

December 1924

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Recommended Citation

John J. Coniff, *Industrial Peace*, 31 W. Va. L. Rev. (1924).

Available at: <https://researchrepository.wvu.edu/wvlr/vol31/iss1/4>

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INDUSTRIAL PEACE*

BY JOHN J. CONIFF**

The address which you will hear this morning is not original, though it contains much that I approve. The Right Honorable McKenzie King, Premier of Canada, has devoted many years to the problem of Industrial Peace and has presented an argument to which you will listen, which, in the main, seems unanswerable.

The unrest in the world of industry to-day is no ephemeral and transitory affair; no mere aftermath of the hideous convulsion which has shaken existing society to its very foundations. It is the voice of humanity crying for justice in the relations of industry. Let us be assured that the sword is not the instrument, and repression not the method, to stay this unrest. The truth is mightier than the sword, and in conference and co-operation among all the parties in interest, not in coercion of the others by any one, lies the only hope of an ultimate solution.

We shall reach no understanding of the problems of industry until we adequately appreciate what industry itself is, and who the parties are that are responsible for the carrying on of industry. Industry is the means by which the material resources of the world are transformed, through human intelligence and human energy, with the aid of natural powers, tools, and machines, into commodities and services available for human use. It is a vast process so inter-related and numerous as to unite mankind, in this age of world-wide industrial expansion in an enterprise that encompasses the globe.

We are accustomed to discuss the problems of industry in terms of Capital and Labor. The inability to find a workable solution to many of these problems arises from a vision thus circumscribed, and an ignoring of other factors equal in significance and importance. To carry on industry in any but the most primitive kind of way, four parties, discharging separate and distinct functions, are necessary.

* Address delivered at West Virginia University, October 22, 1924.

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First of all, there is Labor, which supplies the muscular and mental energy necessary to effect the processes of immediate transformation.

Next, there is Capital, which is necessary to provide the raw materials, the tools, appliances, and equipment essential to industrial processes, and the advances in the way of food, clothing, and shelter required by Labor pending the distribution of the finished product.

THE THIRD FACTOR.

Then there is Management, or Directing Ability. So frequently has Management been associated with the ownership of capital, that the identity of the former has more or less been merged in the latter. However, the moment's reflection is sufficient to disclose the complete dissimilarity of function between the two. Capital's contribution to industry is in the nature of material substance loaned by way of investment. Its possessor may be any kind of person, from a social parasite or ne'er-do-well who is the inheritor of a fortune, to an infant totally incapable of any service to industry, and whose property is necessarily held in trust. Managerial ability, on the other hand, is in the nature of personal service of the very highest order, and is wholly necessary, not only to bring about efficient co-operation between Labor and Capital in the work of production, but also to effect and maintain right relations with the fourth party without whose co-operation in all that pertains to industry the other three parties could accomplish little or nothing.

The fourth party is the Community, that entity which we speak of sometimes as organized society, under whose sanction all industry is carried on, and by whose continuous co-operation with the other parties to industry, production, distribution and exchange are rendered possible.

Not only are the four parties necessary to industry, but they are equally necessary to one another. Capital can do nothing without Labor. Labor can do nothing without Capital. Neither Labor nor Capital can co-operate effectively in industry save under the guiding genius of Management; and Management, however great its genius, can do nothing apart from the opportunities and privileges the Community affords.

If all four parties are necessary to industry, and equally necessary to one another, then, surely, all four should have some voice

in the control of industry, and with regard to the conditions under which their services to industry are rendered.

THE MONOPOLY OF CONTROL

Is our present organization of industry in any way suggestive of a partnership, in which Labor, Capital, Management, and the Community are regarded as inter-related and interdependent? Far from it, as every one knows who has given the organization of industry a moment's reflection. So far as control goes, it is all in the nature of monopoly, and that a monopoly of control on the part of Capital.

The owners of capital, the capital investors, choose the Board of Directors; the Board of Directors choose the Management and dictate the policies. The Management regards itself as responsible solely to Capital. Labor and the Community become a consideration only in so far as they are able to make their power felt. Profits for Capital are a first consideration; profits usually as high as it is possible to make them. Wages to Labor, prices to the Community are what they can be kept at, what the market will allow. Labor and the Community are not regarded as partners, entitled to share, through common knowledge, in a common venture, in gains and losses alike. Such control as they exercise is a control that is forced, not a control that is voluntarily shared; a control that in the nature of things begets an attitude of militancy on their part.

