

Labor and Capital-Partners

By JOHN D. ROCKEFELLER, Jr.

(Continued from last week)

Such, in outline, is this Industrial Constitution. Some have spoken of it as establishing a Republic of Labor. Certain it is that the plan gives every employe opportunity to voice his complaints and aspirations, and it neglects no occasion to bring the men and the managers together to talk over their common interests.

Much unrest among employes is due to the nursing of real or fancied grievances arising out of the daily relations between the workmen and the petty boss. Such grievances should receive attention at once, and this plan provides that they shall. Just as in the case of bodily wounds, so with industrial wounds, it is of prime importance to establish a method of prompt disinfection, lest the germs of distrust and hatred have opportunity to multiply.

This plan is not hostile to labor organizations; there is nothing in it, either expressed or implied, which can rightly be so construed; neither membership in a union nor independence of a union will bring a man either preference or reproach, so far as the attitude of the company is concerned. The fact is that the Colorado Fuel and Iron Company constitution does not restrict in any way the right of the employes to regulate their own lives, nor does it abridge their right to join any organization they please. At the same time it does insure the men fair treatment and an opportunity to make their voice heard in determining the conditions under which they shall work and live.

The plan does not deny to the representatives the right to act in concert; it does not deny to the men the right to employ counselors or advisers to assist them in formulating their views as to any situation. Indeed, the door is left wide open for the natural exercise of any right or privilege to which the men are entitled.

There is nothing in the plan to prevent the men holding open or secret meetings as often as they like, either in the separate camps, the districts, or as representing the whole industry. Such meetings are not specifically provided for because all those who are connected with the corporation are considered to be partners in the enterprise, and their in-

terests common interests.

The plan provides a channel thru which not only may the men confer with the management, but thru which also the officers may lay their purposes, problems, and difficulties before the employes. It provides a medium of adjustment, as between employer and employes, of the problems which constantly arise in the conduct of business, while in regard to the relations of both it recognizes that the voice of public opinion is entitled to be heard. The acts of bodies of men in their relations with other men should always be illuminated by publicity, for when the people see clearly what the facts are, they will, in the long run, encourage what is good and condemn what is selfish.

Some may think that the form which the organization of labor takes must necessarily be originated and developed by Labor. If, however, a workable method of co-operation between managers and men is actually developed, which is satisfactory to both, is its authorship of consequence provided only its provisions are adequate and just and it proves to be an effective instrument thru which real democracy may have free play?

The Colorado plan has been devised for the employes of the Colorado Fuel and Iron Company, and without reference to the employes, or organizations of employes, in other companies. Some people will maintain that the men's interests cannot be adequately protected or their rights at all times enforced without the support of their fellows in similar industries. This may be true where Labor and Capital do not generally recognize that their interests are one. But when men and managers grasp that vital point, as I believe this plan will help them to do, and are really awake to the fact that when either takes an unfair advantage of the other the ultimate interests of both are bound to suffer, they will have an incentive to fair dealing, of the most compelling kind.

It is clear that a plan of this kind must not overlook the interests of the stockholders, for no plan which regards their rights can be permanently successful. The interests of capital can no more be neglected than those of Labor. At the same time I feel that a prime consideration in the carrying on of industry should be the well-being of the men and women en-

gaged in it, and that the soundest industrial policy is that which has constantly in mind the welfare of the employes as well as the making of profits; and which, when the necessity arises, subordinates profits to welfare. In order to live, the wage-earner must sell his labor from day to day. Unless he can do this, the earnings of that day's labor are gone forever. Capital can defer its returns temporarily in the expectation of future profits, but Labor cannot. If, therefore, fair wages and reasonable living conditions cannot otherwise be provided, dividends must be deferred or the industry abandoned. On the other hand, a business, to be successful, must not only provide to Labor remunerative employment under proper working conditions, but it must also render useful service to the community and earn a fair return on the money invested. The adoption of any policy toward Labor, however favorable it may seem, which results in the bankruptcy of the corporation and the discontinuance of its work, is as injurious to Labor which is thrown out of employment, as it is to the public, which loses the services of the enterprise, and to the stockholders whose capital is impaired.

This plan is not a panacea; it is necessarily far from perfect, and yet I believe it to be a step in the right direction. Carefully as it has been worked out, experience will undoubtedly develop ways of improving it. While the plan provides elaborate machinery which of itself ought to make impossible many abuses and introduce much that is constructively helpful, too strong emphasis cannot be put upon the fact that its success or failure will be largely determined by the spirit in which it is carried out.

The problem of the equitable division of the fruits of industry will be always with us. The nature of the problem changes and will continue to change with the development of transportation, of invention, and the organization of commerce. The ultimate test of the rightness of any particular method of division must be the extent to which it stimulates initiative, encourages the further production of wealth, and promotes the spiritual development of men. The Colorado plan is of possible value in that State, and may prove useful elsewhere, because it seeks to serve continually as a means of adjusting the daily difficulties incident to the industrial relationship. It brings men and managers together, it facilitates the study of their common problems, and it should promote an understanding of their mutual interests. Assuming, as we must, the fundamental fairness of men's purposes, we have here possibly a medium thru which the always changing conditions

of industry may be from time to time more closely adapted to the needs, the desires, and the aspirations of men.

