

most; therefore, it is only natural that the greatest responsibility be placed on the employees for carrying out this problem to a successful conclusion.

With all due respect to the Army, this is a case where the workers have an incentive and the Army officers appear to have none. The latter act in the capacity of managers, many of them, of course, being interested from a humanitarian point of view to do what they can to furnish employment. But the fact still remains that regardless of whether or not we are successful in securing work along the lines of our endeavor, their jobs will go along just the same, and the employees, the same as in the case of over-production in private industry, will be called upon to bear the brunt.

As I said before, since the employees are the ones that are most vitally interested in this instance—and I think it would apply if the workers come to a full realization of their responsibility and assume it in private management—they themselves have taken hold of this proposition in a surprising and pleasing manner and have demonstrated that among themselves they have men of exceptional abilities. They have known from the start that to be on solid ground they would have to compete with private industry to secure work. Then, knowing that there were certain elements that entered into the determination of cost in the manufacturing arsenals that were not considered by them a legitimate charge against production, they realized that such charges against production had to be eliminated in order that the arsenals might be entirely successful in securing work.

Now, the question would naturally arise, How will this turning of matters of administration over to the employees function? Also whether or not the officers in charge of these arsenals wish to retain their present control? I use the word "control" advisedly; it is a word well liked in the Army. Because of the publicity we have recently received, it has been objected to, but this thing is not a thing that should frighten anyone. There is nothing of the Bolshevik or the Soviet about it. It is only a natural development. To prove this I shall put it in this way: A prudent manager of any industry, who wants men in charge of the different departments who will be successful, would naturally attempt to select men in whom he has confidence and who have ability and in whom the employees have confidence. To my way of thinking, the best way to find out whether the employees would in-

dorse a man or help select him is to let them give expression to their sentiments through their regular organizations. Now that is what has been done by us. The organization was already there; it was a very good organization. It had answered our purposes a good many times and it proved to be an advantage in developing this work at the arsenals. The men whom we selected as best fitted to represent us, in conjunction with the men selected by the administration to represent them, developed into being the better men of the groups and are now leading the whole proposition.

To illustrate their interest and their willingness to assume responsibilities, I want to point out to you a case I have in mind. Before they could develop their manufacturing processes and other details to make the institutions more efficient, it would be necessary for them to get a method of determining costs that would be equitable to all parties—the department, for which we were performing the service, and the employees in their endeavor to secure work. They took the different auxiliary departments that constituted the overhead charges and analyzed these costs. They found many items in these auxiliary departments that did not appear to be legitimate charges against production. Then I suppose you are wondering whether the employees ordered them to eliminate that charge. That is not the way we are attempting to function. We called these items to the attention of the responsible parties, pointing out where they were working an injustice to the employees in their endeavor to secure work. We found that they were responsive to that, that they recognized the injustice of the arrangement, and they eliminated the charges wherever it was possible according to statute law, allotments, and so on. I think one of the most healthy illustrations of the viewpoint of the employees in regard to this was given by a friend I had met at Rock Island Arsenal, who was serving on a committee there and who found an item in one of these auxiliary departments that appeared to him not to be legitimate. He called the Commanding Officer's attention to it and the Commanding Officer in turn called his attention to different appropriations and allotments, and said, "What will I do with it, to what will I make this charge?"—perhaps thinking he would embarrass my friend in asking him to what allotments it should be charged. Our man's comeback was very homely, but it expressed very well the employees' position in regard to these things. He said, "We don't give a damn what you charge it to; what we want you to do is to get it off our backs."

I want to tell you as best I can about this new spirit that has been created among the employees. They no longer feel that they are mere employees; they feel that they are a part of a large enterprise. It has raised them above the level of mere employees to a position of partners, if you please. In this afternoon's discussion you heard men talking about grievances. I heard one man in particular from the Holt Manufacturing Company tell about handling grievances. We don't have any grievances. This plan makes the employees just as much interested in efficient, economical production as the owner of a private concern could possibly be. These employees have developed production men among themselves and have been able to work along up to a certain point. They are now commencing to recognize that if they are to work this thing out to its maximum they must call in production experts and perhaps experts to deal with and advise with the management. We are hoping, of course, that it will be worked out in cooperation with the management.

In any event, this whole matter has been taken up and the Secretary of War has very definitely stated that when he felt we could go no further in the development of this work, recognizing our limitations, it would be a very fine idea if we could get such men as are represented here to make an investigation and report to us, who are the most vitally interested.

The thing to my mind that hinders this attempt to create this new relation more than anything else in the world, is that employers attempt to dictate to the men whom their representatives should be. Because the employer does not like the color of the employees' representative, he is liable to call him a radical and say that he cannot get along with him and that the employees must choose another representative. This condition will not be permitted to continue. We have to put up with whatever employers we come in contact with; they are not changed at the request of the employees; so we will insist that employers deal with the representatives whom we select. Our representative's object in this particular case is to build up a healthy spirit of cooperation between the management and the employees. We feel competent to judge just as well as the employer when he falls down on that purpose.

Now this question of control about which I spoke. I use the word "control" in the sense of participation; and we can only get the fullest cooperation when we participate. I know that the Chief of Ord-

nance, were he to tell you about this, would say that it is a paternalistic attitude he has assumed toward his employees. That is why I am here. I think our viewpoint in that respect demonstrates much better what the experiment means to industry.

I have no doubt you have all read different statements in the papers about how the plan is functioning. Whether or not those in authority shy at the word "control", and wonder whether they can permit us to participate in the problems of production, we go on this assumption; that I, as the representative of the employees, in order to safeguard their interests in the securing of work, should have access to all records, and, in fact, any information of interest. That makes it possible for us to pass judgment on problems of management as well as on problems of production. And the wonderful part about the whole program is that, since getting this idea started, the employees are taking to it more and more. The thing is just growing by itself. Very soon we hope—and I suppose in this audience it will be saying a good deal—to develop the matter of economical production up to a point where we will make the most ardent Taylor advocate envious. Well, I didn't mean all of that. But I do know this, from acquaintance with many of the members here, that scientific industrial management has been recognized to fall down at the point that it fails to take into consideration that it is dealing with humans; and because it is dealing with intelligent humans, it has to go into this question farther than mere production processes.

The employees realize that consumption has a great deal to do with their relationship to production and that they must have some guarantees given to them so that they can enter freely into this thing and work on an equal basis with the employer. Now, most Americans are good losers and all they ask is a square deal. If the employees come in with the employers on this proposition and increase production, but the opportunity to dispose of the product does not accompany that, they feel that the employer should suffer equally with them, that all the burden should not fall upon the employees.

This proposition about having the power of discharge—especially of old employees—is a thing that is coming up in the minds of the employees more and more. Their position would be that after they have given their life to an industrial institution, or to an industry, they are certainly entitled to some consideration.