

The make up of the Employers' Group also had something to do with the case, and in a direction which should interest definitely the Taylor Society, because, as a matter of fact, the Employers' Group much more thoroughly represented capital than it represented management. There was the training in the financial office; there was the training in the corporation lawyer's office; there was much too little of the training that comes from direct contact with the employees, direct contact with the production problem.

A most amusing episode was when one of the Employers' Group in answer to Labor's claim arose and said: "Labor says that they want to have the right to hire outsiders, attorneys, to represent them because we employers hire a lawyer if we want someone to represent us in labor difficulties. Gentlemen, we never hire a lawyer in our business. As soon as a corporation lawyer gets into the game it is all off." The leader of the Employers' Group was a corporation lawyer!

And their difficulty, as a matter of fact, was the legalistic attitude. The wording of resolutions was subjected to a scrutiny which harried my soul. I was afraid that I must go back over some familiar phrases in the decalogue and read them again. They might contain hidden meanings that I hadn't suspected. It is the natural lawyer state of mind. It was as if each resolution was a contract which had to be drawn up in such terms that it couldn't possibly be misrepresented, and, consequently, must be full of "whereas" and "theirs" and "assigns" and such things that ordinary employers don't understand.

That attitude in the Employers' Group was unfortunate, and it was also unfortunate that although they had gone a considerable distance in their debates during the summer and had made a preliminary statement, which was very hopeful and of a somewhat advanced stand, they had done all their advancing before they came into the conference; and, tactically, it is next door to impossible to get two sides together if one of the sides has absolutely nothing to yield. There was in the trading, as a matter of fact, the beginning of a somewhat yielding attitude shown by Labor, which stiffened day after day as it became manifest that the Employers' Group had compromised, before they came in, as far as they intended to.

Again, I want to revert to the make up of the Employers' Group because, as I say, that is a point of great importance to the Taylor Society. If we are to get ahead and handle the industrial relations problem better and better each year, it must be done on

the job. It must be done by a management resident in the business. It cannot be done by absentee directors; it cannot be done by the distant financial management which is all too common in American corporations.

Let me read one paragraph from a recent pamphlet sent out by Mr. Hood, of the Hood Rubber Company. Mr. Hood was a prominent member of the Industrial Conference, although he was not in the Employers' Group. He was closely in touch with them and therefore looks at this question certainly not from any Bolshevistic point of view.

He says: "I estimate that eighty per cent of the cases that came before the National War Board came from those concerns where the general management was not at the place of operation." That is absence management.

Turning for a moment to the Labor Group; in spite of the fact that their voting was apparently quite unanimous, the differences in opinion were real. There was really a wide and interesting range of opinion, a range which in itself is hopeful, more hopeful than the official actions would indicate.

The split came on the question of collective bargaining, not because of any difference in acknowledgement of the general principle, but on account of distinct differences in related principles, and because of differences so vital in the application of the general principle of collective bargaining that they really amounted to difference in principle.

The Employers' Group stood very firmly against the necessity for any employer to meet with a representative of his workmen if that representative was not in his own employ. The employers might meet with such a man if they chose, but reserved the right of refusal to deal with an outside labor representative. They were perfectly rigid on that point, and as I shall say later, to my own way of thinking, were mistaken.

Labor's special point was not so rigid, but was a point which they pressed with vigor, although they couldn't press it as a general principle. It was that the Federation principle, the trades union principle, was the one principle of organization for employees which should be encouraged. They were attempting to sell the Federation, anxious to sell it as the only right form of organization, and anxious that nothing should be said that encouraged shop unions. I put it that way because they could not and specifically did not stand against the works committees or shop unions as a principle. They simply said that they would be misused by employers and that there was no hope for

the labor movement in any such form of organization; that the hope lay in their own form, the trades union.

That is natural enough, and they gave by their attitude a chance to get ahead in the early stages of the conference. We had several fair breaks which we thought were going to bring both sides together. But, as I say, as the employers showed more and more that they were pretty rigid and had already formed their opinions and were not inclined to yield, labor likewise stiffened up.

It may be of importance or at least of interest to the Society to know what my own point of view was. My own chief interest there took the form of a few resolutions. One of the first was upon the essential necessity of efficiency in management as a basis for any bettering of industrial relations. I shall not dwell upon these, unless perhaps the resolution on collective bargaining, which I will take up more in detail because I have collectively bargained with Miss Tarbell to do so, and she may want some of the others and I shall not tread upon her territory.

That resolution upon efficiency I am sure this Society must agree to. I put in another resolution upon the importance of the development of workers' committees, plant committees, for the purpose of facilitating consultation with employees, of getting at their interest, of enabling them to express their instincts for workmanship, of giving them a chance to develop their self-respect, to develop slowly the limited partnership which must probably be the outcome of improvement in industrial relations.

I put in an entirely Dennisonian resolution upon the control of corporations, milder than I should have liked, simply recommending that directors who knew something about the business be elected as fast as possible. That, of course, I seriously believe to be one of the most fundamental and most important of our problems; because it is honestly difficult for me to see how we can get very far ahead, either in a growing partnership with employees in this working out of our industrial production problems, or the development of the scientific attitude, if the last word lies with a group of men who have never visited the factory. As is the character of the directors, so will in the long run be the character of the management; and I believe that corporations will learn this lesson through the painful process, perhaps, of trial and error, the process of "survival of the fittest." But it will be much more hopeful for the country if we can learn it from reason rather than from brute force.

Another resolution on unemployment and its resulting economic difficulties will obviously appeal to the Society because of the recent work started by its Research Committee. And, finally, the resolution upon collective bargaining. I shall take the remaining minutes to develop the exact reasons, so far as I have been able to analyze them, for collective bargaining, and I don't need to suggest to this Society that it is a very wholesome mental exercise to find out exactly why we do believe or do not believe in this or that industrial policy.

In going somewhat rapidly over this analysis of the situation, I want to guard you against basing any conclusions upon the present situation. The present situation of supply and demand, is, at least we hope, unusual, and we must somehow or other transport our minds into more normal times before we can enter upon any sort of economic analysis.

I say, then, that as we are constituted economically, the value of goods, the value of services of all sorts, is set by the effective aggregate opinion of people as to just what that value is with relation to the value of other things. When we can get a true aggregate opinion, that is, all the partial opinions, all the opinions of various groups, articulated, and where there is no artificial restriction, such as monopoly of any sort represents, then price, the result of supply and demand, and that value will reasonably well coincide. Where those two do not coincide, where the true value, as would be represented if we could get an effective aggregate opinion, is different from the price in whichever direction, then there are a set of stresses and strains set up which are bound to lead to difficulty. Examples of such artificial influences were the prices that had to be fixed during the war, which those of us who were anywhere near them in Washington could see raised trouble and threw all sorts of things out of joint; but, of course, they had to be set just the same. Where you have the artificial restriction that comes through very close labor unions; where they exercise monopoly functions, and, on the other hand, where you get the undue weight of the employer as an organized powerful whole against the individual laborer, there also you find the upsetting influences which make the price and the true value two different figures.

As I conceive it, one of the jobs of social engineering is to remove such imperfections in our social machine whenever it is at all possible; or at least to attempt to so remove them. In law, of course, we have recognized the evils of monopoly and attempted in