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EXPERIENCE OF HART, SCHAFFNER AND MARX WITH COLLECTIVE BARGAINING

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On May 1, 1916, Hart, Schaffner and Marx renewed their agreement with their employes for another period of three years. There has been very little change in the terms of the agreement, the principal provisions being the increase of wages of approximately 10 per cent, due to the changed conditions in the market of labor. The hours of labor were reduced from fifty-two to forty-nine per week. This agreement has already been in existence for five years and has received the consideration of the Federal Bureau of Labor, the Federal Industrial Relations Commission and many manufacturers in various industries.

Many manufacturers have already come to the conclusion that there has been a great change in conditions, and that to meet these conditions they must change their methods. Regardless of what their theories as to labor unions and industrial democracy may be, they realize that it is a condition and not a theory that confronts them. To such persons a true statement of the result of any experiment with new methods of dealing with employes is of tremendous interest.

The Hart, Schaffner and Marx principle of dealing with labor is not a patent medicine which can be applied under any and all conditions. Rather, it is an attitude of mind and faith in certain principles of right dealing which once were regarded as a matter of faith, but which experience has demonstrated to be sound and profitable.

After a prolonged and costly strike in 1910, which came as a great surprise to this company, they accepted the principle that the good-will of the employes was as necessary and desirable as the good-will of customers, and that henceforth every effort should be made to cultivate this valuable asset. Accordingly, a new department was created which should have charge of all the relations of

the company with its employes, and nothing should be done which affected their interests without the consideration of this department. A very brief agreement for arbitration had been signed with representatives of the employes. After the decision of the Board of Arbitration was reached concerning the wages and hours and certain matters of demands, it was decided to continue the board and make it part of the permanent scheme for adjusting complaints.

The plan is a form of representative government, neither an autocracy nor a pure democracy; it avoids the domination either of a monarch or a mob. All parties whose personal interests are involved in the business submit themselves to the rule of reason, yielding up all arbitrary authority which conflicts with the principle of right dealing to which all have promised allegiance. Rules, based on the highest concept of economic justice deliberately thought out by men whose judgment at the time is not blurred by personal interest, are considered superior to the personal judgment of a general manager or a business agent. The ideas of democracy given out by our schools and universities, by press and platform, are being absorbed by workers and being applied by them to their own situation. If representative government is good in politics, why not in industry which touches their interests so much more intimately? This is the reason for the restless clamor which underlies the incessant demand of labor for recognition. And that is the demand we have endeavored to meet in the Hart, Schaffner and Marx agreement.

Government is nothing more than an effort to remove conflicting interests from the arena of brute struggle, and to submit them to some rational and disinterested agency for adjustment. Whether the agency be a court or a legislative body it still represents a common or public interest as against the individual interest of claimants or contestants.

Experience has shown many times in situations where a conflict of interest appeared inevitable that a plan could be devised whereby the interests of both parties might be served without loss to either. It happens more frequently than would naturally be supposed that one or both parties are mistaken as to their own best interests, so that the solution of some difficulties is often much easier than appears at first.

Most industrial conflicts, like the present European War, involve losses to all concerned all out of proportion to the value of the interests at stake. Therefore, any settlement whatever of a dispute is likely to be better than open and continuous disagreement, breeding resentment, hatred, fear and violence. When a disputed point is once settled, especially by an authority respected by all, it is not difficult to adjust one's interests to that condition.

Employers are seldom interested in labor agreements and similar matters until a strike or some labor troubles force them to consider some change or amendment to their system of management. When the crisis comes and immediate decision is required, they find themselves to be led or forced into an agreement entailing serious sacrifices and tolerable only because it keeps the business going.

Labor leaders, on the other hand, are usually experts in these matters up to the limit of their ability and intelligence. This is especially true in the garment trades at the present time. The protocols and other types of agreements in the eastern markets have educated a considerable group of leaders in the science of industrial government. In sheer self-defense the employers are therefore compelled to inform themselves on this subject.

Under the original Hart, Schaffner and Marx agreement in 1911, an arbitrator was chosen by each side: Mr. Clarence Darrow by the employes, and Mr. Carl Meyer by the employers. Failing to secure a third member of the board, the two met together with representatives of both sides, and were able to negotiate successfully a two years' agreement. This provided for an open shop, recognized and made compulsory the maintenance of a grievance department such as had already been organized, granted a horizontal increase of wages of 10 per cent to all employes in the tailor shops, and specified 50 per cent extra pay for overtime work. There was no specific recognition of the union. The Board of Arbitration was to continue during the agreement, and to adjust all grievances referred to it.

