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*INDUSTRIAL RELATIONS SERIES*

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# SHARING MANAGEMENT WITH THE WORKERS

A STUDY OF  
THE PARTNERSHIP PLAN OF THE DUTCHESS  
BLEACHERY, WAPPINGERS FALLS, NEW YORK

BY

**BEN M. SELEKMAN**

DEPARTMENT OF INDUSTRIAL STUDIES  
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FOREWORD  
TO INDUSTRIAL RELATIONS SERIES

BY MARY VAN KLEECK

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“**W**AGE-EARNERS’ participation in management” is the general title under which the Department of Industrial Studies of the Russell Sage Foundation is carrying forward a series of investigations of new experiments in the organization of relations between employers and employes in industrial enterprises in the United States.<sup>1</sup>

The series was planned in 1919 after interviews with a number of persons, including engineers, social workers, investigators, government officials, employers, and representatives of labor, whose advice had been sought as to how the Foundation could most effectively contribute toward the improvement of human relations in industry. The consensus of opinion seemed to be that there was great need to record the experience of those industries in which definite effort had been made to give wage-earners a voice in matters affecting their employment. These efforts had taken forms varying from conferences between employers and employes on wages, hours, and other conditions of employment to genuine participation by the workers in management.

These experiments include many kinds of organiza-

<sup>1</sup>The studies thus far made by the Foundation, or in progress, include the Industrial Representation Plan of the Colorado Fuel and Iron Company in its coal mines and in its steel works, the Partnership Plan of the Dutchess Bleachery, the Works Council of Rock Island Arsenal, and the employment policies of William Filene’s Sons in their store in Boston.

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tion under many different names, but roughly they may be grouped into two major types; (1) those which are limited to a single company or to one plant, as are practically all of the forms known as employes' representation plans; and (2) those which may include an entire industry, with machinery for joint negotiation between groups of employers on the one hand and trade unions of employes on the other, such as are found in the women's garment trades and the mining industry.

Neither the typical plan for employes' representation, nor the usual trade union can be characterized as aiming primarily to provide opportunity for wage-earners to participate in management. Nevertheless the object of our interest in all these experiments is the status they give to wage-earners as measured by the workers' opportunity to share in decisions affecting industrial relations. We are not primarily concerned with the conditions established, the rates of wages paid or the hours worked except as these are the result of a larger influence on the part of employes. Our chief concern is to find out by what procedure conditions have been established and, particularly, how effective the voice of the workers has been in the process of determining them. Beyond this lies the important question of how an industrial enterprise can be conducted so that the relations between employers and employes shall square with American ideals of democracy and brotherhood. Co-operation is sometimes a vague word to conjure with, but in its accurate meaning of "working together" it represents not only an ideal but a practical necessity in carrying on the specialized and complicated economic processes of modern industrial society. It is to give the more substantial content of actual experience to our aspirations

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for more satisfactory relationships in industry that studies of typical experiments are needed.

As to the desirability of better co-operation in industry, no important difference of opinion can be found. As to the best methods of bringing it about, however, opinions are many and at times bitterly at variance. A very effective way of stimulating better co-operation between workers and managerial officials in any industry or in any single establishment is to show them how it is being achieved elsewhere. One of the best means of correcting the prejudices of uninformed public opinion, which often increases antagonism between employers and employes, is to focus attention, not upon a particular conflict which may at the moment be distracting men's minds, but upon the practical steps that are being taken to establish the relations of labor and management regularly and permanently on a democratic, just and sound basis, with proper regard also for the interests of the consumer. We are not interested merely in a record of success. An experience which reveals mistakes and difficulties and points the way toward more effective next steps is also a genuine contribution to progress.

To accomplish practical results a study of such experimental steps in human relations must interpret with equal accuracy the attitude of mind of the workers—their aims, their motives and their standards—and the problems and difficulties of management. A true record of actual procedure and its results should make it possible for those who are now responsible for policies in industry to learn from one another's experience. To contribute to that kind of exchange of experience is the aim of the Foundation in these studies of industrial relations.

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## INTRODUCTION

**T**HE Partnership Plan of the Dutchess Bleachery at Wappingers Falls, New York, which is the subject of this study, occupies a unique position in this series of reports on wage-earners' participation in management. Not only does the Partnership Plan afford representation to employes in determining the conditions of their employment, but it admits to the Board of Directors a representative of the wage-earners in the mill, turns over entirely to a Board of Operatives the administration of the company's houses, assigns definite responsibility for shop management to a Board of Managers composed of six officers of the company and of six wage-earners, provides employes with information concerning the financial condition and conduct of the business, and includes a representative of the townspeople of Wappingers Falls in the Board of Directors.

The experience of the bleachery in carrying out the Partnership Plan throws light on several important questions: Is it financially safe for a mill to permit its wage-earning employes to vote on questions of shop management? Do the workers desire to have this share of responsibility? Lacking technical training and experience in administration, has their judgment any value in large questions of policy? When they are given power to determine policies, will they use it to advance their own wages and decrease working hours regardless of the financial state of the business? Will they have consideration for the interests of stockholders?

In making this inquiry, Ben M. Selekman, a member

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of the staff of the Department of Industrial Studies, spent several weeks continuously at the plant interviewing managerial officials of every rank and wage-earners in all departments. He examined minutes and other records which were available and attended meetings of committees of the Board of Operatives and of the Board of Managers.<sup>1</sup>

From the men and women who work in the shops, from foremen, superintendent and general manager, and from the residents in the town of Wappingers Falls, the members of the staff of the Department who participated in this investigation received constant and hearty co-operation throughout the inquiry. Because of the sincerity of those who devised the plan in seeking a more democratic as well as a more personal basis for human relations in industry than has hitherto prevailed and because of their courage in putting it into operation, the Dutchess Bleachery has achieved a place of leadership. We hope that this record of co-operation and partnership between management and operatives in the bleachery may lead to equally far-seeing experiments in other industrial establishments.

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<sup>1</sup> To supplement his inquiry, a statistical study of hourly output before and after the introduction of the Partnership Plan has been made by another member of the staff of the Department, Miss Sadie Engel. The immediate purpose of this study was to discover what effect a reduction of working hours from nine to eight a day had had upon production. In addition, this statistical inquiry has shown how many factors must be considered in any efforts to appraise the effect on output of a change in hours or in a policy of industrial relations. Reference is made to this inquiry in the following report, page 101. *Representative Government in Industry*, by James Myers (New York, Doran, 1924), was published while this book was in press. It contains information concerning the Partnership Plan. The author is executive secretary of the Board of Operatives of the Dutchess Bleachery.

## CHAPTER I

### THE PARTNERSHIP PLAN OF THE DUTCHESS BLEACHERY, INC.

**T**HE Partnership Plan of the Dutchess Bleachery, Inc., of Wappingers Falls, New York, is the method that was adopted in 1918 by the owners of the business to meet certain problems which had arisen in its management. Some of these problems, perhaps the most serious ones, were inherited by the present owners when they acquired the plant in 1909. Others grew out of their neglect of the human and social responsibilities to their employes in the first decade of the present management.

Dutchess Bleachery, Inc., is one of the largest mills of this kind in the country and usually employs about 600 workers, of whom, roughly, 450 are men and 150 women. A considerable number are Italians. The bleachery is concentrated in one large brick building four stories high. It is located in a valley and adjoins a waterfall from which it gets the necessary power. The water used for bleaching is piped from a nearby lake.

The old owners, members of a family by the name of Garner, had built the plant in 1825 and had pursued the traditional labor policy of the nineteenth century. The operatives had worked long hours for low wages. They had been liable to discharge without appeal at the whim of their supervisors. If an individual employe incurred

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the ill-will of the "boss" not only was he dismissed, but if, perchance, any other members of his family worked in the bleachery, they too had to go. Rarely were such employes re-engaged. This was discipline with a vengeance. The family was made the unit of punishment. And punishment of the most drastic sort it was, for the bleachery is the chief industry of the village. To be discharged often meant breaking up the home and moving to another community in search of work.

When the new owners<sup>1</sup> took the plant over in 1909, they were not aware of the bitterness which the operatives felt toward their employers as the result of years of oppression and arbitrary action on the part of the boss. Perhaps they could not very well be aware of that bitterness for, in the first place, it was submissive and sullen, and not at all militant; and in the second place, no organized channels had been established through which the workers might make their grievances known. For in the early years of 1900, few employers thought it important for the success of the business, not to mention other reasons, that they should discover just how employes feel about conditions under which they have to work.

The new owners naturally planned to make the industry as profitable as possible. They had a new building erected. They employed a new executive staff. Fortunately these men, although engaged to increase output, happened to be of another school than the old

<sup>1</sup> The stock of the bleachery is owned by a holding company known as the Garner Print Works and Bleachery, with headquarters in New York City. The large majority of the shares of the holding company is in the hands of one family. This same family has a controlling interest in the Deering, Milliken Company, of New York which is engaged in the buying and selling of textiles.

#### PARTNERSHIP PLAN OF DUTCHESS BLEACHERY

officials. They recognized the human worth of the operative. Arbitrary rules and decisions began to make way for friendliness and consideration. Where bitterness had prevailed, pleasant personal relationships grew up between foremen and workers.

But no attempt was made to work out a labor policy for the mill. Moreover, the new owners neglected the company-owned houses in which most of the employes lived. These houses, frame buildings erected in the middle of the nineteenth century, had been badly built. But although they were old, the former company had kept them in repair by employing a gang of men for the purpose. The new owners engaged only one man to supervise the condition of the houses. He had little authority. The plant manager wished to economize and was therefore reluctant to spend money to improve them, and after ten years of neglect the houses had deteriorated into unsanitary homes.

Under such conditions it is not difficult to imagine the state of mind of the average operative in the bleachery. Still suffering from the régime of low wages, long hours, and the autocratic management of the old proprietors; forced to live in houses allowed to become dilapidated by the new stockholders; having no redress for his grievances and enjoying no voice in the conditions under which he worked, he grew sullenly angry but remained passive. Had labor unions during this period sent representatives into Wappingers Falls to formulate a program of action, the operatives might have become militant. But since no such leadership was supplied, they brooded and complained among themselves and in the end became utterly flaccid in will.

In 1914 the World War broke out, and in 1917 the

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United States entered as a combatant. Industry was called upon for unprecedented production and, perhaps for the first time in the labor history of the country, it was recognized that a policy that considered the needs of workers was an important factor in increasing output. Moreover, the slogan of "making the world safe for democracy" had its reflex in industry. Employers, trade unionists, and government officials were led to think more definitely in terms of "democratizing" industry, of giving the workers a greater share in management.

## OBJECTIVES OF THE NEW OWNERS

The treasurer of the company attempted to analyze the present organization of industry, and came to the conclusion, in which other active directors concurred, that it needed readjustment, especially in three respects:

First, in management; because in conducting large operations, managers did not, and, indeed, could not have the same personal contacts with the workers which they formerly enjoyed. Owners and managers, not knowing their workmen, nor how they are affected by varying conditions in industry, were unable to understand their point of view. Second, in specialization of process; large-scale production had so narrowed the individual job that it had become monotonous and numbing. As the wage-earner was usually limited to one task and had no adequate information about the industry as a whole, he was lacking in any stimulus to creative work. Third, in irregularity of employment and uncertainty of tenure; insecurity about his job, added to a wage scale generally so low as to afford little or no savings for periods of depression, had convinced



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the workman that industry employed him only as it needed him, and that he had no permanent stake in it.

