

FROM COMPETITION TO COOPERATION.

By Charles P. Steinmetz.

The discovery of America and of the routes to the Indies, the conquest of Constantinople by the Turks and the invention of printing were the events which aroused the people from their thousand years of intellectual sleep during the middle ages. But centuries still had to pass in the slow spread of revolutionary ideas, until the new era of human freedom was ushered in by the great French revolution at the end of the 18th century. The declaration of the rights of man changed man from a serf to a citizen and made him politically and legally free. The development of the steam engine advanced man from a machine doing the work of the world, to a machine tender, directing the forces of nature in the service of man, and so made him industrially independent. The development of universal education made man intellectually free.

Thus came the great era of modern civilization, not by a single event, but by the combination of numerous steps of progress in all directions of human activity. It was the age of individualism, giving the possibility of full individual development to all human beings, and so unchaining the ability, ambition

intelligence and knowledge of all. We may call it the age of industrialism, as by the conquest and harnessing of the forces of nature a great industrial development became possible. Or the age of science and engineering, as back of all progress stands the rise of science, and of its applications to the use of man; engineering. Or the age of capitalism, since in "capital" was found the tool to correlate and direct the industrial forces created by the initiative of individualism. Or the age of democracy, since equality before the law, individual development and general education naturally led to the demand for universal participation in government.

In free and unlimited competition with each other, in intellectual, political, industrial and financial fields, the masses of the new citizen of the world thus created a civilization like which nothing has ever existed on earth; competition was the driving force towards progress, which governed the relations of man to man, and for over half a century led the progress of the world, each individual having opportunities in the vast development of our industrial civilization, to develop and utilize all his abilities without coming in serious conflict and interference with the opportunities of his fellow man. But gradually then came a time when competition, instead of being the beneficial force spurring all men to do their best for the common welfare of society, became a harmful and destructive agent. Just as in a new country, during the early pioneer days each immigrant has unlimited opportunities

and can be free to do anything without interfering with or being interfered with by others; but when the country becomes settled the spheres of action of people more and more overlap and a restriction of the individual by laws becomes necessary, or anarchism results. So unrestricted competition was possible and beneficial in the beginning of the industrial era, when ample opportunities existed for all; but when industrial society had further developed, unlimited competition became destructive to all competitors alike. So we have seen in the latter part of the last century the competition between industrial corporations, between railroads, etc., lead to universal wreck and destruction, tending towards industrial anarchism. Our railroad systems are still suffering today from the after effects.

Thus competition had to be limited by some form of cooperation whereby the industrial freedom of the individual is limited by the industrial welfare of all society, and the age-long problem of the human race, the problem of cooperation, which seemed to have vanished during the early pioneer period of capitalism, again arose.

Man is by nature gregarious or collectivistic, or social, whichever you may call it. Some living beings are by nature individualistic, like the cat family, etc. that is, each individual lives separate from the other individuals of the species. Others are social, living in groups, or packs, as the wolves, or well organized states like the bees, etc. Man belongs to the latter class and since long before history began, men have lived

together in groups, in families, tribes, states and nations, and in doing so, inevitably the interests and desires of the individual came in conflict with the interests and the welfare of the group, and thus, far antedating human history, is the social problem, that is, the problem of correlating the self interest of the individual with the interest of the other individuals and of society as a whole, and this problem has occupied the greatest thinkers of all ages and as we see, after lying dormant during the pioneer days of capitalism, is with us again, unsolved but demanding solution.

So we find Socrates and Cicero - as representatives of the two great classic nations - propounding the "golden rule": "Do to others as you wish others to do to you".

This rule has not solved the problem, as it appeals only to the average man; it does not impress the strong man - strong physically in the savage days, strong intellectually or financially in modern days -. He feels and believes that he can safely do to others as he would not like others to do to him; can disregard the interests of others for his self interest and be strong enough to protect himself against others disregarding his interest. Thus every political, industrial or financial tyrant, has and is disregarding the golden rule, and often successfully.

Another solution Jesus of Nazareth has offered in brotherly love, and for nearly 2000 years Christianity has preached brotherly love, "Love your enemies, do well to those who abuse you", and

ever the strong men have flaunted brotherly love in their self interest, or hypocritically substituted phrases as "White man's burden to rule", and hymns of hate preached by the ministers of Christianity, and the cataclysm of the World War has been the result. And it could be no different. The great fundamental emotion of all life is the instinct of self preservation in its two forms: the preservation of the individual, and the preservation of the race. The christian doctrine of brotherly love appeals to the latter, but the former is the stronger one, and when the two come in conflict usually the latter suffers, that is, self love is stronger than brotherly love and therefore Christianity has failed to solve the social problem.

Another attempt was made by the great popes of the middle ages, Gregory VII and his successors: a theocracy: human society ruled autocratically by the pope in the name of God, assigning to all men their duties and rewards, and equalizing the lot of all by promising rewards in heaven to those who suffer on earth. This also has worked to a limited extent, like the previous doctrines, but in general religion failed to make such strong impressions on men as to make them forego their self interests on earth for the sake of heavenly rewards.