It is this monopoly on the part of Capital in the control and direction of industry that has led to the developments that are described as socialistic, ultra-radical, and even anarchistic. More than any factor, it lies at the root of the industrial upheavals of the present time. The other parties to industry, though feeling themselves entitled to be regarded as partners, have despaired of gaining any measure of joint control by concession. They have felt themselves driven to exact, by force, what they believe to be their rightful dues. In the case of Labor, this demand for recognition in the control of industry has asserted itself in the form of strikes. In the case of the Community it has taken the form of arbitrary enactment, leading to an assumption of single control by the state or municipality.

What is the Socialistic State, or Collectivism, which is its industrial expression, other than industry so organized as to transfer industrial control from Capital the Community, to the exclusion of the other parties? Under the Socialistic State, the Government

would choose the managers of industry, would own the instruments of production, levying taxation where more Capital was required, and would fix the wages of Labor and the prices at which commodities are to be sold.

The War has revealed that the Socialistic State, which many workers have been led to believe is certain to be beneficent and idealistic, may become the most bureaucratic and autocratic of agencies, holding within its power the lives and freedom of men, as well as the conditions of their employment. Germany has given that object-lesson to the world.

The little there has been of State control during the War has also revealed that the substitution of political managers for industrial managers is not likely to be the best for either industry or the State. Of that, all countries have had a taste.

What are the extreme movements on the part of Labor but a similar reaction against the monopoly of Capital control? In its most violent forms, this reaction has found expression in Revolutionary Syndicalism, Bolshevism, and certain forms of I. W. W.-ism, where, in addition to the ignoring of Capital and Management as parties to industry, the Community is also ignored, and Red Terror used to supplant Reason in all that pertains to the accomplishment of lawless designs.

Guild Socialism is similarly a reaction on the part of Labor against monopoly of control on the part of Capital. Like state Socialism, it would rule out Capital's right to joint control just as effectively as Capitalism seeks to rule out Labor's right to joint control; but as the predominant factor in control it would substitute national guilds for the state. Industrial unions would select the managers, would own the capital, and would determine alike wages and prices.

In protesting against an actual monopoly of control by Capital under Capitalism, and a possible monopoly of control by the State under Socialism, Guild Socialism would establish a monopoly of control by Labor under National Industrial Guilds. This is a natural reaction. It represents the extreme of the protest by a militant Labor Unionism against the monopoly of control by Capital, just as Collectivism represents the extreme of a protest of an aggressive State Socialism against the Monopoly of Capitalistic control. Guild Socialism and Collectivism are alike in that each would oust Capitalism by setting up a monopoly of its own.

But the cure for monopoly of control by one of the parties to industry is not to be found in the substitution of monopoly of con-

trol by one of the other parties; it lies in the destruction of monopoly altogether. It is to be found in the substitution of joint control for single control.

Single control, whether it be by Capital, Labor, or the State, sooner or later is certain to mean autocratic control. Whether Labor or the State as the autocrat is preferable to existing capitalistic control, beholden as it is, in some measure at least, to both Labor and the State, is something to which conditions in Europe at the present time afford an all-sufficient answer.

It is not monopoly of control in any form that we must seek to bring about in this period of transition, but a gradual evolution into a system of joint control, whereby each of the parties to industry will be afforded a voice in the determination of the terms and conditions upon which its services to industry are rendered.

No one of the parties stand to lose quite so much through a continuance of the struggle arising out of the monopoly of control by Capital, as Capital itself. As things are to-day, it is at Capital, and at Management, identified with Capital, that the stones are being blindly hurled. War ridden, hungry, and penniless, men and women have witnessed the wanton extravagance of many of those possessed of luxury. They have become bewildered with a condition which enables an idle investor to reap a fortune while the masses toil excessive hours for a bare subsistence. They have lost sight altogether of the services of Capital and Management in witnessing the debauchery of indolence combined with riches, and the unearned millions of profiteers.

But let the services that Capital and Management are capable of rendering industry once be lost to sight, and industry itself will be ruined, and with it the well-being of Labor and the Community as well. What is needed is, not the ruination of Capital and Management, but that each be given its rightful place in a system of the government of industry which will make for the good of all the parties to production.

Referring to what is fundamentally right and just, may it not be asked: Is Labor not quite as much entitled to a voice in the control of industry as Capital? It is investment in industry which affords the right to share in corporate control. Capital and Management receive representation on this basis. If Capital and Management are so entitled, why not Labor also?

Industry is a joint venture, a venture of Labor as well as of Capital. The difference in the nature of the investment of Capital and Labor only serves to emphasize the fundamental justice of

Labor's right to a share in control. The investment of Capital is in the nature of an investment of substances and dollars; the investment of Labor is an investment in the nature of skill and life. The one is a material, the other a human investment; and of the two, the one involving life is the more precious.

