

Achieving Industrial Solidarity

The capitalistic equipment of the United Kingdom, France and Germany, together with the organization of their labour forces that gave them industrial supremacy

By W. W. SWANSON.

In the intense struggle to achieve economic success, in the days following the war, it is certain that the quality of labour as well as its quantity will count for much. This is usually overlooked by labour leaders who place the minimum wage in the forefront of their programme. Events in Russia have demonstrated as a fact what has long been accepted in theory—that it is impossible to adjust rewards to a dead level of economic efficiency. There are many who look for a bitter class war on this continent after the close of hostilities, seeing in the present situation the menace of extreme radicalism in the labour world. It is well that time and attention be now devoted to the consideration of how best to harmonize the interests of labour and capital to the end that national industrial solidarity may be achieved.

On the surface one might suppose that a nation such as Russia, with a population of 170,000,000 at the outbreak of war, could easily out-distance the economic results secured by the much smaller populations of the United Kingdom and France. That these two latter countries were incomparably richer in terms of economic equipment, as well as available goods on hand, should give pause for thought to those who lay such great stress upon labour power alone. If, as the Socialists maintain, labour is the sole cause of wealth, Russia should have been the richest nation in Europe. It was the capitalistic equipment of the United Kingdom, France and Germany, together with the organization of their labour forces, that gave them industrial supremacy and the highest standard of living in Europe. Quality of population is more important than mere numbers; and a working force technically trained and making use of modern machinery can effect astonishing results in the way of wealth creation. With a population of only 46,000,000, the United Kingdom was indisputably, at the beginning of war, the richest nation in the world.

We are not so apprehensive as some industrial leaders, judging from their utterances, appear to be with regard to social unrest and industrial dissensions after the signing of peace. We are inclined to believe that on this continent, as well as among the European Allies, the exigencies of war have blunted the accentuated differences that existed in days of peace between capital and labour. Those who have given most study to the problem are most convinced that, notwithstanding all that has been said about profiteering, the capitalists, and the industrial concerns of the United States and Canada, have splendidly met the test of war. On the other hand, the great international unions have found in their leaders, and in Mr. Gompers most of all, men of vision and high qualities of statesmanship. Differences have been submerged for the winning of the war; it is not too much to expect that differences can be smoothed out in order that industrial solidarity can be secured in the post-bellum period. If this is not effected, if strikes and lock-outs and labour unrest are permitted to develop, the other nations that bend all their energies to the extension of trade will capture the neutral markets of the world. Peace must also bring industrial peace, if Canada is to secure enduring results therefrom.

It may as well be admitted, however, that economic peace cannot be guaranteed as long as capital and labour are segregated into class conscious groups. Under the stress of war capitalists have seen the wisdom of submerging their special interests for the common good. They have gone more than half way in meeting the demands of labour. They have recognized that private property does not necessarily bring with it exclusive power of control and operation. The extraordinary dangers of war have, in a flash, made this pivotal point clear. It is scarcely possible that, in the future, private ownership will be laid down as a justification for irresponsible and selfish management of the technical equipment of the nation. The railroads, the mines, the munition plants and scores of other industries have come under governmental direction and supervision in all the belligerent countries in a way that was hardly conceived of before August, 1914. Let it

not be thought that there will be, at the signing of peace, a sudden reversal of this process, and a quick relapse into old conditions.

On the other hand labour has also learned a great lesson: that its so-called special rights must be abrogated for the common good. President Wilson's notice to the striking munition workers at Bridgeport, that they must either accept the award of the War Labour Board or suffer the penalties of being refused work in munition factories elsewhere, or be drawn into the army under the draft, is an indication of the fact that national rights are paramount. One cannot expect that industrial struggles in the future will be regarded by the nation at large as the concern only of those directly affected. There has been altogether too much talk of special rights and of class consciousness, whether among labour or other special groups; what is needed above all is national economic solidarity.

While it is not to be thought of that violent revolutions will take place in the industrial sphere, either in the Dominion or in the United States, yet there must be changes in the outlook of both capital and labour that will have far-reaching results. Hitherto, at least before the war, corporate activity has pursued its way on the assumption that consumers and workers had no direct concern with the control or the directing of the various industries of the country. In truth, the great corporations prided themselves upon the alleged fact that their organization was a model of economic efficiency; and that such efficiency brought the best results to stockholders and workers as well. It was even assumed that the corporation was essentially democratic, inasmuch as the stock, and hence the control of the business, were in the hands of many individuals. The directors were responsible to the stockholders, and the executive officers appointed by the directors. As the stockholders controlled the directors and the latter the executive officers, we were asked to believe that this type of corporate activity exemplified democracy in industry.

