

advantage of each, and thirdly, as business men looking after their own interests, that you take some kind of interest in the public work, so the state would not be going into the market when wages were high and business good, but in the dead when conditions of unemployment bad.

When I had done those things in regard to the labor situation then I would turn to the side of production, and I should consider there everything that deals with individual capacity and in its relation to securing the greatest possible output socially possible at any time. Absolutely getting out of limitation of output, it seems the first thing is to develop the selling department as nearly as possible to a state of perfection, and study the flow of orders that will come into that plant through proper salesmanship. It has been my experience that frequently the selling side of the business is left to be organized until long after the factory side has been organized. At the end when you have your selling organization completed in this new factory, then I would do all my planning work, and all the system for maintenance of schedule, and all kinds of work analysis. I think before the Motion and Time people get on the job, these things should be considered, task matters should be considered.

Then I would shift the lower costs to the heading called "The rights of the Consumer in the Business"; and there I would lay out the maximum conditions of the business. I would not wait for the law to reach me—I would have no watered stock, restricted dividends, no concealed management salaries—and I would see that the sanitary conditions are good; and then I would say, that it is due to me and to the consumer for me to get my unit cost lower and lower and lower.

If there were some labor union men in this meeting I should take pleasure in saying that where I had arranged to deal with the unions—and this of course would be easier in a perfectly new undertaking, rather than in an old one, though it is practical in both—I could still get by every single thing that a majority of you people in this room would declare to be legitimate scientific management, that I could let by every single element, because the whole business of relationship between employer and employee would have been shifted from the violent method of adjustment to a constitutional basis, and the whole list of crimes now committed by labor unions and by employers also would have departed.

Discussion

HENRY P. KENDALL: Mr. Valentine has made some evolutionary suggestions. He has touched on one significant factor of organization—lifting the employment department to an equal status with that which has to do with the production, with machinery, with sales, and other parts of the organization. I think that too little attention is given to the employment feature in any industrial concern. The old form of putting that work up to the foreman, to hire and discharge, to regulate wages, administer discipline is fast becoming archaic.

I am not ready to accept Mr. Valentine's theory of putting such a man on the same status as the other partnership members in the business. I do not know where such men can be secured at the present time. It is a stiff proposition to get by a Board of Directors, too, I am afraid. I feel sure, however, that that sort of thing is coming.

The matter of the regularization of employment is a question of the utmost importance to the American people. It is a part of this question of non-employment now surging

throughout the country, in the different cities and different states. I feel that for any management to impress the people they must organize by industries, and force a change in the customs of the country that affect seasonal employment. One of the greatest drawbacks in the business in which I am engaged—that is the printing and the binding of school books—is that it is a seasonal employment. As schools open in September and public school boards never adopt the books until their last meeting in June; it brings the business of furnishing these books into a few months and prevents the manufacturers from knowing in the winter time what they can manufacture. There is no reason why pressure should not be brought on the public authorities to compel school boards to adopt in January the books for their next season's business. And yet that custom is one of the causes in the book business for seasonal employment. Each manufacturer and employer must work to meet these conditions.

In the second part of his paper, the "Possible Relations of Scientific Management and Labor Unions" I feel that Mr. Valentine is a rank theorist. The whole hypothesis of democracy in industry is all right as a working hypothesis. There are some of us, however, who are engaged in one single cross section of industry. We have to think of the pay roll for next week, how labor opposition will affect our sales next month, and how this law will absorb our surplus through factory changes and workmen's compensation. That is, we are fighting the whole situation all over the country; but we also have an eye on the cross section which affects us; and we are powerless as an individual plant to affect the whole problem.

I do not know that I should begin that new industry which Mr. Valentine speaks of in exactly the way he would. I should have too much fear that in some communities with the closed shop prevailing, and the labor union leader who could hardly be distinguished from the ward boss politician—and there are such—whether such an industry could even get started, to say nothing of holding its own later on. Those are problems which a man viewing the cross section too closely might well hesitate to take his chances on.

There are always other factors which control labor unions than merely the local group. Your local group in the city may be entirely in sympathy with your enterprise and willing to co-operate in every way. The national union and the affiliated unions may have the opposite view. The question is whether you can view a particular industry, or your particular job for the next five years as the basis for the whole theory of industrial democracy, or the cross section of it which will touch you in the next five years; will you not have to view it as a cross section, but with the understanding and sympathy and belief which you should have for the whole problem.

MR. C. B. THOMPSON: With Mr. Valentine's main point, the necessity of recognizing and co-operating with organized labor, I must of course agree. I have been preaching this policy continuously for two years and I proposed a definite method of co-operation between employers and organized labor at the Chicago meeting of the Western Economic Society early in 1913.

It seems to me, however, that Mr. Valentine's suggestion has omitted one vital factor. Assuming that sooner or later we will have to work with labor unions, what are we going to do about their policies of restriction of output and equalized wages? Both these policies are of course denied by some labor union leaders but their existence and constant practice are matters of every-day observation. If we must

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sooner or later accept collective bargaining as a policy of Scientific Management, our bargain must include some specific and definite provision for the application of these principles of Scientific Management which are not in harmony with restriction of output and equalized pay for unequal effort. There must be provision for the establishment and enforcement of a proper day's work and for the characteristic application of the bonus.

