THE PERSONAL RELATION IN INDUSTRY

BY JOHN D. ROCKEFELLER, Jr.

YÖNETİM YAYINLARI

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BY JOHN D. ROCKEFELLER, Jr.

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PUBLISHER'S NOTE

The following material by Mr. John D. Rockefeller, Jr., consists, with one exception, of addresses delivered by him on various occasions and amidst the demands of many varied interests. These addresses are left practically as they were delivered, and no effort has been made to change their form. Slight repetitions of certain points may be noted in these addresses, a condition which is expected in arguments or subjects of the character of those contained in this book.

The publishers, in obtaining Mr. Rockefeller's permission to publish these addresses, believed that by presenting his views in this form there would be made a substantial contribution to the ever-important subject of industrial relationships.

THE PERSONAL RELATION IN INDUSTRY

ICoöperation in Industry

I

To-day the world is passing through a period of reconstruction.

As we address ourselves to the grave problems which confront us, problems both national and international, we may look for success in their solution just in so far as

we continue to be animated by the spirit of coöperation and brotherhood. The hope in the future lies in the perpetuation of this spirit, and unless increasingly it is made the foundation of the political, social, and industrial life of the world, there will not be permanent peace and good will among men, either nationally or internationally.

In no one of these spheres of human relations is the spirit of coöperation more essential than in industry, since industry touches almost every department of life. Moreover, there is no problem pressing more urgently upon the attention of the world to-day than the industrial problem, none more important, none more difficult of solution. There are pessimists who say that there is no solution short of revolution and the overturn of the existing social order.

Surely the nations which have shown themselves capable of such lofty sacrifice, which have given themselves so freely, gladly, unreservedly, during these past years of struggle, will bring to bear in the solution of this great problem powers of head and heart, not less wise and unselfish than those exhibited in dealing with the problems of the war; surely a way out of the impenetrable maze will be found.

Almost countless are the suggested solutions of the industrial problem, which have been brought forth since industry first began to be a problem. Most of these are impracticable; some are unjust; some are selfish and therefore unworthy; some have merit and should be carefully studied. None can be looked to as a panacea.

There are those who believe that legislation is the cure-all for every political, social, and industrial ill.

Much can be done by legislation to prevent injustice and encourage right tendencies, but legislation of itself will never solve the industrial problem. Its solution can be brought about only by the introduction of a new spirit into the relationship between the parties to industry—the spirit of coöperation and brotherhood.

It is this theme, *coöperation in industry*, that I desire to develop.

We must ask ourselves at the outset certain fundamental questions:

First, what is the purpose of industry? Shall we cling to the conception of industry as an institution, primarily of private interest, which enables certain individuals to accumulate wealth, too often irrespective of the well-being, the health, and the happiness of those engaged in its production? Or shall we adopt the modern viewpoint and regard industry as being a form of social service, quite as much as a revenue-producing process?

Is it not true that any industry, to be permanently successful, must insure to labor adequately remunerative employment under proper working and living conditions, to capital a fair return upon the money invested, and to the community a useful service?

The soundest industrial policy is that which has constantly in mind the welfare of the employees as well as the making of profits, and which, when human considerations demand it, subordinates profits to welfare. Industrial relations are essentially human relations. It is therefore the duty of everyone entrusted with industrial leadership to do all in his power to improve the

conditions under which men work and live. The day has passed when the conception of industry as chiefly a revenue-producing process can be maintained. To cling to such a conception is only to arouse antagonisms and to court trouble. In the light of the present every thoughtful man must concede that the purpose of industry is quite as much the advancement of social well-being as the production of wealth. It remains none the less true, however, that to be successful, industry must not only serve the community and the workers adequately, but must also realize a just return on capital invested.

Next we must ask ourselves, who are the parties to industry: The parties to industry are four in number: capital, management, labor, and the community.

I am, of course, well aware of the social theories and experiments that seek to merge capital and labor, either through ownership of capital by the state or by the workers themselves. But the difficulties that confront the realization of these plans are vast and the objection to many of them fundamental.

Under our present system, capital is represented by the stockholders, and is usually regarded as embracing management. Management is, however, an entirely separate and distinct party to industry; its function is essentially administrative. It comprises the executive officers who bring to industry technical skill and managerial experience. Labor consists of the employees. Labor, like capital, is an investor in industry, but labor's contribution, unlike that of capital, is not detachable from the one who makes it, since it is in the nature of physical effort

and is a part of the worker's strength and life. Here the list usually ends.

The fourth party, namely, the community, whose interest is vital and in the last analysis controlling, is too often ignored. The community's right to representation in the control of industry and in the shaping of industrial policies is similar to that of the other parties. Were it not for the community's contribution, in maintaining law and order, in providing agencies of transportation and communication, in furnishing systems of money and credit and in rendering other services, all involving continuous outlays, the operation of capital, management, and labor would be enormously hampered, if not rendered wellnigh impossible. The community, furthermore, is the consumer of the product of industry, and the money which it pays for the product reimburses capital for its advances and ultimately provides the wages, salaries, and profits that are distributed among the other parties.

Finally we must inquire: what are the relations between the parties to industry? It is frequently maintained that the parties to industry must necessarily be hostile and antagonistic; that each must arm itself to wrest from the others its share of the product of their common toil. This is unthinkable; it is not true; the parties to industry are in reality not enemies, but partners; they have a common interest; no one can get on without the others. Labor must look to capital to supply the tools, machinery, and working capital, without which it cannot make its vital contribution to industry; and capital is equally powerless to turn a wheel in industry without labor. Management is essential to supply the directing force, while without the community as the consumer, the services of the other

three parties would have no outlet. Just what the relative importance of the contribution made to the success of industry by the several factors is, and what their relative rewards should be, are debatable questions.

But, however views may differ on these questions, it is clear that the common interest cannot be advanced by the effort of any one party to dominate the others, arbitrarily to dictate the terms on which alone it will coöperate, or to threaten to withdraw if any attempt is made to thwart the enforcement of its will. Success is dependent upon the coöperation of all four. Partnership, not enmity, is the watchword.

II

If coöperation between the parties to industry is sound business and good social economics, why then is antagonism so often found in its stead? The answer is revealed in a survey of the development of industry. In the early days of industry, as we know, the functions of capital and management were not infrequently combined in the one individual, who was the employer. He in turn was in constant touch with his employees. Together they formed a vital part of the community. Personal relations were frequent and mutual confidence existed. When differences arose they were quickly adjusted. As industry developed, aggregations of capital larger than a single individual could provide were required. In answer to this demand, the corporation with its many stockholders was evolved. Countless workers took the place of the handful of employees of earlier days. Plants under a single management scattered all over the country superseded the single plant in a given community. Obviously, this

development rendered impossible the personal relations which had existed in industry, and lessened the spirit of common interest and understanding. Thus the door was opened to suspicion and distrust; enmity crept in; antagonisms developed. Capital not infrequently used its power to enforce long hours and low wages; labor likewise retaliated with such strength as it had, and gradually the parties to industry came to view each other as enemies instead of as friends and to think of their interests as antagonistic rather than common.

Where men are strangers and have no contact, misunderstanding is apt to arise. On the other hand, where men meet frequently about a table, rub elbows, exchange views, and discuss matters of common interest, almost invariably it happens that the vast majority of their differences quickly disappear and friendly relations are established.

Several years ago I was one of a number of men who were asked two questions by a Commission appointed by the President of the United States to deal with certain labor difficulties.

The first was: "What do you regard as the underlying cause of industrial unrest?" The second: "What remedy do you suggest?"

I stated that in my judgment the chief cause of industrial unrest is that capital does not strive to look at questions at issue from labor's point of view, and labor does not seek to get capital's angle of vision. My answer to the second question was that when employers put themselves in the employee's place and the employees put themselves in the employer's place, the remedy for

industrial unrest will have been found. In other words, when the principle adopted by both parties in interest is: "Do as you would be done by," there will be no industrial unrest, no industrial problem.

It is to be regretted that there are capitalists who regard labor as their legitimate prey, from whom they are justified in getting all they can for as little as may be. It is equally to be deplored that on the part of labor there is often a feeling that it is justified in wresting everything possible from capital. Where such attitudes have been assumed, a gulf has been opened between capital and labor which has continually widened. Thus the two forces have come to work against each other, each seeking solely to promote its own selfish ends. As a consequence have come all too frequently the strike, the lockout, and other incidents of industrial warfare.

A man, who recently devoted some months to studying the industrial problem and who came into contact with thousands in various industries throughout the United States, has said that it was obvious to him from the outset that the working men were seeking for something, which at first he thought to be higher wages. As his touch with them extended, he came to the conclusion, however, that not higher wages, but recognition as men, was what they really sought. What joy can there be in life, what interest can a man take in his work, what enthusiasm can he be expected to develop on behalf of his employer, when he is regarded as a number on a payroll, a cog in a wheel, a mere "hand"? Who would not earnestly seek to gain recognition of his manhood and the right to be heard and treated as a human being, not as a machine?

Then, too, as industry has become increasingly specialized, the workman of to-day, instead of following the product through from start to finish and being stimulated by the feeling that he is the sole creator of a useful article, as was more or less the case in early days, now devotes his energies for the most part to countless repetitions of a single act or process, which is but one of perhaps a hundred operations necessary to transform the raw material into the finished product. Thus the worker loses sight of the significance of the part he plays in industry and feels himself to be merely one of many cogs in a wheel. All the more, therefore, is it necessary that he should have contact with men engaged in other processes and fulfilling other functions in industry, that he may still realize he is a part, and a necessary, though it may be an inconspicuous, part of a great enterprise. In modern warfare, those who man the large guns find the range, not by training the gun on the object which they are seeking to reach, but in obedience to a mechanical formula which is worked out for them. Stationed behind a hill or mound, they seldom see the object at which their deadly fire is directed. One can readily imagine the sense of detachment and ineffectiveness which must come over these men. But when the airplane, circling overhead, gets into communication with the gunner beneath and describes the thing to be accomplished and the effectiveness of the shot, a new meaning comes into his life. In a second he has become a part of the great struggle. He knows that his efforts are counting, that he is helping to bring success to his comrades. There comes to him a new enthusiasm and interest in his work. The sense of isolation and detachment from the accomplishments of industry, which too often comes to the workers of to-day,

can be overcome only by contact with the other contributing parties. In this way only can common purpose be kept alive, individual interests safeguarded, and the general welfare promoted.

While obviously under present conditions those who invest their capital in an industry, often numbered by the thousand, cannot have personal acquaintance with the thousands and tens of thousands of those who invest their labor, contact between those two parties in interest can and must be established, if not directly, then through their respective representatives. The resumption of such personal relations through frequent conferences and current meetings, held for the consideration of matters of common interest, such as terms of employment and working and living conditions, is essential in order to restore a spirit of mutual confidence, good will, and coöperation. Personal relations can be revived under modern conditions only through the adequate representation of the employees. Representation is a principle which is fundamentally just and vital to the successful conduct of industry. It means, broadly speaking, democracy through coöperation, as contrasted with autocracy.

It is not for me or anyone else to undertake to determine for industry at large what specific form representation shall take. Once having adopted the principle, it is obviously wise that the method to be employed should be left, in each specific instance, to be determined by the parties interested. If there is to be peace and goodwill between the several parties in industry, it will surely not be brought about by the enforcement upon unwilling groups of a method which in their judgment is not adapt-

ed to their peculiar needs. In this, as in all else, persuasion is an essential element in bringing about conviction.

With the developments in industry what they are to-day, there is sure to come a progressive evolution from the autocratic single control, whether by capital, management, labor, or the community, to some form of democratic coöperative control participated in by all four. The whole movement is evolutionary. That which is fundamental is the idea of coöperation, and that idea must find expression in those forms which will serve it best, with conditions, forces and times what they are.

In the United States, the coöperation in war service of labor, capital, management, and Government afforded a striking and most gratifying illustration of this tendency.

After all, the basic principles governing the relations between the parties to industry are as applicable in the successful conduct of industry to-day as in earlier times. The question which now confronts us is how to reëstablish personal relations and coöperation in spite of changed conditions. The answer is not doubtful or questionable, but absolutely clear and unmistakable: it is, through adequate representation of the four parties in the councils of industry.

III

Various methods of representation in industry have been developed, conspicuous among which are those of labor unions and employers' associations. As regards the organization of labor, it is just as proper and advantageous for labor to associate itself into organized groups

for the advancement of its legitimate interests as for capital to combine for the same object.

Such associations of labor manifest themselves in collective bargaining, in an effort to secure better working and living conditions, in providing machinery whereby grievances may easily and without prejudice to the individual be taken up with the management. Sometimes they provide benefit features, sometimes they seek to increase wages, but whatever their specific purpose, so long as it is to promote the well-being of the employees, having always due regard for the just interests of the employer and the public, leaving every worker free to associate himself with such groups or to work independently, as he may choose, they are to be encouraged.

But organization is not without its dangers. Organized capital sometimes conducts itself in an unworthy manner, contrary to law and in disregard of the interest of both labor and the public. Such organizations cannot be too strongly condemned or too vigorously dealt with. Although they are the exception, such publicity is generally given to their unsocial acts that all organizations of capital, however rightly managed or broadly beneficent, are thereby brought under suspicion.

Likewise it sometimes happens that organizations of labor are conducted without just regard for the rights of the employer or of the public; methods and practices are adopted which, because unworthy or unlawful, are deserving of public censure. Such organizations of labor bring discredit and suspicion upon other organizations which are legitimate and useful, just as is the case with improper organizations of capital, and they should be

similarly dealt with. We ought not, however, to allow the occasional failure in the working of the principle of the organization of labor to prejudice us against the principle itself, for the principle is fundamentally sound.

In the further development of the organization of labor and of large business, the public interest as well as the interest of labor and of capital will be furthest advanced by whatever stimulates every man to do the best work of which he is capable and to render useful service, by a fuller recognition of the common interests of employers and employed, and by an earnest effort to dispel distrust and hatred and to promote good-will.

Labor unions have secured for labor in general many advantages in hours, wages, and standards of working conditions. A large proportion of the workers of the world, however, are outside of these organizations, and unless somehow represented are not in a position to bargain collectively. Therefore, representation of labor to be adequate must be more comprehensive and all inclusive than anything thus far attained.

Representation on the employers' side has been developed through the establishment of trade associations, the purpose of which is to discuss matters of common interest and to act, in so far as is legally permissible and to the common advantage, along lines that are generally similar. But here also representation is inadequate. Many employers do not belong to employers' associations.

