibility of enormous and unwarranted profits at the expense of the workers and the public.

#### Likelihood of Success of the New Attitude of Labor.

The likelihood of the success of labor's new attitude

is great. As has been mentioned several times, the suspicious and distrustful attitude which management and labor entertained toward one another has been the greatest obstacle in the growth of the efficiency movement. If co-operation can bring an understanding between these two factors of production sufficient to allow co-operative experimentation to be tried, and if the experiment is conducted in a whole hearted manner, labor's new attitude will prevail.

The success of the new attitude can be encouraged in several ways. First, management can aid in the success by allowing the workers to have a voice in the determination of the labor policy and by placing greater responsibility for production upon the workers. Second, the acceptance of suggestions of the workers can be of great aid to management in increasing efficiency. Third, and above all else, industry can accord fair treatment to the workers and quit pursuing a policy of making large profits regardless of the costs to the workers or to the public.

Furthermore, the public can do a great deal to encourage the success of this new attitude. In the first place, consumers, through public opinion, can patronize those products which are made under conditions favorable to the health and welfare of the workers. By this is meant that consumers could buy much less of the goods produced from the parasitic industry, that is, those industries which do not pay their workers subsistence wages. It would be rather far fetched to expect that these industries can ever be entirely abolished. The only hope, or reasonable expectation is to reduce them

to a minimum.

Finally, the success of this new attitude can be encouraged by the adoption of legislation which will seek to penalize those concerns that persist in contrary policies. It is only a minor number of the employers who place their selfish desires before the social welfare of the country. For these few, some form of compulsion or penalty, or both, must be devised. As long as this minority persists in policies contrary to the social welfare of the country, the majority of employers must follow similar policies if they wish to remain in business. For example, suppose an employer wished to stabilize employment for his employees or to assume the risk and financial burden of those men he could not profitably employ during slack work, and sought to do this by continuing part of their pay for the unemployed period. This employer would seek to so regulate his production that the market would never become glutted. If he were the only one in this particular industry, he might succeed. If he tried to follow such a policy under present circumstances other employers would continue to glut the market and some of his employees would be continually unemployed. Therefore, he could not afford to continue to carry even a part of the burden of unemployment of his employees. As long as the selfish group of employers continue to over-produce, social welfare can not become the primary aim of industry.

It can be seen from the last chapter that certain conditions may be brought about which do encourage the



success of labor's new attitude. We saw that in the railroad industry, co-operative management was a great aid in encouraging the adoption of the new attitude by all workers and employers. The conditions found in the Glennwood shops of the Baltimore and Ohio railroad were not dissimilar to those which might be found in many firms of any industry. We also saw that as quickly as the workers were guaranteed fair treatment in return for decreasing their restrictive practices, much of the discontent both from the workers and the management ceased. This same thing was noticed in the clothing industry in Chicago. Therefore, we can conclude that if this same sort of guarantee were promoted in other industries the likelihood is that the discord would also decrease there.

We also saw from the co-operative management experiments discussed in the previous chapter that when the responsibility for production was placed in the hands of the unions, the efficiency of the plant increased. This was conducive to the social welfare of the country. Thus, any of these things which are favorable to the increasing of productivity and which do not react unfavorably to the workers may be considered as a means of encouraging the development of labor's new attitude.

#### Obstacles to the Success of Labor's New Attitude.

Certain obstacles in the path of the success of labor's new attitude exist in the labor organizations. The unwillingness of many unions to forego the practice of traditional policies and attitudes reacts disadvantageously to the

success of this new attitude. The failure of many unions to change their membership rules so as to organize the workers of a new skill or trade is an example of the obstacles arising from the labor organizations. Unionism based on trade or craft lines is held by many students to be in opposition to increased efficiency of industry. This is apparent when it is remembered that jurisdictional disputes, although they are held to be essential to the continuance of craft organizations, are decidedly out of line with the most efficient methods of production. Union organizations must correct these erroneous policies or else efficiency can not be increased.

We also saw that some unions continue to rely upon policies<sup>1</sup> which are not conducive to efficiency although they are not directly aimed at retarding efficiency. These, as long as they remain in practice will hinder the growth or success of labor's new point of view.

Obstacles also exist in industry which hinder the growth of efficiency. The majority of employers, even in the face of successful co-operative experiments, are not inclined to favor methods which will promote labor's new attitude. Many employers are afraid to make the slightest concession to labor for fear that advantage will be taken by labor. This attitude is perhaps the greatest obstacle in industry. Another obstacle of large proportions is the motive upon which industry operates. Profit is exalted to such a point that the basic rights of workers and of society in general are often violated from such a worship. This acts decidedly as

1. See Chapter IV.

an obstacle, for the eagerness for profits often forces both the welfare of the workers and of society in general into the background. It is not the recommendation of intimation of this discussion that enterprises should be conducted at a loss. The only idea in mind is that a little more attention should be paid to the effects of a given business upon the workers, other employers, and society and less to the amount of money which can be made.

