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Mutual Cooperation between Workers and Management

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IN RECENT years, there has been a great deal of discussion about committees composed of labor and management in the war industries to increase the production of war materials. This system of cooperation is neither new nor untried in this country.

More than 30 years ago the Caldwell Cotton Mills, under the supervision of Robert J. Caldwell, demonstrated that by the mutual cooperation of workers' committees and management, strikes could be avoided and wages and production increased. In *Democracy in Industry*, now out of print, Mr. Caldwell presented the results of his social experiment. He maintained that labor was not a commodity and that industry was made for man and not man for industry.

By 1915 Caldwell's system of fostering better human relations in industry had won wide acclaim from humanitarians, and also from industrialists and political leaders who found in it an agency for increased profits and stabilized business. In the present World War, war industries and labor unions, with the cooperation of federal agencies, have shown that it works for better relations between industry and labor, for increased production at lower costs, and for a speedy victory.

• *When the public realizes that labor is not a commodity to be standardized for exploitation, the world will be a better place in which to live.*

Mutual cooperation and fair dealing between management and workers for the common good is the cornerstone of Caldwell's system. How each looks after the interests of the other when labor is no longer treated as a commodity is illustrated by the Whitley Shop Councils, organized in Britain during the first World War. The Council was composed of committees made up of employees and employers in British factories, for mutual cooperation and joint benefit in promoting war production. At once there was elimination of material waste and increase of production. So successful was the plan that it won for Mr. Whitley the speakership of the House of Commons.

After an interview with Caldwell in 1915, Thomas Bata, the Czechoslovakian industrialist, decided to put the mutual cooperation plan into effect with his 80,000 employees. Bata and his workers both profited by it. Twenty-five years later Jan Bata, when he dedicated his American plant

in Maryland, quoted from *Democracy in Industry* and announced that labor would not be a commodity in the new plant.

Henry Ford took a first step in mutual cooperation with the workers when he simplified the processes of auto building and introduced mass production methods together with high wages for workers. He divided his savings through mass production in three ways. First, he paid the highest possible wages so that his employees could buy his products, and thereby created an additional market. Next, he divided the savings with the public by selling at the lowest possible prices, and created a second market. The third part of his savings he kept and used to finance the growth of his industry.

Although Whitley, Bata and Ford secured cooperation of the workers for the common good, their industries as a whole were not conducted on the Caldwell plan. Doubtless the highest development in mutual cooperation for the common good is found in the fuller practice of democracy in industry, as exemplified by Procter & Gamble Company and the Lincoln Electric Company.

BUT MUTUAL cooperation fails in the end unless there is also mutual confidence between employee and employer. If the workers lose confidence, cooperation flies out of the window. The secret is to be sincere about it. "In our plants," writes Mr. Caldwell, "all understood well that our product was *not* cotton cloth but happy, pros-

perous men and women who then, in turn, would see to it that we turned out a good cotton product in which all could take pride. With confidence shared in mutual sincerity, by consulting daily for best results, and with the assurance that the results will be shared without trickery, the sky is the limit."

If democracy in industry is to succeed, it is necessary to create good will between workers and management. This can be done in various ways. "We seek their suggestions on how they can make more money," says Caldwell. "We had good natured competition for securing best weekly results with piece work so that the results were automatic and won bonuses." Good will was promoted especially in the "hiring and firing," conducted by a committee elected by the employees themselves. If they took on anyone who turned out badly, it reflected on their judgment. Then it was their duty to encourage the derelict to have pride enough to make good their choice.

Since foremen are inclined to be petty czars, the committee had a regulation which required that anyone fired by the foreman had "his day in court" with the committee before being paid off. The foreman was obliged to sit in and to state his case. Actually he, as well as the other worker, was on trial. Because of this, foremen resorted to every possible means of keeping an employee rather than risk an appearance before the committee.

If reconciliation proved impossible—which seldom happened—the em-

ployee would receive another chance in another department. If he made good there, it was a reflection on the ability of the first foreman, and everyone in the mill soon heard about it. As a result, the Caldwell mills gradually secured the most competent people available, so the labor turn-over became negligible.