When after the French Revolution the people of the world awoke to their rights, and monarchies tottered, democracy appealed to many thinkers a solution of the social problem, in the belief that if all people equally participated in the government, every citizen would see that his interests are not infringed by those

of anybody else. So even Lassalle, the founder of the first political socialistic party, put as the first demand that for universal suffrage. Universal suffrage long has been established in all civilized nations, but it has not solved the problem, and could not solve it, as it leaves out of consideration the vast difference in intelligence, knowledge and ability of the individual citizens.

The first scientific approach to the problem is implied in the work of Marx, half a century ago. He started from the premise: "Can a form of society be devised, free from unsocial acts, that is, acts in which the interest of society is subordinated to the advantage of the individual or group of individuals?" In other words, "Can a form of human society be devised, with man as he is today, in which individual self interest does not conflict with the interest of others?"

This led to the study of those elements of society which are most responsible for unsocial acts.

Private ownership and control of the means of production and distribution (capital, land, tools and factories, transportation and distribution systems) was shown to be the foremost and most common cause of unsocial acts, and social ownership and control of the means of production and distribution was proposed as the step to eliminate most of the unsocial acts of present day society.

In those days, society was just emerging from monarchism towards democracy and democratic ownership and control of the means of production and distribution thus naturally appeared as the solution, and all the various socialistic parties of the last half century thus have - until recently - made democracy a fundamental demand of a national or governmental ownership of the means of production.

To efficiently and economically carry out the complex functions of the management of the means of production in our industrial age would require a strong, permanent and centralized government. Such governments have existed in Europe. But they were either government by a ruling class - as in the Germany of old - and then governmental ownership meant control in the interest and for the benefit of the ruling class, and not of all the people, or the government was a bureaucracy, as in the Russia of old - and then a class consciousness arose amongst the office holders, leading to the abuse of public trust for the advantage of the office holding class. We here in America probably have as democratic a government as can exist in the world of today, and we have had some experience with governmental ownership, sufficient, that to most of us, extension of governmental ownership is far from attractive. Our public officials often are chosen initially by a small and irresponsible minority, and for reasons very far remote from their ability of efficiently and unselfishly performing the functions of their office :

irresponsibility and lack of permanency in office tenure, the conception of political office not as a duty but as a business; the habit of rotation in office for the distribution of spoils; the abuse of public trust for individual private advantage; all this has made our present government incompetent to be trusted with such essential functions of society as the ownership of the means of production. When advocating governmental ownership, we always think of our government not as it is today, but of a government as we would like to see it, reasonable, permanent, intelligent and competent, and unselfish. Such a government we hope we once may have, and society will and is evolving towards it; but we are very far from it today, and those who advocate national ownership of the means of production by a democratic government, thus violate the foundation on which Marx started his reasoning: the problem of devising a form of society free or reasonably free from unsocial acts, without waiting until all or most men have become unselfish, intelligent and capable, in short, have become angels, but capable of existence with human beings as they are today. This is the reason why the Russian group of political reformers have altogether abandoned democracy, and substituted for it the conception of a "dictatorship of the proletariat", which means, autocratic government by a political minority party (the communist party), until such time, in the more or less distant future, when they will have educated all, or the majority of the people to govern themselves in a society free from unsocial acts.

This is the meaning of the Russian experiment, and is the reason why to many of the Americans, who have been brought up in the democratic conception, it is so singularly unattractive. Nevertheless it is well worth watching.

Our country has become an integral part of the world's industrial system only during the last quarter century. Up to then, we have been in a back eddy, little influenced by and little influencing the rest of the world, a new sparsely settled country, with vast natural resources. For a long time there were opportunities for success and financial independence for anybody capable to avail himself of it, and while most of our natural resources are near exhaustion, we are not yet living on our income, but to a considerable extent on our capital. Much of the lumber which we use, we have not planted and do not replace; much of the crops we raise from our fields, leave the field so much impoverished, as we do not put back as fertilizer what we take out as crops. The result is that the social problem which has agitated and is convulsing Europe, has not yet made its appearance in our country, though it is looming up in the near future as a threatening spectre requiring consideration.

There is a peculiarity in the American industrial development, which probably is the most serious/^{industrial}problem confronting us today. Our methods of production have been organized and developed from the inefficient production by the numerous small individual producers of the early days, to the huge well organized and highly efficient industrial corporations of today.