The capital investor—the individual who in industry loans and risks his capital or a part of it—receives for his capital a return in the form of interest; but he receives something more. As an investor, he becomes entitled to a voice in the control of the industry in which his investment is made. The life or labor investor—the worker who in industry loans and risks his life, or gives to industry that part of it described as labor—receives for his labor, which is the use of his life and skill for the time in which labor is given, a return in the form of wages. He lacks, however, the additional right, which Capital receives, of a share in the government of industry. If Capital obtains this right, in addition to financial reward for the use of capital for the time for which it is invested, is Labor not in justice equally entitled, in addition to its monetary reward, to a voice in the control of industry in which, for the time being, its life and skill are likewise invested? If investment in industry has any meaning at all, it is surely one equally shared by the man who gives his labor and the man who gives his capital.

The Community's right to representation in the control of industry, and in the shaping of industrial policies, is wholly similar to that of Labor. But for Community investment on a local, national and international scale, Capital, Labor, and Management would be obliged to make scant shift under present-day conditions of world's competition. But what of the Community's part in industry? Here, too, is joint venture on the part of the Community just as much as on the part of Labor, Capital, or Management. What is 99 per cent of the expenditure of government in normal times but outlays in the nature of investment in industry; investment in property and services of one kind or another, which alone makes possible the vast co-operation and co-ordination of effort which is the very life-blood of industry? The vaster industrial organization becomes, the more it depends, in a multitude of directions, upon the investments of the Community.

It is the Community which provides the natural resources and powers that underlie all production. Individuals may acquire title by one means or another, but it is from the Community, and with the consent of the Community, that titles are held. It is

the Community, organized in various ways, which maintains government and foreign relations, secures law and order, fosters the arts and inventions, aids education, breeds opinion, and promotes, through concession or otherwise, the agencies of transportation, communication, credit, banking, and the like, without which any production, save the most primitive, would be impossible. It is the Community which creates the demand for commodities and services, through which Labor is provided with remunerative employment, and Capital with a return upon its investment. Apart from the Community, inventive genius, organizing capacity, managerial or other ability would be of little value. Turn where one may, it is the Community that makes possible all the activities of industry, and helps to determine their value and scope.

Community investment is supposed to receive its return in enhanced purchasing power to consumers as respects the number and quality of available services and commodities. This is a return akin to the interest Capital receives, and to the wages Labor receives. But is not the Community equally entitled, on the grounds of investment, to a voice in the control of industry and in the shaping of industrial policy? Without participation by the Community in the control of industry, there is nothing to prevent the emergence of a joint-profiteering scheme by the other parties, in which high wages and high profits are secured by charges which fall either immediately or ultimately upon consumers.

If industry is to cease to be the battle-ground of rival factions, each selfishly seeking its own interest, regardless of the interests of the others, its government must cease altogether to be a matter of single control by one of the parties, or of contending control by the several parties. The parties to industry must be brought into a relationship of partnership, with a recognized community of control.

Partnership is essentially a matter of status. It does not involve identity or similarity of function on the part of the partners, or equality of either service or rewards; but it does imply equality as respects the right of representation in the determination of policy on matters of common interest. It is this principle that has thus far so largely failed of recognition. The justice of the principle, however, cannot be gainsaid.

If to secure a just consideration of the rights of all four parties to industry something in the nature of a partnership, involving community of control, is necessary, how, it will be asked, is that transition to be effected? Certainly, it will never be brought about

by violent upheavals or revolutionary methods. It must be brought about in an evolutionary manner, here a little, there a little; line upon line, precept upon precept, all working toward the consummation of one ideal.

Time forbids more than a suggestion or two as to the manner in which a constitution for the parties to industry might be worked out in a way which will help to allay the industrial unrest of our times, and advance the highest interests of industry, and of all its parties. Obviously, what is most needed is recognition of the fact that industry is not a matter which concerns only one party, but that it is of vital concern to all four; to Capital, to Labor, to Management, and to the Community, and that no one of the four is entitled to a monopoly of control.

Once recognition is given the four parties to industry, the solution of the problem of industrial relations is a matter simply of proceeding in accordance with principles which have long been regarded as obviously fair and just.

The first of these principles I should like to mention is that of Conference. It is impossible to get anywhere with a man with whom you are unwilling to confer. Conference is chiefly a matter of attitude. It implies approach, good-will, confidence; not aloofness, distrust, and suspicion, which too frequently is the attitude between the parties to industry.

Conference among the four parties to industry has been tried, and with the best of results. It was found necessary to the winning of the War. It was not until the Government, representing the Community, invited Capital, Management and Labor to meet in common, and policies were arrived at as the result of round table conference, that the necessary adjustments of industry were so arranged as to make possible the vast production of munitions required to win the War. What was necessary to the winning of the War is equally necessary to the winning of Peace—which we can hardly say exists so long as international strife gives way only to industrial unrest.