The good will of the worker, moreover, depends also on a fair division of the proceeds between labor and capital. Such a policy will result in reducing the volume of waste materials, time and money, and in the increased production of goods and profits beyond belief. Another result is the greater earning power of the worker. Every living person is a potential market if he is permitted to be. How can he be if he is not permitted to earn? As Prof. William Trufant Foster so well says, "There can be no business without buyers."

There is no greater misconception than that "cheap" labor is cheap. The man with a scythe or sickle may be thought to be cheap labor, whereas he is the most expensive labor conceivable because his primitive tools can never create much wealth. Nor can he ever buy much. Put that same man in charge of a farm combine, and he will earn enough to become a real asset to the community.

IT IS FOLLY to seek markets in the far corners of the world when a vast potential market exists right at our door. What a sad commentary it is on human intelligence when Germany neglects this gold mine in its own front

yard to go rainbow chasing on every continent. Nor does Britain show to better advantage when she neglects helping her subject peoples to help themselves, and loses the reciprocal markets her colonials could offer. She is blind, indeed, to watch the Egyptians use the methods of 10,000 years ago in cotton irrigation, by a hand-pump, when a rotary pump would do it a thousand times faster.

Nor should we in the United States seek afar for what is right at our door. The effort needed to sell a Fiji Islander some colored glass beads, which is about all he is able to pay for, would be better expended in developing consumer markets at home. Here everyone is already educated to want a house, a car, and inside plumbing, besides innumerable other things.

But the only way to enable the consumer to buy is to enable him to earn. In 1926, our then Secretary of Commerce estimated that the average production by the American worker was \$5500 per year. Yet the average income in this country was only \$650 per year. These figures make it apparent at once what room for improvement there still is right here. Given the Whitley Shop committees or any of the excellent worker-employer committees in our war industries with sincere intentions and fair intelligence, no one can foresee the consumptive power of our country. No one knows what a man or woman is capable of until he is encouraged to develop. Everyone who fails is an asset lost to the public economy at large. He is a consumer lost to consumption. And

we shall never do our best until failure is prevented by making it possible for everyone to earn liberal wages.

Not only should we encourage the worker, but industry needs to be encouraged to create markets for its products. What can be accomplished when labor is no longer a commodity, and when industry exists for man and not man for industry, is clearly indicated by the Lincoln Electric Company. Through mutual cooperation, improved machinery and correct—not sweatshop—incentives, Lincoln has increased production per man by twelve times the average of the electric industry generally. It has reduced prices by more than 60 per cent. It has increased wages more than four times, from an average of \$1300 per year to an average of over \$5400 per year. It has increased dividends more than two and a half times. And it has increased the

number of its employees more than four times.

The Lincoln Electric Company has, also, saved the Government more than \$150,000,000 on war supplies furnished to the war economy. If the same system had been employed in all our war industries, neither the Fourth nor the Fifth War Loans would have been necessary.

With mutual confidence, good will, cooperation—instead of strife between labor and capital—fair dealing, and fair division of the proceeds between labor and capital, the increase in production of goods and profits would be beyond anything yet achieved. With high wages for all workers, the consumptive power of any people is beyond anyone's imagination. It is a far greater frontier than the world has ever known, because modern invention has so widened our horizon.



New Machine Plucks 100 Birds an Hour

¶ Garden hose cut into short lengths to make flails or fingers, plus ordinary handyman ingenuity, is all there is to the poultry-plucking machine that has been patented by the Nova Scotia Government and with which one man can pluck 100 birds an hour, says the Agricultural Department of the Canadian National Railways. With the manpower shortage that exists today the machine has proved a veritable boon to poultrymen and farmer poultry pools generally.

The machine was introduced in Nova Scotia in 1942 and has created a wide stir of interest in the poultry world, requests for plans coming from all parts of Canada as well as the United States and Britain. No royalties are taken by the Nova Scotia Government.