

The Science of the Pay Envelope

Bigger Wages and Better Work the Product of the New Plan. System of Piece-Work, Where the Rate is Not Cut Unless Some New Labor Saving Device is Installed. Reprint from Saturday Evening Post. Copyright by Curtis Publishing Co.

By JAMES H. COLLINS.

One Saturday noon several years ago, the superintendent of a large machinery works in Lancashire came into his chief's office with a long face and a short announcement.

He said that the fatal hour was at hand. The decisive blow had fallen.

For many months this establishment had been watching the progress of a competitor over in Yorkshire. Superintendent and proprietor knew there was but one way in which any competitor could touch them vitally. And now this rival had found that way.

"They'll really go, eh?" asked the proprietor.

"Twenty, sir," was the dejected reply. "We shall be short-handed Monday week, and handicapped for six months at least."

The chief wasn't so cast down.

This machinery works has, for three generations, manufactured certain apparatus used in spinning some of the inelastic fibres. On its office walls hang patents granted to the founder eighty years ago. These have long expired, yet it is an education in good English merely to read them. All over the world its machines are standard and indispensable. The consignment received two years ago by an American trust, for instance, was studied by some of our best machine builders. They took a specimen to their shops, dismantled it, and tried to build something as good at about the same price. But they couldn't approximate either quality or cost, even with the help of our tariff, and when that trust wanted more apparatus it had to send to England again.

The merit of this British establishment's machinery is due partly to knowledge gained through three generations, with good design. The rest lies in its efficient corps of workmen. The new competitor over in Yorkshire had no more been able to touch it in quality than the American builders, nor to sell at prices sufficiently lower to compensate for the different quality. But, during a period of heavy demand for such apparatus, the newcomer got trade that the older concern could not take care of, the latter skimming the cream off the most profitable demand.

WHEN SCIENCE KNOCKED OUT DOLLARS.

Now, however, the Yorkshire house had come for some of the Lancashire manufacturer's mechanics, and was getting them away. Agents had been sent to offer higher wages. Some of the best men, tempted, had given notice. This was a blow under the belt.

The superintendent wanted to know what must be done.

His employer said, "Nothing whatever—let 'em go."

And absolutely nothing was done. Higher wages might have been offered. The men might have been reminded of the long relation that had existed between them and their old employer. Instead, they were permitted to pack tools and leave as though with the heartiest good will. The first twenty had so congenial a leave-taking, in fact, that others followed in a week or two.

But within a month all those workmen were back at their old benches, at the old wages, and mighty glad to be there. The competitor had paid higher wages as promised. Yet he could not hold them, nor get them to give the same amount of work.

For one thing, his working conditions were not so attractive—his shops were not so clean or light. And he didn't know how to pay wages scientifically. He thought wages were simply a matter of handing out so much money every week.

The older concern, on the contrary, has a wage-system developed through years of experience, with many adjustments of disputes. It is a system under which men have a free hand for speeding, yet without unjust "pacemaking," and with few chances for inferior work to slip through.

Each department is in charge of a foreman. Men are paid piece-work rates. No piece-rate is ever cut unless some new labor-saving device is installed. Then a new rate is set and adhered to. To insure quick work and good, each foreman is paid a premium on every machine leaving his department. But he forfeits this premium should any defect develop in a machine after sale. A piece of that apparatus might break down years after, in India or Massachusetts. The defect would be traced back to the foreman responsible for letting it pass his inspection, and he would not only have to refund his premium but would have the disgrace of bad work as well, which in this plant is a real stigma.

When the competing concern stole these men and started them on a system discarded by the older plant years before it was bound to lose, and did. It simply paid money for work, and got less work.

Adjustment of forces in such a plant is so delicate that six weeks of bad times, with laying off of men, usually means loss of the year's dividend. But this wage-system, together with clean, light workshops and other minor considerations, brought those mechanics back so quickly that the dividend wasn't affected.

The American pay envelope is a great institution.

Our factories alone pay out \$2,600,000,000 yearly in wages. Our railroads add \$840,000,000 more—forty cents wages on each dollar they receive, it is figured. Pittsburgh's pay-roll, in good times, is a million dollars a day, counting Sundays.

Mere size, however, isn't the only consideration.

How it is made up and handed out—these count, too.

So employers are all interested in wage-systems, and the latter are endlessly varied, while many of the labor troubles are fought out not so much over amount of wages as the system by which they are paid. Just the tiniest little screw loose in a factory's wage-system plays hob, and such tiny screws will insist upon getting loose in a plant where everything is ostensibly running blithely.

In one of the departments of a great American watch factory, for example, a new boy was put to work one morning.

He was about the best boy that ever went to work in that plant. He had twice as much upper story to his cranium as any of the round-faced Polish lads working there, and only half as much muscle and animal activity.

His job was polishing wheels, or main-springs, or some other of the 3,700 operations needed in turning out a watch, and it was piece work. Where the Polish boy did eight dollars' worth of work a week with their muscles, this new chap went to work with that tall head of his, and by the end of the first week had schemed out a system by which he earned sixteen dollars. The idea of anybody making that much money in this department, however, shocked the superintendent. Without investigating, he cut the rate, so that the Polish boys made but six dollars. The new boy was interested in the work by this time, and set his head going once more, and schemed another scheme that brought him up to sixteen dollars again, and shocked the superintendent a second time, and brought another cut that landed the Polish boys on a common level of four dollars. And still the new boy wasn't discouraged. He thought harder than ever, with the outcome that, in two months, the piece-rate in that department was cut four times.

WHAT THE NEW BOY BROUGHT ABOUT.

Then the new boy concluded that, while the work was very pleasant and the wages good, still he believed he didn't want to be a great watchmaker. He would rather be a great editor. So he quit and got a job as a galley-boy in a printing-office.

By that time all the Polish boys were down to wages so low that it was not certain but that, when Saturday night came, they owed the company something for the privilege of working in its fine plant. For none of them could hope to keep up with this phenomenon of a boy who had come in and unsettled wages, and then gone away again. So there was trouble, and many quit, and others took their places and quit, too, and, finally, that department bred a strike that was the scandal of a factory that had always had happy relations with its people, and for two years, long after the original cause of all this trouble had gone away and been forgotten, there were complaints and beatburnings and friction in that department.