The second principle is that of Investigation. Investigation is but a method of getting at the truth; and, as I said at the outset, it is the truth alone that shall set us free. In problems of the magnitude of those which industry presents, any just solution is impossible without a knowledge of the facts. There are certain evils which publicity is more effective in preventing and remedying than penalty; and unfair dealing between the parties to industry are of this kind. Meanness, injustice, gross selfishness—these

cannot endure under the light of an intelligently formed public opinion. Most industrial ills belong to this class. Investigation, too, has been tried among the four parties to industry, and found to be of the utmost service.

I believe Canada has had fewer strikes in recent years than any other country in the world because she has on her statutes a law which makes provision for the investigation of industrial controversies prior to lockouts and strikes.

What we need quite as much as a League of Nations is a league of the Parties to Industry to see to the enforcement of this great principle of investigation and the molding of public opinion to that end. Such a league, I believe, would lead more quickly to the maintenance of international, as well as of industrial peace. Accustom men to the adoption of fundamental relations, something which immediately concerns their everyday life, and the application of like principles to international affairs will take care of itself.

A third principle is that of Organization and Collective Action. The problems of industry are world problems. To cope with them successfully, organization is absolutely necessary.

What would become of Capital, under the stress of world competition, if its units were not permitted to coalesce, and large organizations of business thereby rendered impossible? What would become of the Community, if its activities were not organized? Deprive managers of the right of membership in an employers' or manufacturers' association, and they would be the first to say that their liberties had been infringed. Where, then, is the justice of denying to one party to industry a right which is conceded as just and necessary to the other three? If Capital, Management, and the Community have the right to organize, so also should Labor have this right.

Without organization of Labor—where Capital, Management, and the Community are organized—what equality of relationship can there possibly be among the four parties of industry? And where, under such a condition, are the individual units of Labor likely to find themselves in the teeth of a world competition, more relentless where Labor is concerned than in the case of Capital and Management? Labor left but briefly in a condition of isolation will starve; Capital and Management are usually in a position to wait.

It is not against organization that we ought to protest, but against the possible abuses of organized power. In this connection it is well to remember that the use of a thing is one thing, and its abuse

another; and that with human nature, as it is, abuses of power are not confined to any one class.

A fourth principle is that of Representation. Here we are at the beginning of the real solution of the problems of industry. Government within the State has widened down from autocratic authority to authority broad-based upon a people's will. The expansion of the principle of representation is responsible for that development. It will be equally so in industry. The problems of industry are essentially problems of government. Adequate representation of the parties, effected through organization, all enjoying the right of investigation, and meeting in Round Table Conference—in such an obviously just and fair arrangement, we have the beginnings of law and order in industry, and the hope of a future development along constitutional and evolutionary lines, instead of along lines that are illegal and revolutionary.

Once the principle of representation is conceded, it is only a step to the formation of joint committees of employers and employees, the establishment of known, orderly and expeditious procedure in all matters requiring adjustment, and the determination of industrial policies in a manner which will have regard for the interests of all concerned.

From joint committees in individual establishments, meeting at periodical intervals for little more than purposes of conference and consultation, the principle of representation should lead to the establishment of permanent standing joint industrial councils, embracing all the workers and all the employers in a given trade or industry and concerned with the determination of industrial policies, and the fixation of industrial standards enforceable throughout by the co-operation of Government, representing the Community and protecting its interests.

The Trade Unions are mainly responsible for the development that has thus far been achieved. They have pioneered the path; they have blazed the trail which has led to collective bargaining, joint agreements, and contracts between the parties to industry. It has been a long and bitter struggle; it has involved any amount of ill-feeling and misunderstanding, and fostered no end of prejudice and hatred, but the real purport of Labor's struggle is coming to be better understood, and the part which the large organizations of Capital and of Labor are capable of playing in reconstructing human society is emerging into clearer day.

It is coming to be seen that the control of Labor by its leaders is wholly dependent upon its organization into conservatively di-

rected unions; that it is among the unorganized and undisciplined workers that Bolshevism and I. W. W.-ism recruit their armies of terror and destruction.

No longer must industry be thought of as a mere revenue-producing process, in which Capital, Labor, Management, and the Community meet like so many rival and contending factions, each to appropriate to itself by force or might the largest possible share of the fruits of industry. Industry must be thought of, as in reality it is, as in the nature of social service, and participation in industry, whether in the form of labor or capital investment, as social service of the highest kind, since upon its successful accomplishment rest all other forms of human service.

I hope you young ladies and gentlemen will think over what you just heard. Do not pass this question on as something in which you have no interest. The ambitious student must prepare to take an active interest in the things about him, in fact, to become part of them. This question may remain unsettled until, perhaps, you students may eventually adjust it.