In the United States during the war, the representation of both labor and capital in common councils was brought about through the War Labor Board, composed equally of men from the ranks of labor and capital, to-

gether with representatives of the public. When differences arose in industries where there was no machinery to deal with such matters, the War Labor Board stepped in and made its findings and recommendations. In this way, relatively continuous operation was made possible and the resort to the strike and lockout was less frequent.

In England there have been made during the past years various important Government investigations and reports, looking toward a more complete program of representation and coöperation on the part of labor and capital. One is the well-known Whitley Report, which owes its distinction to a single outstanding feature, namely, that it applies to the whole of industry, the principle of representative government.

The Whitley Plan seeks to unite the organizations of labor and capital by a bond of common interest in a common venture; it changes at a single stroke the attitude of these powerful aggregations of class interest from one of militancy to one of social service; it establishes a new relation in industry.

"Problems old and new," says the report, "will find their solution in a frank partnership of knowledge, experience, and good-will."

Another investigation and report was made by a Commission on Industrial Unrest, appointed by the Prime Minister. This Commission made, among others, the following interesting recommendations:—

(1) that the principle of the Whitley Report as regards industrial councils be adopted;

(2) that each trade should have a constitution;

(3) that labor should take part in the affairs of industry as partners rather than as employees in the narrow sense of the term;

(4) that closer contact should be set up between employers and employed.

A third report was prepared by the Ministry of Labor. This report deals with the constitution and operation of works committees in a number of industries. It is a valuable treatise on the objects, functions, and methods of procedure of joint committees.

Light has been thrown on the general questions treated by these inquiries in an able report by the Garton Foundation on *The Industrial Situation after the War*. This report is a study of the more permanent causes of industrial friction and inefficiency, and of the means by which they may be removed or their action circumscribed.

Mention of these several reports, taken at random, is made simply as indicative of the extent and variety of the study which has been given to the great problem of industrial reconstruction in England. All point toward the need of more adequate representation of labor in the conduct of industry and the importance of closer relations between labor and capital.

IV

A method of representation similar to the Whitley Plan, though less comprehensive, and which is constructed from the bottom up, has been in operation for varying periods of time in an ever increasing number of industries in the United States. This plan of representa-

tion is worthy of serious consideration. It begins with the election of representatives in a single plant and is capable of indefinite development, to meet the complex needs of any industry, and of wide extension, so as to include all industries. Equally applicable in industries where union or non-union labor or both are employed, it seeks to provide full and fair representation to labor, capital, and management, also taking cognizance of the community. Thus far it has developed a spirit of coöperation and goodwill which commends it to both employer and employee.

The outstanding features of this plan of industrial representation, varied to meet the special needs of each plant or company in which it has been adopted, are as follows:

Representatives chosen by the employees in proportion to their number, from their fellow workers in each plant, form the basis of the plan.

Joint committees, composed of equal numbers of employees or their representatives and of officers of the company, are found in each plant or district.

These committees deal with all matters pertaining to employment and working and living conditions, including questions of coöperation and conciliation, safety and accident, sanitation, health and housing, recreation and education. Joint conferences of representatives of employees and officers of the company are held in the various districts several times each year.

There is also an annual joint conference, at which reports from all districts are received and considered.

Another important feature of the plan is an officer known as the President's Industrial Representative, whose duty it is to visit the plants currently and confer with the employees' representatives, as well as to be available always for conference at the request of the representatives.

Thus the employees, through their representatives chosen from among themselves, are in constant touch and conference with management and representatives of the stockholders in regard to matters pertaining to their common interest.

The employees' right of appeal is the third outstanding feature of the plan.

Any employee with a grievance, real or imaginary, may go with it at once to his representative. The representatives not infrequently find there is no ground for the grievance and are able so to convince the employee.

But if a grievance does exist, or dissatisfaction on the part of the employee continues, the matter is carried to the local boss, foreman, or superintendent, with whom in the majority of cases it is amicably and satisfactorily settled. Further appeal is open to the aggrieved employee, either in person or through his representative, to the higher officers and to the president.

If satisfaction is not to be had from the company, the court of last appeal may be the Industrial Commission of the State, the State Labor Board, or a committee of arbitration.

Experience shows that the vast majority of difficulties which occur in an industry arise between the work-

men and the foremen who are in daily contact with them. Foremen are sometimes arbitrary, and it is by their attitude and action that the higher officers and the stockholders are judged. Obviously the right of appeal from the decisions of foremen and superintendents is important, even if seldom availed of, because it tends of itself to modify their attitude.

A further feature of the plan is what may be termed the employee's Bill of Rights.

This covers such matters as the right to caution and suspension before discharge, except for such serious offenses as are posted; the right to hold meetings at appropriate places outside of working hours; the right without discrimination to membership or non-membership in any society, fraternity, or union; and the right of appeal.

Where this plan has been in operation for a considerable length of time, some of the results obtained are:—

First, more continuous operation of the plants and less interruption in the employment of the workers, resulting in larger returns for both capital and labor;

Second, improved working and living conditions;

Third, frequent and close contact between employees and officers;

Fourth, the elimination of grievances as disturbing factors;

Fifth, goodwill developed to a high degree;

Sixth, the creation of a community spirit.

Furthermore, the plan has proved an effective means of enlisting the interest of all parties to industry, of reproducing the contacts of earlier days between employer and employee, of lessening misunderstanding, distrust, and enmity, and securing coöperation in the spirit of brotherhood. Under its operation, the participants in industry are being convinced of the soundness of the proposition that they are fundamentally friends and not enemies, that their interests are common, not opposed. Based as the plan is upon principles of justice to all, its success can be counted on so long as it is carried out in a spirit of sincerity and fair play.

Here, then, would seem to be a method of providing representation which is just, which is effective, which is applicable to all employees whether organized or unorganized, to all employers whether in associations or not, which does not interfere with existing organizations or associations, and which, while developed in a single industrial corporation as a unit, may be expanded to include all corporations in the same industry and ultimately all industries.

Just what part labor organizations and employers' associations can best take in such a plan remains to be worked out, but certain it is that some method should be devised which will profit to the fullest extent by the experience, the strength, and the leadership of these groups. While, doubtless, defects will appear in this plan and other methods more successfully accomplishing the same end may be developed, at least it is proving that in unity there is strength and that coöperation in industry is not only idealistically right, but practically workable.

If the points which I have endeavored to make are sound, might not the four parties to industry subscribe to an Industrial Creed somewhat as follows:—

(1) I believe that labor and capital are partners, not enemies; and that their interests are common, not opposed; and that neither can attain the fullest measure of prosperity at the expense of the other, but only in association with the other.

(2) I believe that the community is an essential party to industry and that it should have adequate representation with the other parties.

(3) I believe that the purpose of industry is quite as much to advance social well-being as material prosperity; that in the pursuit of that purpose, the interests of the community should be carefully considered, the well-being of employees fully guarded, management adequately recognized, and capital justly compensated, and that failure in any of these particulars means loss to all four parties.

(4) I believe that every man is entitled to an opportunity to earn a living, to fair wages, to reasonable hours of work and proper working conditions, to a decent home, to the opportunity to play, to learn, to worship and to love, as well as to toil, and that the responsibility rests as heavily upon industry as upon government or society, to see that these conditions and opportunities prevail.

(5) I believe that diligence, initiative, and efficiency, wherever found, should be encouraged and adequately rewarded; that indolence, indifference, and restriction of

production should be discountenanced; and that service is the only justification for the possession of power.

(6) I believe that the provision of adequate means of uncovering grievances and promptly adjusting them is of fundamental importance to the successful conduct of industry.

(7) I believe that the most potent measure in bringing about industrial harmony and prosperity is adequate representation of the parties in interest; that existing forms of representation should be carefully studied and availed of, in so far as they may be found to have merit and are adaptable to conditions peculiar to the various industries.

(8) I believe that the most effective structure of representation is that which is built from the bottom up, which includes all employees, which starts with the election of representatives and the formation of joint committees in each industrial plant, proceeds to the formation of joint district councils and annual joint conferences in a single industrial corporation, and admits of extension to all corporations in the same industry, as well as to all industries in a community, in a nation, and in the various nations.

(9) I believe that to "do unto others as you would that they should do unto you" is as sound business as it is good religion; that the application of right principles never fails to effect right relations; that "the letter killeth, but the spirit giveth life"; that forms are wholly secondary, while attitude and spirit are all important; and that only as the parties in industry are animated by the spirit

of fair play, justice to all, and brotherhood, will any plan which they may mutually work out succeed.

(10) I believe that that man renders the greatest social service who so coöperates in the organization of industry as to afford to the largest number of men the greatest opportunity for self-development and the enjoyment of those benefits which their united efforts add to the wealth of civilization.

V

In these days the selfish pursuit of personal ends at the expense of the group can and will no longer be tolerated. The reign of autocracy has passed. Men are rapidly coming to see that human life is of infinitely greater value than material wealth; that the health, happiness, and well-being of the individual, however humble, is not to be sacrificed to the selfish aggrandizement of the more fortunate or more powerful. Modern thought is placing less emphasis on material considerations. It is recognizing that the basis of national progress, whether industrial or social, is the health, efficiency, and spiritual development of the people. Never was there a more profound belief in human life than to-day. Whether men work with brain or brawn, they are human beings, and are much alike in their cravings, their aspirations, their hatreds, and their capacity for suffering and for enjoyment.

What is the attitude of the leaders in industry as they face this critical period of reconstruction? Is it that of the standpatters, who ignore the extraordinary changes which have come over the face of the civilized world and have taken place in the minds of men; who, arming themselves to the teeth, attempt stubbornly to resist the

inevitable and invite open warfare with the other parties in industry, and who say:

"What has been and is, must continue to be; with our backs to the wall we will fight it out along the old lines or go down in defeat!"

Those who take such an attitude are wilfully heedless of the fact that its certain outcome will be financial loss, general inconvenience and suffering, the development of bitterness and hatred, and in the end submission to far more drastic and radical conditions imposed by legislation, if not by force, than could now be amicably arrived at through mutual concession in friendly conference.

Or is their attitude one in which I myself profoundly believe, which takes cognizance of the inherent right and justice of the coöperative principle underlying the new order, which recognizes that mighty changes are inevitable, many of them desirable, and which does not wait until forced to adopt new methods, but takes the lead in calling together the parties to industry for a round-table conference to be held in a spirit of justice, fair play, and brotherhood, with a view to working out some plan of coöperation, which will insure to all those concerned adequate representation, will afford to labor a voice in the forming of industrial policy, and an opportunity to earn a fair wage under such conditions as shall leave time, not alone for food and sleep, but also for recreation and the development of the higher things of life?

Never was there such an opportunity as exists today for the industrial leader with clear vision and broad sympathy permanently to bridge the chasm that is daily

gaping wider between the parties to industry, and to establish a solid foundation for industrial prosperity, social improvement, and national solidarity. Future generations will rise up and call those men blessed who have the courage of their convictions, a proper appreciation of the value of human life as contrasted with material gain, and who, imbued with the spirit of coöperation, will lay hold of the great opportunity for leadership which is open to them to-day.

In conclusion, let it be said that upon the heads of those leaders—it matters not to which of the four parties they belong—who refuse to reorganize their industrial households in the light of the modern spirit, will rest the responsibility for such radical and drastic measures as may later be forced upon industry, if the highest interests of all are not shortly considered and dealt with in a spirit of fairness.

Who, then, will dare to block the wheels of progress and to let pass the present opportunity of helping to usher in a new era of peace and prosperity throughout the world, brought about through coöperation in industry?

IILabor and Capital—Partners[1]

I

Labor and Capital are rather abstract words with which to describe those vital forces which working together become productively useful to mankind. Reduced to their simplest terms, Labor and Capital are men with muscle and men with money—human beings, imbued

with the same weaknesses and virtues, the same cravings and aspirations.

It follows, therefore, that the relations of men engaged in industry are human relations. Men do not live merely to toil; they also live to play, to mingle with their fellows, to love, to worship. The test of the success of our social organization is the extent to which every man is free to realize his highest and best self; and in considering any economic or political problem, that fundamental fact should be recognized.

If in the conduct of industry, therefore, the manager ever keeps in mind that in dealing with employees he is dealing with human beings, with flesh and blood, with hearts and souls; and if, likewise, the workmen realize that managers and investors are themselves also human beings, how much bitterness will be avoided!

Are the interests of these human beings with labor to sell and with capital to employ necessarily antagonistic or necessarily mutual? Must the advance of one retard the progress of the other? Should their attitude toward each other be that of enemies or of partners? The answer one makes to these fundamental questions must constitute the basis for any consideration of the relationship of Labor and Capital.

Our difficulty in dealing with the industrial problem is due too often to a failure to understand the true interests of Labor and Capital. And I suspect this lack of understanding is just as prevalent among representatives of Capital as among representatives of Labor. In any event the conception one has of the fundamental nature

of these interests will naturally determine one's attitude toward every phase of their relationship.

Much of the reasoning on this subject proceeds upon the theory that the wealth of the world is absolutely limited, and that if one man gets more, another necessarily gets less. Hence there are those who hold that if Labor's wages are increased or its working conditions improved, Capital suffers because it must deprive itself of the money needed to pay the bill. Some employers go so far as to justify themselves in appropriating from the product of industry all that remains after Labor has received the smallest amount which it can be induced or forced to accept; while on the other hand there are men who hold that Labor is the producer of all wealth, hence is entitled to the entire product, and that whatever is taken by Capital is stolen from Labor.

If this theory is sound, it might be maintained that the relation between Labor and Capital is fundamentally one of antagonism, and that each should consolidate and arm its forces, dividing the products of industry between them in proportion as their selfishness is enforced by their power.

But all such counsel loses sight of the fact that the riches available to man are practically without limit, that the world's wealth is constantly being developed and undergoing mutation, and that to promote this process both Labor and Capital are indispensable. If these great forces coöperate, the products of industry are steadily increased; whereas, if they fight, the production of wealth is certain to be either retarded or stopped altogether, and the well-springs of material progress choked.

The problem of promoting the coöperation of Labor and Capital may well be regarded, therefore, as the most vital problem of modern civilization. Peace may be established among the nations of the world; but if the underlying factors of material growth within each nation are themselves at war, the foundations of all progress are undermined.

II

Capital cannot move a wheel without Labor, nor Labor advance beyond a mere primitive existence without Capital. But with Labor and Capital as partners, wealth is created and ever greater productivity made possible. In the development of this partnership, the greatest social service is rendered by that man who so coöperates in the organization of industry as to afford to the largest number of men the greatest opportunity for self-development, and the enjoyment by every man of those benefits which his own work adds to the wealth of civilization. This is better than charity or philanthropy; it helps men to help themselves and widens the horizon of life.