But the distribution of the products has remained as unorganized and as inefficient as it was before the days of Lincoln, in the hands of numerous individual distributors, so that quite commonly the retailing of a commodity today costs several times as much as its production and transportation. For instance, for a ton of spinach, the farmer in Texas receives \$5.00. It costs \$30.00 to transport it from Texas to the city of Chicago. But the distribution in the city of Chicago, from the railroad to the consumer, costs \$264.64, or more than 52 times as much as it costs the farmer in Texas to produce the spinach.¹⁾

When industrial production was organized effeciently during the last half century, by the replacement of the individual small producers by the industrial corporation, and by their combination and consolidation into larger and larger corporations, and simultaneously therewith the methods of transportation were organized by the consolidation of railroads, the organizers apparently intentionally kept out of the field of distribution, and left the retail distribution to the middle class, so avoiding the antagonism of the middle class against the corporation which in a democratic nation might have been fatal to the corporate organization. Thus in spite of the far going industrial advance, America has retained a large middle class of people of small means, who in the field of retail distribution are able to secure a fair financial and social independence and therefore are conservative

1) Bulletin of the National City Bank of New York, July 1921

and satisfied with the existing condition of society. Furthermore, it has given the more intelligent and ambitious wage earners a fair chance to rise from the ranks of the wage earner to the middle class and become fairly independent, financially, as men of small property, and so has allayed the dissatisfaction of the workers, and by absorption into the middle class steadily drained the ranks of the more ambitious elements who in other countries are the leaders of a radical or revolutionary working class. The result has been that today America is the only industrial country, in which the masses of workers are not radically inclined, but are thoroughly conservative and even reactionay, committed to the individualistic capitalism of the early days, the slogan: "Everybody for himself and the devil take the hindmost." For several years, during the World War and after, when there were more jobs than workers to fill them, labor was practically in control of our nation, and it was very disappointing to see, when labor had the power, that not a single constructive and progressive idea originated from the ranks of the workers, but the power was used or abused, like that of the middle class, for profiteering, in fighting for the distribution of spoils, demanding the largest possible share of the products and giving the least possible in return, regardless of the interests of others, and of society in general, and the only proposition, which contained some constructive element, however defective in some respects, the Plumb plan of railroad administration, was largely killed by labor.

It is our captains of industry, our leaders of finance, which today are the most progressive elements in America, and are beginning to realize the necessity of reorganizing society in a form satisfactory to all, to solve, or at least to mitigate the age-old problem of unsocial acts. But this is natural because these men cannot help realizing the impossibility of continuing in the old inefficient way, and see the danger into which we are drifting. We have paid too high a price for the conservatism of our working class, and the maintenance of a large and prosperous middle class, in the frightful inefficiency of our industrial system resulting from the failure of organizing the distribution of commodities in lines of modern efficiency. When the distribution of commodities is likely to cost several times more than their production and transportation, as illustrated above, any further progress in production and transportation can have little effect on the ultimate results, and our industrial progress comes to a standstill. Thus the problem of today is the efficient organization of the distribution system. But if this is done in the same way as production is organized, by huge corporations taking over the distribution, as they have taken over the production, the result is the dropping of the middle class into the ranks of the wage earners, and the practical closing of the avenues of escape from the working class into the relative financial and social independence of the middle class. As ultimate result then threatens the appearance of a large radical or even revolutionary working class, demanding and finally gaining the controlling power, possibly

without having the knowledge and experience to efficiently use this power.

This is the danger, and the problem before our industrial leaders, and the solution, towards which the more progressive of them work, and which seems the only alternative from class war and revolution, is the elimination of the wage earner, by making him an industrial cooperator. It is the elimination of the old conception of the labor contract, the conception of labor as a commodity bought and sold under the laws of supply and demand, either individually or collectively, by "collective bargaining". The conception that the only relation between employer and employee is the exchange of labor against wages. In its stead then every worker becomes an integral part of the industry, just as the administrator, the technician or the capitalist. All throughout our industrial organizations this problem of reorganization, of the change from competition and mutual warfare, to cooperation, is occupying the best minds, but little conception of it has yet reached the general public, while the great conservative labor organizations still stand hostile against it.

In many different forms attempts towards this end have been made, from corporations establishing working man's representation by committees elected by the employees and having no power and no authority but merely consulting with the management when called upon, up to corporate organizations in which the distinction between wage earner and stockholder has been entirely

eliminated, and the employee or wage earner is a stockholder, with the same rights and duties as the capital stockholders, that is, receive the same dividend on his annual wage as the capital stockholder receives on his capital stock, and participates in the management of the company, by voting his annual wage or salary for the board of directors, just as the capital stockholder votes his capital stock, thus sharing in the management, in the profits and in the losses of the industry, being just as much part owner as the capital stockholder. Between these two possibilities lies a wide variety of schemes, which are being tried. It is interesting to note however, that when by industrial cooperation every employee should become a member and part of his industrial corporation, and all means of production, transportation and distribution have been concentrated and organized into huge cooperating corporations, the individual private ownership of the means of production, transportation and distribution, which is the foremost cause of unsocial acts, has ceased as effectually as if a communistic government has confiscated all means of production, with the difference however, that it does not require organizing a government for functions which governments have never carried out satisfactorily and efficiently, but that the control of the means of production, transportation and distribution remains in the hands of the industrial corporation and its present administrative and financial leaders, the corporation which has been organized for this purpose, and which has proven its efficiency.

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