

WESTERN CLARION

A Journal of
CURRENT
EVENTS

Official Organ of
THE SOCIALIST PARTY OF CANADA

HISTORY
ECONOMICS
PHILOSOPHY

No. 874 EIGHTEENTH YEAR Twice a Month

VANCOUVER, B.C., SEPTEMBER 1, 1922

FIVE CENTS

"A Corporation With a Soul!"

THE press throughout the country a week ago carried big headlines featuring the action of the U. S. Steel Corporation in voluntarily raising the wages of its employees, affecting many thousands of men directly in the employ of the Steel Corporation and lesser independent concerns, and affecting indirectly wage rates in interlocking industries. The press throughout the country forgot for the moment to hail this advance as an evidence of capitalist kindness and, in its inability to understand the nature of the underlying forces operating throughout industrial life was surprised into a confession that "this wage advance was a shock to industry."

It is worth noting that "the commodity nature of labor-power," constantly harped upon by Socialists, is accepted as the basis of wage labor and recognized as such, and the record of it may as well be set down here for the attention of the reader, to shew that we are not merely theorizing but dealing with facts as the employing capitalist concerns see and recognize them:

"Widely varied motives were assigned for the move as despatches from widely separated localities showed. But the main reason for the advance probably is that the steel mills needed labor, and went into the market for it just as they would for any other commodity."

—"Province" (Vancouver) 23 Aug. '22

While the capitalist press has manifested some interest on the probable general effect of the wage advance made by the U. S. Steel Corporation, the labor press has expressed some surprise. It is apparently unable to understand the matter and does not attempt to explain it, but considers "it is safe to assume that there is a nigger in the woodpile some where," (B. C. Federationist, 25th Aug. 1922). It is, of course, "safe to assume" that, but it is of little use in unfolding the "mystery."

Public attention has been rivetted on the United States Steel Corporation during the past several years: in the—for the steel-mill owners—prosperous war years, and in the period of trade depression following that boom period. Any decision made by so powerful a concern must necessarily make itself felt throughout industrial life, particularly in related industries. The U. S. Steel Corporation owns 145 steel works, over three quarters of a million acres of coke and coal lands, 993 miles of railway, 1470 locomotive engines and 112 steamships. In addition to these holdings and its listed assets of approximately two and a quarter billion dollars, its directors are directors also of express companies, telegraph companies, steamship lines and other industrial companies, and of banks and trust companies, with a total capitalization of approximately 40 billion dollars. (See "Atlantic Monthly," May, 1922).

Much advertisement has been made of the fact that some few thousands of the Corporation's employees are "stockowners" but, needless to say, their holdings affect the policies of the Corporation not at all, and yield to their owners little beyond a steady job and an enthusiasm for work. The total number of stockholders of the Corporation amounts to over 100,000, but the majority stock is held by less than two per cent. Since 1st April, 1901 (when the U. S. Steel Corporation was formed) the Corporation has gained an average net income of 118 million

dollars per year (after making allowances for all operating expenses, repairs, depreciation, and sinking funds), which means 13½ per cent. per annum on the original capitalization of 868 million dollars, over half of which in the first place represented nothing more tangible than "good-will" "merger value" and such like considerations.

What is it then that induces so powerful an operating concern, employing hundreds of thousands of men, to voluntarily raise wages? It has persistently refused to recognize trade unions and has always maintained a virulent anti-union policy. It has always actively promoted the arts of union suppression practised by lesser concerns: discharging union members; the black-list, maintaining the espionage system, spies, hiring of detectives and so forth; active use of organized strike breakers; suppressing public assembly; controlling the press and maintaining the pulpit; calling in State troops, and generally doing well what lesser concerns would like to do in controlling the productive energies of thousands of men in its employ. Even its most shameless agents would blush to call it friendly toward labor.