TO THE EMPLOYEES.

Address of John D. Rockefeller, Jr.

At the joint meeting of the officers and the representatives of the employes of the Colorado Fuel and Iron Comp'y, Pueblo, Oct. 2, 1915

Mr. President and Fellow Members of the Colorado Fuel and Iron Company:

This is a red-letter day in my life. It is the first time I have ever had the good fortune to meet the representatives of the employes of this great company, its officers and mine superintendents, together, and I can assure you that I am proud to be here, and that I shall remember this gathering as long as I live. Had this meeting been held two weeks ago, I should have stood here as a stranger to many of you, recognizing few faces. Having had the opportunity last week of visiting all of the camps in the southern coal fields and of talking individually with practically all of the representatives, except those who were away; having visited in your homes, met many of your wives and children, we meet here not as strangers but as friends, and it is in that spirit of mutual friendship that I am glad to have this opportunity to discuss with you men our common interests. Since this is a meeting of the officers of the company and the representatives of the employes, it is only by your courtesy that I am here, for I am not so fortunate as to be either one or the other, and yet I feel that I am intimately associated with you men, for in a sense I represent both the stockholders and the directors. Before speaking of the plan of industrial representation to which our president referred, I want to say just a few words outlining my views as to what different interests constitute a company or corporation.

Every corporation is composed of four parties. First, there are the stockholders; they put up the money which pays the wages, builds the plants, operates the business, and they appoint the directors to represent their interests in the corporation. We have, secondly, the directors, whose business it is to see that the chief executive officers of the company are carefully and wisely selected, to plan out its larger and more important policies, particularly its financial policies, and generally to see to it that the company is wisely administered. And, thirdly, we have the officers of the company, whose duty it is to conduct the current operation of the business. While last,

but by no means least—for I might just as well have started at the other end—we come to the employes, who contribute their skill and their work.

Now the interest of these four parties is a common one. An effort to advance one interest at the expense of any other, means loss to all, and when any one of the four parties in this corporation selfishly considers his own interest alone, and is disregarding of the interests of the other three parties, sooner or later disaster must follow. This little table illustrates my conception of the corporation; and there are several points in regard to the table which I want to call your attention to. First, you see that it would not be complete unless it had all four sides. Each side is necessary; each side has its own part to play. Now, if you imagine this table cut into quarters, and each quarter separated from the others, what would happen? All of them would fall down, for no one could stand alone, and you would have no table. But when you put the four sides together, you have a useful piece of furniture; you have a table.

Then, secondly, I call your attention to the fact that these four sides are all perfectly joined together; that is why we have a perfect table. Likewise, if the parties interested in a corporation are not perfectly joined together, harmoniously working together, you have a discordant and unsuccessful corporation.

Again, you will notice that this table is square. And every corporation to be successful must be on the square—absolutely a square deal for every one of the four parties, and for every man in each of the four parties.

I call your attention to one more thing—the table is level. Each part supported by its leg is holding up its own side, hence you have a level table. So, equal responsibility rests on each one of the four parties united in a corporation.

When you have a level table, or a corporation that is on the level, you can pile up earnings on it (piling coins on the table). Now, who gets the first crack at the earnings? You know that we in New York don't. Here comes along the employes, and first of all they get their wages (removing some of the coins), every two weeks like clock-work, just what has been agreed on; they get the first chance at the pile. You men come ahead of the president, the officers, the stockholders and directors. You are the first to put a hand into the pile and take out what is agreed shall belong to you. You don't have to wait for your share; you don't have to take any chances about getting it. You know that there has never been a two-weeks' period that you have

worked when you have not been able to get your pay from this company; whatever happens, so long as the company is running, you get your pay.

And then the officers and superintendents come along, and they get theirs; they don't get it until after you have gotten yours (removing more coins).

Then come the directors, and they get their directors' fees (removing the balance of the coins) for doing their work in the company.

And, hello! There is nothing left! This must be the Colorado Fuel and Iron Company! For never, men, since my father and I became interested in this company as stockholders some fourteen years ago—never has there been one cent for the common stock. For fourteen years the common stockholder has seen your wages paid to you workers; has seen your salaries paid to you officers; has seen the directors draw their fees, and has not had one cent of return for the money that he has put into this company in order that you men might work and get your wages and salaries. How many men in this room ever heard that fact stated before? Is there a man among you? Well, there are mighty few among the workers who have heard it. What you have been told, what has been heralded from the Atlantic to the Pacific, is that those Rockefeller men in New York, the biggest scoundrels that ever lived, have taken millions of dollars out of this company on account of their stock ownership, have oppressed you men, have cheated you out of your wages, and "done" you in every way they could. That is the kind of "dope" you have been getting, and that is what has been spread all over the country. And when that kind of talk was going on, there were disturbances in this part of the country because the four sides of this table were not square and the table was not level, there were those who in the streets of New York and in public gatherings were inciting the crowd to "shoot John D. Rockefeller, Jr., down like a dog." That is the way they talked.

The common stockholders have put \$34,000,000 into this company in order to make it go, so that you men will get your wages, you officers have your salaries, and the directors get their fees, while not one cent has ever come back to them in these fourteen years. Mr. Welborn, am I telling the truth?

Mr. Welborn: "You are."

(Continued in next issue)

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