The directors sought a correction for these characteristics of modern industry, in what, for lack of a better name, they called, The Partnership Plan. This title was not entirely satisfactory, but through it they aimed to express the idea of the participation of workers in the industry, not only in its depressions, but in its successes. They believed that "the whole undertaking was a spiritual one and the method of organization could be worked out only by experiment."

The Partnership Plan as gradually evolved in the Dutchess Bleachery was the result of efforts on the part of the owners to remedy these three defects stated above, at least as far as this single plant was concerned. The workers now share in the conduct of the business through three boards. (1) The Board of Operatives: this board consists entirely of representatives of the employes elected by them through secret ballot. It is responsible for conditions in the company houses, supervises a recreational and educational program conducted not only for employes but for the whole village, and presents to the management any grievances which individuals or groups of workers in the bleachery may have. (2) The Board of Management: this is a joint body, equally representative of employes and stockholders. It decides on all important questions relating to the conduct of the bleachery, such as rates of wages and hours of work. (3) The Board of Directors which is elected by the stockholders, consists of representatives of the operatives, the community, and the stockholders. It formulates the financial policies of the company.

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Not only are the workers given broader interests than their own jobs afford by representation on these boards, but they have a direct stake in the success of the business through sharing equally with the stockholders the profits of the business. Finally, in the spirit of true partnership, all the books are thrown open and the workers are to be kept continually informed about the facts of the industry.

It is worth while analyzing in detail the principles which the management wished to realize in establishing a partnership. This can best be done by quoting from the address made by the treasurer of the company, at a mass meeting of the operatives on November 14, 1918, when he explained to them the Partnership Plan, which had been introduced in the bleachery on August 8 of the same year.

### UNDERLYING PRINCIPLES OF THE PARTNERSHIP PLAN

The speaker defined first, the three groups which in his opinion made up the company. They consisted, he said, of the employes, or manufacturing group, the management, or selling and administrative group, and the stockholders. He described these as follows:

1. The manufacturing group, composed of all those working for the company at Wappingers Falls.
2. The selling and administrative group, composed of all persons working elsewhere for the company such as salesmen, as officers, as accountants, and in the various branches of clerical and other work. . . .
3. The group which furnishes the property and the capital to operate it.<sup>1</sup>

<sup>1</sup> *Bleachery Life*, Wappingers Falls, New York, Vol. 1, No. 2, November, 1918. This is the plant magazine published by the Board of Operatives.

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It was proposed that the relationships between these three groups should be "those of partners." This entailed a definition to the workers of the elements which constitute a real partnership. And, indeed, an explanation of the purpose of the owners was due them. For almost a century employes of the bleachery had gone through their daily rounds of so many hours at so much per hour. Suddenly, without any request from them, the Board of Directors invited them to become partners. They were both curious and suspicious. So they listened eagerly as the new plan was explained to them.

In the first place, the speaker said, an adequate share of the responsibility of management must be given to each partner. He then elaborated this principle.

"In a partnership each partner shares the responsibility of management, by taking charge of that division of the business which he is best qualified to handle. One partner may direct the finances, another the buying, another the selling, another may check the credits for all customers, another the advertising end—each that part of the work for which he has prepared himself or for which he is naturally best fitted.

"So here at Wappingers Falls your Board of Operatives, representing you and chosen by you, manage the questions of housing, recreation, education, etc., just the matters which they are best qualified to manage and which experience will render them even better fitted to direct. The management of the operation of the plant is [the manager's] . . . responsibility, and a heavy one it is."<sup>1</sup>

<sup>1</sup>Ibid.

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In the second place, he continued, each partner should be fully informed about the earnings and other aspects of the business:

"Partners are entitled to know the general results of their joint efforts and, here again, your Board of Operatives, as your representatives, will be fully informed of the results of the year's business, receiving the report of the net earnings (prepared by independent auditors) just as does the Board of Directors."<sup>1</sup>

The third element necessary for a real partnership is that "partners share in the final net profits of the company, after all proper expenses have been paid. . . ."

These three elements, summarized the speaker, constitute a real partnership—"a just and proportionate share in the profits, an appropriate share in the responsibility of management, and a knowledge of the year's results. . . ."<sup>2</sup>

He then raised the question whether under a partnership plan each group should not share losses as well as profits. He replied that this problem must be met, but that instead of considering it at that moment, officials of the company preferred to discuss it with representatives of the workers so "that the decision when reached" might "be satisfactory to all."

He indicated, moreover, that the Board of Directors wished to avoid the adoption of a fixed program, saying,

". . . it is only proper to state that the Board of Directors has endeavored to produce not a rigid program unalterable in its details but rather to establish a principle adaptable to conditions as they may arise."

<sup>1</sup> Ibid.

<sup>2</sup> Ibid.

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The motive for introducing the Partnership Plan was voiced somewhat as follows:

"Let us now take up the . . . question which will occur to you: Why . . . advocate this partnership principle in our business? Why . . . not be satisfied with the system of paying wages as determined by Supply and Demand, i. e., with paying the market price for labor and making as large profits for the company as market conditions will permit? Because . . . this system has been weighed in the scales of human experience and found wanting. It tends to treat the employe as a means to an end, the end being the enrichment of the employer, whereas every man, every woman and every child is an end in himself or herself, the most valuable creations in the universe. . . .

"I dare to hope that if we learn to be partners, that we will not fail to widen our partnership until it includes another group—the greatest group of all [the public]—nor do I doubt that in that day we shall all fully realize that our lives consist not in the abundance of the things we possess but rather in the measure in which we serve our fellow man."<sup>1</sup>

## THE PLAN

In order to carry out the first objective of the new policy, representation of the workers in the conduct of the business, the Partnership Plan as already indicated provides for this representation through three boards—a Board of Operatives, a Board of Management, and a Board of Directors.

<sup>1</sup> *Ibid.*

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### THE BOARD OF OPERATIVES

The Board of Operatives consists exclusively of representatives of the employes—one from each of the nine major departments into which the bleachery is divided. Members of the board are elected annually by secret ballot. Any employe of the company to be eligible for election to the Board of Operatives must be at least twenty-one years old, must have been on the payroll for one full year prior to the date of election, and must be an American citizen or have taken out his first papers. All operatives whose names have been on the payroll for at least one month prior to an election may vote for candidates.<sup>1</sup> Foremen or other executives may vote or act as representatives of employes.

The officers of the Board of Operatives consist of a president, vice-president, and executive secretary. The first two are nominated and elected by members of the Board of Operatives at the first meeting of the year. The executive secretary is nominated by the Board of Management and elected by the Board of Operatives.<sup>2</sup> As the executive officer of the board, he is paid a salary and devotes all his time to his duties. He has no vote on the board, but is a member *ex-officio* of the standing and special committees.

<sup>1</sup> In 1922 the Partnership Plan was amended, so that beginning with April 7, 1922, an operative had to be in the employ of the company for twelve consecutive months before becoming eligible to vote for members of the Board of Operatives or to enjoy unemployment payments, health benefits, profit-sharing, or to purchase a house.

<sup>2</sup> The exact words are: "His [the executive secretary's] appointment shall be by means of a nomination by the Board of Management . . . and by confirmation of the Board of Operatives." Handbook of the Partnership Plan, Dutchess Bleachery, Inc., Wappingers Falls, New York, p. 40. Published by Board of Operatives, November, 1920.

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The constitution of the Board of Operatives may be amended by the vote of two-thirds of those present when a quorum is in attendance at a regular meeting. Any amendment must be approved, however, by two-thirds of the Board of Management.

The board meets in the evening on the first Friday of each month. Representatives receive one dollar for each meeting attended. The meetings are open to any operatives. The work of the Board of Operatives is financed by an annual budget which is submitted to the Board of Directors each January. This budget covers the following items: Salaries for executive secretary and his assistants, running expenses of the village club house, playground, athletic field, publication of *Bleachery Life* (the monthly house paper issued by the board), fees for attendance at board meetings, printing, postage, and other incidentals.

"In general, the Board of Operatives is intended to represent the interests of the workers . . . ", reads a statement in a booklet explaining the plan.<sup>1</sup> Operatives are advised to go to their "representatives . . . for advice or help in any matter." The board has three major functions. The first is "the right to carry any grievance for an employe . . . to the local management;" the second, the power to manage the houses owned by the company; the third, the authority to initiate and "manage any educational or recreational work . . . among the employes or in the community . . . which does not conflict with the

<sup>1</sup> *Ibid.*, p. 11.

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powers of the Board of Management."<sup>1</sup> In addition, the Board of Operatives elects from its own body six members to represent employes on the Board of Management. It also nominates one member of the Board of Directors.

### THE BOARD OF MANAGEMENT

The Board of Management consists of 12 members, six of whom represent the stockholders and the management, and six of whom are elected by the Board of Operatives from their own number. The Board of Management is authorized "to settle and adjust such matters of mill management as may arise, and shall meet upon the call of any two of its members." In practice it meets during the day once every month. Inasmuch as the Board of Management consists of an equal number of employes and officials, it may become deadlocked in some issue before it. In such event, the board appoints a thirteenth member. The decision of the majority so constituted is final.

### THE BOARD OF DIRECTORS

The Board of Directors is elected annually by the stockholders of the company. In 1921 it consisted of five members—the president of the company, the sales manager (whose office is in New York), the manager of the bleachery, a representative of the employes nominated by the Board of Operatives, and a representative of the community of Wappingers Falls nominated by the chamber of commerce of the village.

<sup>1</sup> Handbook of the Partnership Plan, Dutchess Bleachery, Inc., Wappingers Falls, New York. Constitution of the Board of Operatives, Appendix B, Article V, sections 3, 4, 5, pp. 40, 41. Published by Board of Operatives, November, 1920.



## PARTNERSHIP PLAN OF DUTCHESS BLEACHERY

### PARTNERSHIP IN FINANCIAL RESULTS

Thus far we have described the method of applying that principle of partnership which consists in granting representation to employes in the management of the bleachery. The second principle—that of a proportionate share of the results of the business—is realized by dividing equally the net profits of the company between stockholders and operatives.

Before net profits are determined such regular expenses are met as operating costs, depreciation reserves, taxes, etc. Employes are then paid the market rate of wages; that is, the same scale as is paid by competing bleacheries, and stockholders receive 6 per cent on their investment.

Two sinking funds are also established prior to the division of profits to stockholders and employes; one to assure the income of the stockholders, the other to assure half-time wages for the operatives during periods of unemployment and business depression.<sup>1</sup>

### ACQUAINTING THE EMPLOYEE-PARTNERS WITH FACTS ABOUT BUSINESS

The third principle of partnership, according to the sponsors of the new policy at the bleachery, is that each partner shall be kept informed about the affairs of the company. The management attempts to supply the necessary data in several ways. The Board of Operatives is provided "with copies of the audited monthly statements of the company. These are kept at the office of the Board of Operatives and may be seen by any operative on request."

<sup>1</sup> The financial basis of the Partnership Plan including modifications made in December, 1921, is discussed at greater length in Chapter V.

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Periodically, a mass meeting is called by the manager of the bleachery when he explains the financial condition of the company, the record made in the past, and the business outlook for the future. The Board of Operatives, the Board of Management, and the Board of Directors also interchange the minutes of their meetings. Finally, some aspects of the business of the company are published in *Bleachery Life*.