ROBERT T. KENT: Several years ago I proposed that unions should grade their own workmen according to their ability; that a \$4 a day man should get a card showing that he was a \$4 man; a \$3 a day man should get a card showing him to be a \$3 man. The employer could agree with the union that if he wanted a \$4 a day man the union would supply him with such a man. Today, if we get a union man in the shop, we cannot be sure that the union has supplied us with the kind of man we want. The union insists that we pay the union rate, whether or not the man is nothing more than a \$2 a day man. The fact that he carries a union card entitles him, solely by virtue of that card, to demand the union wage. If the employer could be sure in getting a union man he would not be paying \$4 for a \$2 man, there would be less opposition to union shops.

I believe that the Brass Workers Union of England has adopted this scheme of grading its men according to their ability; that a man unsatisfied with his wages could apply for examination before a joint board selected by the employer, the unions and the town authorities. The man had to demonstrate that he was a better man in his trade than the rating assigned to him called for. If he failed in the examination he had to abide by the rating he had, and he was debarré for six months by the union from applying for an examination to regrade him. If the unions would take a step like the Brass Union in England is reported to have taken, we would have less difficulty over the question of closed and open shops.

C. N. LAUER: Mr. Valentine stated that in starting a new industry he would discuss his problem with the trade unions in the locality. What would he accomplish by that except a closed shop?

MR. VALENTINE: You would have a closed shop with the union working with you instead of opposing you. The only difference between a preferential and a union or closed shop is the method of getting the men. The preferential shop arrives at the closed shop with the door always open to get people from outside if the union cannot supply men who are up to the standard, and the union must accept your standard. Those who claim that there is an ultimate difference between the closed and preferential shop are wrong. For the union to state that it will make a closed shop is violent, whereas a preferential shop is headed for the closed shop by the educational method, which leaves everyone in better shape.

W. J. ADAM: What does Mr. Valentine mean by co-operating with employees to restrict output for a definite period? What is accomplished by that?

MR. VALENTINE: Assume that a concern was refusing to deal with unions, or with forms of association, I would consider it absolutely necessary as a practical method for the union, in order to retain its membership and get ready for the ultimate results which will come from group action, to insist on group action and equal wages. Otherwise their organization drops. As in war, they must present a steady, unbroken fighting line. As soon as the necessity of fighting for their life as an organization is removed, you will find the union assisting you in differentiating labor. But until

this little element of democracy is infused into the movement, the unions will deal with you as a group. The moment the union is recognized, the level wage is the worst thing that they can have.

SANFORD E. THOMPSON: Not long ago in Chicago a prominent labor leader said that he believed in the principles of scientific management so far as they applied to the elimination of unnecessary operations and of unnecessary work for the employees. More recently I was talking with the president of one of the strongest labor organizations in the country, and he agreed that if a two dollar man could replace a three dollar man at a machine, so that the three dollar man could be employed elsewhere at a higher class of work for which he was fitted, it would be advantageous. Such indications show a tendency toward the acceptance of some of the fundamental economic principles referred to by Mr. Valentine.

One of the primary difficulties with many labor union men is the belief way down deep in their hearts that there is not work enough to go around unless they work slowly. This of course is another way of expressing belief in the limitation of output. This point was brought forcibly to my attention the other day by a member of the Department of Public Works of a province of Australia. He told me that the leaders of the unions there were talking the definite stand that there was not work enough for their men unless they worked slowly. With this in mind the bricklayers have limited their output to 450 bricks per day on all classes of work, although even with the larger sized brick that are used in the United States they could readily lay twice the number in many cases. As a result of this stand, the cost of building operations had increased, he said, so much as to greatly retard construction.

The matter of seasonal employment brought up by Mr. Valentine I consider one of the most vital problems from the standpoint of the working man and, in fact, for a classes of wage earners—a problem much more serious than that of the minimum weekly wage. A very interesting little book has been written by the Misses Clark and Wyatt on "Making Both Ends Meet." They bring out in a most interesting manner and very fairly the difficulties met by wage earners through irregularity of employment. The prevention of seasonal idleness must involve in many cases a readjustment of wages and also a readjustment of prices, for margin of profit is essential in any industry if it is to live and in many cases the margin is so small that a radical change would simply cause a shutdown which would throw the factories entirely out of business.

Recently a Committee of the Boston Chamber of Commerce, co-operating with the American Association for Labor Legislation and the American Association on Unemployment has been making an investigation of seasonal employment and while no final report has as yet been presented, tentative suggestions have been formulated. These illustrate the effect of irregularity of work upon both the manufacturers and the employees. As the suggestions so far as I know have appeared simply in the publication of the Boston Chamber of Commerce, "Current Affairs," and they may be of interest in this connection, I give them, as follows:

1. On the basis of records, a careful calculation of expected output should be made in factories at the beginning of each year and this output divided as equally as possible among the different months—advertising, buying and selling being directed to the end.
2. A close connection should be maintained in factories between the manufacturing and selling departments, and the head of the sales department should thoroughly understand the manufacturing end of the business and organize his selling force