Another obstacle in industry which adversely affects efficiency is the disregard of social planning and control of industry. Until a concentrated attack is made upon business enterprise, with the view of lessening the production of more goods than can be consumed at prices covering costs, general social welfare can not be promoted to the fullest advantage. In other words, a new measuring stick which includes due consideration of the influence upon consumers, workers, and competitors as well as upon profit must be used by industry if the welfare of society is to become a reality.

In general the attitude of the public at large is an obstacle to the success of labor's new attitude. Public opinion is the mold of all law, thought, and action. It continues to defeat the purpose of the new attitude as long as it bears a semblance of approval of any obstacle to the realization of the recent changed outlook of labor. That is, by encouraging the patronage of those firms or industries which continue to operate on any other basis than fair treatment to the workers, the removal of such

obstacles is hindered.

### How These Obstacles May Be Lessened.

These obstacles may be lessened to a great extent by the remolding of public opinion. If social approval were given only those industries which sought to produce with a motive less steeped in profits and if social approval were placed upon those labor organizations which sought to increase efficiency and demand nothing which was not just, much could be gained in the elimination or lessening of the obstacles of the new attitude of labor.

This is of great importance as a corrective program. There must be some outside support for labor and the best aid of this kind is public opinion. Not only must there be a change in public opinion, but the changed opinion must be put into active practice. Consumers must not only frown upon those who do not abide by the best forms of industrial organization, but they must cease to patronize such firms or to protect those who act in an unsatisfactory manner. For example, consumers should do much to change their attitudes by withdrawing patronage from those industries which produce under parasitic conditions or from those who aid the workers in maintaining an improper attitude.

### The National Recovery Act and the Success of Labor's New Attitude.

We can see from what has been said in previous chapters that standard unionism has a decided advantage over company unionism as far as labor is concerned. Labor in other countries has been placed on a much more advantageous footing

in obtaining the fulfillment of its wishes than has American labor. The rights to unrestricted organization and strike are some of the advantages which through the Clayton Act and the Anti-Injunction law the government has tried to give to our workers in the past few years. The former was a failure as far as accomplishing this purpose. The latter has yet to be tried for its constitutionality.

The National Industrial Recovery Act incidently provides for many of the features for which the Anti-Injunction Law attempted. The specific ways in which this law is of a distinct aid to unions in accomplishing their new ideas is found in section seven in this law. It provides for the workers the right to organize as they see fit and to choose their own spokesmen to bargain for them.

The importance of this lies in the fact that for the first time labor is accorded legal right to organize and choose its own representatives. While there may be some question concerning the legality of this law, there is sufficient constitutional defense under the police powers of the government. Although the duration of the new Act is definitely limited unless extended, it seems to be the belief of its advocates that the unions can organize sufficiently to be vastly superior in bargaining position by the time the law expires.

To carry on the significance of this a little further, the unions if more fully organized, will be in a better position to demand and force management to concede to many of its wishes. Perhaps they will not be able to force

co-operation upon management, but they undoubtedly will be able to demand and receive better wages, hours, and working conditions. The significance and importance of this new law is fully realized by labor leaders and everything is being done within their power to use it to the best advantage.

Collective bargaining has been spoken of in the past few pages as being as desirable as co-operative management. It is the hope, when speaking in this vein, that collective bargaining systems will here develop into co-operative management plans as it did in the Chicago clothing market.

The National Industrial Recovery Act further aids in the development and expansion of labor's new attitude by forcing employers to standardize wages and hours. This will do much to eliminate competition which is unfair to the workers as well as aiding in the solution of the unemployment problem facing the United States. Specifically this will be accomplished by setting a minimum wage which workers can receive and shortening the hours to such a point that more workers will be required than formerly. In addition, it will relieve society of some of the parasitic industries which will be unable to meet the minimum wage requirement.

In general, whether this Act becomes permanent or not, much will be done for organized workers if they will take the opportunity and make the most of it. The success depends largely upon public opinion which can be created to enforce employers to comply with their codes. As has been mentioned before, it will be necessary to force the small

minority of employers to abide by the industrial codes. If this can be successfully carried out, the National Recovery Act will have done much in increasing the likelihood of the success of labor's new point of view.

In concluding, it can be said that labor objected to the early phases of the efficiency movement. Definite policies were set up and practiced which did act in a restrictive fashion to efficiency whether they were adopted with that view in mind or not. This attitude of organized labor has changed. The new point of view is opposite to the old one. All of the changes which brought about this new attitude have not been solely on the part of labor. Management, general industrial conditions, and public opinion have had their part in bringing about this change.

Many of the experiments now going on under this new point of view have been discussed at some length and definite promising results have been noted. It can be said that this change in attitude both on the part of organized labor and management must be followed up and taken advantage of if industrial goodwill is to be achieved. Furthermore, the rights of both parties must be recognized and observed. Finally, no one fact, factor, agent, or plan can be held accountable for the change in labor's attitude toward the efficiency movement nor can any one plan, system, method, or device be selected as a panacea for the ills of industrial relations. All must be considered as contributing to the change in the trend of industrial relations between organized labor and the efficiency movement in the United States.

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