## OTHER FEATURES OF THE PARTNERSHIP PLAN

In the summer of 1920, in accordance with the recommendation of the Board of Operatives and the Board of Management, 100 of the employes oldest in the service of the company were given a week's vacation with pay. Beginning with January 1, 1921, the Board of Management ruled that every employe who has been with the company one year is entitled to a week's vacation with pay. Days on which an operative absents himself without approved notice are deducted from his vacation. For every fifteen times an operative is tardy he loses one day from his vacation.

At two different times the company has given operatives an opportunity to purchase stock in the company at a low figure and upon easy payments.<sup>1</sup> Opportunity is also given to purchase, on easy terms, the houses owned by the company. In addition, a savings plan has been established. A collector, elected by each department, approaches operatives on pay days for deposits. The savings plan, according to the handbook published by the Board of Operatives, is established

<sup>1</sup> Fifty-six operatives took advantage of the opportunity, purchasing 521 shares worth \$20,840. The company is capitalized at \$1,350,000, entirely represented by 27,000 shares of stock.

## PARTNERSHIP PLAN OF DUTCHESS BLEACHERY

"in order to make it easy . . . to save money against the rainy day which comes to everybody some time."<sup>1</sup>

Operatives are urged by the Board of Operatives to make suggestions for improvements. "Give the partnership the benefit of your observation and experience," is the exhortation. "Turn in any suggestions you may have in regard to improving machinery, methods, management, eliminating waste in your department. . . ."<sup>2</sup> Prizes are offered for such suggestions.<sup>3</sup> Special suggestion boxes are provided. Suggestion cards are numbered, and therefore do not require any signature. A stub is retained by the person making the suggestion. In this way, an employe having a suggestion is not prevented from submitting it because of the fear of a possible rejection.

## SAFETY WORK

The Board of Operatives constitutes the workmen's committee on safety. It has power to inspect the bleachery and to make recommendations to the general safety committee. This latter body consists of the foremen, and meets once a month to consider not only safety work but also matters of management. One of the foremen has been appointed safety inspector of the bleachery. He makes his reports to the general safety committee.

<sup>1</sup> Handbook of the Partnership Plan, Dutchess Bleachery, Inc., p. 21. Published by Board of Operatives, November, 1920.

<sup>2</sup> *Ibid.*, p. 32.

<sup>3</sup> These prizes ranged from \$1.00 to \$10. When an unusual suggestion is made, however, the Board of Management may make a larger award. For instance, a foreman was awarded \$250 in 1921 for suggesting an improvement in the folding machine which increased production to a considerable extent.

## SHARING MANAGEMENT WITH THE WORKERS

### POLICY TOWARD ORGANIZED LABOR

No specific statement is found in the various resolutions creating the different features of the Partnership Plan with reference to labor unions. The following, however, appears in the handbook describing the plan.

“In response to inquiries, the Board of Directors authorizes the statement that our Partnership Plan is in no way opposed to organized labor.”<sup>1</sup>

The actual policy and practice of the company with regard to its employees who are members of unions will be discussed later.<sup>2</sup> Suffice it to say here that the management has not only been on friendly terms with the one local union found at the bleachery—that of the folders—but has also encouraged this union to hold meetings in club rooms conducted by the Board of Operatives and has met readily with the officials of the union whenever a request for a conference was made.

### ADMINISTRATION OF THE PLAN

The executive secretary of the Board of Operatives gives all his time to the administration of the Partnership Plan. As already explained, he is nominated by the Board of Management and elected by the Board of Operatives. His main duties are to represent the Board of Operatives in the management of the company houses and the recreation program of the village, and to represent the board in its advisory relationship to the management of the bleachery. He is assisted by several staff members whose duties will be described later. He, together with an editorial board, is in charge

<sup>1</sup> Handbook of the Partnership Plan, p. 18.

<sup>2</sup> See page 95.

#### PARTNERSHIP PLAN OF DUTCHESS BLEACHERY

of the publication of *Bleachery Life*. He administers the sick benefits. He acts also as secretary to the Board of Management and to the general safety committee.

#### THE PLAN FLEXIBLE AND GROWING

When a company on its own initiative wishes to introduce a plan of granting representation to its employes in the functions of management, the method employed is important. Are the sponsors willing to share with the men the responsibility of developing a new labor policy, or will they present a rigid and inflexible program for them to accept or leave? Obviously, the first method will permit the new plan to become more firmly rooted in the habits of the workers than will the second, and will assure a more normal growth in their ability to assume responsibility and to take intelligent action. For this reason it was the procedure followed by the owners of Dutchess Bleachery.

Prior to the presentation of the plan in 1918, explanatory circulars in English and Italian were distributed and posted. It was proposed that employes elect a board of operatives to "formulate plans for permanent improvements in living conditions and present same to the company, and . . . in general hold an advisory relation to the management." It was also promised that the responsibilities of this board should "grow with its experience." The circular follows:

"It is proposed that all the operatives of the Dutchess Bleachery elect by a secret ballot for a term of one year, a board of operatives composed of seven<sup>1</sup>

<sup>1</sup> This number was later increased to nine.

## SHARING MANAGEMENT WITH THE WORKERS

members, to which both men and women shall be eligible, one member to be selected from and to represent [each of the main departments]. . . .

"This Board of Operatives will meet once every month or oftener if it is deemed to be necessary, each member to receive a fee of one dollar for attendance at each board meeting at which he or she may be present.

"This board shall have charge of all matters of village management, except in matters involving the expenditure of large sums of money. It shall also have charge of all welfare work that may be undertaken. In addition, it will formulate plans for permanent improvements in living conditions and present same to the company, and will in general hold an advisory relation to the management.

"The board will in time become a sort of clearing house of valuable suggestions and its responsibilities will undoubtedly grow with its experience."

After this poster had been circulated for some time, in order to give the workers an opportunity to familiarize themselves with the idea of such a board, a mass meeting was held in the bleachery on August 8, 1918. An officer of the company explained the new policy. At the same time he introduced James Myers, whom the company had nominated as the executive officer of the new plan. A Board of Operatives was then elected by the employes. The board organized itself, drew up a constitution, elected officers, including Mr. Myers as its executive secretary, and appointed three standing committees respectively on housing, recreation and education, and working conditions.

## PARTNERSHIP PLAN OF DUTCHESS BLEACHERY

### THE GROWTH OF THE PARTNERSHIP PLAN

In introducing the plan, the fact was emphasized that care should be taken not to establish something too rigid and too comprehensive at the beginning. Rather would it be desirable to awaken the initiative of operatives and to grant increased power only with an increasing sense of responsibility and increasing ability to administer new duties. This purpose has been carried out in actual practice. The first mass meeting to discuss the proposed Board of Operatives was held on August 8, 1918. The board was elected August 10. Three months later, on November 14, as mentioned, another mass meeting was called to discuss further the objective of the stockholders in introducing the Partnership Plan. The board was given limited powers only, relating mainly to community activities. It had charge of housing, recreation, and welfare work. Within the bleachery it could only take up grievances and act in an advisory capacity.

One year after the Board of Operatives had been formed, July, 1919, the Board of Management was established. This board gave employes an equal voice with stockholders in the management of the bleachery. Moreover, it should be noted that the new board was not devised and instituted by directors of the company. On the contrary, it was established as the result of an urgent request by the Board of Operatives to the directors "for more than the merely 'advisory' power which the Board of Operatives then enjoyed," in regard to "matters of mill management, wages, working conditions, etc."<sup>1</sup> The Board of Operatives had found

<sup>1</sup> Handbook of the Partnership Plan, p. 16.

## SHARING MANAGEMENT WITH THE WORKERS

that the local manager of the bleachery then in office did not always act readily on its recommendations, and that the employes themselves did not take the plan any too seriously. They suggested, therefore, that workers be granted direct representation in the management of the bleachery. Not only did the Board of Directors grant the operatives an equal share in the internal management of the bleachery, but a few months later it elected a representative of the Board of Operatives to the Board of Directors. This action was soon followed by the election of a citizen of Wappingers Falls to represent the community on the Board of Directors.

Gradual growth has not only characterized the participation of workers in the management of the bleachery, but has also been a feature of the introduction of new privileges and opportunities. For instance, the employes' sinking fund provided first only for the hazard of unemployment. When the fund was found to meet this need successfully it was used as a source to compensate those incapacitated from illness or non-occupational accidents. The provision granting vacations to all employes after a year of service was introduced in 1921, almost three years after the Partnership Plan had been established. In 1921 the company was engaged on a scheme to provide an old age pension. In December, 1921, the financial basis of the Partnership Plan was reorganized so that larger reserve funds might be built up for periods of depression and the business be put on a stronger foundation. Thus the aim of the owners of the bleachery since the inauguration of the new policy has been to maintain a progressive program, allowing for the awakening of initiative and responsibility in the workers and for the normal growth of power.



## CHAPTER II

### THE INDUSTRY AND THE COMMUNITY

**O**BVIOUSLY, the development of confidence in a new labor policy initiated by owners and the growth of ability to participate in joint management depend, to a large extent, on the nature of the industry, its traditions, and its effect on the people who work in it. Is bleaching an occupation which develops initiative, alertness, independence, a sense of responsibility, and other characteristics essential to make employes intelligent and active partners? Or do the processes of the industry call for little skill, initiative, and responsibility? Moreover, have the owners encouraged the participation of employes as a group in the development of standards of wages, hours, and tasks to be performed?

#### BLEACHING AN INDUSTRY OF MACHINES AND UNSKILLED LABOR

Bleaching is an integral part of the textile industry. After cotton and linen goods have been spun and woven in the mills they are sent to bleacheries where they are cleansed from impurities and colorings. This finishing, or converting, as it is sometimes called, is essentially an industry calling for unskilled labor. Its nearest analogy is, perhaps, a laundry. With the exception of one job—folding—the work consists of feeding and watching comparatively simple machines as they run thousands of yards of cotton or linen materials through solutions

## SHARING-MANAGEMENT WITH THE WORKERS

of bleaching chemicals and starch mixtures, or through large ironing machines called calenders.

Some mills have their own bleacheries, but in the main, finishing constitutes a separate branch of the textile industry. A charge of so much a yard is made to the manufacturer for converting his cotton or linen into merchandisable goods.

### THE GREY ROOM

Four processes are essential before cotton or linen goods are finished for the market. These are boiling, bleaching, starching, and calendering. Before the cloth is boiled it is sent to the "grey room" (so called because the unfinished cloth is grey) just as it comes from the cotton mills, in large bales containing pieces of uniform length.

The first men who handle the pieces are called "layers-out." They lay the pieces out end to end on flat wooden trucks so that it will be easy to sew them together. The layers-out are all men. Their work is unskilled. They must be careful to turn up the right side of the pieces, but their chief qualification must be speed. They are an important part of the plant organization for they feed the mill with goods. In order to stimulate speed they are paid on a piece basis. Laying-out, from the point of view of weekly earnings, is considered one of the best jobs in the bleachery. While not arduous, this work cannot be called easy. It requires constant rhythmic bending of the back as the layer-out stoops, catches one end of the cloth, and spreads it out as he comes to a standing position. At the same time he stamps each piece with indelible ink so as to identify all the goods belonging to one lot.

## THE INDUSTRY AND THE COMMUNITY

After the lengths of linen or cotton have been laid out on the wooden trucks they are wheeled to the sewing machines, where they are sewed together so that they can be put through a continuous process when being bleached and finished. The sewing machines are driven by motor and operated by women. These women workers are also paid on a piece basis.