Through such a process the laborer is constantly becoming the capitalist, and the accumulated fruits of present industry are made the basis of further progress. The world puts its richest prizes at the feet of great organizing ability, enterprise, and foresight, because such qualities are rare and yet indispensable to the development of the vast natural resources which otherwise would lie useless on the earth's surface or in its hidden depths.

It is one of the noteworthy facts of industrial history that the most successful enterprises have been those which have been so well organized and so efficient in

eliminating waste, that the laborers were paid high wages, the consuming public—upon whose patronage the success of every enterprise depends—enjoyed declining prices, and the owners realized large profits.

The development of industry on a large scale brought the corporation into being, a natural outgrowth of which has been the further development of organized Labor in its various forms. The right of men to associate themselves together for their mutual advancement is incontestable; and under our modern conditions, the organization of Labor is necessary just as is the organization of Capital; both should make their contribution toward the creation of wealth and the promotion of human welfare.

The labor union, among its other achievements, has undoubtedly forced public attention upon wrongs which employers of to-day would blush to practice. But employers as well as workers are more and more appreciating the human equation, and realizing that mutual respect and fairness produce larger and better results than suspicion and selfishness.

We are all coming to see that there should be no stifling of Labor by Capital, or of Capital by Labor; and also that there should be no stifling of Labor by Labor, or of Capital by Capital.

While it is true that the organization of Labor has quite as important a function to perform as the organization of Capital, it cannot be gainsaid that evils are liable to develop in either of these forms of association.

Because evils have developed and may develop as a result of these increasing complexities in industrial con-

ditions, shall we deny ourselves the maximum benefit which may be derived from using the new devices of progress? We cannot give up the corporation and industry on a large scale; no more can we give up the organization of labor; human progress depends too much upon them. Surely there must be some avenue of approach to the solution of a problem on the ultimate working out of which depends the very existence of industrial society.

To say that there is no way out except through constant warfare between Labor and Capital is an unthinkable counsel of despair; to say that progress lies in eventual surrender of everything by one factor or the other, is contrary, not only to the teachings of economic history, but also to our knowledge of human nature.

III

Most of the misunderstanding between men is due to a lack of knowledge of each other. When men get together and talk over their differences candidly, much of the ground for dispute vanishes.

In the days when industry was on a small scale, the employer came into direct contact with his employees, and the personal sympathy and understanding which grew out of that contact made the rough places smooth.

However, the use of steam and electricity, resulting in the development of large-scale industry with its attendant economies and benefits, has of necessity erected barriers to personal contact between employers and men, thus making it more difficult for them to understand each other.

In spite of the modern development of Big Business, human nature has remained the same, with all its cravings, and all its tendencies toward sympathy when it has knowledge and toward prejudice when it does not understand. The fact is that the growth of the organization of industry has proceeded faster than the adjustment of the interrelations of men engaged in industry.

Must it not be, then, that an age which can bridge the Atlantic with the wireless telephone, can devise some sort of social X-ray which shall enable the vision of men to penetrate the barriers which have grown up between men in our machine-burdened civilization?

IV

Assuming that Labor and Capital are partners, and that the fruits of industry are their joint product, to be divided fairly, there remains the question: What is a fair division? The answer is not simple—the division can never be absolutely just; and if it were just to-day, changed conditions would make it unjust to-morrow; but certain it is that the injustice of that division will always be greater in proportion as it is made in a spirit of selfishness and shortsightedness.

Indeed, because of the kaleidoscopic changes which the factors entering into the production of wealth are always undergoing, it is unlikely that any final solution of the problem of the fair distribution of wealth will ever be reached. But the effort to devise a continually more perfect medium of approach toward an ever fairer distribution must be no less energetic and unceasing.

For many years my father and his advisers had been increasingly impressed with the importance of these and other economic problems, and with a view to making a contribution toward their solution, had had under consideration the development of an institution for social and economic research.

While this general subject was being studied, the industrial disturbances in Colorado became acute. Their many distressing features gave me the deepest concern. I frankly confess that I felt there was something fundamentally wrong in a condition of affairs which made possible the loss of human lives, engendered hatred and bitterness, and brought suffering and privation upon hundreds of human beings. I determined, therefore, that in so far as it lay within my power I would seek some means of avoiding the possibility of similar conflicts arising elsewhere or in the same industry in the future. It was in this way that I came to recommend to my colleagues in the Rockefeller Foundation the instituting of a series of studies into the fundamental problems arising out of industrial relations. Many others were exploring the same field, but it was felt that these were problems affecting human welfare so vitally than an institution such as the Rockefeller Foundation, whose purpose, as stated in its charter, is "to promote the well-being of mankind throughout the world," could not neglect either its duty or its opportunity.

This resulted in securing the services of Mr. W. L. Mackenzie King, formerly Minister of Labor in Canada, to conduct an investigation "with a special view," to quote the language of an official letter, "to the discovery of some mutual relationship between Labor and Capi-

tal which would afford to Labor the protection it needs against oppression and exploitation, while at the same time promoting its efficiency as an instrument of economic production."

In no sense was this inquiry to be local or restricted; the problem was recognized to be a world-problem, and in the study of it the experience of the several countries of the world was to be drawn upon. The purpose was neither to apportion blame in existing or past misunderstandings, nor to justify any particular point of view; but solely to be constructively helpful, the final and only test of success to be the degree to which the practical suggestions growing out of the investigation actually improved the relations between Labor and Capital.

V

With reference to the situation which had unfortunately developed in Colorado, it became evident to those responsible for the management of one of the large coal companies there—the Colorado Fuel and Iron Company, in which my father and I are interested—that matters could not be allowed to remain as they were. Any situation, no matter what its cause, out of which so much bitterness could grow, clearly required amelioration.

It has always been the desire and purpose of the management of the Colorado Fuel and Iron Company that its employees should be treated liberally and fairly.

However, it became clear that there was need of some more efficient method whereby the petty frictions of daily work might be dealt with promptly and justly, and of some machinery which, without imposing finan-

cial burdens upon the workers, would protect the rights, and encourage the expression of the wants and aspirations of the men—not merely of those men who were members of some organization, but of every man on the company's payroll.

The problem was how to promote the well-being of each employee; more than that, how to foster at the same time the interest of both the stockholders and the employees through bringing them to realize the fact of their real partnership.

Long before the Colorado strike ended, I sought advice with respect to possible methods of preventing and adjusting such a situation as that which had arisen; and in December, 1914, as soon as the strike was terminated and normal conditions were restored, the officers of the Colorado Fuel and Iron Company undertook the practical development of plans which had been under consideration.

The men in each mining camp were invited to choose, by secret ballot, representatives to meet with the executive officers of the company to discuss matters of mutual concern and consider means of more effective coöperation in maintaining fair and friendly relations.

That was the beginning, merely the germ, of a plan which has now been developed into a comprehensive "Industrial Constitution." The scheme embodies practical operating experience, the advice and study of experts, and an earnest effort to provide a workable method of friendly consideration, by all concerned, of the daily problems which arise in the mutual relations between employer and employees.

The plan was submitted to a referendum of the employees in all the company's coal and iron mines, and adopted by an overwhelming vote. Before this general vote was taken, it had been considered and unanimously approved by a meeting of the employees' elected representatives. At that meeting I outlined the plan, which is described below, as well as the theory underlying it, which theory is in brief as follows:

Every corporation is composed of four parties: the stockholders, who supply the money with which to build the plant, pay the wages, and operate the business; the directors, whose duty it is to select executive officers carefully and wisely, plan the larger and more important policies, and generally see to it that the company is prudently administered; the officers, who conduct the current operations; and the employees, who contribute their skill and their work.

The interest of these four parties is a common interest, although perhaps not an equal one; and if the result of their combined work is to be most successful, each must do its share. An effort on the part of any one to advance its own interest without regard to the rights of the others, means, eventually, loss to all.

The problem which confronts every company is so to interrelate its different elements that the best interests of all will be conserved.

VI

The industrial machinery which has been adopted by the Colorado Fuel and Iron Company and its employees is embodied in two written documents, which have

been printed and placed in the hands of each employee. One of these documents is a trade agreement signed by the representatives of the men and the officers of the company, setting forth the conditions and terms under which the men agree to work until January 1, 1918, and thereafter, subject to revision upon ninety days' notice by either side.

This agreement guarantees to the men that for more than two years, no matter what reductions in wages others may make, there shall be no reduction of wages by this company; furthermore, that in the event of an increase in wages in any competitive field, this company will make a proportional increase.

The agreement provides for an eight-hour day for all employees working underground and in coke ovens; it insures the semi-monthly payment of wages; it fixes charges for such dwellings, light, and water, as are provided by the company; it stipulates that the rates to be charged for powder and coal used by the men shall be substantially their cost to the company.

To encourage employees to cultivate flower and vegetable gardens, the company agrees to fence free of cost each house-lot owned by it. The company also engages to provide suitable bath houses and club houses for the use of employees at the several mining camps.

The other document is an "Industrial Constitution," setting forth the relations of the company and its men. The Constitution stipulates, among other things, that "there shall be a strict observance by management and men of the Federal and State laws respecting mining and labor," and that "the scale of wages and the rules in re-

gard to working conditions shall be posted in a conspicuous place at or near every mine."

Every employee is protected against discharge without notice, except for such offenses as are posted at each mine. For all other misconduct the delinquent is entitled to receive warning in writing that a second offense will cause discharge, and a copy of this written notice must be forwarded to the office of the president of the company at the same time it is sent to the employee.

The constitution specifically states that "there shall be no discrimination by the company or any of its employees on account of membership or non-membership in any society, fraternity, or union." The employees are guaranteed the right to hold meetings on company property, to purchase where they choose, and to employ check-weighmen, who, on behalf of the men, shall see to it that each gets proper credit for his work.

Besides setting forth these fundamental rights of the men, the Industrial Constitution seeks to establish a recognized means for bringing the management and the men into closer contact for two general purposes:

First, to promote increased efficiency and production, to improve working conditions and to further the friendly and cordial relations between the company's officers and employees; and,

Second, to facilitate the adjustment of disputes and the redress of grievances.

In carrying out this plan, the wage-earners at each camp are to be represented by two or more of their own number chosen by secret ballot, at meetings especially

called for the purpose, which none but wage-earners in the employ of the company shall be allowed to attend. The men thus chosen are to be recognized by the company as authorized to represent the employees for one year, or until their successors are elected, with respect to terms of employment, working and living conditions, adjustment of differences, and such other matters as may come up.

A meeting of all the men's representatives and the general officers of the company will be held once a year to consider questions of general importance.

The Industrial Constitution provides that the territory in which the company operates shall be divided into a number of districts based on the geographical distribution of the mines. To facilitate full and frequent consultation between representatives of the men and the management in regard to all matters of mutual interest and concern, the representatives from each district are to meet at least three times a year—oftener if need be—with the president of the company, or his representative, and such other officers as the president may designate.

The district conferences will each appoint from their number certain joint committees on industrial relations, and it is expected that these committees will give prompt and continuous attention to the many questions which affect the daily life and happiness of the men as well as the prosperity of the company. Each of these committees will be composed of six members, three designated by the employees' representatives and three by the president of the company.

A joint committee on industrial coöperation and conciliation will consider matters pertaining to the prevention and settlement of industrial disputes, terms and conditions of employment, maintenance of order and discipline in the several camps, policy of the company stores, and so forth. Joint committees on safety and accidents, on sanitation, health and housing, on recreation and education, will likewise deal with the great variety of topics included within these general designations.

Prevention of friction is an underlying purpose of the plan. The aim is to anticipate and remove in advance all sources of possible irritation. With this in view a special officer, known as the President's Industrial Representative, is added to the personnel of the staff as a further link between the president of the corporation and every workman in his employ. This officer's duty is to respond promptly to requests from employees' representatives for his presence at any of the camps, to visit all of them as often as possible, to familiarize himself with conditions, and generally to look after the well-being of the workers.

It is a fundamental feature of the plan, as stated in the document itself, that "every employee shall have the right of ultimate appeal to the president of the company concerning any condition or treatment to which he may be subjected and which he may deem unfair." For the adjustment of all disputes, therefore, the plan provides carefully balanced machinery.

If any miner has a grievance, he may himself, or preferably through one of the elected representatives in his camp, seek satisfaction from the foreman or mine

superintendent. If those officials do not adjust the matter, appeal may be had to the president's industrial representative. Failing there, the employee may appeal to the division superintendent, assistant manager, or general manager, or the president of the company, in consecutive order.

Yet another alternative is that, after having made the initial complaint to the foreman or mine superintendent, the workman may appeal directly to the joint committee on industrial coöperation and conciliation in his district, which, itself failing to agree, may select one or three umpires whose decision shall be binding upon both parties to the dispute.

If all these methods of mediation fail the employee may appeal to the Colorado State Industrial Commission, which is empowered by law to investigate industrial disputes and publish its findings.

So as adequately to protect the independence and freedom of the men's representatives, the Constitution provides that in case any one of them should be discharged or disciplined, or should allege discrimination, he may resort to the various methods of appeal open to the other employees, or he may appeal directly to the Colorado State Industrial Commission, with whose findings in any such case the company agrees to comply.

The company is to pay all expenses incident to the administration of the plan, and to reimburse the miners' representatives for loss of time from their work in the mines.

VII

Such in outline is this Industrial Constitution. Some have spoken of it as establishing a Republic of Labor. Certain it is that the plan gives every employee opportunity to voice his complaints and aspirations, and it neglects no occasion to bring the men and the managers together to talk over their common interests.

Much unrest among employees is due to the nursing of real or fancied grievances arising out of the daily relations between the workmen and the petty boss. Such grievances should receive attention at once, and this plan provides that they shall.

Just as in the case of bodily wounds, so with industrial wounds, it is of prime importance to establish a method of prompt disinfection, lest the germs of distrust and hatred have opportunity to multiply.

This plan is not hostile to labor organizations; there is nothing in it, either expressed or implied, which can rightly be so construed; neither membership in a union nor independence of a union will bring a man either preference or reproach, so far as the attitude of the company is concerned.

The fact is that the Colorado Fuel and Iron Company Constitution does not restrict in any way the right of the employees to regulate their own lives, nor does it abridge their right to join any organization they please. At the same time it does insure the men fair treatment and an opportunity to make their voice heard in determining the conditions under which they shall work and live.

The plan does not deny to the representatives the right to act in concert; it does not deny to the men the right to employ counselors or advisers to assist them in formulating their views as to any situation. Indeed, the door is left wide open for the natural exercise of any right or privilege to which the men are entitled.

There is nothing in the plan to prevent the men holding open or secret meetings as often as they like, either in the separate camps, the districts, or as representing the whole industry. Such meetings are not specifically provided for because all those who are connected with the corporation are considered to be partners in the enterprise, and their interests common interests.

