

the men and their unions should be given decided weight in wage adjustment along with the other factors usually considered. At all events an agreement that the principle of productivity will hereafter play a proper part in wage negotiations will partially validate the incentive of sharing fairly the gains of cooperation.

On the Baltimore and Ohio Railroad this principle has been recognized and actually incorporated in the form of a preamble to the agreement between the railroad and the system federation of its shopmen. This preamble reads as follows:

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 operating and maintenance expenses result chiefly from willing cooperation between the railroad management and the voluntary organizations of its employees. When the groups responsible for better service and greater efficiency share fairly in the benefits which follow their joint efforts, improvements in the conduct of the railroad are greatly encouraged. The parties to this agreement recognize the foregoing principles and agree to be governed by them in their relations.

But such an agreement as to principle is hardly sufficient in the long run to satisfy fully the fair sharing of the gains of cooperation. Much cannot be expected from it simply because of the complications precipitated by other railroads and industrial managements which prefer to take full advantage of the so-called "law of supply and demand" in dealing with the wage problem. Consequently it becomes necessary to make provision for a more direct financial reward to the employees. Such a reward would be based squarely on the gains which have resulted from cooperation as determined by some mutually acceptable method for measuring these gains. The reward would be distributed on a collective basis, every worker participating in proportion to the total time he has worked and his regular wage rate. It would be paid out at the end of each pay period so that the employee would clearly see the relation between his cooperative effort and the contents of his pay envelope. Furthermore, the capacity of the railroad to provide this financial reward would be safeguarded or stabilized by a reserve fund accumulated out of the gains of cooperation just the same as dividends and interest to the stock and bond holders are stabilized. This form of gain sharing would really be a dividend on cooperation.

A system of gain sharing which conforms in part

to this principle is actually in vogue in the transportation service of the Southern Railroad. Because of the nature of this service and the way transportation accounts are and can be kept, it is a relatively easy matter to devise a simple and fairly accurate method for measuring the results of cooperation in this department. Unfortunately, the same yard stick is not feasible in the maintenance of equipment and maintenance of way departments.

To devise methods for measuring the gains of cooperation not only in the transportation but also in the maintenance and auxiliary departments of a railroad is perhaps the most important immediate problem before railroad managements and the unions where the cooperative program is in effect, or where its establishment is contemplated. Two special joint committees composed of representatives of management and the shopmen's unions are at work on two of these railroads in an endeavor to find a solution for this problem.

#### Conclusion

In concluding this exposition of union-management cooperation in the railroad industry, special attention is invited to the fact that such cooperation is not a plan although it has often been referred to as such. It is a development, a growth, a step forward in the relation between labor and management. Before this step can be taken certain basic conditions and attitudes must have been established. When they prevail it becomes possible not only to arouse the interest of both railroad labor and management in the primary purposes of the steam transportation industry—good, safe, efficient and economical railroad service—but also to put into practice far reaching reforms and method for bettering this service and increasing operating efficiency, improving the conditions of employment and raising the standard of living of the industry's employees, as well as stabilizing the legitimate return to which railroad investors are entitled. President Daniel Willard of the Baltimore and Ohio has expressed his conviction of this point in the following words:

I believe that it has now been fully demonstrated that the cooperative plan which the Baltimore and Ohio Railroad has put into effect, in cooperation with its shop employees, and with the support of their respective unions, is no longer an experiment. It has more than justified itself from many different angles. It is now a part of the definitely adopted policy of the Baltimore and Ohio Company, and I have a feeling that we have not yet begun

to realize the potential possibilities of the plan. As time goes on and as we develop and cement still further the understanding and relationship which has already grown up between the management and the men, I feel certain that the friendly and sympathetic efforts of both parties will discover and suggest new methods and new practices that will not only make for economy, and thereby enable the railroad to pay good wages and at the same time maintain satisfactory working conditions, but will also contribute towards giving to the public lower rates for transportation service which they desire, but for which in my opinion they sometimes press with undue and unwise urgency.

Many additional illustrations both of a minor and a major nature might have been submitted to show how union-management cooperation is of far reaching aid in introducing, stimulating and perfecting many devices, systems and methods for increasing shop output, reducing delay, saving materials, training employees, selling service and improving morale. A description, for example, might have been presented of the rapid improvements made in reorganizing not only car but also locomotive repairs on the basis of the so-called "spot system." The decided progress effected in scheduling and routing heavy repair work through shops might also have been explained in detail. Actual examples of the thousands of new devices, jigs, fixtures, shop kinks and other improvements suggested and perfected by the men might have been cited and described, and progress in the measurement of production might have been outlined.

On the Baltimore and Ohio alone, since the beginning of the cooperative movement in the spring of 1923, over 14,000 propositions of one kind or another have been handled by the representatives of the shopmen and the local plant managements at 2180 local union-management cooperative meetings held over the entire system. Of these 14,000 propositions, over 11,300, or more than 81 per cent were approved by these conferences and put into practice. Only 1208 or 8.5 per cent were dropped as not feasible, while 1436 are still under discussion or are being held in abeyance, pending the appropriation of funds necessary to carry them out. The propositions so disposed of are of all kinds, classes and descriptions in their bearing on shop and railroad performance, propositions which, in short, management usually tries to deal with single-handed when it does not enjoy the cooperation of the employees as mobilized through their unions.

\*Four such devices designed and built by workmen are shown in the pictorial section following page 22.

The striking feature of union-management cooperation is not so much the particular nature of the improvements effected or system of production control, for example, conceived and introduced, nor is it even the large number of improvements, reforms, new devices, and suggestions advanced by either men or management for the purpose of more satisfactorily discharging the railroad's responsibility to the public, its employees and investors. The most important test of union-management cooperation is the enthusiasm and interest manifested by the entire railroad organization irrespective of employee or officer in the intensive improvement of the railroad's operating and service performance and the determination to effect such improvements.

Thus it does not matter if management primarily takes the initiative, prepares plans, and introduces improvements with the cooperation of the employees, or if the employees through their unions conceive, perfect and present plans for betterments in the industry. There is sufficient opportunity for both to work at the task. And, by this same token, whatever the gains which result from the introduction of improved methods, whether initiated by the employees or management, genuine cooperation demands that they be fairly shared by all parties at interest.

Union-management cooperation in the railroad industry may, therefore, in the last analysis, be defined as an enlargement of the responsibilities of railroad worker and officer in respect to one another, justified in each other's and the public's mind by the benefits each will enjoy from such whole-hearted organized cooperation.

#### Appendix

##### Typical Set of Minutes

*Showing Types of Propositions Discussed at Local Bi-Weekly Union-Management Cooperative Meetings*

On the next page is reprinted a typical set of minutes of a local joint cooperative conference in Moncton, N. B.

Special attention is invited to such items as 10-M-3, "Increased Consumption of Mill Type Lamps" and 11-M-4, "Men Tampering With Heating Coil Valves—". The comments under these items illustrate just how the machinery of the unions, such as lodge meetings and committeemen, is invoked when dealing with matters brought up by management.