

the situation in a practical way as applied to the real upbuilding of a plant organization. If so, you would have seen how unemployment retards the development and advancement of the individual. The interruptions are not only discouraging but the resultant ineffectiveness reminds me of the fable of the frog which, when it jumped up three yards, lost two yards.

In this connection, I wish to say that this problem is not one of the particular moment. It is ever present and its solution is fundamental to industry. I was very much interested the other day while attending a meeting of some charitable associations in my home city of Cleveland, in listening to the report of a section concerned with personal relief work and the causes of need for relief during the year of 1920, which was certainly a prosperous year, and learning that aside from sickness, unemployment was the outstanding factor.

To the employer in his relationship with his problems, the importance and advantage of stabilizing employment are imperative both in the plant and with business in general. This fact, nevertheless, is readily lost sight of. It has been surprising to me to see how quickly a man with responsibility and with good business experience will lose sight of some of the fundamental principles essential to the preservation and maintenance of his business at times of change and at times that are abnormal. I personally know a number of employers who have admitted the necessity of steady and continuous employment who have not stood up to their principles when the test came. So I feel it essential to lay a little more stress on some of the advantages to the business from the employer's point of view.

We have spent years in patient analysis, research work, planning work, and the installation of scientific methods, and the establishment of improved if not proper industrial relations in the plant, so as to get the best results from the efforts and time of the operatives, and the rest of the organization. And it is apparent to us that the only possibility of permanently keeping down costs is continuous production. It makes no difference how you run your cost system, so long as you run one, the shutting down of the plant and the reduction of hours will somewhere show a charge which will add materially to the cost of your product at any time that the plant falls below the normal output.

It is an easy thing to figure. A great deal of the overhead of the plant goes on, whether you work or not, and sometimes, somewhere, it is going to be charged back to the unit of production, and passed along for the public to absorb. It is true that under

unusual conditions there is a possibility of reduction of overhead in the line of executive salaries and some other items, but the percentage is so small that it has very little effect as compared with the enormous cost that is added to every unit produced under conditions of slackening employment.

Another factor that should be apparent to the employer and which does not seem to be given proper weight, is the effect of unemployment on labor turnover. Generally speaking the plant that reduces its time reduces its force where it most hurts. You know there is a kind of maxim in business that the really efficient employee is never out of work. No matter how slow business is, no matter how slack times are, there is always some employment and that employment is obtained by the people who are efficient and most valuable to your organization. If you are not furnishing them with sufficient employment of a kind that gives them a satisfactory earning opportunity, it is the ranks of the efficient and those most valuable to the organization which are first broken. It is very difficult to realize the marvelous skill attained, and the long time it takes to acquire it and to develop one's faculties to become an efficient, productive, profit-paying operator. It is also difficult to realize how much permanent damage is done by the loss of such an operative. There is sufficient loss of this nature under the best of conditions, but in times like these the loss is tremendously aggravated. Actual statistics are not available, because the conditions of unemployment vary so much, but in such little experience as we have had in the past and which is borne out by the experience of others, any substantial period of unemployment will reduce a force of skilled operatives from ten to twenty-five per cent. The loss is not only one that is felt in the rebuilding of the operations involved and the consequent loss in productive potentiality during the upbuilding process, but the loss in morale by the reduction of the tone of your organization is something that can scarcely be estimated. In other words, the tone of your organization is made up by the class of operatives that you have.

I realize, of course, in touching upon these things, that there are many difficulties to be overcome in most industries. But I think I can speak somewhat authoritatively, coming as I do from an industry where the tradition that irregularity of employment is inherent in the industry, as well as other such traditions which probably date back to the time of Adam when the men's clothing industry in the shape of a fig leaf had its first inception.

But after all there are two kinds of traditions—

good and bad. It is unfortunate that so much of the bad survives with the good. I think that which is right and which permits of growth and gives inspiration and backing—a feeling that you have history back of you—is one of the finest things in the world. I think one of the finest things we have in the Clothcraft Shops is the fact that we are this year to celebrate our seventy-fifth year of continuous business, and seventy-five years for a business is pretty old in these young United States. We have a lot that we have inherited, a lot that is inspiring, that is splendid, that moves us on; but we must also be careful to inherit the spirit and not the corpse.

The clothing industry, therefore, ought to be a pretty good example of an industry with difficulties in the matter of continuous employment. One of my early recollections of the clothing industry is the instance when I was told that it was a foolish question to ask why we worked eleven hours a day. I was told we ought to be glad we did not work fourteen hours a day, because we would likely not have any work for six weeks after the rush season. When I asked whether or not an effort had been made to obtain materials and run a plant without orders on the books, I was told that only a fool would try anything so absurd. In a burst of confidence my informant also said: "Look at the fine hand it gives you in case your wages get high. You can start to deal all over again with a brand new deck." That is a trick of the trade, and it is a trick that is being played at the present time. Incidentally, in their attempt for a new deal employers think they can stack the cards.

Fortunately, I found myself in a particular organization where progress was also a tradition, where the generation that had gone before, had seen the vision. They were attempting some of those "foolish things" to overcome the obstacles to continuous employment which are inherent in the business. We have a double problem in this business. It is seasonal not only because of the style factor and the short selling season for both the manufacturer and retailer, but also because we are dependent upon another industry which itself is traditionally seasonal. What is worse, the industry is chiefly located in tradition-bound New England and Eastern Pennsylvania.

We knew all about the chances of making up a product for stock before orders were on our books. We knew all the precarious situations due to changes in buying conditions that arise from time to time and tend to slacken demand. We knew of the many other obstacles to overcome, but we decided that anything that ought to be done can be done. I think that is one

of the fine things, the big things, that scientific management teaches—the responsibility of doing the thing you ought to do regardless of the obstacles. And we did not overcome any of the problems over night. I am not going to give you any heart balm; I have not any salve or doctrine that will help you reach heaven by a short route. It took a long time and hard work and a lot of things that had to be done. We saw the lack of standardization in our business, and we found that it was actuated, as so many businesses are, by the one thing that is the bane of all business—opportunism. You will find that it is the greatest motive power of the business man. It is one thing I hope that this world will live to see overcome, because it has done more damage than any other thing in perpetuating the wrong kind of tradition in work.

Not many seasons ago one of the most enterprising clothing manufacturers in the East was discussing with us various matters regarding these very problems, and the discussion led from one thing to another, but always came back to the difficulties of operating the business. At that time a certain style of garment had a large vogue. It was reported that no young man would buy a suit of clothes unless made up along these particular lines. Now, these particular lines involved quite some complication in manufacture. They meant special operations to be used for the season only, the making of goods according to the style, which, while we knew they were in demand, would not be in demand the minute the season was over. It drops off just the way it starts. The style I mention interfered with efficient production in every plant turning out men's clothing in the United States. It was in that season that we had brought those policies which we are building up to a definite consummation. That consummation involved the elimination of this kind of manufacture. We were being criticized for this by our good friend. I asked him a few questions. "In making this style is it not costing you more than it should?" "Yes." I said, "You know something about the practical side of manufacture; let us look into it. I know by analysis in our own shop that this means adding 20 to 25 per cent more in operation time. Now, that means changing the layout; and if you are limited in space, it means much less output and at least double the amount of supervision, at first." He answered, "But, what difference does that make? We get our price."

I said, "It makes just this difference. You are selling all the goods you can make, but you cannot make all you wish. Your only opportunity for profit is to increase the selling price per unit. You know that a