Nevertheless, everyone realizes that control by stockholders in great corporations is exercised only with very narrow limits. The officers for the most part dictate the policy followed; and upon their actions there is little check or supervision. In essence the big railway corporations or the huge industrial establishments are autocracies. The directors, perhaps necessarily so under present conditions, carry out the policies of the president, the general manager and the chief executive officials. Stockholders rarely exert their influence except where loss or damage to the business brings their power home to them. As everyone knows, the world of business is strewn with records of corporations so controlled; corporations that have come under the autocratic government of its executive, tempered by the goodwill or the reverse of the directorate. This is not the rule, to be sure; and in any case business concentration has come about in response to a real need. It would be absurd to insist that the ordinary stockholder in the Canadian Pacific should presume to dictate a policy to the executive officers or to Baron Shaughnessy.

It is clear that the majority interests through the executive dominate the activities of any great corporation. It is equally clear that unrestricted majority rule is just as bad in business as in politics, and that the corporation should be sensitive to the interests of all those whose economic needs depend upon its success. Under present conditions the ordinary stockholder takes no more interest in his stock certificates than simply in its power to secure for him dividends. It is evident that stockholders have no sense of responsibility about the management of their property because they occupy a wholly passive relation to it. This has come about because in most instances only a small part of their income is derived from stockholdings in any one corporation. For that very reason no vital human interest is injected into the activities of the directorate and of the executive. The corporation, except for the chief officials, loses touch with life. No wonder it was common in days gone by to speak of "the soulless" corporation.

It is plain that an immense step forward will have been taken when the barriers that now separate the great corporations from the people of this country are broken down. Among radicals and extremists bitter attacks have been made upon the "big interests" because of the impersonal, dispassionate and cold-blooded manner in which the corporation pays attention merely to profits. Shrewd captains of industry know perfectly well that the goodwill of the public is a big asset making for industrial success. The corporate form of industry has come to stay because of its proved efficiency; but nevertheless it must be vitalized and humanized if the most is to be got out of it. And the most cannot be got out of it until it is recognized that the tens of thousands of workers in Canada and the United States, whose very life depends upon the success of the corporations upon which they are dependent, should have some voice in their operation. In a very tentative way Mr. Rockefeller and his associates have recognized this principle, by instituting a plan in the mining camps of Colorado whereby the interests of the Colorado Fuel and Iron Company and its employes are harmonized. Certain officers of the Company are detailed to carry on this work. It is only a step farther to give labour, through such officers, or by means of direct representation, some place on the board.

It is becoming more and more recognized that political democracy ignores the rights, under present conditions, of the minority. Hence the strong movement that has developed in the United Kingdom and elsewhere for proportional representation. In the field of industry, labour is certainly in a prejudiced position insofar as its power to direct the business upon which its life depends is concerned.

In many instances workers are in a better position to know whether certain departments are being conducted well or ill than the stockholders. Those employed by the corporation see day by day the efficiency or the reverse with which its operations are directed. They quickly detect mismanagement, favouritism and corruption; and yet they have no power to correct these defects and abuses. With representation, small as it necessarily would be, upon the board, workers could provide the kind of criticism that would stimulate the executive to a deeper sense of their responsibilities. It is plain that with such direct representation friction could be smoothed out as soon as it developed.

We are coming to realize that corporations, large and small, owe a direct responsibility not only to their owners but to consumers and workers, for the efficiency with which they function. If this responsibility were realized to the full by the directorate and by the chief officers, there would be little need for interference by governmental agencies; as the rights of the whole community would be safeguarded within the corporation and not exacted from it by external pressure. "The corporation has come to stay"; it has proved its right to live; but it must be brought into more direct contact with the community upon which its profits depend and which it is its particular business to serve. It is admitted that stockholders have the right to remain in control; but, if national economic solidarity is to be achieved, the corporation must be vitalized by linking up with its activities the workers whose daily bread depends upon its successful operation.

IN FLANDERS' FIELDS.

In Flanders' fields, the poppies blow
Between the crosses, row on row,
That mark our place; and in the sky
The larks still bravely singing fly,
Scarce heard amid the guns below.

We are the dead. Short days ago
We lived, felt dawn, saw sunset glow,
Loved and were loved; and now we lie
In Flanders' fields.

Take up our quarrel with the foe,
To you, from falling hands we throw
The torch. Be yours to lift it high,
If ye break faith with us who die
We shall not sleep, though poppies blow
In Flanders' fields.

—Buy Victory Bonds.