reorganization that may be necessary; in Germany the employers took the initiative and the unions accepted the program for greater and cheaper production. What German labor is anxious to do now is to make sure that the gains accruing from rationalization will be spread over the entire community. For it is important to remember that in Germany, as in England, the advocacy of scientific management on the part of the unions does not proceed from any purely intellectual or spiritual conversion. It is dominantly a bread and butter proposition for them. After the war, Germany, a defeated nation, faced the problem of somehow restoring her shattered industry and giving her workers employment and subsistence. She (as England, also, from somewhat different causes) has been searching eagerly for ways toward industrial stability, for means of holding her own in world markets. The search has shown that persistent industrial warfare may be an impediment to a nation. The prolonged coal stoppage in 1926 in Britain, for instance, gave Germany a chance (which she utilized) to capture British markets. In addition, of course, stories of American prosperity have had an important influence—stories of how scientific management, mass production and the so-called high wage policy of employers have made us, as they think, a fabulously rich people.

But when the parties to industry in Germany approached the problem of gearing this new concern with industrial efficiency into the whole pattern of industrial relations, they were, of course, conditioned by a historic background and mode of thought quite different from Britain's. In Britain, as we have just seen, it is a question of turning long established joint machinery through voluntary action to new purposes; of articulating into a definite program scattered experiments with cooperation that have been developing over years. In Germany the experiment wears an entirely different aspect. There we have an attempt—and for the first time in history—to formulate through a national constitution (the Weimar Constitution of 1919) and through law, a centralized, systematic, completely new scheme for an economic democracy. The issues before the parties to industry have been thus not how to turn old machinery to new purposes, but how to fit new purposes written into the law of the land to the industrial realities of the day.

Organizations of employers and of workers, and collective agreements are recognized. Both sides are granted equal rights before the law. The collective contract takes precedence over the individual contract. And especially interesting from the viewpoint of our present discussion, organizations of employers and employed are enjoined in the constitution to that two-fold aim which is now also being sought through voluntary development in the United States and Great Britain: joint determination of wages and working conditions, and co-operation in the development of the productive forces.

Industrial relations are now conducted within this framework; a series of laws gives them their concrete form. Thus trade agreements are negotiated either for an industry as a whole or for large, self-sufficient industrial units by the employer, or organizations of employers, and the organizations of workers involved. They may be made applicable to the industry as a whole. But they lay down only broad general standards. The details of methods of payment, arrangement of working time, conditions of work, are formulated in the Works Rules (Arbeits Ordung). But even this function is not left to the employer and the individual employe. It is the management and the works council which, as we shall see, are jointly charged with the responsibility, among other things, of framing the Works Rules upon the basis of the trade agreement.

Disputes arising in this process of negotiation and interpreting the agreed terms are also settled according to provisions written into the law of the land. Grievances arising in the application of the trade contract and the works regulations, if not settled by the management and the men, must be carried before the special labor courts. The system contains a three-fold hierarchy of appeals courts, ranging from the local labor courts to the state labor courts and the national labor court. Joint representation of workers and employers exists in all, with impartial chairmen drawn from the legal profession.

As for the conciliation and arbitration of industrial disputes, Germany has instituted a most interesting experiment with a modified form of compulsory arbitration. It stands in sharp contrast to the insistence of Great Britain upon no intervention from the state except when desired by the

parties concerned—and even then only in a voluntary form. According to the German system of conciliation, a proposition from the conciliators may be made binding upon the industry under stated conditions. The theory underlying it is somewhat as follows: Sometimes a show of force is essential; therefore not all stoppages but only unnecessary and socially wasteful ones must be avoided. Full discussion and agreement must be encouraged to the fullest extent possible. But the law requires first of all the recognition of collective agreements. Consequently it interestingly defines conciliation and arbitration (Schlictung) as an "aid to the negotiation of collective agreements." This aid is given through three agencies—joint conciliation committees, of which about a hundred are in existence; the Conciliators, of whom about twenty have been appointed, and at times especially appointed Conciliators. When negotiation fails a "Schiedspruch" or proposition—not a decision—is made by the Conciliators. It may be rejected or accepted by the parties. If accepted it becomes the collective agreement for the industry. If rejected by either or both sides it may be declared binding. Awards of Conciliation Committees may be declared binding by the Conciliators; those of the Conciliators by the Minister of Labor.

The formulation of this pattern of industrial relations after the war forced upon leaders of industry a sudden and wholesale change in labor policy as compared with pre-war practices. For the prevailing relation between labor and employers before the war in Germany was one of open and persistent hostility. None of the basic industries recognized or dealt with the unions; the large employers' associations fought their every attempt at entry. Trade agreements were negotiated between organizations on both sides only in the smaller, non-essential industries. During the war trade unions were given more recognition and status in Germany as in all industrial countries. With the ending of the war, German employers were called upon by law not only to deal with the unions whom they had generally fought, to negotiate agreements with them, to sit in joint economic councils with them, but also to admit them to some participation in management and production. It was a drastic transformation.

Ten years is a short period, so short that no final judgment can yet be even suggested on how this whole experiment is working. One can only report that on the whole it seems to be working comparatively well. Criticisms are urged at this point and that, changes are sought here and there, but it is generally held that the fundamentals of the new scheme have come to stay. Several factors have helped in smoothing the way of transition. For one thing such a centralized, systematic, organized scheme of industrial relations fits in with the general approach the Germans bring to all such activities. It squares with their philosophy of action, their "Weltanschauung," as they term it, so different from that current in individualistic, decentralized Britain. For another, the Germans of all classes are so anxious to help Germany make good, to recover her former world position under the great odds left by the war, that they are all willing to go to great lengths to prevent industrial strife.

With regard to the relations between this new pattern of collective dealings and the attempts to promote industial efficiency, three developments in particular may be noted. The first concerns the manner in which the works councils movement has thus far worked out in practice. The creation of a works council is compulsory in all plants employing twenty or more workers, if the employes demand it. When originally suggested in Germany, they were the storm centers of the post-war revolution, the spearhead of the Sparticist demand for a "Soviet" Germany to wrest power both from the capitalists and the unions. The Works Councils Law was a compromise devised to redirect this radical demand of the workers. It made the functions of the councils clearly subordinate to those of the unions. It gave them an independent existence; but in reality the trade unions have obtained control of them by "running" their candidates in the council elections.

The law accorded works councils two main and highly significant functions. First, they are charged with protecting the interests of the workers in the shop. Second, they are called upon to co-operate in the development of efficient production. But it is almost entirely the first aim which has thus far received practical application. Those councils which I personally investigated appeared to be discharging their functions under this head very well indeed. In some of the larger plants like Krupp's, the United Steel Works, the General Electric and Siemens', the president of the Works Council is