A complaint department was organized providing a system by which any person feeling aggrieved might have an opportunity to present his complaint and have it heard and carefully attended to. Thus was reëstablished the lost personal contact between the proprietors of the business and the employes. There are now so many avenues through which complaints may be made without

detriment to the complainant that the company may feel quite sure that no undiscovered abuses can exist.

The next step which has proved to be of vital importance was the centralizing of all discipline. The foremen and superintendents, who formerly were authorized to maintain discipline, were relieved of this responsibility, and it was assumed by the manager of the labor department. Whenever there is any delinquency the offender is suspended from his position and given a memorandum for immediate presentation to the discipline officer who is able to dispose of the matter in an impartial manner with an eye single to the welfare of the whole organization. There is a growing tendency at present for many matters of discipline to be referred to the workers' organization, thus giving opportunity for experience in self-discipline.

Leaders among the workers soon appeared, who began to command the respect and confidence of the company. Mr. Sidney Hillman, a young Russian Jew, exhibited such tact and patience, and such good judgment and administrative capacity, that he soon won a personal recognition which later developed into a recognition of the organizations he represented. Three years later, after having risen through all the responsible local union officers, he became general president of the Amalgamated Clothing Workers of America.

After a year it became apparent that a Board of Arbitration composed of two lawyers unfamiliar with the technical details of tailoring, could not possibly hear satisfactorily all the cases which the workers desired to have adjusted by the highest authority. It was natural that among the eight thousand people taken on after the strike to rush out the delayed work some should prove incompetent. It was also natural that these should be especially active in the union, and, in case of discharge, should clamor for its protection, claiming discrimination on account of their union membership.

Such cases were difficult to adjust, and, by mutual agreement, another adjusting body was organized, called the Trade Board, the members of which were foremen representing the company and union employes representing the people. Mr. James Mullenbach, then serving as acting superintendent of the United Charities of Chicago, was selected as chairman. This board was created to

hear all unadjusted and technical cases, and to adjust piecework prices whenever changes were required (collective bargaining). Appeal might be taken to the Board of Arbitration. Deputies were chosen by each side to carry on the business of the Trade Board, and to gradually assume charge of all the relations of the two parties.

The principal kind of grievances which come up are of course with reference to piecework prices, and these are all settled by the special committee of the Trade Board; other matters concern discipline, delinquencies in workmanship, distribution of work among the pieceworkers, salaries of week workers, complaints of overcrowded sections, claims of mistreatment and discrimination by the foremen, etc. At the beginning the sittings were numerous and prolonged, but gradually the decisions became precedents, and the deputies were able to adjust many cases on this basis without recourse to the Trade Board. The complaints come so informally that it is difficult to state what proportion are settled without reference to the board, but I should say that 75 per cent are. Of the 25 per cent which go to the Trade Board, probably one out of ten or fifteen are appealed to the Board of Arbitration. Such an appeal is taken only when some principle seems to be involved which has hitherto been unsettled. Fourteen cases in all were appealed to the Board of Arbitration the first year, and these cases necessitated choosing a third arbitrator, Mr. J. E. Williams, of Streator, Illinois.

The two-year term of the agreement expired on April 1, 1913. The unions, feeling that they could not maintain their efficiency under the open shop agreement on account of the disposition of a great number of people to enjoy the benefits without contributing to the support of the system, demanded a strictly union shop. The company felt that the time was not yet ripe for this step, and refused to negotiate a new agreement upon that basis. The conferences, which had been held almost continuously, were abandoned about two weeks before the end of the agreement.

The two chief deputies and arbitrator Williams did not lose faith in the system which they had so laboriously built up. They realized that, with the general feeling of good faith on both sides, the right way to avoid an open break existed and could be discovered. They frankly recognized the impelling motives of each party, the need for efficiency of production on the part of the company, and the need for sufficient strength on the part of the union to make

itself effective in protecting the worker. Without neglecting either of these interests, they produced an agreement, the central feature of which was the preferential shop. This was so devised as not to interfere with the productive efficiency of the shop, while it created an inducement for the employes to become members of the union. It was calculated to stimulate the unionization of the shops as rapidly as the people were ready for it. Most of the other details of an agreement were left for the decision of the Board of Arbitration, which, by this time, possesses the unlimited confidence of all concerned.

During this five-year experiment, most of the fundamental issues which arise in the employer-employe relation have been met and adjudicated. These typical cases have revealed principles which may some day help to form an established code of governing rules for industry and supplanting the present method of competitive bargaining and conflicts settled by economic strength.