Some grades of goods, after they are sewed together and before they are put through the finishing processes, are singed in order that the kink of the weaving and fuzzy material adhering to the cloth may be removed. This preliminary step is necessary to produce a smooth, even surface. Singeing is accomplished by passing the cloth, which is stretched on iron rolls, at great speed over a gas flame into a large vat. The speed with which the iron rolls revolve prevents the cloth from burning, and in addition as it passes from the rolls into the vat it is automatically sprinkled, so that discoloring as well as burning will be avoided. The cloth is piled into the vat by a boy or man, who is paid on an hourly basis.

## THE BLEACH HOUSE

The boiling and bleaching processes, that is, removing impurities and colors, take place in the bleach house, which resembles a tremendously large laundry with huge boilers and rectangular wash tubs. The water for this purpose is piped from a lake near the mill, and the power to run the engines comes from a nearby waterfall. What one would ordinarily call a boiler is here called a "kier." It is large and cylindrically shaped and holds thousands of yards of goods. With the exception of the goods which have first to be singed, the cloth, after being sewed together in the grey room,

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is fed directly to the kiers where it is laid out circularly. The cloth is boiled all night, or longer, if necessary, either in plain water or in water containing washing soda.

After being boiled, the cloth is put through several washing machines which look like gigantic wringers; then through chutes which are filled with solutions of sulphuric acid, for elimination of any stains due to lime and iron. Some grades of cloth are also immersed in a chlorine solution in order that they may be bleached very white. The cloth is then again immersed in big vats where it is cleansed of chemicals.

The process in the bleach house is continuous. The cloth is pulled by the various machines through wooden frames which hang overhead. Only men work in this department, and they are paid chiefly on an hourly basis. The work is unskilled, and consists of watching the machines so that the cloth is fed evenly and without mishap.

### STARCHING

The next process is to starch the cloth and thus give it weight and richness. But first it is usually put through water mangles; for with the exception of heavy cloth, it is starched when dry. These mangles are nothing but an enlargement of wringers seen in domestic laundries. After the water is squeezed out of the cloth by the mangles, it is dried by being run over drying cans, a series of copper cylinders filled with steam.

The cloth is then starched. It is passed between two wooden rolls which feed it through a tub filled with a starch mixture into an empty box. The passing of the cloth through the rolls is to secure a uniform distribution of the starch. The cloth is then dried again, and,

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as it has shrunk while being starched, it is stretched by being passed through tenter frames—machines built with two adjustable and continuously revolving chains.

After the cloth is stretched and dried it is sprinkled with water; adding water to the starch makes the cloth mellow and gives it weight.

In the starch room also the work, with the exception of supervising the drying cans or the tenter frames, is unskilled. The operative takes the goods to and from the machine and makes sure that they are being starched evenly. Some of the work is on a piece basis, but most of it is paid by the hour. It is all done by men.

## CALENDERING

Having been boiled, washed of impurities, and starched, the cloth is next ironed or calendered. Wound on rolls, it is brought on trucks from the starch room to the calender room. Here it is sprinkled first on a simple machine consisting of two rolls and a spray. Men operate this machine and at the same time inspect the cloth for defects and dirt. Then the cloth is fed into the calendering machines. These consist of several rolls made of iron or steel, which revolve at a very rapid rate and have a pressure varying from 10 to 30 tons. As it is being calendered, the cloth is again being stretched to its normal width by an apparatus attached to the calender. The work in the calender room is also of an unskilled nature. The machine does most of the work. As the rolls of cloth are put on and taken off the machine by hand, the process is not continuous. The chief requirements in an employe are speed in feeding the calender machine and watchfulness for defects, especially for pin cuts which result when a pin or any

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foreign substance is caught in a roll, cutting the cloth at each revolution. The work is in the main on a piece basis.

### FOLDING AND PACKING

Having been calendered, the cloth is trucked to the folding and packing department. Here it is run first on folding machines or yarding machines; "hookers" they are sometimes called. These machines operate in the same manner as printing presses. They fold the cloth in measures of one yard long. Women operate the yarding machines and are paid on a piece basis. These machines are operated by motors which in turn are controlled by foot levers. Considerable physical pressure is necessary to operate these levers.

The cloth is then folded into the "pieces" seen on the merchants' shelves. This is done by hand and is considered the most skilled operation in the bleachery. A folder has to serve an apprenticeship of three years before he may become a journeyman. He receives the highest hourly rate in the bleachery. The folders are all men.

### MANUFACTURING SHEETS AND PILLOW CASES

In addition to bleaching and finishing cotton and linen, Dutchess Bleachery manufactures sheets and pillow cases. After the goods intended for this purpose are bleached, starched, and calendered, they are sent to the manufacturing department known as Department 10. Since the cloth will not cut straight, it is torn by hand into the desired length. The seams and hems of the sheets and pillow cases are sewed on machines and then ironed on mangles, wrapped, and packed ready for shipping. It is this department which

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employs the large majority of women operatives found in the bleachery. The work is mainly on a piece basis.

## MANAGING THE BLEACHERY

The organization of the executive staff of the bleachery follows the traditional method of factory administration. Each department is in charge of a foreman, and most departments have an assistant foreman. There is then a superintendent who is primarily responsible for production. The highest local executive is the manager. It is he who is held responsible for the successful administration of the plant. In addition, Dutchess Bleachery employs a sales manager with offices in New York. This official makes quotations in bidding for goods and solicits the orders to keep the bleachery busy.

## CHARACTERISTICS OF THE INDUSTRY

From the above description of the main technical processes involved in bleaching and finishing it is obvious that here is an industry that calls essentially for unskilled labor. Most of the work, whether in the grey room, the starch room, the bleach house, or the calender room, is done by machines. Moreover, compared to the steel industry or even to the clothing industry, the machines in the bleachery are very simple. With the exception of folding and of one or two other jobs, the work of the man or woman is chiefly that of making sure that the cloth is being fed evenly into the machine he is tending, and of watching for defects. I found one man in the starch room who had worked on farms for some twenty years. This was his second year in the bleachery. I interviewed him one day in May when

### SHARING MANAGEMENT WITH THE WORKERS

the country was beautiful with the blossoms and growth of spring. The starch room was warm and permeated with the unpleasant humidity which comes from boiling starch. This man, a son of the soil, was standing directly behind a starch machine, piling wet cloth into a box. "Well," I asked him, "when are you going back to the farm?" His answer was a surprise. "Never again," said he. "Work is too hard on a farm. Long hours in the hot sun. Here the machines do all the work. It is easy."

### BLEACHING, A REFLEX OF THE TEXTILE INDUSTRY

This characteristic of bleaching is of course true of the whole textile industry. Indeed, the simplicity of job, the rates of pay, hours of work, and other standards which prevail in the textile industry have had their effect on concerns engaged in bleaching and finishing, for the latter, as already explained, is a small section of the industry.

The general nature of the textile industry may therefore be reviewed at this point with profit. This industry marked the birth of the factory system. Four great inventions, the spinning jenny, the mule, Cartwright's power loom, and finally Watt's steam engine, removed the making of cloth from the home and concentrated it in factories. These machines were first used mainly for the manufacture of cotton, but were rapidly extended to the making of woolen and linen fabrics.

The growth of the factory system has given the textile industry its dominant social characteristics. The division of the processes into simple tasks of tending machines is a cause of the predominance of women and children



## THE INDUSTRY AND THE COMMUNITY

in it, for an exceedingly low wage scale, and the absence of a strong organization of the workers themselves.

### THE INDUSTRY MAKES FOR LACK OF INITIATIVE AND INTEREST

The unskilled nature of the bleaching operations is a factor to be considered in the growth of the partnership idea among the workers at Wappingers Falls. The tender of a starch machine does not have to use a great amount of initiative and resourcefulness, and it is not likely that the average man who has worked for several years at a starch machine, for instance, will develop a type of mind which will readily adapt itself to so revolutionary a change in the labor policy of a company as was introduced in the Dutchess Bleachery through the Partnership Plan.

Moreover, the low wage level, which is true of bleaching as of the whole textile industry, is likely to present an obstacle to the growth of confidence of the workers in the sincerity of the owners of the company. Bleaching is a competitive business. Solicitors for the various plants make bids for work in the open market. It is an industry which serves other plants and is run on a small margin of profit; the wage scale in the Dutchess Bleachery is consequently very low.

An analysis of the earnings of the week of April 23, 1921, copied from the company payrolls shows just how low is the wage level.<sup>1</sup> This was a week when 401, or four-fifths, out of a total of 502 employes on the payroll for the week, worked forty-eight hours or more. Yet 340, or 68 per cent of the operatives, earned under \$24; 273,

<sup>1</sup> See page 104ff. for a more complete discussion of the problem of low wages in the bleachery.

### SHARING MANAGEMENT WITH THE WORKERS

or 54 per cent, or slightly more than one-half of the total personnel, earned under \$22; 213, or 42 per cent, earned under \$20; and 151, or 30 per cent, earned less than \$18; 96, or 19 per cent, earned amounts varying from \$24 to \$30. Only 66, or 13 per cent of the total personnel, earned \$30 or over.

It should be remembered that this is the division of earnings for a full operating week. Yet assuming that 340, or 68 per cent, the largest group of operatives cited above, worked fifty-two such weeks (which of course they did not), they would have made an annual wage of only \$1,248, an amount far below the minimum of comfort budgets which have been worked out for families in this country. Such a low wage level, which eliminates any margin of money for self-education, comfort, and leisure-time occupations, will constitute a serious obstacle to any plan for better human relations.

Bleaching is obviously "blind alley" work. With few exceptions the only good positions open are those of the foremen. These officials are the only employes who must have a technical knowledge of the business in addition to executive ability. For instance, the foreman of the starch room must know just what mixture of starch to make in order to produce a desired finish on a piece of cotton or linen. He prepares the formula, directs the boiling and mixing of the starch, and assumes entire responsibility. Similarly, the foreman of the bleach house decides on the amount of sulphuric acid or chlorine which should be used in a certain bleach, on the length of a "boil" in the kier, and on the number of times a piece of goods should be washed. The workers do not participate in these functions. They do merely the simple mechanical tasks already described.

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Moreover, no gradations of skilled crafts exist in the industry. Indeed, a sharp break appears between the skilled and expert foreman and the rest of the workers, who are unskilled laborers. Obviously, this lack of opportunity for advancement, coupled with a low annual income, may prevent any enthusiasm on the part of workers to become partners. They may prefer to seek employment elsewhere where wages are higher and the chance of promotion greater.

With the exception of the folders, no employes of the bleachery have ever been organized either as members of a national union or locally within the mill itself. This obviously means that the habit of thinking and acting together on their industrial problems had not been developed prior to the introduction of the Partnership Plan; that the workers had not participated in the establishment of labor conditions; and that they had not been consulted on the tasks of management. Nor have the operatives had that education in industrial relations which comes from being members and participating in the programs of their unions. In other words, the sponsors of the Partnership Plan were confronted at the very outset with a type of mind that had not been encouraged to act on the very problems which, under the new plan, were to be decided jointly by management and wage-earners.

