

Industrial Employment Code¹

Tentative Draft Presented for Discussion Only by the Industrial Code Committee
of the Taylor Society²

Introduction

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THIS code is really a child of the Great War. Late in 1917 it was suggested to General Crozier that as his department, the Ordnance Department, was buying goods in great quantities it would be well to provide the conditions under which these goods were to be manufactured. At his suggestion members of this Society and others co-operated in preparing a tentative draft for what was afterwards issued under the signature of the Chief of Ordnance as General Order No. 13. Later that same code was issued under a different number by the Quartermaster General of the Army. Billions of dollars' worth of goods were therefore manufactured under these two orders.

When Mr. Kendall became president of this Society, it was suggested that it might be possible to develop for peace times a document somewhat similar to that which had been useful during the War. This Committee was ultimately appointed. Mr. Kendall made the effort in his appointments to have all points of view represented, except possibly the extreme right and the extreme left.

It is rather remarkable that we had almost no trouble in arriving at the tentative adoption of our

original draft, which was twice as long as this present one. As a result of the discussion carried on at the Annual Meeting, and after a great many careful readings since by all kinds of people, the present draft which you have been evolved. It has, of course, been considerably amended over the original document.

It has been suggested that I mention very briefly some of the changes that have been made in the document as it was first printed:

In Sections II and III certain recognitions are made which were not in the original document. For instance, in Section II these words have been inserted after the word "objective," "in such a way as to recognize and respect the rights and privileges of all concerned," so that the first sentence of that section reads: "Human relations and conditions in industry may be regarded as satisfactory if they result in the effective co-operative functioning together of employer and employees for the attainment of an agreed objective in such a way as to recognize and respect the rights and privileges of all concerned and also to secure for the workers the liberation of their creative energies and a recognition of their right to responsibility."

I would just like to say that this was done at the suggestion of two people for whose judgment we have the greatest respect, Boyd Fisher, an early

University, California; Gorton James, Director of Marketing, The Thompson & Lichtner Co., Inc., Boston, Mass.; Florence Kelley, General Secretary, National Consumers League, New York; Morris E. Leeds, President, Leeds and Northrup Company, Philadelphia; L. C. Marshall, Professor in the Institute for the Study of Law, The Johns Hopkins University, Baltimore, formerly Dean, College of Commerce and Administration, University of Chicago; H. V. R. Scheel, Vice President, Botany Consolidated Mills, Inc., New York; F. A. Silcox, Industrial Relations Director, New York Employing Printers Association, Inc.; Francis Lee Stuart, Consulting Engineer, New York; Mary van Kleeck, Director, Department of Industrial Studies, Russell Sage Foundation, New York; Joseph H. Willits, Professor of Industry, Wharton School of Finance and Commerce, University of Pennsylvania, Philadelphia; Robert B. Wolf, President, Pulp Bleaching Corp., 200 Fifth Avenue, New York.

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and enthusiastic member of this Society, and Dr. Charles R. Mann.

The most important changes have been made in Section IV on wages and earnings. In fact, this section has been practically rewritten, in response to a great many different criticisms. Perhaps the most fundamental one came from Professor Hudson Bridge Hastings at Yale, who took exception to the statement that the rewards for increased productivity should go out to the workers in the form of wages rather than in reduced cost of living. However, there have been a good many other criticisms of the section, and I want to take this occasion to thank Miss van Kleeck for having done yeoman service in whipping it into final shape. Those of you who are familiar with the history of General Order No. 13, and of this present document, know how deservedly our thanks are due to Miss van Kleeck for an active interest during and since the War.

I have here, and will read, a letter recently received from Professor John R. Commons, of the University of Wisconsin. He was one of the men who worked on this paragraph, and we do not seem to have completely covered his objections. In the second to the last line in paragraph two of this section, he suggests adding the words "unemployment reserves for both temporary layoffs and for dismissal wage for permanent reduction of force," after "increased earnings," making the last sentence of that paragraph read: "In a period of increasing productive capacity the use of a surplus in industry as between enlargement of plant or equipment or enlarged return to investors, or on the other hand, distribution of purchasing power through lower prices or increased earnings, unemployment reserves for both temporary layoffs and for dismissal wage for permanent reduction of force, must be viewed as a problem in keeping the balance between production and consumption."

I should have added that in the first part of the second to the last line in paragraph two of Section IV, after the words "increasing productive capacity," Professor Commons suggests adding "or increasing price levels," so that that sentence with the two amendments suggested will read: "In a period of increasing productive capacity or increasing price levels the use of a surplus in industry as between enlargement of plant or equipment, or enlarged return to investors, or, on the other hand,

distribution of purchasing power through lower prices or increased earnings, unemployment reserves for both temporary layoffs and for dismissal wage for permanent reduction of force, must be viewed as a problem in keeping the balance between production and consumption."

He adds: "On the general theory running through your statements, I do not attach much weight to the idea of balancing production and consumption except as involved in providing unemployment reserves in prosperous times for distribution in depressed times, i.e., transfer of part of surplus to unemployment reserves. I attach more importance to the margin for profit as affected by general rise or fall in prices. Since individual employers cannot control this, the best they can do is liberal unemployment reserves. On this subject you may be interested in manuscript I am sending under separate cover on theories of share of profit versus margin for profit. Your underlying theory is based on share of profit, which I discuss, whereas the big thing is margin for profit. I reconcile the two, so far as wages are concerned, by unemployment reserves."

Anyone who wishes to advise the Committee on this point, or who is otherwise interested in it, can borrow Dr. Commons' manuscript which covers the theories of share of profit versus margin for profit.

The next change of any considerable moment has to do with our limitation of night work. We received a great many criticisms about the unqualified statement that night work should be avoided where possible and should never be required of women employees. We have, therefore, inserted the words "after 10 P.M." This seems to be the generally accepted technical definition of night work.

We also, in response to a number of suggestions, cut out the sentence, "Experience itself is the only arbiter as to what hours of labor should be."

In Section X under "Employees' Group Relationship," which of course is fighting ground, the Committee came to the conclusion that it had been a bit provocative in the language used. We have changed the words "collective bargaining" to "collective agreements." As you all know, collective bargaining is the technical language of the labor movement, and I may say of industrial strife. As this whole document is based on the theory that there is some way of adjusting differences in in-