

one goal of democracy, and when we get there I am enough of an optimist to believe that still another picture will unfold, another quest, and we will start after that, perhaps under another name, a higher name even than democracy; but we have not gotten there yet. No man who makes his home in Pennsylvania and in Philadelphia can be awfully cheery about democracy's ability to choose its leaders—having by accident chosen some wise ones in Philadelphia.

I now believe that this difference of opinion that Mr. Kendall has referred to is clearer in my mind than it has been in the last seven months, and it lies in two things. One is that Mr. Kendall sees in industry the model. We have not had democracy in industry; we have had some measure of democracy in our political institutions, and if I sense the times, those who occupy the tactical positions have decided that at least such democracy will be introduced into our industries as we have enjoyed up to date in our political institutions.

Now I am awfully glad that we have had described here this afternoon the organization of the Western Electric Company, because I believe that the Western Electric Company and its associate companies some years ago took the lead in adopting what you might call profitable long-time policies, and as a result of it there are no concerns in any way affiliated with the utility interests of the United States, that have as firm a position with the people. So that when I compare the organization of the Western Electric Company with the organization that we have to build up for this war, it must not be taken in any sense as a criticism of the Western Electric Company, because I look upon it as an ideal business organization. But to compare any organization where one man has the power that the president of any big industrial company has, and especially in those particular lines of work, with an agency such as the Government of the United States, having in the hollow of its hands, if there is such a thing, the welfare and hopes of 100,000,000 people—simply cannot be done; it is out of the question; and principles and policies that are a hundred per cent right for the Western Electric Company might easily be only a fraction of one per cent right for the United States Government.

Now, I say, let us take from their organization and graft into our own those things that democracy desires to have; but do not let us set up any industry as the model upon which this democracy of ours is going to organize itself.

I do not want to appear to be uncharitable to business men, but I should say that business as represented by the Chambers of Commerce of different cities and the industries themselves have come up to this war about as poorly prepared for this work as

any other agencies in the community. I feel that by comparison the Army and Navy are paragons, and that certainly the labor unions, with all the handicaps they carry, have a more vital contact with the situation than have our industries.

We saw the spectacle here a week or two ago of the automobile industry being threatened, as they thought, by being told that pleasure cars were to be taboo, and almost over-night they brought together representatives of the pleasure car companies, and the three men that were brought together went ahead and saved sixty per cent of the country from possible wreck. So I say let us put our house in order. Let us build a democratic organization of these industries, let us build something that will at least compare favorably with the German structure; let us get our industry in such shape that it can be considered almost a part of the Government and the Government can come to us, and do business with us feeling that we are almost a coordinate branch of the Government. If anybody in this room knows of any industry in the United States organized on such a basis, I would like to know it, because I happen to know people who are interested in organizing industries and looking for models at the present time.

So it seems to me that we ought to be fair in this matter, and while we want to keep everything in industry that is fine and efficient, we do not want to assume that all the virtue lies in that quarter.

My second point is this: Mr. Kendall talks about one Department being one hundred per cent efficient, and perhaps another fifty per cent efficient, and he says that the fifty per cent Department ought to be compelled to learn. I remember Mr. Kendall taking that position in regard to individual workers, and I am sure I have felt that Bill ought to get busy and get his output out, but I never learned of any royal road to making Bill get busy. And he takes the position that Congress ought to change its view-point, and I imagine that there is a maximum of power being brought to bear to achieve that end. But they are the doctors. Another expression he used was that we must cut the red tape. So in the first place, I do not look upon industry as a model, and, secondly, I do not believe there is any royal road to accomplish what we are after. That has got to come by a million small steps, small undertakings.

Now, to bring these remarks to a close, I should like to run over very briefly one part of the work I have been interested in here in Washington, something I have simply observed.

We hear people say the Government is without a labor policy. Certainly we are. It is impossible to have a labor policy starting where we started—indus-

tries, scientific management men, labor unions, politicians, everybody to blame for it. We started at almost zero on a labor policy in Washington; and it would be strange if we had one to-day. The first thing I noticed when I came here was the personnel bureau. We had a personnel division in the Ordnance Department, and now we have four, ten of them, perhaps. We have half a dozen in the Signal Corps. There is the inter-collegiate bureau where they have 15,000 college men that want to serve. Then there is the Labor Bureau. That was all preliminary, ladies and gentlemen, to a labor policy, because we had to get somebody who knew something, we had to have somebody who could tell us something, somebody who had direct contact with the work.

Now, then, another step, that to me was very interesting.

General Sharpe and General Crozier joined each other in issuing labor standards that ought to apply during the war, especially to those who are working on Government contracts. I suppose there are labor leaders and there are business men who could have written out labor standards, but what happened was that General Sharpe and General Crozier wrote letters to economists, labor people, labor unions, social workers, business men, politicians and government officials, and asked them what they thought about labor standards. When those letters came back they were boiled down into a standard, and after that had gone on for about three months it began to be taken seriously, and about three months ago it was issued. But if anybody had issued it in a week or month, or had asked the United States Government or Samuel Gompers to write it there would have been nothing doing. Everybody was given a chance to express himself, and so far as I heard when it went out it went out to stay, and there has not been a peep about it; everybody is apparently satisfied.

The Shipping Board was the first one to start it, as far as I know. The Ordnance Department has one under way; the Quartermaster's Department has one that is coming along. Now the Council of National Defense has started one; and the consolidation, the coöperation of those industrial service departments will ultimately give us a governmental industrial service department that will really amount to something. But there is a dearth of people to man them.

We have had to go out and get people who were specially adapted to this kind of work. We have just discovered that one of the weaknesses is that there is no supply, and now we have to start in and develop this talent.

Now, you come to the labor unions. I suppose we could all get together and thrash things out about the

labor policy, and all agree and then go out and find that Gompers and some of his associates have declared a different view.

I happen to know that the labor unions have been meeting in the last few days, and have realized that they, too, came up to this situation badly prepared. I am informed that prominent labor leaders have said they made a mistake; so the labor unions are busy trying to put their house in order.

In conclusion there is one word: while some of you may be placed in the position where you could influence those who have great powers to take the kind of steps that Mr. Kendall has in mind, most of us—and I thank God I am one—will find our best work, and the work of most of the country at the present time, is helping everywhere we can help, to build up organizations we have here. In building these up and manning them and introducing to them mechanisms we happen to know about, will come gradually but surely, a real democracy. That, friends, is the surest way of meeting this autocracy that is called efficient—the German Imperial Government.

MAJOR SANFORD E. THOMPSON: Both of these men who have spoken I believe are right. We must get at the problem from both directions, if the best results are to be accomplished. I have been in Washington only a short time, but have seen a remarkable development of the work in the Ordnance Department from the inside, that is, from the bottom upwards.

We know how the Ordnance Department has grown from the very few officers at the beginning of the War to thousands of officers and civilians now employed, and we see, too, the results that are being accomplished.

The mechanism with which certain features of the work is carried on has been described, but the effectiveness of this policy has not been brought out clearly.

Take, for example, the Supply Division. A few days ago I visited one of the supply depots—somewhere in America—(laughter) and I went through storehouse after storehouse, from one enclosed with three-foot stone walls holding ammunition, to another holding leather belts, building after building, floor after floor, and in every building, on every floor, were piled systematically boxes and goods with regular bin tags, showing just what was contained in each pile. I talked with the foreman who handled the shipping. He said, "This storehouse control is a great thing." Such a remark from a foreman experienced also in the old-fashioned method of

¹Major, Ordnance Department.