## LENGTH OF SERVICE AND AGE

The stability and distribution of the personnel are also factors with which the Dutchess Bleachery is confronted in the successful working of the Partnership Plan. A large proportion of the employes have worked in the bleachery for long periods of time either under

### SHARING MANAGEMENT WITH THE WORKERS

present or past management. With the exception of the young men and women who have recently entered the employ of the company, many of the other operatives count their terms of service in periods of five, ten, and fifteen years. In some departments—such as the bleach house and starch room—many are old both in years and in the service of the company. Thus, from the payroll data copied by us for the first five months of 1921, it appears that 17 per cent had worked between five and ten years, and 42 per cent between one and five years. Nearly 20 per cent had worked between one and two years, and 28 per cent of the operatives had worked less than a year in the bleachery. Almost three-fifths of all the employes in the bleachery were over thirty years old, and two-fifths were over forty years old.

While it is of course desirable to have a stable personnel, it is clear that many of the older employes who have been accustomed to subordinate positions at low pay, especially if they have had no opportunity to exercise their judgment on questions affecting working conditions, may be suspicious of the motives of the company in introducing the Partnership Plan, or they may have become too inert to assume the rôle of active partners.

The presence of a large proportion of women workers adds another difficulty. The payrolls for the first five months of 1920 showed that 151, or 30 per cent, of the operatives of the bleachery were women. Feminism has not yet reached Wappingers Falls, and most of the women are interested in making homes rather than careers, even if careers were open to them in the bleachery. This was quite evident in the attitude which most of the women employes had toward their fellow-workers

## THE INDUSTRY AND THE COMMUNITY

who were married and worked in the bleachery. It was one of sympathy for the women, mixed with contempt for their husbands. The married women took their lot as workers stoically. They displayed little enthusiasm either for their work or for their opportunity to be partners. All—married and unmarried—berated the fact that men's wages were so low and the cost of living so high that "the average fellow," as they put it, "had all he could do these days to buy an ice-cream soda for his girl."

The fact that many operatives are foreign-born Italians constitutes another difficulty which the management must meet in adapting the Partnership Plan. These Italians came to Wappingers Falls because their relatives or friends were already settled there. Most of them, their leaders told me, did not understand English well. Moreover, when the Partnership Plan was introduced they had the traditional attitude of the unskilled, foreign-born worker who has been exploited to such an extent by American industry that they are in general suspicious of anything an employer offers them.

## WAPPINGERS FALLS AS A COMMUNITY

Not only does the nature of the industry affect the success of the Partnership Plan, but the characteristics of Wappingers Falls as a community, its traditions and customs, and the type of people who live in it are likely to color the opinion of workers toward such a radical change in labor policy as was introduced with the Partnership Plan.

Wappingers Falls is located in Dutchess County, New York State. Although only 65 miles from New York City, it is isolated from outside influences, for it

### SHARING MANAGEMENT WITH THE WORKERS

is not situated on the Hudson River nor on any railroad. It can be reached only by trolley from Poughkeepsie, its nearest railway station five miles away, or by omnibus from New Hamburg, its river port two miles distant.

Moreover, Wappingers Falls, when measured in terms of population, is a dwindling community. Its population in 1920 was 3,235. Thirty years ago (1890) it was 3,718, and in 1900, 3,504. Ten years ago it was 3,195. Thus, during over a period of more than thirty years, the number of its inhabitants had decreased by almost 500, or 13 per cent, and Wappingers Falls, instead of displaying the normal growth expected of the average thriving American community, has shown a steady and gradual decline.<sup>1</sup>

This decline is explained by the fact that several industries have been removed from the village. A cotton mill employing a large number of operatives was once established in Wappingers Falls. A print works employing several hundred skilled and semi-skilled men and women was situated opposite the bleachery and operated by the same management. Today several large empty brick buildings which formerly housed the print works stand vacant, waiting for a purchaser to utilize them for manufacturing purposes.

Like many inland Hudson River towns, the bulk of the population of Wappingers Falls is stable. The same families have lived there for generations. Again and again operatives told me that they were born in Wappingers Falls and that their fathers and sometimes their

<sup>1</sup> The figures for years 1920, 1910, and 1900 are from the fourteenth census of the United States, 1920, Vol. 1, Population, p. 263. Those for 1890 are from the thirteenth census of the United States, 1910, Vol. 3, Population, p. 209.

## THE INDUSTRY AND THE COMMUNITY

mothers had worked in the bleachery or the print works. One of the results of this condition is that a sharp line is drawn between native and outsider. The "native"—that is exactly the term used in Wappingers Falls—feels that he has a proprietary right in the better positions open in the bleachery, in the opportunities for promotion, and in other advantages which may present themselves.

In addition to its manufacturing plant, the Dutchess Bleachery owns a large number of houses in the village. As already stated, these houses had been neglected and were in a run-down condition when the Partnership Plan was introduced. It is easy to imagine what the relationship between tenant and landlord was, with the housing conditions as poor as they were in Wappingers Falls.

Then again the bleachery, which is the chief economic support of the village, is owned by an absentee parent corporation. The inhabitants of the village had for years felt that these absentee owners looked upon the bleachery as a means of enriching themselves regardless of the welfare of the community. While I was engaged in this study, for instance, I heard the statement several times that the company refused to sell the empty buildings which formerly housed its print works, because the management thought that if a new industry came to Wappingers Falls competition for labor might become keen and the wage rate unduly increased. Needless to say, I found that the company had had these buildings on the market for some time and was willing to sell them at a reasonable sum. One should hasten to add, however, that this feeling of suspicion and dislike which the people of the village have for so long felt to-

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ward the owners of the bleachery has been decreased during the past year by the election of a representative of the community to the Board of Directors of the company.

The present management inherited—quite undeservedly—the deep dislike which village and operatives had had against the former owners. As already told, the present owners bought the mill in 1909, comparatively recently. From all that I could gather the industrial standards in the old days were exceedingly bad; long hours of work, extremely low wages, and arbitrary personal treatment prevailed. Man after man told me with resentment about the conditions under which he had had to work prior to 1909. While most of the operatives spontaneously assured me that things were much improved and the present owners of the bleachery radically different in their attitude toward the workers from the former owners, it would be too much to expect that resentment, the development of years, would be entirely eliminated in the short period of a decade, especially since a corporation is, after all, an impersonal employer and the human owners are seen only at long intervals.

Thus the conditions of the industry, the nature of the community, and the mental attitudes of the workers presented obstacles to the rapid growth of the Partnership Plan, calling as it did for mature intelligence, initiative, a sense of responsibility, and a willingness to co-operate on the part of the operatives. Just what progress the sponsors of the plan have made will be outlined in the following chapters.



## CHAPTER III

### COMMUNITY WORK OF THE BOARD OF OPERATIVES

**I**N analyzing the results of the Partnership Plan one should remember that the plan is as yet in its infancy. Established in the summer of 1918, it had had only three years of actual operation by 1921, when this study was undertaken.

As has been shown, the Board of Operatives is the representative body of the workers of the bleachery. Its members are elected exclusively by the wage-earners. Its functions fall into three groups. It conducts a recreational and educational program, administers the company houses, and has advisory powers on working conditions. Each of these functions is in the hands of a standing committee.

#### RECREATION AND EDUCATION

In its first annual report,<sup>1</sup> the Board of Operatives, under the leadership of its paid staff, indicated the motives underlying the recreational program which it initiated. The board hoped to develop a community spirit. "No movement," reads the report, "that has the least hope of permanently improving the present faulty organization of industrial life, can possibly afford to minimize the importance of recreation and education.

<sup>1</sup> *Bleachery Life*, August 5, 1919, p. 3.

## SHARING MANAGEMENT WITH THE WORKERS

. . . . The day of all work and no play has passed forever, but it has left the problem of revising the forms of recreation. Modern play demands equipment and co-operation."<sup>1</sup>

Consequently, the Board of Operatives provided a fully equipped playground, an athletic field, and converted an old hotel into a village club house. The usual recreational activities, such as club work, athletic games and dancing, were conducted in these centers. Evening classes in sewing, cooking, stenography, civics, English for foreigners, and public speaking were organized. This work was under the direction of a paid worker. A council consisting of representatives of the community and the Board of Operatives was constituted to formulate the policies of the club house. The old hotel was small, poorly equipped, and entirely inadequate; and when in the fall of 1921 the lease which the board held on the building expired, its club activities were transferred to vacant rooms in one of the bleachery office buildings.

## THE BOARD OF OPERATIVES AS LANDLORD

By far the most difficult task with which the Board of Operatives has been confronted is the administration of the houses which belong to the company. According to an inventory taken in February, 1921, the Dutchess Bleachery owned 87 buildings, rooms in which were rented to 170 families. In a community which totals about 3,000 people, the company houses from one-fourth to one-third of the entire population.

Immediately after its creation in the summer of 1918, the board appointed a special committee to make a

<sup>1</sup> *Ibid.*, p. 4.

## COMMUNITY WORK OF OPERATIVES

survey of the housing situation. This was a business-like way of going at the problem. For years the tenants had been constantly complaining about the poor conditions in which the houses were kept. The board therefore determined to make an investigation so that the entire problem could be analyzed and an intelligent program worked out. That a terrific task faced the board may be seen from the sections of the report quoted below.

The committee reported first on the deplorable condition of the water supply. Drinking water for all properties in Wappingers Falls was obtained from wells; but only a few families had wells in their yards. The great majority of the population, the report stated, had "to walk from one to four blocks for drinking water which is carried back in pails." It emphasized the danger of contamination of these wells because of proximity to cesspools, and the difficulty of keeping the pumps in repair:

"The quality of the water thus obtained for drinking purposes seems in general to be good, although in many cases the well is located close to a cesspool or privy, and there exists at least the constant possibility of the water becoming contaminated and carrying typhoid and other germs.

"In the fall of 1916, four cases of typhoid were occasioned . . . by a poisoned well. One death resulted. The Albany Board of Health reported one sample of water as 'liquid poison.' Three privies were found to be draining into this well.

"A number of epidemics have swept the town in recent years, including a very severe visitation of infantile paralysis. The conditions are ripe for further

#### SHARING MANAGEMENT WITH THE WORKERS

epidemics which may claim their toll of death at any time.

"With so many families using one common pump, it is also very difficult even to keep the pump in working order. The children who are the usual messengers on this errand often swing on the handle for amusement or drop articles into the pump which put it out of business. . . . One often meets women and children who have to walk a quarter of a mile to the next pump for water.

"In winter, sheets of ice often spread around the pump and make it dangerous for old women and children who have to cross this slippery space with their pails for water. The difficulty and unpleasantness of securing good drinking water at all times of year are in marked contrast to the attractions of the corner saloon which generally offers a very successful competition to the distant pump."<sup>1</sup>

The committee then described the difficulty of securing water for general purposes. Either rain water had to be caught in barrels or cisterns, or water had to be carried from pumps or the creek. The absence of sink connections was noted.

"A number of homes in the village are connected to the village water supply, which may be used for general purposes, but not for drinking water. The great majority of houses, however, depend upon rain water cisterns, usually piped to a single pump in the kitchen.

"Many company houses have only outside pumps

<sup>1</sup> Report of the Special Committee on Housing and Sanitary Conditions, Board of Operatives, Dutchess Bleachery, September 6, 1918.

#### COMMUNITY WORK OF OPERATIVES

which draw upon the cistern, so that all water has to be carried into the house. The absence of sink connections in many houses also means that all water must be carried out again.

"It is difficult to insure clean water from such cisterns, even when the rainfall is sufficient to keep them filled.

