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INDUSTRIAL COOPERATION.

By Charles P. Steinmetz.

On the solution of the problem of industrial relations between employer and employee depends the orderly progress of our prosperity. It is necessary first to specify the viewpoint from which we approach its solution, as our conclusions largely depend thereon.

There are three possible viewpoints:

1.) Capitalism: The industry is the private property of the capitalist owner, and labor and the public have no rights nor duties. The only relation between employer and employee is the labor contract, entered in by individual or collective bargaining. Labor thus is a commodity controlled by the law of supply and demand. If the labor supply exceeds the demand, the price of labor may be forced below a living wage, and masses of unemployed may starve, without anybody being responsible. Inversely, if the demand exceeds the supply, labor may force its wage up to the destruction of the industry without any consideration of the public.

This viewpoint is increasingly being abandoned, as unsafe, by our leaders of industry and finance, especially since the experience during the last war. It is however still largely held by labor and represented by the conservative union leaders.

2.) Socialism: All values are created by labor, labor therefore is entitled to the full value of its product and capital has no right to any part of the product of labor; but capital, by securing control of all the means of production, becomes able to exploit labor by exacting a tribute from it.

As only a small percentage of Americans accept this viewpoint to day, we may, regardless whether it is justified or not, leave it out of consideration here.

3.) Cooperation: Capital and labor both are necessary for industrial production, and both therefore have rights and duties in the industry.

As this viewpoint is increasingly gaining ground amongst the industrial leaders, I shall in the following consider the problem of industrial relations from this viewpoint, but I do not claim that the following necessarily represents my personal opinion, nor that it involves a moral issue, but rather gives the logical conclusion from the viewpoint of cooperation between capital and labor, as the necessary foundation of industrial efficiency,

It then follows that labor as well as capital have rights on the profits, in the management and the organization of the industry; but both also have duties and responsibilities towards the industry, and thus towards each other and towards the public.

It means that the industry must be organized so as to guarantee to the employee a living wage, affording a minimum American standard of living, and continuity of employment; but it also means - which is not always realized - that the industry must guarantee to capital a fair return, sufficient to attract it, and continuity of this return. The problem then arises to harmonize these two requirements and to reorganize our country's industrial system so as to eliminate the alternate periods of depression and inflation.

In this, it must be realized that our industrial system is so complex, that any rash change or radical modification is liable to be disastrous, and the transition to industrial cooperation therefore must be gradual, by evolution.

Two main difficulties in bringing about industrial cooperation are: the industrial leaders, representing capital, while realizing the desirability and even necessity of industrial cooperation, do not always realize that cooperation implies two parties coming together, but sometimes are inclined to work out a plan of organization, and then expect labor to cooperate in the plan devised by capital. This obviously is not cooperation but paternalism. On the other hand, it is difficult and slow to develop real cooperation, where one of the parties, labor, does not yet see the desirability of cooperation and therefore is antagonistic and suspicious, disinclined to accept

the responsibility towards the industry which is the inevitable reverse of the rights in the industry.

Coming now to the various plans of industrial cooperation, they may be classified as monistic or dualistic, with innumerable intermediate forms.

In dualistic cooperation, capital, as heretofore, is represented in the management of the industry by the Board of Directors and receives its share of the profits as dividends; labor has a separate organization of labor representatives, elected by the employees, dealing with the problems of special importance to labor: arbitration of grievances, working conditions, wages and working hours, shop management, etc. This arrangement has found considerable development abroad. It has many advantages, but also certain disadvantages over the monistic arrangement, which endeavors to completely unify labor and capital by having them both, in some form or other, participate in the profits of the company through dividends, and in the management of the company through the Board of Directors.