

# An Industrial Experiment

How the "Industrial Democracy" was devised and run in a large clothing factory by John Leitch.—Unionism and Industrial Democracy irreconcilable

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Many of the readers of the Journal of Commerce are doubtless familiar with the "industrial democracy" as devised and introduced into a number of plants by John Leitch. It is set forth most clearly in his book "Man to Man," which every employer of large numbers of workers and every person who is interested in present-day problems of industry might read with advantage. Mr. Leitch's scheme is based, as he emphatically insists, on the common recognition by management and wage-earners of a just and worthy conception of industry. On that foundation the plant is organized after the fashion of the government of the United States. There is a cabinet, which is the executive; a senate, drawn from the foremen of departments; and a house of representatives, elected from the workers. It will be seen that the senate and the cabinet represent management and that the house represents labor.

The financial part of 'industrial democracy' is known as the collective economy dividend. This is a production bonus, and consists of one-half of the increase of profits, the calculation being based on the current profits at the time of the adoption of the Leitch plan in the plant.

Mr. Leitch has a wonderful story to tell in his book of the rehabilitation of the plants to whom he 'sold his idea'. Disaffection, slacking on the job, lack of group sense among the workers, huge labor-turnovers, and the other ills which in recent years have beset the factories of the world, disappeared at once. Production has increased, profits have increased, harmony between management and labor has increased. And this happened in different sorts of plants. Some of them were places where skill reigned, and others where only facility counted for anything. Some of them employed men, some employed women, some employed both men and women. Some employed only English-speaking workers, and some of them 'foreigners'.

Six years ago this plan was taken up by a big clothing factory in the middle west. During that period it had been continuously at work, with conditions so changed by it that no one in the factory dreamed of going back to the former condition. On the other hand, they have gone forward. Professor Carpenter of the University of Wisconsin has written for the U. S. Labor Review an account of the development and alteration of the plan within that factory. My purpose in this article is to give a sketch of this progress and change.

While the Leitch plan is modelled on the government of the United States it necessarily fails to be true to its model in one important feature. The governing bodies of the republic are elected from one great constituency, the electorate of the country. Whereas the 'industrial democracy' is compelled to take account of the two rival bargaining elements of capital and labor, so that the house is inevitably representative of one interest and the senate and cabinet of another. They may agree with each other, but their agreement is of the nature of division and compromise. The essential contest is always there. Indeed it is the presence of that contest which is the occasion of the plan being used.

Another vital difference between the state and the factory lies in the nature of the rule or gov-

ernment to be administered. In the state delay is continually sought. The government of the United States has been called "a thing of checks and balances". It aims at deliberation and is more concerned to avoid errors than to compass achievements. Not so in industry. There speedy action is imperative. Decisions have to be made and acted upon immediately. Mistakes may be corrected, but hesitation is fatal.

Now this difference in speed came to make itself felt after a time in the clothing factory. Any grievance on the part of any worker must first be considered in the house, then taken up in the senate, and then passed on to the cabinet. This took time, and especially when the senate refused to concur in the judgment of the house. The disagreement between the two branches of the plant congress had to be smoothed over before the grievance could be advanced another stage. Hence in the spring of 1918 the house decided to appoint a wage-rate committee which should take up such matters directly with the cabinet. This was going right over the heads of the senate. Three months later this wage-rate committee was empowered to deal with one of the major difficulties which had arisen regarding wages. In the autumn the 'constitution' was revised and the senate abolished. When one recalls the few achievements which have been made in a century and a half to the constitution of the United States, and contrasts the rapid and peremptory manner in which these clothing workers dealt with its replica, and that their revision extended even to the cutting off of one of the three legislative bodies, one sees how wide is the difference between running a republic and running a clothing factory.

About this time the International Ladies Garment Workers union arrived on the scene, and started in to organize the workers in the plant. Mr. Leitch, in his book, claims that his plan is not one which provokes the hostility of organized labor. He is over-sanguine. Labor organizations look jealously on anything which increases the devotion of workers to their establishment. They want the loyalty of the workers to go out to their class. Thus the unions have never regarded profit-sharing and bonus systems with favor. Accordingly the organizers of the union proceeded to cry down the 'industrial democracy' of the factory. They claimed that the earnings of the workers, bonus and all, were less than the wages paid in the same industry in New York, where their union was strong. They also claimed that the bonus system, or 'collective economy dividend,' resulted in overstrain and shortened lives for the workers.

The reply of the management was that while wages were higher in New York that the steadiness of employment was less. With periods of short time, and periods when the factories were closed, and a continuous instability because of strikes and threats of strikes, the annual income of the New York unionized worker was less than the annual income of the worker in their factory. As to the charge that the eagerness to produce which had been begotten of the bonus system shortened lives they suggested calling an expert physiologist to report on the matter.

The management won as against the union. The physiologist came, an authority from Johns Hopkins university, who reported that there was

no overwork nor overstrain. The workers were also convinced that they were not suffering in pocket as compared with the New York operatives. The union called a strike, but scarcely one in the factory laid down his tools. The house passed a resolution refusing to sanction the strike and condemning the union for presuming to call a strike without consulting their body.

It will be seen that we have now an establishment in which the wage-earners are strongly organized, and nabashed in presenting whatever claims they deem themselves justified in holding. They have direct and immediate access to the management. Let us see in what way they reacted to several matters which arise constantly in industrial plants.

First, as to the dismissal of employees. This is one of the first matters upon which a union takes a stand. It engages to protect its members against wrongful discharge. The workers in this factory declined to join the union. Were they disposed to forfeit the power to defend each other in regard to dismissals? It happened that a test case arose when the management 'fired' the only member of the house who had favored the union. Their action was to appoint a committee of the house before whom should be brought all cases of proposed dismissal. This committee, in conference with the management, drew up a list of offences for which dismissal might be inflicted. The company agreed to justify its action in any given case as in harmony with this agreement. If it was unable to convince the committee the discharged employee was to be reinstated.

Second, as to time-studies and physical examinations. These are matters which have aroused the opposition of the workers in many instances. In this factory, however, they have become the rule, and play an integral part in the administration of the work. It would appear that labor loses its dread of such things as it gains control of the conditions under which they are applied.

Third, in regard to the 44-hour week. This had been one of the gains of the unionized workers in New York, and consequently one of the prime arguments of the union organizers had been based on it. The house considered the question, and decided to ask for it. They promised that it should mean no lessening of output, and appointed a committee to see that production was maintained. They provided that any worker falling short in the five days which were to constitute the normal week should make up his deficiency on Saturday, at no advance on regular wage-rates.

There is much more in the story which Professor Carpenter tells which I might recount. But I shall content myself with an observation or two. For one thing, it is apparent that all through the six years since John Leitch erected his 'industrial democracy' in that factory there has been good feeling between management and labor. These highly controversial questions have all been dealt with and the decisions reached by a concurrence of the executive and the wage-earners. There has been no strike, nor threat of strike in that plant. For another thing, it is extremely unfortunate that the loyalty of the plant should be set in opposition to the loyalty to one's class. Plant-loyalty, after all, is but a larger individualism, a diffused selfishness, as is family love which refuses to be neighborly. One loyalty does not cast out another, unless the objects of the two are irreconcilable. A man may be a good citizen of a town and a good lodge member at the same time. A woman may be a good mother and a worthy member of a woman's club too. A manufacturer may be a good friend to his business and a good member of the C.M.A. Why cannot a worker be loyal to his boss and loyal to his comrades also?