"A still worse condition, however, exists in a large number of company houses. . . . In these places there is no water supply at all, except what the tenants are able to catch in barrels which they place beneath the leaders. One old lady was grateful because the company had been very good about giving her the barrels free of charge. Even when the rainfall is sufficient to keep these barrels supplied, and when the leaders do not leak so seriously as to discharge the water on the ground instead of into the barrels, the water thus obtained is far from ideal. Falling leaves get into it, dust and other foreign matter. It is seldom really clean and sweet. Its odor is often bad. In the winter the water in the barrels freezes over and is not available except as tenants chop the ice out with an axe before going to work in the morning, the ice being then slowly melted on the stove to secure water."

The committee next reported on sanitary conditions. It scored the fact that "all but a few houses in Wappingers Falls depend upon outside privies or backhouses for toilet accommodations." It went on to say:

"Your committee has no hesitation in reporting that in so large a village this condition is offensive

## SHARING MANAGEMENT WITH THE WORKERS

and also dangerous to the health of the entire community. Even in the best sections of the town, these privies must necessarily be quite close together. The odor in the summer months is often very objectionable.

\* \* \* \* \*

"In the poorer sections two or more families are often obliged to use the same privy. A large number of those privies are unventilated, even by a window, and many are in dilapidated condition, foundations crumbling and boards missing in the walls.

\* \* \* \* \*

"It is unnecessary to dwell upon the objectionable features of this condition, or to emphasize the fly peril, the offensive odors, and the inconvenience in bad weather and in the winter months.

"Your committee considers the entire system of using outhouses for toilet accommodations in a village of the size of Wappingers Falls to be unsanitary, and a general menace to the health of the community."

The committee further criticized the fact that cesspools formed the prevailing system of sewage disposal:

"The present system of sewage disposal also is very objectionable. Cesspools, crowded close together in the solid blocks of houses and situated close to wells and to the houses themselves and in the small yards, are a constant source of danger to health.

"Add to this the fact that no effort is apparently made to attend promptly to cesspools which become choked, and the fact that sewage and sewer gases have been allowed to back up into cellars of company

#### COMMUNITY WORK OF OPERATIVES

houses, and remain unattended to for from five weeks to a year at a time, and you have a decidedly serious and dangerous condition."

The fact that Wappingers Falls had no system for the disposal of garbage was deplored:

"There is no systematic or public garbage disposal in Wappingers Falls. Each family gets rid of its own garbage as best it can. In the winter, garbage may be burned in the stove. In the summer, many families use oil stoves and cannot burn the garbage.

"The common custom throughout the village is to throw the garbage out behind the privy. It is covered with ashes in some cases, but there are often not enough ashes for the purpose, especially where oil stoves are used to any extent. Almost universally, therefore, there is a certain amount of garbage which lies uncovered and exposed behind the privies or in the ash bins which are provided in some of the yards.

"On company property, these heaps of ashes and garbage are removed once a year. Private owners make their own arrangements, which are probably not any better. It is customary to throw tin cans and other refuse also upon these heaps of ashes and garbage, which, in their final state, make a perfect breeding place for flies and mosquitoes, which in turn may carry disease into the homes and spread it through the neighborhood."

Under the heading of "conveniences and general repairs" the committee severely criticized the policy of the company in regard to upkeep. This section of the report reads:

#### SHARING MANAGEMENT WITH THE WORKERS

"From the foregoing report on drinking water, water for general purposes, privies, cesspools, and garbage disposal, it is evident that the company houses in general are supplied with practically no conveniences.

"With reference to the state of repair of the property, your committee does not wish to seem to exaggerate, but feels impelled to report that it finds the company houses in general in a poor state of repair—in fact generally depreciated.

"The policy of the company for some years seems to have been to do just as little as possible. The result has been that a large number of the houses have run down rapidly. Even where repairs have been made, the materials used have often been poor, and the workmanship rough and inadequate.

"In certain cases free materials have been given and tenants allowed to do their own repairs—in other cases even the materials are refused. This policy has not insured the best or most permanent kind of work, where materials were given, and has resulted in rapid deterioration of property where materials have been refused.

"It is apparent that the poorest property has received the least attention. And those who have paid the lowest rents, and the Italian tenants, have received the least consideration. They have been neglected even in connection with the most essential and necessary matters of sanitation and ordinary comfort."

The committee next took up particular houses and described their condition. Finally the committee made



## COMMUNITY WORK OF OPERATIVES

among others the following important recommendations:

"1. That the company houses be put in good repair, leaking roofs and the consequent damage to ceilings and walls being first attended to, and that this work be accomplished before winter sets in. Other necessary repairs should follow as fast as possible. The job should be done thoroughly, and might entail moving families out temporarily from certain houses, while new roofs were being put on and thorough renovations were in progress.

\* \* \* \* \*

"2. That all company houses be connected with the village sewer, toilets installed, and all privies removed.

"3. That village water be installed in all company houses, and that bath rooms be provided wherever practicable.

"4. That these improvements be made first of all in those houses which now have the fewest conveniences and where living conditions are now most difficult.

"5. That these improvements be begun as soon as possible, and pushed to completion in all houses as speedily as practicable.

"6. That the rents where improvements are made be raised to sufficiently cover a fair return on the additional capital thus invested, but tenants should be advised of this fact and consulted as to whether improvements are desired before installation. Ordinary and reasonable repairs should be made without affecting the rents.

"7. That some provision be made for garbage

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disposal either in conjunction with the village authorities, or independently, and that all old dumps be filled in or removed.

"8. That the company take up with the village of Wappingers Falls the urgent necessity of pushing to immediate completion the new sewer and water-works, including the filter plant designed to render village water fit for drinking purposes.

"9. That the company and all its operatives endeavor to secure the passing of an ordinance by the Village Trustees, forbidding the building of any new privies within village limits, and also an ordinance setting some reasonable future date on or before which all houses in the village must be connected with the village sewer, and all privies done away with."

From the foregoing quotations of the housing report it will be obvious at once that here was an herculean task to be undertaken by an employees' committee appointed in accordance with a new labor policy. How did the Board of Operatives handle this difficult situation?

I have before me a statement showing the conditions of the houses as they were on February 8, 1922—three and one-half years after the report of the Board of Operatives (quoted above) on housing conditions was made. Out of a total of 170 families living in company houses, the homes of 145 had inside water connections with sink facilities. The houses of only 25 families had no inside water connections. Of these, 17 depended for their water supply on cisterns and pumps, and eight on rain barrels. The policy of the board is to eliminate the rain barrels as rapidly as possible.

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A tremendous improvement has also been made in sanitary conditions. By February 8, 1922, 134 families out of the total of 170 had inside toilet facilities. Moreover, 27 of these families had baths. Whenever running water or toilets are installed sewer connections are of course also made; and when sewer connections are made in a house a cesspool is automatically eliminated. It has been the policy of the Board of Operatives to put in sewer connections whenever a cesspool becomes objectionable.

Wappingers Falls as yet lacks a public garbage disposal system. The provision of such a system is of course a task for the village rather than for the company to undertake. The need was put up to the taxpayers of the village, but they refused to vote a bond issue. I heard two reasons for this vote. In the first place, the campaign for the bond issue was poorly and hastily conducted. The preliminary campaign of education as to the health value of a municipal garbage disposal system was inadequate. Secondly, the tax rate in Wappingers Falls is already abnormally high and property holders were apparently unwilling to increase it. Since the completion of this study, however, a private concern has undertaken to dispose of the village garbage.

Considerable work had been done by the summer of 1921 in the way of repairing the houses. Most of them had been painted white. Leaking roofs, falling plaster, weak foundations, broken down fences, decayed stoops, and whole sides of houses had been repaired. The only condition which had not been adequately remedied was that of inside papering and painting. This was due to the fact that with the low wage scale which prevails in the bleachery, the Board of Operatives has not been

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willing to increase rents to a rate that would permit an adequate program for interior decorations.

It would be unfair to leave this section without paying tribute to the good business judgment, industry, and social sense which have enabled members of the Board of Operatives to convert the neglected houses of the village into livable and even attractive homes within the comparatively short period of three years.

### THE INCREASING PARTICIPATION OF THE OPERATIVES IN COMMUNITY FUNCTIONS

But more significant than the actual accomplishments of the Board of Operatives in developing a leisure-time program and improving housing conditions is the extent to which the workers' representatives have grown in their ability to advise on and administer the important functions outlined in this chapter. The actual administrative work is, of course, left to a paid staff. One member of this staff gives his entire time to promoting athletic games, sociables, and other forms of recreation. Another devotes his time to looking after the details connected with managing the company houses. The executive secretary of the board spends about one-third of his time on matters connected with the company houses, while several other staff members render part-time service in conducting educational classes, playground activities, and children's clubs.

But while members of the staff carry out the details of the community program the board as a whole and its standing committees not only decide on general policies but also determine to an unusual extent what the details should be. During the course of this study I attended several meetings of the various boards, and I was

### COMMUNITY WORK OF OPERATIVES

amazed at the concentrated effort put into the business being discussed. A typical instance is offered by the meeting of the housing committee on May 5, 1921. One of the operatives, a man in the early thirties, acted as chairman. The meeting was called to order at 7.30 in the evening and did not adjourn until 11 o'clock. In addition to the four members of the Board of Operatives, who constituted the committee, the executive secretary of the board (who acted as secretary of the committee), and the staff member dealing with housing were present. Rarely have I seen three and one-half hours spent in as hard work as was done that evening by these six men; and it should be stated that the four representatives of the workers, men of varied ages, carried on by far the largest part of the discussion. They carefully checked up all details presented by the executive secretary and his assistant in housing. It was distinctly a group working together without the slightest trace of domination by anyone.

An outline of the minutes of the meeting will illustrate the amount of attention given to details by members of the committee. First, old business was discussed. The financial statements about houses for January and February were read. They showed a net profit derived from rents of company houses of \$243.06 and \$217.73 respectively. Members of the committee were quick to observe, however, that the company's accountant, who had charge of the books relating to the houses, had made some variation in charges for insurance, taxes, and depreciation as compared with similar charges in the past. It was decided, therefore, that the statements should be sent back to the accountant for more detailed explanation.

## SHARING MANAGEMENT WITH THE WORKERS

The committee next discussed the suggested housing budget for 1921. This showed a total of about \$17,000 to cover repairs, administration expenses, and so on. The budget was analyzed in detail. Was it fair to charge one-third of the salary of the executive secretary of the Board of Operatives to the expense of administering the houses? Was the total of \$134,714.31 a fair valuation of the houses, and was 4 per cent a fair charge for depreciation? Was the estimate of \$5,000 for taxes adequate or excessive? Such were the questions raised, and "after lengthy discussion the budget was laid on the table for the present." The budget, it should be understood, had been drawn up by the staff members in consultation with the accountants of the company. What was significant to me, however, as an observer of the participation of workers in important functions, was the degree to which it was analyzed and criticized by the worker-members of the committee.

A report was next made by the staff member on tenants who were in arrears in paying rent. There were three such cases. Two had been satisfactorily adjusted, and it was voted to employ a lawyer to collect the rent from the third delinquent.

The next report was on new roofs ordered for some of the houses. In regard to one house the question arose as to whether it was worth a new roof and water and sewer connections. The chairman and secretary of the committee were instructed to investigate and report on this matter to the committee. A report was also made on other work that was being done, such as building a fence and repairing a hall.

Then new business was discussed. Some of the members of the committee suspected that a certain tenant

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might be selling liquor. A staff member had investigated, "but discovered no evidence that any liquor was being sold or given away and that the tenant had stated that he did not sell anything." The matter was referred to the Board of Operatives for disposal.

A number of leases were next granted for various properties of the company.