The right to discharge rests with the company absolutely. In cases of discharge, the burden of proof is upon the employer to show that such discharge is necessary for the welfare of the organization. He must show that any alternative action involving less hardship on the individual is inadequate. The Trade Board and Board of Arbitration may reverse decisions of the company whenever it is shown that there was not sufficient cause for discharge. As a rule, men who are delinquent in workmanship are given another chance by the Trade Board. The board for a long while was very weak with reference to discharges on account of striking, but recently they have taken a much firmer attitude. I refer here to the small stoppages of work over disputed questions. I venture to say that about half the discharges made by the company are substantiated by the Trade Board; of course, it will be understood that some of these discharges are made with the expectation that they will be reversed, but the disciplinary effect of the whole procedure is very good in maintaining discipline. The company as a general rule does not object to the Trade Board reinstating discharged people if it gives them a warning and makes it clear that any future offense will lead to positive discharge.

So long as there is an adequate supply of labor available in the skilled trades, the employer must not introduce an unreasonable number of apprentices into the trade.

The ordinary concept of the employer is that labor is a commodity purchasable as other commodities. He strives to get as much as he can as cheaply as possible. The job or opportunity to work is his private property and the workman has no claim upon it. The new principle gives the worker a right to his job which can be defeated only by his own misconduct. The job is the source of livelihood to the worker exactly as his capital is the source of livelihood to the capitalist. In the slack season whatever work there is shall be divided among all as far as practicable.

Managers who are directly responsible for the efficiency of the shop should not be burdened with the responsibilities of discipline. This function is one of great delicacy. If badly or unskillfully performed it is a fruitful source of antagonisms and personal feelings, which is like sand in a complicated machine. If, however, it is handled with judgment and resourcefulness by an official who is detached from an immediate interest in the operation and who can look forward to ultimate results, the function presents great opportunities for gaining the respect and good-will of the employes. Discipline cases afford the finest opportunities for educational work, both with worker and foreman.

So long as the offending employe is to be retained in the factory, any disciplinary penalty must be corrective and no more severe than is necessary to accomplish the best results for all concerned. Most offenders are victims of wrong ideals or mental deficiencies, the remedy for which is not punishment but help and instruction. Delinquencies in management can frequently be discovered and the manager or other executive may need the services of the expert discipline officer quite as much as the original offender. The efficiency of the discipline officer should be measured by the proportion of ex-offenders who have ultimately become competent and loyal friends of the company. It is his prime duty to prevent and remove from the minds of the people all sense of injustice in their relations with the employer, which is the fundamental cause of the bitterest industrial conflicts.

The great defect in autocratic governments is the lack of adequate and intelligent criticism. Automatically-governed business enterprises suffer from the absence of their wholesome check. Organized employes represented by spokesmen who are protected in that function, together with a labor department responsible for

the good-will and welfare of the employes, constitute a critical check on bad management and the source of valuable suggestion for more efficient management. Pieceworkers, especially, are vitally affected in their earnings by the quality and efficiency of the management. Subordinate executives in the factory may conceal this inefficiency from their superior officers for a long time, but a system of free complaints makes this impossible.

The primary tribunals or Trade Board should settle finally all disputes as to facts; appeals should be taken only when disputed standards are involved. Each case before the Board of Arbitration is an opportunity to establish one or more standards. Thus, unless the industry is one of great changes, the board will find the need for its services grow gradually less as both parties learn to be governed by standards. The immense value to an industry of established standards should reconcile the parties to the time consumed in deciding some comparatively unimportant case which happens to afford opportunity for creating a standard. The board in such cases should get expert and technical testimony from all sources through witnesses and committees of investigation, so that the work is done once for all.

We are so habituated to the idea of labor as a purchased commodity or service, that it seems to us quite natural for the price of it to be determined by the law of supply and demand through the bargaining process. When employes are unorganized, they are unable to bargain with a large employer on anything like equal terms; when they are organized, the bargaining may take the form of industrial warfare. Bargaining cannot be equitable and fair unless either party has the right to withhold what he is offering to the other. This principle is so true that the courts and legislatures have been forced to legalize strikes and picketing, notwithstanding the tendency of these measures to subvert law and order and to jeopardize the right of person and property.

In the system here described, the rate of wages and piecework prices existing at the beginning of the agreement was accepted as the basis. Certain horizontal advances were granted to prevail during the term of the agreement. At the end of that period the whole question is reopened. If both parties agree to arbitrate this major question as they do all others, the burden is thrown upon the board of arbitration of finding some governing principle from which a rational decision may be derived.