The plan provides a channel through which not only may the men confer with the management, but through which also the officers may lay their purposes, problems, and difficulties before the employees.

It provides a medium of adjustment, as between employer and employees, of the problems which constantly arise in the conduct of business, while in regard to the relations of both it recognizes that the voice of public opinion is entitled to be heard.

The acts of bodies of men in their relations with other men should always be illuminated by publicity, for when the people see clearly what the facts are, they will, in the long run, encourage what is good and condemn what is selfish.

Some may think that the form which the organization of labor takes must necessarily be originated and developed by Labor. If, however, a workable method of

coöperation between managers and men is actually developed, which is satisfactory to both, is its authorship of consequence, provided only its provisions are adequate and just and it proves to be an effective instrument through which real democracy may have free play?

The Colorado Plan has been devised for the employees of the Colorado Fuel and Iron Company, and without reference to the employees, or organizations of employees, in other companies. Some people will maintain that the men's interests cannot be adequately protected or their rights at all times enforced without the support of their fellows in similar industries.

This may be true where Labor and Capital do not generally recognize that their interests are one. But when men and managers grasp that vital point, as I believe this plan will help them to do, and are really awake to the fact that when either takes an unfair advantage of the other the ultimate interests of both are bound to suffer, they will have an incentive to fair dealing of the most compelling kind.

It is clear that a plan of this kind must not overlook the interests of the stockholders, for no plan which disregards their rights can be permanently successful. The interests of Capital can no more be neglected than those of Labor.

At the same time I feel that a prime consideration in the carrying on of industry should be the well-being of the men and women engaged in it, and that the soundest industrial policy is that which has constantly in mind the welfare of the employees as well as the making of prof-

its, and which, when the necessity arises, subordinates profits to welfare.

In order to live, the wage-earner must sell his labor from day to day. Unless he can do this, the earnings of that day's labor are gone forever.

Capital can defer its returns temporarily in the expectation of future profits, but Labor cannot. If, therefore, fair wages and reasonable living conditions cannot otherwise be provided, dividends must be deferred or the industry abandoned.

On the other hand, a business, to be successful, must not only provide for Labor remunerative employment under proper working conditions, but it must also render useful service to the community and earn a fair return on the money invested.

The adoption of any policy toward Labor, however favorable it may seem, which results in the bankruptcy of the corporation and the discontinuance of its work, is as injurious to Labor which is thrown out of employment, as it is to the public, which loses the services of the enterprise, and to the stockholders whose capital is impaired.

This plan is not a panacea; it is necessarily far from perfect, and yet I believe it to be a step in the right direction. Carefully as it has been worked out, experience will undoubtedly develop ways of improving it.

While the plan provides elaborate machinery which of itself ought to make impossible many abuses and introduce much that is constructively helpful, too strong emphasis cannot be put upon the fact that its success or

failure will be largely determined by the spirit in which it is carried out.

The problem of the equitable division of the fruits of industry will be always with us. The nature of the problem changes and will continue to change with the development of transportation, of invention, and the organization of commerce.

The ultimate test of the rightness of any particular method of division must be the extent to which it stimulates initiative, encourages the further production of wealth, and promotes the spiritual development of men.

The Colorado Plan is of possible value in that State, and may prove useful elsewhere, because it seeks to serve continually as a means of adjusting the daily difficulties incident to the industrial relationship. It brings men and managers together, it facilitates the study of their common problems, and it should promote an understanding of their mutual interests.

Assuming, as we must, the fundamental fairness of men's purposes, we have here possibly a medium through which the always changing conditions of industry may be from time to time more closely adapted to the needs, the desires, and the aspirations of men.

FOOTNOTE:

[1] Note.—This article, "Labor and Capital—Partners," originally appeared in the *Atlantic Monthly*, January, 1916.

IIIThe Personal Relation in Industry[2]

Heretofore the Chief Executives of important industrial corporations have been selected largely because of their capacity as organizers or financiers.

The time is rapidly coming, however, when the important qualification for such positions will be a man's ability to deal successfully and amicably with labor. Yet how to do this is a subject which, I fancy, is never taught or referred to in the classroom.

Like knowledge of the problems of sex, than which no department of life is more sacred, vital or deserving of full and ennobling instruction, an understanding of this subject is left to be acquired by experience, often costly or bitter, or through chance information, gleaned too frequently from ignorant and unreliable sources.

Just as the first of these two themes is coming to be taught sympathetically and helpfully in our schools and colleges, so I believe the second, the personal relation in industry, will eventually be regarded as an important part of those college courses which aim to fit men for business life.

After all, is it not the personal relations with one's fellows which, when rightly entered into, bring joy and inspiration into our lives and lead to success, and which, on the other hand, if disregarded or wrongly interpreted, bring equally sorrow and discouragement and lead to failure?

Think what the ideal personal relation between a father and son may mean to both. Some of us have known

such contact. Our lives have been fuller and richer as a result, freer from sin and sorrow. Others of us know from bitter experience what the absence of this relationship has involved.

How helpful to a student is such a friendly association with some professor who commands his confidence, respect and regard, and who is interested in his college work, not for itself alone, but quite as much because of its bearing on his future life's usefulness.

What would college life be without the personal relationships which are formed during its happy days and often continued close and intimate through life?

Can you imagine a successful football team composed of strangers, having no points of contact, no sympathy with each other, no common cause inspiring them to strive for victory? Team play, the support of one player by another, would be well nigh impossible.

Even in the army, where formerly the man who had become the most perfect machine was regarded as the best soldier, it is coming to be accepted that in addition to being obedient and subject to discipline, the man who thinks, who is capable of acting on his judgment when occasion arises, who is bound to his fellow soldiers and his officers by personal friendliness, admiration and respect, is a far more efficient soldier.

And whereas formerly, particularly in the armies of Europe, privates were not allowed to have any personal association or contact with their officers, we learn that in the World War a spirit of comradeship was developed by the officers with their men off duty, which personal

relationship was building up rather than weakening the morale of the armies.

What is true as to the relationships which I have mentioned is equally true in industrial relations, and personal contact is as vital and as necessary there as in any other department of life.

Let us trace briefly the history of the development of industry, that we may see where this personal relationship is present, where absent, and what is the effect of its presence or absence.

Industry in its earliest forms was as simple as it is complex to-day.

The man who provided the capital was frequently the director, president, general manager and superintendent of the enterprise, and in some instances actually worked with his employees. These latter were few in number. They were usually born and brought up in the same community with their employer, his companion in school days, his friends and neighbors, often calling him as he did them by their first names.

There was daily contact between employer and employee, and naturally if any questions or causes for complaint arose on either side, they were taken up at the next chance meeting and adjusted.

Next came the partnership, a development necessary because more capital was required than a single individual cared to or was able to provide. Two or more partners were thus associated together, but otherwise the situation was not materially different from that just described, except that more employees were required.

With the invention of the steam engine and its application to railroads, which quickly began to make their way over the face of the earth; with the development of the steamboat, replacing to so large an extent the old sailing vessels and making possible the regular and frequent transportation of the products of the soil and of industry from one part of the world to another; with the perfecting of the telegraph, cable and telephone, there came the need for larger aggregations of capital in order to carry on the ever expanding industries that were required to keep pace with this growth.

This led to the development of the corporation, the capital for which was supplied in larger or smaller amounts by few or many individuals, thus making possible almost indefinite financial expansion. And this form of business has continued to grow, as commerce and industry have become not only national but international and world wide in their extent, until we have to-day the United States Steel Corporation, with its 120,000 stockholders and its 260,000 employees.

It stands to reason that corporations of such magnitude have necessarily become highly specialized.

The responsibility of an individual stockholder in a corporation is of course in proportion to his interest, but the function of the stockholders in general consists in casting their votes each year for the election of directors to represent their interests.

The directors in turn are charged with the general responsibility of developing the policies of the corporation, some of which are matured by the officers, of se-

lecting its officers and of seeing to it that the corporation is properly managed.

The officers as the executives of the company carry out the company's policies and are charged with the actual operation of the company and the employment of labor.

As we contrast this gigantic organization with the simple form of industrial organization first described, it is at once apparent that in the very nature of the case the man who supplies the money seldom if ever comes in contact with the man who supplies the labor.

Here we note a marked and serious change. While deplorable, this situation is practically inevitable. Frequently the industry in which a stockholder has invested his capital is located in a far distant city. Not only this, but often investments are made in corporations which conduct business in other countries almost at the ends of the earth.

As a result of this lack of contact between Labor and Capital, the personal relationship has disappeared, and gradually a great gulf has grown up between the two, which is ever widening, so these two great forces have come too often to think that their interests are antagonistic, and have worked against each other, each alone seeking to promote its own selfish ends. This has resulted in the strike, the lockout and the various incidents of industrial warfare so regrettably common in this day and apparently on the increase.

Reports of the United States Bureau of Labor Statistics show that for the first eleven months of 1916 there

were 3,134 strikes and lockouts in the industries of this country, as against only 1,147 for the corresponding period of 1915.

These industrial conflicts have in some instances come to be little short of civil war; vast sums of money have been lost by both sides, untold hardship and misery have followed in their wake.

The New York City street railroad strike of last summer (1916) is estimated to have cost the companies some four millions of dollars, not to mention the loss in wages borne by the employees or the losses sustained by the public.

Last summer[3] four hundred thousand railroad men, constituting the four brotherhoods, voted in favor of a strike on 225 American railroads. If the average pay of these men had been only $2.50 a day, which is considerably lower than the fact, such a strike would have meant a daily loss in wages of a million dollars, not taking into account the far greater loss to business and the inevitable inconvenience and distress which would have been brought, directly or indirectly, to the doors of the entire population.

I have not had access to data showing the cost to this country of strikes and lockouts. However, the following quotation from a recent address made by Mr. Frank A. Vanderlip, President of the National City Bank of New York, throws light on the subject. Mr. Vanderlip said:

The cost of the recent garment workers' strike in New York City has been estimated to be in the neighborhood of fifty million dollars.

The last anthracite coal strike in the short course of five months caused a loss of one hundred and twenty million dollars to employers and employees in the community.

I have seen the statement that in a single year the losses that could be attributed to labor disturbances in this country total more than a billion dollars.

These are extraordinary figures, and though some of them are doubtless merely estimates, they serve to show what enormous proportions the industrial problem has assumed and how serious and vital a question it has become.

May I add that almost beyond belief as these figures are, they do not include those terrible mental and moral losses growing out of struggle and conflict, nor do they take account of the depleted bank balances of the workers, and the hunger, suffering and distress which extend into the homes and which touch the lives not only of those immediately concerned, but of tens of thousands of innocent women and children.

What I have said leads me to advance two ideas, both of which I believe to be profoundly true, but which have received far too limited consideration.

The first is that Labor and Capital are naturally partners, not enemies.

The second, that the personal relation in industry, entered into in the right spirit, gives the greatest promise of bridging the yawning chasm which has opened up between employer and employee.

The mistaken point of view in regard to the relation between Labor and Capital exists on the part of both Labor and Capital, as well as among the interested and disinterested public.

Too often Capital regards Labor merely as a commodity to be bought and sold, while Labor not infrequently regards Capital as money personified in the soulless corporation.

It might seem that technically speaking both of these definitions could be justified, but they are far from being comprehensive and adequate. For both Labor and Capital are men—men with muscle and men with money. Both are human beings and the industrial problem is a great human problem.

This is one of the first things we need to recognize, and it is just because human nature is involved in this problem that it is so intricate and difficult to solve.

The popular impression that from the very nature of the case Labor and Capital are two great contending forces arrayed against each other, each striving to gain the upper hand through force, each feeling that it must arm itself in order to secure from the other its rights and its just dues, is even more unfortunate than it is untrue.

I cannot believe that Labor and Capital are necessarily enemies. I cannot believe that the success of one must depend upon the failure or lack of success of the other. Far from being enemies, these two factors must necessarily be partners.

Surely, their interests are common interests, the permanent well being of neither can be secured unless the

other also is considered, nor can either attain the fullest possibilities of development which lie before both unless they go hand in hand.

Only when the industrial problem is approached from the point of view of a firm belief in this doctrine is there any hope of bringing about closer, more healthful and mutually advantageous relations between these two forces.

If, therefore, my first statement is true, namely that Labor and Capital are partners, then certain things must follow. They must have contact. This standing aloof one from the other must end.

Respect grows in the heart of each for the other, confidence is developed, and they come to realize that they are working with a common interest for a common result.

But this attitude, this relationship, is the personal relation in industry. Nothing else will take its place, nothing else will bridge the chasm of distrust and hatred.

It is the recognition of the brotherhood of man, of the principle of trying to put yourself in the other man's place, of endeavoring to see things from his point of view. The old saying that honesty is the best policy is often scoffed at and pronounced unpractical, but there never was a truer saying. Honesty *is* the best policy.

You may be able to deceive a man once or twice, or, if he is exceptionally gullible, half a dozen times, but you cannot deceive him indefinitely. You may be able to deceive a number of people sometimes, but you cannot deceive all of the people with whom you have business

dealings all of the time. You may be able to make a contract which gives you an unfair advantage of the other man, but the chances are that you cannot do it twice.

From a purely cold-blooded business point of view, honesty *is* the best policy. Likewise do I say that to treat the other man as you would have him treat you is an equally fundamental business principle.

This does not mean that you should surrender your rights or neglect to avail of your opportunities. It simply means that in the game of business, the same rules of sportsmanship should prevail as in a boxing bout, in a match of golf, or a football game.

Play fair and observe the rules. Let the contest be clean, gentlemanly, sportsmanlike, a contest always having regard for the rights of the other man.

Assuming, then, that the personal relation is a vital factor in successful industrial life, but recognizing the impossibility in this day of big business of reproducing it as it existed between employer and employee in the early days of industrial development, how can a like result be brought about, how can personal contact be established?

Granting that it is impossible for the stockholders of a great corporation, because of their number, because of their geographic relations, to come into frequent or even semi-occasional contact with their partners, the employees of a company; and that the situation is much the same with the directors—at least it is possible, and must be made increasingly so, for the leading representatives of the stockholders and directors, namely the officers of a corporation, to have such contact with the employees,

special officers being appointed for that purpose alone if necessary. Because of the vast numbers of employees in many a company, even this is difficult and altogether too infrequent to-day.

As the officers of our great corporations come to see more and more that the problem of understanding their employees and being understood by them is a vital problem, one of the most important with which the management is confronted, they will be convinced not only of the wisdom of devoting far more time to such contact, but of the desirability and the advantage to themselves, and to the employees as well as to the company, of such closer relation and intimate conference in regard to matters of common interest and concern.