The committee then voted to request the Board of Operatives to apply to the Board of Directors for an appropriation of \$5,000 to be expended on the installation of water and sewer connections.

A number of applications by tenants for minor repairs and interior decorations were next submitted. They were disposed of as follows:

"It was voted to paper and paint dining room at \_\_\_\_\_ for \_\_\_\_\_.

"A request from \_\_\_\_\_ for door was laid on the table until next fall.

"A request from \_\_\_\_\_ to have back stoop fixed. It was voted to put in concrete deck.

"The \_\_\_\_\_ request to have a kitchen fixed. Voted to investigate and see if plaster is solid, and if so supply paper.

"A request from Mr. \_\_\_\_\_ to have two bedrooms and bath room papered and painted. It was voted to do one room in accordance with our rule.

"It was voted to paper \_\_\_\_\_ dining room.

"Request from \_\_\_\_\_ for gallon of paint. It was voted not to allow, as we spent \$75 on this house last year.

"Request from Mrs. \_\_\_\_\_ to have bath room papered and kitchen and sink painted; will supply paper and paint. Roof leaking already; ordered re-

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paired. It was voted to paper bath room, tenant to supply paper.

"It was voted to paper parlor for ———.

"It was voted to paper parlor for ———. Tenant to furnish paper.

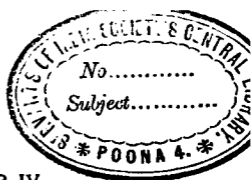
"It was voted to investigate request of Mr. ——— for halls."<sup>1</sup>

Seven days later, May 12, 1921, the Board of Operatives, consisting of men of varied ages, held its regular meeting. About one-half of the time of this meeting (which lasted three hours) was devoted to the report made by the committee on housing, and the recommendations of the committee were, in the main, adopted. Here again the members of the Board of Operatives discussed both details and policies at length, and the conclusions arrived at were clearly the result of the collective judgment of the board.

The ability to participate with intelligence and authority in community functions has been a gradual growth. When the Partnership Plan was established in 1918, most of the demands for improvements were initiated by the executive secretary, the superintendent, and one or two others who were elected on the first Board of Operatives. The executive secretary wrote the report on housing quoted at length in this chapter, and he still prepares the minutes and other reports of the board and its committees. It is true, too, that he must continue to act as a leader and guide in the development of a community program. But by 1921 he had become a leader in the sense that he was the spokesman and executive of the judgment and will of a larger group consisting of the 600 men and women workers in the bleachery.

<sup>1</sup> Minutes of the Housing Committee, meeting of May 5, 1921.





## CHAPTER IV

### THE OPERATIVES AS MANAGERS

**T**HE experience of the Dutchess Bleachery indicates that once the owners of an industry introduce a genuine policy of granting representation to workers, the latter will see to it, if they have good leadership, that they are given real powers in determining conditions of work.

#### ORGANIZATION OF THE BOARD OF MANAGEMENT

On May 1, 1919, the Board of Operatives reported to the Board of Directors on the work that it had carried on during the first nine months of its existence. It told of the progress that had been accomplished in improving the company houses and providing recreational facilities in the community. But the report went on to comment on "the apathy and lack of interest with which many employes view the Board of Operatives," and it explained this attitude by the fact that after all, the powers of the board did not directly affect "the things in which the employes are most vitally interested"—matters within the bleachery, such as "wages, hours, and the various conditions by which they are surrounded daily at their work." It therefore petitioned for larger functions.

In reply to this request of the operatives for more power the Board of Directors, as already described, authorized the establishment of a Board of Management.

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The first board was organized in July, 1919, and consisted of six members. Late in 1921 it was increased to eight; in 1923 it consists of 12 members, six (one woman and five men) appointed by the directors to represent stockholders and management, and six (one woman and five men) elected by the Board of Operatives to represent employees.

### WAGES AND HOURS OF WORK

But even before the Board of Management was organized, the workers had begun through the Board of Operatives to share in determining important labor policies.

A rather difficult task was given to this board on May 20, 1919, shortly after it had rendered its first report and before the Board of Management had been created. It was asked to assist the Board of Directors to decide upon the schedule of working hours and wages which should prevail in the bleachery, which was at that time working fifty-four hours a week. The manager of the bleachery appeared in person and, according to the minutes of the meeting, stated that the Board of Directors desired from the Board of Operatives "a recommendation with reference to working hours and wages in the plant." He asked that "the matter be considered confidential" and that "the discussion be confined to the Board of Operatives." To help the board arrive at an intelligent conclusion he submitted the following facts:

"The payroll at Dutchess is \$9,000 per week. The operations for the first four months of 1919 have 'broken' about even without paying any interest on the investment. He (Mr. Hess) said there was no immediate prospect of an increase in revenue, al-

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though business conditions are somewhat improved. Only increased production and efficiency can result in profits. He said that the Board of Directors would like a reply by Friday afternoon, May 23, and mentioned a number of things which might be taken into consideration, including the probability of the passage of the 48-hour law for women and minors by the State Legislature next year, the probable raise of 15 per cent in wages in the New England mills where they are now working 48 hours a week, and the probable excess of finishing production which may occur in this country."<sup>1</sup>

At the meeting the manager was asked whether the board might confer on the subject with members of the only union in the bleachery—that of the folders—"who had already made certain requests along this line," and whether the board might "hold hearings at which foremen and others might be called on for their advice and information." He replied that "the company would rather not have the Board of Operatives confer with anybody." The secretary of the board objected to this and declared that "it was not businesslike to restrict the board in its investigation of the matter, and if an intelligent conclusion was to be reached by the board it ought to have a free hand to investigate, call hearings, witnesses, and so forth, and get all available information on the subject."

A general discussion then followed in which most members of the board expressed their opinion that a forty-eight-hour week would not decrease production:

"Mr. Bennett said that it had been the universal

<sup>1</sup> Minutes of the Board of Operatives, May 20, 1919.

## SHARING MANAGEMENT WITH THE WORKERS

experience that production had been kept up on shorter hours. He also said that we would soon have to do something at Wappingers in order to get help. Mrs. Cruse said that very little work was accomplished when the girls were tired during the last half hour of the day. It was reported that the foreman of Department 10 had for some time urged a shorter day and had expressed his belief that his department could get more production in nine hours than in ten. Mr. Lowney said that shorter hours kept the help in better condition so they could work more efficiently while they were at work. . . .

\* \* \* \* \*

"Mr. Thomas asked how wages and hours in the plants of our competitors compared with ours. Mr. Hess said that not including the South, our wages are about the same as the average in other plants. He said that the Finishers' Association was gathering statistics along this line and that he would be glad to submit them to the Board of Operatives when they are available.

"General discussion followed in which the probable raise of 15 per cent in wages in the New England mills was discussed, also the probable future legislation in regard to the eight-hour day."

The manager was then asked to supply the board with a copy of the payroll and with a statement of the increases in wages that had been made since August, 1914. The hours of the outside workers<sup>1</sup> were discussed. The

<sup>1</sup> These include watchman, truckmen, employes on the company's tug that runs on the Hudson, and so on.

## OPERATIVES AS MANAGERS

board also suggested the installation of time clocks as a means of increasing efficiency in the event of a short working week.

"It was moved, seconded, and carried to request the Manager to supply copies of the Dutchess payroll; also information in regard to how such wages have been raised since August, 1914.

"The Boiler House and Power House were discussed as special problems. It was also reported that the watchmen received only ten hours' pay for twelve hours' work. . . . It seemed to be the general opinion that in case the 48-hour week with 54 hours' pay and time and one-half for overtime should be proposed and go into effect, that time clocks should be installed in the plant. It was suggested that a 48-hour week would save the expense of six hours a week on power and considerable on light, especially in the winter season."

Two other meetings of the Board of Operatives on this subject were held during the same week. On May 23 it finally recommended to the management the establishment of the forty-eight-hour week and an increase of 15 per cent in wages. This recommendation was put into effect the following month. The pertinent sections of the resolution passed by the Board of Operatives read:

"WHEREAS, There is a world-wide movement of labor to obtain the eight-hour day, and the Textile Industry in the United States in particular is conspicuous at this time for widespread concessions of a 48-hour week with an increase of 15 per cent in wages, and

"WHEREAS, The Board of Operatives, Dutchess

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Branch, Garner Print Works and Bleachery, believes that this is right and proper, now therefore . . .

*"Be it resolved,* That the Board of Operatives recommend to the Board of Directors:

"First, That the working hours be reduced to 48 hours a week, with a 15 per cent raise in pay.

"Second, That overtime be paid at the rate of 'time and one-half.'

"Third, That the Boiler Houses and the Electrical Power House be operated on an eight-hour shift. Inasmuch as the Board of Operatives was requested not to hold any hearings nor to make full investigations at this time, the Board of Operatives recommends that it be permitted to proceed as soon as possible, to hold hearings, and to negotiate with the Agent on behalf of the employes in these departments with a view to arriving at a satisfactory adjustment of wages for them on the eight-hour schedule.

"Fourth, That similar hearings be held for the adjustment of the wages of the watchmen who will continue to work on the twelve-hour shift.

"Fifth, That the office employes' schedule shall be 44 hours a week, salaries remaining unchanged."<sup>1</sup>

In the same resolution the board recommended further increases in wages as soon as business conditions should permit, in order to enable operatives to meet the high cost of living:

**"AND WHEREAS,** the most vital concern of every employe has to do with his struggle for existence under the high cost of living, and with the difficulty of providing the necessities of life for his family under present conditions, and

<sup>1</sup> Minutes of the Board of Operatives, May 23, 1919.

### OPERATIVES AS MANAGERS

**"WHEREAS, the present wage scale does not enable the Board of Operatives to charge sufficient rents to secure a fair profit on the company houses, and**

**"WHEREAS, this condition is unfair to the company and to the employe-partners who do not live in company houses nor enjoy the low rents, now therefore,**

***"Be it further resolved,* that the Board of Operatives hereby recommends to the Board of Directors that as soon as business conditions warrant it, an additional raise in the wages of all employes be made to meet these conditions."**

### WAGE REDUCTIONS IN POST-WAR PERIOD

In the beginning of 1921 a general reduction of 22 per cent in wages took place in the textile industry of this country. This reduction was made arbitrarily in the industry as a whole without consulting the workers, but in Dutchess Bleachery the Board of Management and the Board of Operatives both made an independent decision on the course to be taken in their mill. The Board of Management authorized a reduction of 22 per cent, but provided that wages be cut only 12 per cent immediately because investigation showed that cost of living had been lowered only to about that extent. This action was referred to the Board of Operatives for approval. It was discussed at the meeting held in the first week of January, 1921, at which the three members of the Board of Operatives who were also members of the Board of Management stated that in order to compete with other bleacheries it would be necessary for the company to reduce wages. Extracts from the minutes of the meeting follow:

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"The three members of the Board of Management present reported that all members of the Board of Management . . . expressed extreme regret at the necessity of reducing wages, but felt the company could not compete with others who now pay less wages and would take our business away from us so that we might have to shut down altogether."

A large order had already been lost because of the low bid made by another bleachery. Business conditions had been growing worse during the last six months:

"It was said that we lost a large order the other day because another bleachery cut the price so low that we could not have done the work without a heavy loss. In order to keep running at all the action in regard to wages seemed unavoidable. For the past six months we have hardly broken even, with business conditions continually getting worse. It was brought out that the reduction in wages had been precipitated by a few powerful mill owners in New England and the South, and the rest had to fall in line or be broken. Everybody realizes the hardship on our workers, and the New York agent is lying awake nights racking his brains as to how he can get business and keep our plant running. At least we are better off than any other bleachery as we will get one-half of all profits if we can get business and run full again, while other bleachery workers will get only their wages."