The steel industry of the United States employs normally "probably 150,000 12-hour workers In blast-furnace plants and often in open hearth departments these men work seven days a week. Once in two weeks they have eighteen-hour or twenty-four hour turns." ("The Nation," N.Y., January 26, 1921). The U. S. Steel Corporation in 1921 employed nearly 70,000 men who worked the twelve-hour shift. In that year, prevailing unemployment and the trend toward lower prices enabled the Corporation to reduce the wages of unskilled workers, by three successive wage cuts, to 30 cents per hour, a total reduction of over 40 per cent., allowing no extra pay for overtime. The recent agitation for the three-shift system gained ground through prevailing unemployment conditions, and, placed in operation by about "twenty independent steel plants. . . . representing about 40 per cent. of the industry" (see "The Nation," already cited) the results of this agitation, reported by Mr. Drury of the U. S. Shipping Board, showed that another "shock to industry" had been well received:

"The managers of those steel plants which have made the change are all glad it has been done. They are convinced that it was "good business." Increased alertness of the men, with improved quality of product, less waste, and less wear and tear of equipment have been reported; also less absenteeism and less carelessness; and a better spirit has prevailed among the men. In some cases the output has been increased and the costs lowered." (The Nation, N. Y., Jan. 26, '21)

This accounts for the changed attitude of Judge Gary, Chairman of the U. S. Steel Corporation, always a consistent opponent of the three-shift system. He remains unmoved by the recommendations of the Taylor Society, the Am. Soc. of Mech. Engineers and the Am. Inst. of Elec. Engineers. The actual operative experience of rival concerns he can afford to wait for, and to Mr. Kirby Page.

"Judge Gary expressed the opinion that there would be a heavy increase in labor-costs under the three-shift system. He pointed out that a number of steel plants have changed back to the two-shift system after experimenting with three shifts." (Atlantic Monthly, May, 1922).

As a result of the experiments, the matter of the

possible adoption of the three-shift system, to be thought of only in so far as it may not "interfere with the natural and legitimate progress of business," as President Harding likes to put it, has reached the point where it is under serious consideration as of possible adoption throughout the entire steel industry, bearing in mind always Judge Gary's objective for invested capital of a minimum return of 15 per cent. annually.

"Abolition of the twelve-hour day in the steel industry was favored by forty-one steel company executives from all parts of the country who were guests at the White House on May 18, and who were asked by President Harding to consider the matter. By formal resolution, the steel men authorized Judge Elbert H. Gary to appoint a committee of five to make a careful investigation of the matter and report its conclusions to the industry."

—(Current History, July, 1922)

The steel industry in the United States, employing thousands of men under intolerable conditions of labor at the subsistence level of wages has, necessarily, depended for many years upon a steady influx of uneducated immigrants into the country for its supply of labor. Strong men used to long unregulated hours of hard labor have experienced the meaning of "the right to life, liberty and the pursuit of happiness" in the U. S. steel mills. The lesser the degree of education the better they were received, for the easier were they exploited. Ignorant and willing workers! So long as they came in sufficient number the steel mills were sure of the labor supply they needed.

But while capital likes to have on hand at all times a plentiful supply of labor, it becomes uneasy when the supply becomes over-plentiful and growls hungrily on the doorstep of government offices and municipal buildings. Thus, in face of a workless army of millions of men, Congress proceeded to regulate immigration and there went into effect on May 19, 1921, the "Three per cent Restrictive Immigration Act," by which "the annual immigration from any country is limited to a fixed number, based on the immigration from that country for a considerable period of years."

The records of the U. S. Immigration Department show that whereas in the years 1910 to 1914 (inclusive) immigration averaged over a million per year, the years 1915 to 1921 (inclusive) showed an average per annum of less than 344,000. (See "The World Almanack," 1922). The total number allowed for by the quota given for 1922 is, according to "The Province" (Vancouver) 28th Aug., 357,803. The Act referred to, intended to be operative until 30th June, 1922, has been extended in effectiveness until 30th June, 1924.

This, coupled with the returns of the U. S. Labor Department showing a decrease in unemployment, irrespective of unemployment through strikes and lock-outs, explains how the U. S. Steel Corporation went into the market for the commodity labor-power and was forced to shock industry by setting such a bad example as to raise wages. Besides this, according to persistent evidences, there is a considerable stir in the iron trades and the coal and railway strikes are, for the moment at anyrate, interfering with what the manufacturers are interested in, productive and profit making enterprise. Witness Henry Ford's ultimatum that his plant will close on

(Continued on page 3)