If we look into our own experience, we find that the misunderstandings which we have had with other men have been largely the result of lack of contact. We have not seen eye to eye.

Men cannot sit around a table together for a few hours or several days perhaps and talk about matters of common interest, with points of view however diverse, with whatever of misunderstanding and distrust, without coming to see that after all there is much of good in the worst of us and not so much of bad in most of us as the rest of us have sometimes assumed.

But someone says, “We grant the desirability of the personal relation in industry. Theoretically we accept your suggestion as to how this theory can be put into practice in the industrial life of to-day, but practically, will it work?”

I can best answer this question by saying that such a program has been put into operation in a certain coal company in Colorado, in which my father and I are interested and of which I am a director.

If you will pardon a personal reference, may I say that when I visited Colorado some eighteen months ago, I had the opportunity of talking personally with hundreds, if not thousands, of the employees of that company. These men and many of the people of Colorado had formed their opinion of anyone bearing the name of Rockefeller from what they had read and heard. Because of certain industrial disturbances which had developed in the State, bitterness and hatred had existed to a high degree.

As I went from camp to camp I talked with the representatives of the men individually and privately, I went into the men's homes, talked with their wives and children, visited their schools, their places of amusement, their bathhouses, and had just such friendly relations with them as any man going among them would have had.

Frequently I found points of difference between the men and the officers, but in no single instance were the men as I met them other than friendly, frank and perfectly willing to discuss with me, as I was glad to discuss with them, any matters they chose to bring up.

It often occurred that there was justice in the points which they raised and their requests were acted upon favorably by the officers. Also frequently situations were presented in which it was impossible for the company to meet the views of the employees. But never was a

subject dismissed until, if unable myself to make the situation clear, the highest officials of the company were called in to explain to the employee with the utmost fulness and detail the reasons why the thing suggested was impossible.

No matter presented was left without having been settled in accordance with the request of the employee, or, in the event of that being impossible, without his having been fully convinced that the position of the company was just and right and in the common interest.

This personal contact with the employees of the company led to the establishment of mutual confidence and trust and to the acceptance on their part of the premise that they and we were partners.

The men generally came to see that the man about whom they had heard was very different from the man whom they had met in their homes and at their work. While they distrusted the former, they believed in the latter. Before I left Colorado, a plan of industrial representation, providing for close personal contact between the duly elected representatives of the men and officers of the company, was worked out and adopted by a large majority vote of the employees.

This plan in substance aims to provide a means whereby the employees of the company should appoint from their own number as their representatives men who are working side by side with them, to meet as often as may be with the officers of the corporation, sometimes in general assembly, where open discussions are participated in and any matters of mutual interest suggested and discussed; more frequently in committees composed

of an equal number of employees and officers, which committees deal with every phase of the men's lives—their working and living conditions, their homes, their recreation, their religion and the education and well-being of their children.

In brief, the plan embodies an effort to reproduce in so far as is possible the earlier contact between owner and employee.

I do not venture to make any prediction as to the ultimate success of the plan. Two interesting side lights, however, may be mentioned.

The first is that whereas the plan itself and an agreement covering working and living conditions was adopted by the coal miners employed by this company some fifteen months ago—since that time the same plan and agreement, adapted to the particular requirements of the steel workers, and also of the iron miners employed by the company, has been adopted by both.

The second, while the company has reopened a number of mines formerly idle and is now working quite to the limit of its capacity in the production of coal, it has all the labor at its various mines which it requires, and that too without having made any special effort to attract labor to its recently reopened mining camps.

But there is a further reason why the personal relation in industry is of such vital importance, and that is in order that the attitude and purpose of the owners and directors of a company may be rightly understood by and interpreted to their partners, the employees, and

vice versa; also that all grievances may be taken up and adjusted as they arise.

How true it is that when some petty representative of a great corporation makes a sharp trade with a customer, the customer at once says, "Obviously, the president of this corporation is a dishonest and unscrupulous man. It must be that he has directed his agents to pursue these sharp and crooked practices."

However high-minded the owners or directors of a company may be, it is of the utmost difficulty to guard against such practices on the part of an occasional representative. But it is obviously just as unfair on such grounds to maintain that the owners and managers are unjust and crooked in their business methods, as it would be to say that the whole tree was bad simply because one apple on it had spots or imperfections.

The employee in any corporation must form his opinion of the owners and directors of the corporation from the petty officer or foreman with whom he has personal contact. Too often these men, not infrequently promoted from the ranks, become overbearing and arrogant in their treatment of those under them.

This very naturally is as irritating and unjust to the employee as it is distressing to the company, and it is at this point in ninety-nine cases out of a hundred where grievances arise.

The Colorado Industrial Plan to which I have referred has been so drawn as to guard against the exercise of arrogance or oppression, by providing various channels through which the employee with a grievance can at

once secure a sympathetic and friendly hearing, carrying his difficulty to the president's ear, if necessary.

The foreman who knows that any arbitrary or unjust action on his part may be reviewed by his superior officers is very much more careful in his treatment of his men, always wanting to avoid having his decisions reversed.

If a slight scratch made on the finger with a rusty nail is immediately cleansed with an antiseptic wash, it heals at once. On the other hand, if the poison which has been introduced is allowed to remain, soon inflammation sets in, the disorder spreads, and serious menace to life may result.

And so it is with the petty grievance. If it is dealt with sympathetically and justly, immediately it is made known, peace, harmony and good-will are readily maintained. On the other hand, if indifference is shown and lack of sympathy, the grievance is nursed and from it grows the industrial disorders which later become so acute and difficult to heal.

An ounce of prevention is worth much more than a pound of cure. In no place is this saying truer than in dealing with human nature.

If I were to sum up in a few words what I have been endeavoring to say to you in regard to the personal relation in industry, I should say, apply the Golden Rule.

Every human being responds more quickly to love and sympathy than to the exercise of authority and the display of distrust.

If in the days to come, as you have to do with labor, you will put yourself in the other man's place and govern your actions by what you would wish done to you, were you the employee instead of the employer, the problem of the establishment of the personal relation in industry will be largely solved, strife and discord as between labor and capital will give place to coöperation and harmony, the interests of both will be greatly furthered, the public will be better served, and through the establishment of industrial peace, a great stride will have been taken toward the establishment of peace among nations.

FOOTNOTES:

[2] An address delivered at Cornell University on the occasion of Founder's Day, January 11, 1917.

[3] 1916.

IVRepresentation in Industry[4]

I speak as a member of the Public Group. I hold no executive position in any business corporation, and am not here representing any business interest.

I have come in response to the request of the President to accept appointment as one of the representatives of the general public in this Conference and am considering the questions which come before the Conference from that standpoint.

The resolution before the Conference is predicated upon the principle of representation in industry, which includes the right to organize and the right to bargain collectively. In supporting this resolution I beg leave to

present the following statement which, for the sake of brevity and clearness, I have reduced to writing.

The experience through which our country passed in the months of war, exhibiting as it did the willingness of all Americans without distinction of race, creed or class to sacrifice personal ends for a great ideal and to work together in a spirit of brotherhood and coöperation, has been a revelation to our own people, and a cause for congratulations to us all. Now that the stimulus of the war is over, the question which confronts our nation is how can these high levels of unselfish devotion to the common good be maintained and extended to the civic life of the nation in times of peace.

We have been called together to consider the industrial problem. Only as each of us discharges his duties as a member of this Conference in the same high spirit of patriotism, of unselfish allegiance to right and justice, of devotion to the principles of democracy and brotherhood with which we approached the problems of the war, can we hope for success in the solution of the industrial problem which is no less vital to the life of the nation. Surely the men and women will stand together as unselfishly in solving this great industrial problem as they did in dealing with the problems of the war if only right is made clear and the way to a solution pointed out.

The world position which our country holds to-day is due to the wide vision of the statesmen who founded these United States and to the daring and indomitable persistence of the great industrial leaders, together with the myriads of men who with faith in their leadership

have coöperated to rear the marvelous industrial structure of which our country is justly so proud.

This result has been produced by the coöperation of the four factors in industry: labor, capital, management and the public, the last represented by the consumer and by organized government.

No one of these groups can alone claim credit for what has been accomplished. Just what is the relative importance of the contribution made to the success of industry by these several factors and what their relative rewards should be are debatable questions. But however views may differ on these questions it is clear that the common interest cannot be advanced by the effort of any one party to dominate the other, to arbitrarily dictate the terms on which alone it will coöperate, to threaten to withdraw if any attempt is made to thwart the enforcement of its will. Such a position is as un-American as it is intolerable.

The personal relationship which existed in bygone days is essential to the development of this new spirit. It must be reëstablished; if not in its original form at least as nearly so as possible.

In the early days of the development of industry, the employer and capital investor were frequently one. Daily contact was had between him and his employees, who were his friends and neighbors. Any questions which arose on either side were taken up at once and readily adjusted. A feeling of genuine friendliness, mutual confidence and stimulating interest in the common enterprise was the result.

How different is the situation to-day! Because of the proportions which modern industry has attained, employers and employees are too often strangers to each other. Personal contact, so vital to the success of any enterprise, is practically unknown, and naturally, misunderstanding, suspicion, distrust and too often hatred have developed, bringing in their train all the industrial ills which have become far too common. Where men are strangers and have no points of contact, this is the usual outcome. Much of the strife and bitterness in industrial relations result from lack of ability or willingness on the part of both Labor and Capital to view their common problems each from the other's point of view.

Representation is the principle upon which the democratic government of our country is founded. On the battlefields of France this nation poured out its blood freely in order that democracy might be maintained at home and that its beneficient institutions might become available in other lands as well.

Surely it is not consistent for us as Americans to demand democracy in government and practice autocracy in industry.

What can this Conference do to further the establishment of democracy in industry and lay a sure and solid foundation for the permanent development of coöperation, good-will and industrial well-being? To undertake to agree on the details of plans and methods is apt to lead to endless controversy without constructive result.

Can we not, however, unite in the adoption of the principle of representation, and the agreement to make every effort to secure the endorsement and acceptance

of this principle by all chambers of commerce, industrial and commercial bodies and all organizations of labor?

Such action I feel confident would be overwhelmingly backed by public opinion and cordially approved by the Federal Government. The assurance thus given of a closer relationship between the parties to industry would further justice, promote good-will and help to bridge the gulf between Capital and Labor.

(*Resolution introduced by John D. Rockefeller, Jr., earlier in the session, which was not debated or acted upon but superseded by the resolution to which the foregoing remarks were addressed.*)

Whereas, the common ground of agreement and action with regard to the future conduct of industry, with the development of a new relationship between Capital and Labor which the President sought in calling this Conference can only be discovered as we approach the problem in the spirit of justice, brotherhood, and of willingness to put one's self in the other man's place, the coming of which means the substitution of confidence for distrust, of good will for enmity, of coöperation for antagonism; and

Whereas, this spirit can be developed only by the resumption of personal relations between employer and employee or the nearest possible approach thereto; and

Whereas, some form of representation in industry is essential in order to make personal relations possible under modern industrial conditions;

Now Therefore be it

Resolved, that this Conference recognizes and approves the principle of representation in industry under which the employees shall have an effective voice in determining their terms of employment and their working and living conditions; and be it further

Resolved, that just what form representation shall take in each individual plant or corporation, so long as it be a method which is effective and just, is a question to be determined by the parties concerned in the light of the facts in each particular instance; and be it further

Resolved, that any form of representation to be adequate must include:

1. Ample provision whereby the stockholders and the employees through their respective representatives, shall give current consideration to matters of common interest such as terms of employment and working and living conditions;

2. Any such further provisions, if any, as may be necessary to insure the prompt uncovering of grievances, real or alleged, and their speedy adjustment.

FOOTNOTE:

[4] Remarks at National Industrial Conference, Washington, D. C., October 16, 1919.

VTo the Employees[5]

This is a red-letter day in my life.

It is the first time I have ever had the good fortune to meet the representatives of the employees of this great

company, its officers and mine superintendents, together, and I can assure you that I am proud to be here, and that I shall remember this gathering as long as I live.

Had this meeting been held two weeks ago, I should have stood here as a stranger to many of you, recognizing few faces. Having had the opportunity last week of visiting all of the camps in the southern coal fields and of talking individually with practically all of the representatives, except those who were away; having visited your homes, met many of your wives and children, we meet here not as strangers but as friends, and it is in that spirit of mutual friendship that I am glad to have this opportunity to discuss with you men our common interests.

Since this is a meeting of the officers of the company and the representatives of the employees, it is only by your courtesy that I am here, for I am not so fortunate as to be either one or the other; and yet I feel that I am intimately associated with you men, for in a sense I represent both the stockholders and the directors.

Before speaking of the plan of industrial representation to which our president has referred, I want to say just a few words outlining my views as to what different interests constitute a company or corporation.

Every corporation is made up of four parties: Stockholders, directors, officers and employees.

This little table (*exhibiting a square table with four legs*) illustrates my conception of a corporation; and there are several points in regard to the table to which I want to call your attention.

First, you see that it would not be complete unless it had all four sides. Each side is necessary; each side has its own part to play.

Now, if you imagine this table cut into quarters, and each quarter separated from the others, what would happen? All of them would fall down, for no one could stand alone, and you would have no table. But when you put the four sides together, you have a useful piece of furniture; you have a table.

Then, secondly, I call your attention to the fact that these four sides are all perfectly joined together; that is why we have a perfect table. Likewise, if the parties interested in a corporation are not perfectly joined together, harmoniously working together, you have a discordant and unsuccessful corporation.

Again, you will notice that this table is square. And every corporation to be successful must be on the square—absolutely a square deal for every one of the four parties, and for every man in each of the four parties.

I call your attention to one more thing—the table is level. Each part supported by its leg is holding up its own side, hence you have a level table. So, equal responsibility rests on each one of the four parties united in a corporation.

When you have a level table, or a corporation that is on the level, you can pile up earnings on it (*piling coins on the table*). Now, who gets the first crack at the earnings? You know that we in New York don't.

Here come along the employees, and first of all they get their wages (*removing some of the coins*), every two weeks like clockwork, just what has been agreed on; they get the first chance at the pile.

You men come ahead of the president, the officers, the stockholders and directors. You are the first to put a hand into the pile and take out what is agreed shall belong to you.

You don't have to wait for your share; you don't have to take any chances about getting it. You know that there has never been a two-weeks' period that you have worked when you have not been able to get your pay from this company; whatever happens, so long as the company is running, you get your pay.

And then the officers and superintendents come along, and they get theirs; they don't get it until after you have gotten yours (*removing more coins*).

Then come the directors, and they get their directors' fees (*removing the balance of the coins*) for doing their work in the company.

