

Strikes and the Flexible Fare

Montreal threatened with transportation tie-up — Some Interesting light on the Tramway Labor Situation Afforded by the Kansas City Committee of One Hundred

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The employees of the Montreal Tramways Company are reported to have refused to accept the increased wage scale awarded them by the Board of Conciliation, and to be contemplating a strike for the enforcement of the full demands which they presented before the Board of Conciliation and which were rejected after due hearing. The situation is a very interesting one, and must inevitably lead to considerable searching of heart as to the extent to which the Montreal flexible-fare franchise solves the problems of local transportation, and the extent to which it merely removes them to a further stage where no provision has been made for dealing with them.

One of the most instructive documents dealing with the problem of city transportation which have been produced this year is the report of the "Committee of One Hundred" of the Kansas City Chamber of Commerce, which was compiled in February and has recently been published as an official document of the Chamber of Commerce. It presents the case for the flexible fare in the most modern and scientific language. Indeed, by a curious accident of fate, Kansas City already had, in 1914, a street railway franchise calculated to meet all modern requirements, including that of a fare which would go down when profits increase, and having only the one fatal deficiency that it made no provision for fares to go up. Operating costs, in 1914, had been diminishing steadily for a generation, and doubtless it seemed, to those who drew up this franchise, that it was impossible for them ever to increase; so they established five cents as a maximum, and thereby, in five words, absolutely destroyed the workability of the franchise for the period which was so soon to commence. With a franchise already so modern, in most respects, and with the example of Montreal and Cleveland to enlighten them, the committee can have little difficulty in arriving at an intelligent scheme for the future operation of the Kansas City surface traction system.

It is strange, however, that it should not have occurred to this committee that the system of the flexible fare, based upon operating costs, merely removes the problem to the point a little further off. If costs are going to regulate fares, somebody must regulate costs. The company, which can always be trusted to keep down costs so long as the margin between costs and income is its own private profit, cannot in the least be trusted to keep down costs when any addition to them is simply charged up to the consumers. In such a system it becomes urgently necessary that the consumers themselves, or somebody acting in their interests, should have a voice in the control of expenditure. There is, however, no suggestion of this necessity in the report of the Kansas City Committee, just as there is no suggestion of it in the Montreal franchise.

There are two ways in which costs may be inflated against the interests of the consumer, in the operation of a transit system in which increased costs are immediately recouped by an increased fare. One of these ways is passive tolerance, by the management, of extortionate prices charged by those who sell things to the company. This is most likely to be the case in regard to labor, but may also exist in regard to various other commodities whose market price is vague or difficult to ascertain. The second way is collusive extortion by the management itself; that is to

company have any interest in the profits of the seller. This cannot well exist in regard to labor, but may easily exist in regard to almost any other of the articles consumed by the company. It is highly important that the consumer should be able to exercise sufficient control to check extortion of either of these two kinds—presumably by laying his case before an impartial authority with the right to examine into and pass upon the company's operations.

It is perfectly obvious that no company can be expected to put up a strong fight against extortionate demands, especially by labor, if it can secure the funds to meet those demands, not from its own pockets, but from those of its clients.

Yet is essential that somebody should have the power and the incentive to combat extortionate demands, no matter by whom they may be presented, in the interests of the consumer who pays. It so happens that the possibilities of extortion are remarkably well illustrated in the very document which we are now considering and it is a little surprising that the members of the committee were not able to draw the obvious conclusion from the facts which were under their eyes—unless we are to assume that they did draw it in their own minds but abstained from stating it for politic reasons. In the section on Labor, we read that the Kansas City company has recently experienced three strikes; the first in 1917, for the right to organize, which was popularly supported and was successful; the second in 1918, a sympathy strike which was abandoned after three days; and the third, in December 1918, which was for the enforcement of a wage award made by the War Labor Board, which award the company was willing to pay if it could secure increased fares, but refused to pay so long as increased fares were denied them. The significant part of the story is that the company was completely successful in this last conflict. The relevant paragraphs of the committee's report are as follows:—

"On the 11th of December the men struck to enforce the award. For a few days there was a complete tie-up of the street-car system. The weather was very bad and inconvenience to the public was very great. A large number of jitneys commenced operation and took advantage of the situation and the weather to charge high fares.

"The company immediately began to recruit a new force and succeeded within about six months in having more men than before the strike. As a result the company refused to deal further with the union to which the strikers belonged, and these men are still out. A large proportion of the old employees of the company were in the strike and were thus lost to the company. The officials of the union have attempted to negotiate with the company to take back striking men in a body on a basis of recognition of the union and with their seniority rights. The company has refused to do this, claiming they have sufficient men now and will take back the strikers merely on a basis of new employees. There are now no union organizations among the company employees.

"At the present time the company is paying a wage scale which for the trainmen provides a maximum of fifty cents an hour. This is attracting men and there is practically no shortage. Most of the men now in service, with exception say, the toleration of extortionate prices because shareholders, directors or officials of the com-

of about 500, are new employees—that is, have been employed since the strike. Naturally, being inexperienced, they were not efficient, since it takes some experience to operate a car efficiently. This is still true to some extent though in general the men are becoming experienced and efficient employees.

"The wages are apparently satisfactory, since there is no difficulty in maintaining a full force and since the number of men leaving daily is very low. There is a very good degree of co-operation between the company and the employees. In place of the union to which the men formerly belonged and which represented the men before the company there has been instituted a co-operation and representation plan.

"Under this plan the men select committees in every barn to represent them in all their dealings with the company and through which they take their grievances. The men are given a certain degree of freedom to determine their own working conditions. The plan seems to be satisfactory."

This interesting narrative conclusively shows that had Kansas City Company been granted an increase in fares sufficient to enable it to pay the wage award of the War Labor Board the consumers of transportation in Kansas City would have been mulcted for the sake of paying to the organized employees of the street railway service, a wage considerably in excess of what has been shown to be justified by supply and demand. Moreover the supply and demand wage appears to be amply sufficient to provide a living for the workers and, with the aid of good management, to maintain friendly and happy relations between employers and employees. The point is that an obviously extortionate scale of wages would inevitably have been established as a charge against the consumers if the company had permitted to pass the loss on to the consumer, instead of bearing it themselves. It is true that this particular example reflects as severely upon the wisdom of a supposedly impartial wage-fixing authority as it does upon the disinclination of the company to resist extortion when not itself victimised thereby. But the instance is not altogether fatal to the system of wage-regulation by an impartial authority, while it is entirely fatal to the system of wage fixing by a company when the wages are actually paid by the consumer; for it is tolerably certain that no company in such circumstances would put up any real resistance against a demand presented by a strong union, no matter how extortionate its character; while it is hardly reasonable to expect that a wage-regulating authority, especially a local one more closely in touch with the particular conditions, would, except on very rare occasions, make such an error as was committed in this instance by the War Labor Board.

To establish a rate of wages in urban transportation greatly in excess of the prevailing wage for unskilled labor in the same district, is simply to constitute the members of the street railway unions into a privileged class, drawing unwarranted remuneration at the expense of their fellow citizens for the operation of surface street-cars requires only an ordinary amount of intelligence, and a training of fourteen to eighteen days. There are doubtless excellent reasons why men who have been several years in the service, and have thereby acquired a considerable increased value to the company, should be paid at rates well in excess of the prevailing unskilled labor rate, but the ordinary trade union is much more apt to demand a high wage for all of its members, including those who have only just entered the company's employ, and to lay little stress upon the improvement of the position of the older workers. A wage-scale drawn up by union leaders, and adopted by the company simply because it has no incentive to fight it, is not at all likely to be conducive to the highest efficiency.