And, hello! There is nothing left! This must be the Colorado Fuel and Iron Company! For never, men, since my father and I became interested in this company as stockholders, some fourteen years ago—never has there been one cent for the common stock.

For fourteen years the common stockholder has seen your wages paid to you workers; has seen your salaries paid to you officers; has seen the directors draw their fees, and has not had one cent of return for the money

that he has put into this company in order that you men might work and get your wages and salaries.

How many men in this room ever heard that fact stated before? Is there a man among you? Well, there are mighty few among the workers who have heard it.

What you have been told, what has been heralded from the Atlantic to the Pacific, is that those Rockefeller men in New York, the biggest scoundrels that ever lived, have taken millions of dollars out of this company on account of their stock ownership, have oppressed you men, have cheated you out of your wages, and "done" you in every way they could.

That is the kind of "dope" you have been getting, and that is what has been spread all over the country. And when that kind of talk was going on, there were disturbances in this part of the country because the four sides of this table were not square and the table was not level, there were those who in the streets of New York and in public gatherings, were inciting the crowd to "shoot John D. Rockefeller, Jr., down like a dog." That is the way they talked.

The common stockholders have put $34,000,000 into this company in order to make it go, so that you men will get your wages, you officers have your salaries, and the directors get their fees, while not one cent has ever come back to them in these fourteen years.

If there is anyone who questions that statement, let him speak. Now, let me put it to you men, is it fair, in this corporation where we are all partners, that three of the

partners should get all of the earnings, be they large or small—all of them—and the fourth nothing?

Is there a man of you who would put his money in the savings bank and leave it there for one year even, unless he was sure to get at least four per cent. interest? Otherwise you would say that the savings bank was trying to cheat you out of a proper return on your money.

But for fourteen years, to my knowledge—how much longer I do not know—the common stockholders have gotten not one cent out of this company. I just want you to put that in your pipes and smoke it, and see if it tallies with what you have heard about the stockholders oppressing you and trying to get the better of you. That does not sound like oppression, like trying to get the best of the bargain!

And you cannot expect that any one of the partners will remain indefinitely in this or any other corporation if he does not get a fair share of the earnings, with the others. Capital is entitled to a fair return, just the same as labor is.

Would you continue working in some mining camp for even a week, much less a month, a year, or fourteen years, without pay? Of course you would not. You would go to Pennsylvania, Indiana, Ohio—anywhere else on God's earth where you could get a fair return for your work.

Now, the stockholders have been pretty patient all this time; they have taken a lot of abuse because people have not told the truth.

I think if we had all gotten together, as we have today, months and years ago, and discussed these questions, and the facts had been fairly presented, that there is not a man in this room but who would have said:

"That is not a square deal, and in so far as I have anything to do with this company, whether I am digging coal, driving mules, or sitting in an office directing operations—whatever my position, I will do what I can to see to it that every last man in this big family here gets a square deal."

Now, I am not here to seek sympathy for the common stockholders, but I just want to point out to you what you ought to know: that capital will not stay indefinitely where it does not get proper recognition and a reasonable return.

And not one man in this room can afford to have the capital invested in the mines of the Colorado Fuel and Iron Company become discouraged and withdraw, because as capital gets discouraged and withdraws, work falls off, mines are closed, wages go down, men are thrown out of employment, and the whole enterprise is endangered, and all of these things may result because only three of the four sides in the corporation have received consideration.

(*Interruption by Mr. Ben Beach, superintendent of Coal Creek mine*:)

"Mr. Rockefeller, I wonder whether I may say a word right here?

"Mr. Rockefeller and Fellow Workmen: What Mr. Rockefeller has stated in regard to the common stock I

can vouch for, for about eight years ago I bought some common stock in the C. F. & I. Co. and I have been one of those sorry men because I never got any returns for it."

Mr. Rockefeller: That is testimony that comes directly home. I have been expecting to hear such expressions from the stockholders. I have been expecting that there would be criticism, and just criticism, from men, like our friend here, who have had no dividends on their stock all these years. They may well say:

"What right have you to go on spending money for club houses, bath houses and fences, for this improvement in the camps, or that, simply to add to the comfort of the men, when we common stockholders have never gotten a cent?" That is just the way the stockholders may well feel. I am glad you brought up that point, Mr. Beach.

I want to show you another thing in connection with this table, this corporation with its four sides, working harmoniously, and with earnings piling up. When any one side says to itself:

"I am not satisfied with my fair portion; I am going to grab all I can and let the others take care of themselves," and thereupon commences to reach up and lay hold of more than its fair share of the earnings, then it happens that the earnings commence to fall off, there is trouble and nothing is left to divide.

(*At this point, Mr. Rockefeller raised one of the legs of the table, thereby tilting it and causing the coins piled upon it to slip off.*)

There is still another thing I want to speak of in regard to this table. Here is one of the four parties in the corporation who says:

"I am tired of doing my share, holding up my end of the game. We wage-earners are tired of this thing, we don't like to carry our fair share of the burden, let us try to get all we can out of the company and put in just as little as we can. Let us do each day just as little work as we can and hold the job down."

Now, you know there are men going over this country from one end to the other who are saying to the workmen of the country:

"Your game is to get the shortest possible working day you can, to do the least possible work that you can get away with and not lose your job, and to get just as much as you can for what little you do."

Any man who preaches that doctrine, instead of being your friend, is your deadliest enemy, because see what happens. Here is the side of Labor; it says:

"We will get out from underneath, we won't work so hard; we will do just as little as we can."

And Labor's corner begins to drop down (*lowering the corner of the table*), the earnings fall off (*coins slip off*) and there is nothing left for anyone (*the table is bare*).

Men, only when every man connected with that square corporation which is on the level, is interested, unselfishly, not in what he can get out of the corporation,

but what he can put into it for the benefit of every man in the concern, will that man himself get the most out of it.

And I think there is no one thing that threatens greater harm to the interests of the workingmen of this country than that pernicious, that wicked, that false doctrine, that a man should do just as little work in a day as he possibly can, and just as poor work as he possibly can, and hold on to his job.

We see, then, what this company ought to be, what any corporation ought to be: a concern that is square, and always on the level, with every man doing his part. You do not need to take my word for it, you see from the illustration of the table that the interest of every man is sacrificed when any other principle governs.

Now—the problem which lies before the Colorado Fuel and Iron Company is to so interrelate the different elements in the company that the best interests of all will constantly be conserved, and the wage-earners, seeing the situation as it is here shown, must say and will say—because they are square men:

"We only want a square deal; we only want what is our fair proportion of return from this corporation; we will do our best to make it a success because we know that our success is dependent upon the success of all our partners."

The officers must say:

"Our interest is to have every man that works with us realize that we are his friends, not his enemies; that there is no reasonable thing that he may want to talk about which we will not gladly discuss with him and explain."

The directors must, on their part, give their best energies and efforts to the devising of policies which will be in the interest of all. The common stockholders must be patient yet awhile as they look at that empty table from which the rest of you have rightly taken your earnings, and they will be patient, I am sure, if they feel that all of the other elements in the company are earnestly coöperating to bring about the highest success of each and to secure a fair deal all around.

This meeting has been called to-day for the purpose of seeing whether we can work out and agree upon, among ourselves here, some plan which will accomplish what I feel sure we all want to accomplish. I have been asked to explain the plan which is up for our consideration.

I may say, men, that for years this great problem of Labor and Capital and of corporate relationships has engaged my earnest attention and study, while for the last eighteen months I have spent more of my time on the particular problems which confront this company than I have put on any other one interest with which I am related.

I have talked with all of the men whom I could get in touch with who have had experience with or have studied these vital questions. I have conferred with experts, and I have tried in every way to get the best information I could, looking toward the working out of some plan which would accomplish the result we are all striving to attain.

Nearly a year ago the officers of the company, after having studied this question with us in New York,

introduced, as you know, the beginning of such a plan, namely, the selection by the men at each camp of duly chosen representatives, to confer with the officers of the company in regard to matters of common interest.

That was the beginning, and Mr. Welborn, in discussing the plan with you men, told you that it was only the beginning, that as rapidly as it became clear what further steps should be taken in order to conserve the common interest, those steps would be jointly discussed and introduced as soon as agreed upon. And so, in conjunction with Mr. Welborn and other able advisers, we have worked out a further development of the plan adopted last fall.

Then I said to myself: nothing shall be said about this plan, nor will we undertake to complete it until I have myself seen every mining camp operated by the company.

And now I have visited every camp, with the exception of those on the western slope, and lack of time alone has prevented my getting over there to see you men.

I have gone, as you know, to every camp in the southern fields, have talked privately with every superintendent, except one who was away, and with all of the representatives at each camp with the exception of some two or three who were not available at the time; I have gone into scores of your homes and I met your wives and children, and have seen how you live; I have looked at your gardens, and in camps where fences were only recently built have seen how eagerly you have planted gardens the moment opportunity was afforded, and how quickly you have gotten the grass to grow, also flowers

and vegetables, and how the interest in your homes has thereby been increased.

I inquired specifically about the water supply at each camp; I went down into several of the mines and talked with hundreds of the miners; I looked into the schools, talked with the teachers, inquired what educational advantages your children were getting.

I asked what opportunities you men, my partners, had for getting together socially, and I visited some of your club houses and saw plans for others. I went into your wash houses and talked with the men before and after bathing.

As you know, we have pretty nearly slept together—it has been reported that I slept in one of your nightshirts—I would have been proud had the report been true.

If any man could have gone more carefully, more thoroughly, into the working and living conditions that affect you, my partners, I should be glad to have had him make me suggestions as to what further I might have done.

Now, it was only after that careful and exhaustive personal study that I was willing to go on with the plan of representation and undertake to complete it for presentation to you. And, frankly, every waking moment since I left you men in the Fremont district last Saturday, practically every daylight hour of this last week has been spent with the officers of this company in constant, careful, earnest thought looking toward the development of

such a plan as would serve our common interest in the best possible way.

I have made a very lengthy introduction, and will now proceed to the explanation of the plan. I shall be glad if Mr. Welborn, Mr. Weitzel, Mr. Matteson, or Mr. King, whose assistance has been of the greatest value in working out this plan, will correct me as I go along in case I make any mistake or omit any features.

(*Mr. Rockefeller then explained the plan in detail, calling attention to the fact that if it met with the approval of the representatives and officers in the meeting, together with an agreement respecting wages, working and living conditions, both would be submitted on the one hand to a vote of the men in the camps, and on the other to the directors of the company, and if then approved, the agreement would be signed and become binding until January 1, 1918. Mr. Rockefeller went on to say:*)

I want to stay in Colorado until we have worked out some plan that we all agree is the best thing for us all, because there is just one thing that no man in this company can ever afford to have happen again, be he stockholder, officer, or employee, or whatever his position, and that is, another strike.

I know we are all agreed about that, every last man of us, and I propose to stay here if it takes a year, until we have worked out among ourselves, right in our own family, some plan that we all believe is going to prevent any more disturbances, any more interruption of the successful operation of this great company in which we are all interested.

I have been hoping that the votes in all the camps could be taken early next week, so that we would know without delay what the spirit and wish of the men and the directors is. I speak of this point so that in explaining the matter to the men in your camps you representatives will make it clear to them why we are proceeding a little more rapidly than we would if I lived here all the time, and if I was not so desirous of seeing some agreement reached before I go away.

There will be a meeting of the Board of Directors on Monday next, and if this meeting should accept this plan and recommend its adoption, the Board will act on that day. I should hope that meetings could be held in the various camps on Monday, Tuesday and Wednesday. You men can explain the plan to the men in the camps privately and in little groups so that they will be ready to consider it fully and then vote on it by the middle or toward the latter part of next week.

FOOTNOTE:

[5] Address at the joint meeting of the officers and representatives of the employees of the Colorado Fuel and Iron Company, Pueblo, October 2, 1915.

VITo the People of Colorado[6]

Of all the many cordial receptions which have been accorded me since I was so fortunate as to enter your hospitable State, none has been more gratifying or more deeply appreciated than the one which you citizens of Denver have to-day tendered me. And I count it a most gratifying climax to my visit to Colorado that I should

have this opportunity of meeting so splendid a gathering of the representative business men and citizens of this fair State.

As I have traveled about Colorado the past three weeks I have been charmed with the beauty and grandeur of the scenery; I have been inspired by the invigorating climate, the clear air, the blue sky. I have been impressed with the fertility of your soil, with the vast extent and richness of your mineral wealth. But above all, I have been captivated by the cordiality of your people.

And so I am very happy to have this opportunity today of expressing to you, and through you to the people of Colorado, my deep appreciation of the many kindnesses and courtesies which have been shown me during my stay among you.

These I have accepted as intended partially for myself, but largely for my father, whose representative I am, and in whose name as well as my own I thank you.

My father has been for many years a good friend of the people and State of Colorado. His friendship for you, his belief in you, his confidence in the future of this State, have been clearly shown by his having put considerable sums of money into the steel and coal industries of the State through his investments in the Colorado Fuel and Iron Company; and, as many of you know, during the fourteen years since he made his first investment in that company, except for one payment made on the preferred stock on account of an accumulation of dividends, there has not come back to him or the common stockholders one single cent of return.

And yet my father has not lost his faith in the State of Colorado nor in the people of Colorado; he believes in you, and the fact that his interest in this company continues to be a very substantial one is a sure proof of his attitude.

I wish very much that he were here to-day himself. I have often had that wish as I have gone among you during these weeks.

Some of the papers have mentioned my democratic spirit. If my father had been among you as I have been, no comment in regard to my attitude would have been made, for of all men he is most democratic and approachable, as hundreds of those who know him will testify, and in that atmosphere of democracy I have been reared. Born and brought up in the country, at an early age he learned what hard work meant.

When his period of schooling had been completed he went into active business for himself, and during the many years following, when he was actively engaged in business, he was constantly in close personal touch with the working classes, among whom he found many of his best and truest friends.

At his country place on the Hudson there are constantly employed several hundred men of different nationalities; many of these employees he knows by name; he is constantly mingling with them in their work, interested in their progress and in their home life, and it is not an infrequent sight, at the close of the day's work, to see him returning home in his automobile with half a dozen or a dozen Italian and Hungarian workingmen crowded

about him on the seats and standing on the running board as he gives them a lift on their way home.

When motoring about the country he may frequently be found talking with a group of men at the country store in a little village, and when he comes upon school children returning from their school he delights to load as many of them into his automobile as possible and give them a ride on their way.

I recall not long since the death of a colored teamster who had for some years been in my father's employ. My father was among the first to visit the bereaved family in their humble home above the work stable, that he might express his sympathy with them in their sorrow, and as he stood at the grave his tears were mingled with the tears of the other mourners as he paid his last tribute of respect to a faithful employee and a true friend.

When called as a witness in New York by the Industrial Relations Commission last winter, my father stated very clearly his attitude toward workingmen.

Briefly, these were the three points that he made:

That he believed that Labor and Capital were partners, not enemies.

That in any industry with which he was connected he would gladly welcome the workers as stockholders, and further:

That it would be his wish that those who work with their hands be given representation upon the Board of Directors, so that they might come to have a closer knowl-

edge of the problems with which the management of the corporation is confronted.

The word "fear" is not found in my father's vocabulary, nor does he know what the sensation is, and yet he has the gentleness and the tenderness of a woman.

Although he has been accustomed to think in world terms in the development of the business and philanthropic enterprises to which his life has been devoted, there is no person in his household too humble to receive his frequent kindly and personal thought.

Criticized, maligned, and condemned these many years, not only for his business success achieved through his ability to gain the confidence and coöperation of men, to bring all parties into harmony and to effect economies in every possible way, but also because of his philanthropic endeavors, there is still not the slightest trace of bitterness in his character and he holds in his heart nothing but good-will toward every man.

And if, in their kindness of heart, the people of Colorado have found in me anything that may have seemed admirable, that, and whatever else I am or may be, I owe to my sainted mother and my honored father, whose training and example I regard as a priceless heritage. And so again I say I wish that my father were here that he might meet you men personally and be confirmed in the view which he has held during past months of unrest and conflict, to the effect that many of the evil and censorious reports which have been spread about the country in regard to this great State and its people are untrue; that you, on the other hand, coming to know him, might realize the injustice and the cruelty of the things

that have been said and written about him during these many years.

And again, in his absence, on his behalf, as well as for myself, I thank you for your kindness and the evidences of your friendship to him and to me, which have been countless during these days of my happy residence among you.

There has been so much said with regard to the views which my father and I have held and do hold in regard to the organization of labor, and also in regard to the relations which should exist between the various parties in any company or corporation, that it is perhaps not unfitting for me to state in a few words just what those views are.

The position I took when called before the Subcommittee of Mines and Mining of the House of Representatives in Washington two years ago, in regard to the right of every American workingman to work for whom he pleased and upon such terms as he pleased, has been frequently misunderstood and misrepresented.

It has been construed as indicating that my father and I were not only opposed to the organization of labor, but that we were persistently and continually fighting it. No such inference is correct, for absolutely the contrary is the fact.

I can, perhaps, present in the briefest and clearest way the views which we hold on these two subjects by referring to several paragraphs from a statement which I read before the Industrial Relations Commission in New York last January:

"First, with reference to my attitude toward labor unions: I believe it to be just as proper and advantageous for labor to associate itself into organized groups for the advancement of its legitimate interests, as for capital to combine for the same object.

"Such associations of labor manifest themselves in promoting collective bargaining, in an effort to secure better working and living conditions, in providing machinery whereby grievances may easily and without prejudice to the individual be taken up with the management. Sometimes they provide benefit features, sometimes they seek to increase wages; but whatever their specific purpose, so long as it is to promote the well-being of the employees, having always due regard for the just interests of the employer and the public, leaving every worker free to associate himself with such groups or to work independently, as he may choose—I favor them most heartily.

"Combinations of capital are sometimes conducted in an unworthy manner contrary to law and in disregard of the interest both of labor and the public. Such combinations cannot be too strongly condemned nor too vigorously dealt with.

"Although combinations of this kind are the exception, such publicity is generally given to their unsocial acts that all combinations of capital, however rightly managed or broadly beneficent, are thereby brought under suspicion.

"Likewise, it sometimes happens that combinations of labor are conducted without just regard for the rights of the employer or the public, and methods and practices

adopted which, because unworthy or unlawful, are deserving of public censure. Such organizations of labor bring discredit and suspicion upon other organizations which are legitimate and useful, just as is the case with improper combinations of capital, and they should be similarly dealt with.

"I should be the last, however, to allow the occasional failure in the working of the principle of the organization of labor to prejudice me against the principle itself, for in that principle I strongly believe.

"In the further development of the organization of labor and of large business, the public interest, as well as the interest of Labor and Capital alike, will, it seems to me, be best advanced by whatever stimulates every man to do the best work of which he is capable; by a fuller recognition of the common interest of employers and employed; and by an earnest effort to dispel distrust and hatred and to promote good-will.

"I believe that the ultimate object of all activities in a republic should be the development of the manhood of its citizens; that such manhood can be developed to the fullest degree only under conditions of freedom for the individual, and that industrial enterprises can and should be conducted in accordance with these principles.

"I believe that a prime consideration in the carrying on of industry should be the well-being of the men and women engaged in it, and that the soundest industrial policy is that which has constantly in mind the welfare of the employees as well as the making of profits, and which, when the necessity arises, subordinates profits to welfare.

"A business to be successful must not only provide to labor remunerative employment under proper working conditions, but it must also render useful service to the community and earn a fair return on the money invested.

"The adoption of any policy toward labor, however favorable it may seem, which results in the bankruptcy of the corporation and the discontinuance of its work, is as injurious to labor which is thrown out of employment, as it is to the public which loses the services of the enterprise, and to the stockholders whose capital is impaired.

"I believe it to be the duty of every citizen to do all within his power to improve the conditions under which men work and live. I believe that that man renders the greatest social service who so coöperates in the organization of industry as to afford to the largest number of men the greatest opportunity for self-development, and the enjoyment by every man of those benefits which his own work adds to the wealth of civilization.

"In order to live, the wage-earner must sell his labor from day to day. Unless he can do this, the earnings from that day's labor are gone forever. Capital can defer its returns temporarily in the expectation of future profits, but labor cannot. If, therefore, fair wages and reasonable living conditions cannot otherwise be provided, dividends must be deferred or the industry abandoned.

"I believe that a corporation should be deemed to consist of its stockholders, directors, officers and employees; that the real interests of all are one, and that nei-

ther Labor nor Capital can permanently prosper unless the just rights of both are conserved."

It was in line with these views that the plan of industrial representation recently proposed by the Colorado Fuel and Iron Company, and already adopted by the directors and by a majority vote of the employees of the different camps, was developed.

The underlying principle is that of coöperation, the theory being that the interests are common interests, and this leads to the development of the committees called for in the plan, as joint committees, on each of which the representatives of the workers have equal place with the representatives of the officers of the company.

In contrast with this spirit of coöperation is the spirit which too often has been in evidence in some organizations of labor. There, seemingly, labor is arrayed against capital. It is war! And apparently success cannot come to either party except failure or harm comes to the other.

I need not point out to you men the fact that in this day and generation we cannot hope for industrial peace, we cannot hope for prosperity in this fair land, until labor and capital join hands and recognize that their interest is a common interest, that what hurts one hurts the other, that what develops the well-being and the prosperity of one must of necessity develop the well-being and prosperity of the other.

May I also point out the spirit of democracy which underlies this plan? All of the employees in the corporation are entitled to join in it, regardless of whether they are or are not members of any society, fraternity

or union, as contrasted with any plan, where only those who elect to join an organization are eligible to the benefits which come from it.

Every man in the camps of the Colorado Fuel and Iron Company is considered in this industrial plan, is represented and can be heard, and his complaint, be it great or small, can be carried from one officer to another until it reaches the ear of the president of the company.

Those who have coöperated in the development of this plan recognize that it is far from perfect, that it will have to be changed and adapted to the requirements of the company in which it has been adopted.

On the other hand, it is the earnest hope of all who are associated in the plan that it may point the way toward a closer coöperation between the employees and the other parties in interest in this company, that it may so establish relations of friendship and of mutual confidence, that it may so benefit the workers, the officers and the stockholders of the company, that there may never come a day when there will be repeated the industrial disorders which have occurred in the past in this company and in other companies in this State.

And it is our hope that toward that end all of the citizens of the State will coöperate, for, as I have said to the representatives of the workers of the Colorado Fuel and Iron Company, to many of the men themselves, as well as to the officers and directors of the company, there is one thing which must never happen again in that company, and that is a strike. Wantonly wasteful of human life and human property, no parties in interest are benefit-

ed thereby, but all seriously and permanently harmed as well as the public and the citizens of the State.

The way to prevent war is to cultivate and develop those qualities of head and heart which promote happiness and peace, and it is with that purpose in mind that this plan, to which I have referred, has been developed.

The time has come when the business man of this State and county must think in terms of the laboring man, and the laboring man must think in terms of the business man; when each must strive to imagine himself in the other's place; when the teaching that every man is his brother's keeper should no longer be a dead letter but a living reality; when coöperation and not conflict should be the watchword.

The opportunity to lead the nation in the permanent establishment of industrial peace is yours; if you will lay hold upon it, the name of this fair State will be written large in the history of the nation; if you let it pass, you and your children and your children's children, will never cease to regret this day.

And if in any smallest way my coming to Colorado may prove to have been of service to you in approaching the solution of this world problem of industrial relations, I shall feel a sense of satisfaction and gratitude beyond expression.

FOOTNOTE:

[6] Address at the Chamber of Commerce Luncheon, Denver, October 8, 1915.

APPENDIX

THE INDUSTRIAL CONSTITUTION

Plan of Representation of Employees in the coal and iron mines of the colorado fuel and iron company of colorado and wyoming

IRepresentation of Employees

1. Annual meetings for election of employee's representatives.

Employees at each of the mining camps shall annually elect from among their number representatives to act on their behalf with respect to matters pertaining to their employment, working and living conditions, the adjustment of differences, and such other matters of mutual concern and interest as relations within the industry may determine.

2. Time, place and method of calling annual meetings, and persons entitled to be present and participate in the election of representatives.

The annual meetings of employees for the election of their representatives shall be held simultaneously at the several mining camps on the second Saturday in January. The meetings shall be called by direction of the president of the company. Notices of the meetings, indicating their time and place, as well as the number of rep-

resentatives to be elected, shall be publicly posted at each camp a week in advance, and shall state that employees being wage-earners in the employ of the company at the time of the meeting and for at least three months immediately preceding, but not salaried employees, shall be entitled to be present and vote. Special meetings shall be similarly called when removal, resignations, or other circumstance occasions a vacancy in representation.

3. Method of conducting meetings, and reporting election of representatives.

Each meeting for the election of employees' representatives shall choose its own chairman and secretary. At the appointed hour, the meeting shall be called to order by one of the employees' representatives, or, in the absence of a representative, any employee present, and shall proceed to the election of a chairman and secretary. The chairman shall conduct, and the secretary record, the proceedings. They shall certify in writing to the president of the company the names of the persons elected as the employees' representatives for the ensuing year.

4. Basis and term of representation.

Representatives of employees in each camp shall be on the basis of one representative to every one hundred and fifty wage-earners, but each camp, whatever its number of employees, shall be entitled to at least two representatives. Where the number of employees in any one camp exceeds one hundred and fifty, or any multiple thereof, by seventy-five or more, an additional representative shall be elected. The persons elected shall act as the employees' representatives from the time of their election until the next annual meeting, unless in the

interval other representatives may, as above provided, have been elected to take their places.

5. Nomination and election of representatives.

To facilitate the nomination and election of employees' representatives, and to insure freedom of choice, both nomination and election shall be by secret ballot, under conditions calculated to insure an impartial count. The company shall provide ballot boxes and blank ballots, differing in form, for purposes of nomination and election. Upon entering the meeting, each employee entitled to be present shall be given a nomination ballot on which he shall write the names of the persons whom he desires to nominate as representatives, and deposit the nomination ballot in the ballot box. Each employee may nominate representatives to the number to which the camp is entitled, and of which public notice has been given. Employees unable to write may ask any of their fellow employees to write for them on their ballots the names of the persons whom they desire to nominate; but in the event of any nomination paper containing more names than the number of representatives to which the camp is entitled, the paper shall not be counted. The persons—to the number of twice as many representatives as the camp is entitled to—receiving the highest number of nomination votes shall be regarded as the duly nominated candidates for employees' representatives, and shall be voted upon as hereinafter provided. (For example: If a camp is entitled to two representatives, the four persons receiving the largest number of nominating votes shall be regarded as the duly nominated candidates. If the camp is entitled to three representatives, then the six persons receiving the largest number, etc.)

6. Counting of nomination and election ballots.

The chairman shall appoint three tellers, who shall take charge of the ballot box containing the nomination votes, and, with the aid of the secretary, they shall make out the list of the duly nominated candidates, which shall be announced by the chairman. The meeting shall then proceed to elect representatives by secret ballot, from among the number of candidates announced, the same tellers having charge of the balloting. If dissatisfied with the count, either as respects the nomination or election, any twenty-five employees present may demand a recount, and for the purposes of the recount the chairman shall select as tellers three from the number of those demanding a recount, and himself assist in the counting, and these four shall act, in making the recount, in place of the secretary and the tellers previously chosen. There shall be no appeal from this recount, except to the president of the company, and such appeal may be taken as hereinafter provided, at the request of any twenty-five employees present and entitled to vote.

7. Appeal in regard to nomination or election.

The chairman of the meeting shall preserve for a period of one week both the nomination and election ballots. Should an appeal be made to the president within seven days in regard to the validity of the nomination or election, upon request in writing signed by twenty-five employees present at the meeting, the chairman shall deliver the ballots to the president of the company for recount. Should no such request be received within that time, the chairman shall destroy the ballots. If after considering the appeal the president is of the opinion that

the nomination or election has not been fairly conducted, he shall order a new election at a time and place to be designated by him.

8. General proceedings at meetings.

At annual meetings for the election of representatives, employees may consider and make recommendations concerning any matters pertaining to their employment, working or living conditions, or arising out of existing industrial relations, including such as they may desire to have their representatives discuss with the president and officers of the company at the Annual Joint Conference of the company's officers and employees, also any matters referred to them by the president, other officers of the company, the Advisory Board or Social Joint Committee appointed at the preceding annual joint conferences of officials and employees of the company. A record of the proceedings shall be made by the secretary of the meeting and certified to by the chairman, and copies delivered to each of the representatives, to be retained by them for purposes of future reference.

IIDistrict Conferences, Joint Committees and Joint Meetings

1. District divisions.

To facilitate the purposes herein set forth, the camps of the company shall be divided into five or more districts, as follows: the Trinidad District, comprising all mines and coke oven plants in Las Animas County; the Walsenburg District, comprising all mines in Huerfano County; the Cañon District, comprising all mines in Fre-

mont County; the Western District, comprising all mines and coke oven plants located on the Western Slope; the Sunrise District, comprising the iron mines located in Wyoming.

2. Time, place and purpose of district conferences.

District conferences shall be held in each of the several districts above mentioned at the call of the president, at places to be designated by him, not later than two weeks following the annual election of representatives, and at intervals of not more than four months thereafter, as the operating officers of the company, or a majority of the representatives of the employees in each of the several districts, may find desirable. The purpose of these district conferences shall be to discuss freely matters of mutual interest and concern to the company and its employees, embracing a consideration of suggestions to promote increased efficiency and production, to improve working and living conditions, to enforce discipline, avoid friction, and to further friendly and cordial relations between the company's officers and employees.

3. Representation at district conferences.

At the district conferences the company shall be represented by its president or his representative and such other officials as the president may designate. The employees shall be represented by their elected representatives. The company's representatives shall not exceed in number the representatives of the employees. The company shall provide at its own expense appropriate places of meeting for the conferences.

4. Proceedings of district conferences.

The district conferences shall be presided over by the president of the company, or such executive officer as he may designate. Each conference shall select a secretary who shall record its proceedings. The record of proceedings shall be certified to by the presiding officer.

5. Joint committees on industrial relations.

The first district conferences held in each year shall select the following joint committees on industrial relations for each district, which joint committees shall be regarded as permanent committees to be intrusted with such duties as are herein set forth, or as may be assigned by the conferences. These joint committees shall be available for consultation at any time throughout the year with the Advisory Board on Social and Industrial Betterment, the president, the president's executive assistant, or any officer of the operating department of the company.

(a) Joint Committee on Industrial Coöperation and Conciliation: to be composed of six members.

(b) Joint Committee on Safety and Accidents: to be composed of six members.

(c) Joint Committee on Sanitation, Health and Housing: to be composed of six members.

(d) Joint Committee on Recreation and Education: to be composed of six members.

6. Selection and composition of joint committees.

In selecting the members of the several joint committees on industrial relations, the employees' representatives shall, as respects each committee, designate three members and the president of the company or his representative, three members.

7. Duties of Joint Committee on Industrial Coöperation and Conciliation.

The Joint Committee on Industrial Coöperation and Conciliation may, of their own initiative, bring up for discussion at the joint conferences, or have referred to them for consideration and report to the president or other proper officer of the company at any time throughout the year, any matter pertaining to the prevention and settlement of industrial disputes, terms and conditions of employment, maintenance of order and discipline in the several camps, company stores, etc.

8. Duties of Joint Committee on Safety and Accidents.

The Joint Committee on Safety and Accidents may, of their own initiative, bring up for discussion at the joint conferences, or have referred to them for consideration and report to the president or other proper officer of the company at any time throughout the year, any matter pertaining to the inspection of mines, the prevention of accidents, the safeguarding of machinery and dangerous working places, the use of explosives, fire protection, first aid, etc.

9. Duties of Joint Committee on Sanitation, Health and Housing.

The Joint Committee on Sanitation, Health and Housing may, of their own initiative, bring up for discussion at the joint conferences, or have referred to them for consideration and report to the president or other proper officer of the company at any time throughout the year, any matter pertaining to health, hospitals, physicians, nurses, occupational disease, tuberculosis, sanitation, water supply, sewage system, garbage disposal, street cleaning, wash and locker rooms, housing, homes, rents, gardens, fencing, etc.

10. Duties of Joint Committee on Recreation and Education.

The Joint Committee on Recreation and Education may, of their own initiative, bring up for discussion at the joint conferences, or have referred to them for consideration and report to the president or other proper officer of the company, at any time throughout the year, any matter pertaining to social centers, club houses, halls, playgrounds, entertainments, moving pictures, athletics, competitions, field days, holidays, schools, libraries, classes for those who speak only foreign languages, technical education, manual training, health lectures, classes in first aid, religious exercises, churches and Sunday schools, Y. M. C. A. organizations, etc.

11. Annual and special joint meetings.

In addition to the district conferences in each of the several districts, there shall be held in the month of December an annual joint meeting, at a time and place to be

designated by the president of the company, to be attended by the president and such officers of the company as he may select and by all the employees' representatives of the several districts. At this meeting reports covering the work of the year shall be made by the several joint committees and matters of common interest requiring collective action considered. A special joint meeting of any two or more districts may be called at any time upon the written request to the president of a majority of the representatives in such districts or upon the president's own initiative, for the consideration of such matters of common interest as cannot be dealt with satisfactorily at district conferences. Notice of such special joint meetings shall be given at least two weeks in advance.

IIIThe Prevention and Adjustment of Industrial Disputes

1. Observance of laws, rides and regulations.

There shall be on the part of the company and its employees, a strict observance of the Federal and State laws respecting mining and labor and of the company's rules and regulations supplementing the same.

2. Posting of wages and rules.

The scale of wages and the rules in regard to working conditions shall be posted in a conspicuous place at or near every mine.

3. No discrimination on account of membership or non-membership in labor or other organizations.

There shall be no discrimination by the company or by any of its employees on account of membership or non-membership in any society, fraternity or union.

4. The right to hire and discharge, and the management of the properties.

The right to hire and discharge, the management of the properties, and the direction of the working forces, shall be vested exclusively in the company, and, except as expressly restricted, this right shall not be abridged by anything contained herein.

5. Employees' right to caution or suspension before discharge.

There shall be posted at each property a list of offenses for commission of which by an employee dismissal may result without notice. For other offenses, employees shall not be discharged without first having been notified that a repetition of the offense will be cause for dismissal. A copy of this notification shall, at the time of its being given to an employee, be sent also to the president's industrial representative and retained by him for purposes of future reference. Nothing herein shall abridge the right of the company to relieve employees from duty because of lack of work. Where relief from duty through lack of work becomes necessary, men with families shall, all things being equal, be given preference.

6. Employees' right to hold meetings.

Employees shall have the right to hold meetings at appropriate places on company property or elsewhere as they may desire outside of working hours or on idle days.

7. Employees' right to purchase where they please.

Employees shall not be obliged to trade at the company stores, but shall be at perfect liberty to purchase goods wherever they may choose to do so.

8. Employees' right to employ checkweighmen.

As provided by statute, miners have the right to employ checkweighmen, and the company shall grant the said checkweighmen every facility to enable them to render a correct account of all coal weighed.

9. Employees' right of appeal to president of company against unfair conditions or treatment.

Subject to the provisions hereinafter mentioned, every employee shall have the right of ultimate appeal to the president of the company concerning any condition or treatment to which he may be subjected and which he may deem unfair.

10. Duty of president's industrial representative.

It shall be the duty of the president's industrial representative to respond promptly to any request from employees' representatives for his presence at any of the camps and to visit all of them as often as possible, but not less frequently than once every three months, to confer with the employees or their representatives and the superintendents respecting working and living conditions, the observance of Federal and State laws, the carrying out of company regulations, and to report the result of such conferences to the president.

11. Complaints and grievances to be taken up first with foremen and superintendents.

Before presenting any grievance to the president, the president's industrial representative, or other of the higher officers of the company, employees shall first seek to have differences or the conditions complained about adjusted by conference, in person or through their representatives, with the mine superintendent.

12. Investigation of grievances by president's industrial representative.

Employees believing themselves to be subjected to unfair conditions or treatment and having failed to secure satisfactory adjustment of the same through the mine superintendent may present their grievances to the president's industrial representative, either in person or through their regularly elected representatives, and it shall be the duty of the president's industrial representative to look into the same immediately and seek to adjust the grievance.

13. The right of appeal to the superior officers of the company against unfair treatment, conditions, suspensions or dismissals.

Should the president's industrial representative fail to satisfactorily conciliate any difference, with respect to any grievance, suspension or dismissal, the aggrieved employee, either himself or through his representative—and in either case in person or by letter—may appeal for the consideration and adjustment of his grievance to the division superintendent, assistant manager or manager, general manager or the president of the company, in con-

secutive order. To entitle an employee to the consideration of his appeal by any of the higher officers herein mentioned, the right to appeal must be exercised within a period of two weeks after the same has been referred to the president's industrial representative without satisfactory redress.

14. Reference of differences in certain cases to Joint Committees on Industrial Coöperation and Conciliation.

Where the president's industrial representative or one of the higher officials of the company fails to adjust a difference satisfactorily, upon request to the president by the employees' representatives or upon the initiative of the president himself, the difference shall be referred to the Joint Committee on Industrial Coöperation and Conciliation of the district and the decision of the majority of such joint committee shall be binding upon all parties.

15. Representation on joint committees to be equal when considering adjustment of differences.

Whenever a Joint Committee on Industrial Coöperation and Conciliation is called upon to act with reference to any difference, except by the consent of all present the joint committee shall not proceed with any important part of its duties unless both sides are equally represented. Where agreeable, equal representation may be effected by the withdrawal of one or more members from the side of the joint committee having the majority.

16. Umpire to act with joint committees in certain cases.

Should the Joint Committee on Industrial Coöperation and Conciliation to which a difference may have been referred fail to reach a majority decision in respect thereto, if a majority of its members so agree, the joint committee may select as umpire a third person who shall sit in conference with the committee and whose decision shall be binding upon all parties.

17. Arbitration or investigation in certain cases.

In the event of the Joint Committee on Industrial Coöperation and Conciliation failing satisfactorily to adjust a difference by a majority decision or by agreement on the selection of an umpire, as aforementioned, within ten days of a report to the president of the failure of the joint committee to adjust the difference, if the parties so agree, the matter shall be referred to arbitration, otherwise it shall be made the subject of investigation by the State of Colorado Industrial Commission, in accordance with the provisions of the statute regulating the powers of the commission in this particular. Where a difference is referred to arbitration, one person shall be selected as arbitrator if the parties can agree upon his selection. Otherwise there shall be a board of three arbitrators, one to be selected by the employees' representatives on the Joint Committee of Industrial Coöperation and Conciliation in the district in which the dispute arises, one by the company's representatives on this committee, and a third by the two arbitrators thus selected.

By consent of the members of the Joint Committee on Industrial Coöperation and Conciliation to which a

difference has been referred, the Industrial Commission of the State of Colorado may be asked to appoint all of the arbitrators or itself arbitrate the difference. The decision of the sole arbitrator or of the majority of the Board of Arbitration or of the members of the State of Colorado Industrial Commission when acting as arbitrators, as the case may be, shall be final and shall be binding upon the parties.

18. Protection of employees' representatives against discrimination.

To protect against the possibility of unjust treatment because of any action taken or to be taken by them on behalf of one or more of the company's employees, any employees' representative believing himself to be discriminated against for such a cause shall have the same right of appeal to the officers of the company or to the Joint Committee on Industrial Coöperation and Conciliation in his district as is accorded every other employee of the company. Having exercised this right in the consecutive order indicated without obtaining satisfaction, for thirty days thereafter he shall have the further right of appeal to the Industrial Commission of the State of Colorado, which body shall determine whether or not discrimination has been shown, and as respects any representative deemed by the Commission to have been unfairly dealt with, the company shall make such reparation as the State of Colorado Industrial Commission may deem just.

IVSocial and Industrial Betterment

1. Executive supervision.

The president's executive assistant, in addition to other duties, shall, on behalf of the president, supervise the administration of the company's policies respecting social and industrial betterment.

2. Coöperation of president's executive assistant with joint committees in carrying out policies of social and industrial betterment.

In the discharge of his duties, the president's executive assistant shall from time to time confer with the several Joint Committees, on Industrial Coöperation and Conciliation, on Safety and Accidents, on Sanitation, Health and Housing, and on Recreation and Education, appointed at the annual joint conferences, as to improvements or changes likely to be of mutual advantage to the company and its employees. Members of the several joint committees shall be at liberty to communicate at any time with the president's executive assistant with respect to any matters under their observation or brought to their attention by employees or officials of the company, which they believe should be looked into or changed. As far as may be possible, employees should be made to feel that the president's executive assistant will welcome conferences with members of the several joint committees on matters of concern to the employees, whenever such matters have a direct bearing on the industrial, social, and moral well-being of employees and their families or the communities in which they reside.

3. Advisory Board on Social and Industrial Betterment.

In addition to consulting, from time to time, the several joint committees or their individual members, the president's executive assistant shall be the chairman of a permanent Advisory Board on Social and Industrial Betterment, to which may be referred questions of policy respecting social and industrial betterment and related matters requiring executive action.

4. Members of Advisory Board.

The Advisory Board on Social and Industrial Betterment shall be composed of such of the company's officers as the president may designate.

5. Regular and special meetings of Advisory Board.

The Advisory Board shall meet at least once in every six months, and may convene for special meetings upon the call of the chairman whenever he may deem a special meeting advisable.

6. Powers and duties of the Advisory Board.

The Advisory Board shall have power to consider all matters referred to it by the chairman, or any of its members, or by any committee or organization directly or indirectly connected with the company, and may make such recommendations to the president as in its opinion seem to be expedient and in the interest of the company and its employees.

7. Supervision of community needs by president's executive assistant.

The president's executive assistant shall also exercise a general supervision over the sanitary, medical, educational, religious, social and other like needs of the different industrial communities, with a view of seeing that such needs are suitably and adequately provided for, and the several activities pertaining thereto harmoniously conducted.

8. Method of carrying out improvements.

Improvements respecting social and industrial betterment shall, after approval by the president, be carried out through the regular company organization.

9. Hospitals and doctors.

In camps where arrangements for doctors and hospitals have already been made and are satisfactory, such arrangements shall continue.

In making any new arrangement for a doctor, the employees' representatives in the camps concerned, the president's executive assistant, and the chief medical officer shall select a doctor, and enter into an agreement with him which shall be signed by all four parties.

10. Company periodical.

The company shall publish, under the direction of the president's executive assistant, a periodical which shall be a means of communication between the management, the employees and the public, concerning the policies and activities of the company. This periodical

shall be used as a means of coördinating, harmonizing, and furthering the social and industrial betterment work, and of informing employees of the personnel and proceedings of conferences, boards and committees in which they are interested. It shall record events pertaining to social and industrial activities, and be a medium for making announcements with reference to the same, and for diffusing information of mutual interest to the company and its employees.

11. Cost of administering plan of representation and of furthering social and industrial betterment policies.

The promotion of harmony and good-will between the company and its employees and the furtherance of the well-being of employees and their families and the communities in which they reside being essential to the successful operation of the company's industries in an enlightened and profitable manner, the expenses necessarily incident to the carrying out of the social and industrial betterment policies herein described, and the plan of representation, joint conferences and joint meetings, herein set forth, including the payment of traveling expenses of employees' representatives when attending joint conferences and annual joint meetings, and their reimbursement for the working time necessarily lost in so doing, shall be borne by the company. But nothing herein shall preclude employees of the company from making such payment to their representatives in consideration of services rendered on their behalf as they themselves may voluntarily desire and agree to make.

YÖNETİM
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