Regret was expressed by the board that rates should be cut when the prevailing wage level in the textile industry was already too low:

". . . Members of the board said that while labor would apparently have to accept the present



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situation, it would be sure to bring a general reaction and develop labor trouble as soon as times are favorable. Regret was expressed especially as to the Textile Industry which is already a low-wage industry. A question was asked if this reduction will result in getting steady work. It was replied that it is not possible to tell but this is the hope. It was said that cotton is bought largely by the middle class, and lower wages will result in less buying. It was brought out that our business not being a manufacturing plant cannot produce for stock. Reports were brought in about idle plants in all parts of the country—mills in New England shut down for six months past—soup kitchens and charity being resorted to to keep the people from suffering. Another member of the board said that he had expected the action and did not see anything to be done about it except try to get work into the factory and get as steady work as possible. He expressed appreciation of the cut being only 12 per cent at present instead of the whole 22 per cent as in other plants.”<sup>1</sup>

The board passed a resolution approving the action of the Board of Management, but at the same time condemning mill owners in general for initiating a reduction of wages in the industry (which was already a low-wage industry) and calling for a congressional investigation. The resolution reads:

“Voted that the Board of Operatives representing the workers of the Dutchess Bleachery, Inc., Wappingers Falls, N. Y., hereby express entire confidence in the management and owners of the plant as acting

<sup>1</sup> Minutes of the Board of Operatives, January 5, 1921.

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for the best interests of the entire partnership under the prevailing market conditions; (2) that the Board of Operatives realizes that these conditions are beyond the control of the local plant owners and appreciates fully the genuine and generous profit-sharing of our own mill and the opportunity to have a voice in its management; (3) that the board also realizes that the general conditions in the Textile Industry profoundly affect us as well as those who are not working under our unusually generous relationships and for this reason wishes to express itself in the following resolutions:

"WHEREAS, it seems necessary at this time to accept a reduction in wages in order to be able by reducing finishing prices to compete with other plants and so to keep our factory running,

*"Be it resolved,* that the Board of Operatives accept the action of the Board of Management in reducing wages 22 per cent, 12 per cent effective January 10, 1921, and if necessary the remaining 10 per cent at the discretion of the Board of Management, but

"WHEREAS, this action has become necessary at this time primarily on account of the action of other mill owners who have not shared their profits in the last few years with their workers but who are now the first to cut the existing low wages of the Textile Industry and that in advance of any proportionate decrease in the cost of living

*"Be it further resolved,* that the Board of Operatives representing the workers in the Dutchess Bleachery, Inc., Wappingers Falls, N. Y., deplore the lack of representation on the part of either Labor or

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the Public in the Textile Industry which enables powerful owners to lower the standards of living of all workers in the industry, and

*"Be it further resolved,* that the Board of Operatives joins with Organized Labor and other organizations in a request that Congress investigate the wages of the Textile Industry with special reference to establishing an American standard of living for the workers in this industry."

The board also immediately adopted a resolution which authorized a decrease of 12 per cent in the rents charged for company houses:

*"WHEREAS,* in our opinion the only just basis for reduction in wages lies in reduced costs of living and

*"WHEREAS,* wages have been reduced and materials are coming down and thus decreasing expense of repairs and upkeep of the houses,

*"Be it resolved,* that the rents of all company houses be reduced 12 per cent beginning January 10, 1921."

### WORKERS ADVISE IN REGARD TO PRODUCTION

One finds here and there in the minutes of the Board of Operatives a discussion of problems relating to methods of production. The most significant action of this nature which the board ever took, however, was when in May, 1919, it recommended the establishment of the forty-eight-hour week with a 15 per cent increase in wages. The same resolution recommending these changes contained three suggestions as to ways of increasing the production of the bleachery so that the

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same output could be turned out in the forty-eight-hour week as had prevailed in the fifty-four-hour week. These were the installation of time clocks, regular conferences between the manager and the foremen, and mass meetings with the operatives as a whole. The pertinent clauses read:

"While feeling its responsibility in making these suggestions (i. e., for the 48-hour week and an increase of 15 per cent in wages), the Board of Operatives believes that in addition to the saving which will be effected in power and light, the plant can be so managed and its efficiency so improved in other ways, as to result in turning out practically the same production in 48 hours as it turns out at present in 54 hours. To this end the Board of Operatives wishes specifically to recommend the following methods of increasing efficiency:

"(A) That time clocks be installed, covering all operatives.

"(B) That a regular monthly foremen's conference be held for mutual discussion with the agent of the problems of mill management, in order to harmonize the working of the various departments of the plant with each other, to improve working conditions which may affect plant efficiency, to promote the spirit of co-operation among all departments and with the management, and to increase the efficiency and production of the entire plant.

"(C) That a mass meeting of all employes be called and full explanations made in regard to the importance of co-operation on the part of everyone in order that production may be kept up and no loss

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sustained by us all as partners, on account of reduction in hours."<sup>1</sup>

## ADJUSTMENT OF GRIEVANCES

One of the important functions of the Board of Operatives is to present to the management any complaints employees bring to its attention.

The grievances handled by the board have been complaints by groups of workers. Two or three stand out prominently. One related to wages of the men in the box shop. These employes make the boxes in which the finished cloth is packed for shipping. Their work is largely by hand. It requires constant stooping and bending to hammer nails in the boards. As a great number of boxes are needed by the bleachery the men in the shop are kept working at a rather rapid pace throughout the day. These men were dissatisfied with their rate of pay. They thought it was too low. At first they complained among themselves. Then they presented their demand for an increase to their foreman. This official attempted to secure an adjustment through his superior, but the latter procrastinated until the discontent of the men became acute. At this stage a new employe came to the box shop. He suggested that the complaint be presented to the Board of Operatives. His fellow-workers hesitated. They did not know very much about the board (this was in 1920) and were suspicious about the Partnership Plan in general. Some of the men even laughed at the suggestion; they thought the board was a "joke." Finally several of the men did appear in person before the Board of Operatives and presented their complaint. The board immediately

<sup>1</sup> Minutes of the Board of Operatives, May 23, 1919.

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made an investigation and submitted the request of the box shop men to the Board of Management with a recommendation for favorable action. The Board of Management, acting on the usual policy of paying the rates of wages which prevail in the industry, wrote to other bleacheries and found that the rates paid were somewhat higher than those obtaining in Dutchess Bleachery. Accordingly, the box shop men were granted an increase in wages which brought their average to a rate slightly higher than that paid in other bleacheries. I interviewed almost all of the men involved in the course of this study and they all expressed satisfaction with the adjustment just described. Moreover, this incident resulted in inspiring a real confidence in the Partnership Plan.

Another grievance arose in the sheet and pillow case department among the women who work on the sewing machines. These machines are operated at a great speed and naturally break down from time to time. For this reason one man gives his entire time to repairing them. In 1920 the women complained about the machinist. They contended that he did not repair the machines in the order in which breakdowns were reported to him, that he would give precedence to a breakdown the repairing of which occupied much time over minor troubles which could be repaired in a short time, and that he was not always civil in his demeanor to the operatives. The women are all piece workers, and if they have to wait unnecessarily long to have their machines repaired their earnings are seriously affected. They brought their complaint to the foreman. He procrastinated. They then went to their representative on the Board of Operatives. He presented the complaint

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to the board. The board empowered him to take the grievance up with the plant manager. This he did together with a committee of the women workers. As a means of preventing future trouble, they worked out together a complaint record. On this record each operative registers the breakdown of her machine and the time when it has occurred. The record is placed on a bulletin board, and the machinist is required to repair machines in the order in which complaints are registered. This system has apparently worked successfully, for I heard no complaints of this nature during my stay at the bleachery.

Another grievance related to the duration of the working week. The watchmen of the bleachery had been working a seven-day week and a twelve-hour day. Almost from the beginning of its existence the Board of Operatives had registered its vigorous objection to such an abnormally long working week. The watchmen presented a request to the board that they be required to work six days a week only. The board had urged this reduction upon the former plant manager in 1920. This official agreed to reduce the working week to six days provided that the watchmen would be willing to have their weekly wages cut by one-seventh. The men refused and the complaint was dropped. At the beginning of 1921 a new manager was appointed. The watchmen again presented their request for a six-day week without a reduction in wages through the Board of Operatives. The manager brought the request to the Board of Management. A compromise was agreed upon which appeared to be fair. The men had been paid \$28 for a seven-day week. Their working week was reduced to six days and they were paid \$26 a week. I quote from

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*Bleachery Life* (August 19, 1921) to show the adjustment that was finally made:

“The matter of hours worked by the watchmen has been under consideration for some time, request of watchmen to have their working week reduced to six days instead of seven, without loss of pay, having been referred by the Board of Operatives to the manager and finally brought by him to the Board of Management for decision. The manager submitted figures gathered from other mills in our industry, showing an approximate average pay of \$27 a week to watchmen for a seven-day week. Our watchmen have been receiving \$28 for seven days. The figures submitted also showed an average pay of \$21 a week to watchmen in other plants for a six-day week. The question was raised at the Board of Management meeting whether to let the watchmen decide for themselves if they wished a six-day week with reduction of pay or preferred to continue to work seven days, but it was the sense of the board that a seven-day week is injurious both to the men, their families, and society and ought not to be continued in any industry. It was finally voted, therefore, to place our watchmen on a six-day basis and raise their hourly rate to one seventy-second of \$26, thus paying them on the generous scale of \$26 a week for six days. If all industries, steel companies and others, would thus meet their men more than half way in this matter, great benefit to the workers and to society as a whole could be brought about by the abolition of a seven-day week, which is inhuman and unreasonable.”



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### MISCELLANEOUS FUNCTIONS

The Board of Operatives also has powers which relate to what may be termed beneficiary features of the Partnership Plan. For instance, the board initiated the request that vacations be granted to all employes of the bleachery. It submitted to a referendum of the operatives the question as to whether the employes' sinking fund should be used for sickness among employes as well as for unemployment. In 1921 it canvassed the attitude of the operatives with regard to old age pensions. It also instituted and administers the savings plan in the bleachery.

One of the functions of the board may broadly be called an interpellative one. From time to time it has asked for the basic data on which the management determines operatives' wages. It has inquired into the market prices which prevailed at particular times and has asked for copies of payrolls.

One of the standing committees of the Board of Operatives—that on working conditions—has busied itself with trying to improve comforts and facilities in the bleachery and has made suggestions. It was instrumental in securing among other things a supply of cold drinking water, the installation of toilets in departments where such facilities were inadequate, awnings and fans to relieve the heat during the summer in the sheet and pillow case department where the operatives are almost all women, and for winter a warm dressing room in the storehouses. The committee also suggested the hinging of the windows in the starch room and bleach house so that adequate ventilation could be secured without taking them out of their frames as had been the prevailing custom. At the instigation of the committee a back

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stairway was built to the bleachery, which is situated in a valley, and thus many employes were provided with a short cut to and from their work instead of being obliged to take the circuitous road formerly used by them. This committee also acts as representative of the employes on functions relating to safety work.

### BOARD OF MANAGEMENT DETERMINES IMPORTANT POLICIES

The first Board of Management was organized in July, 1919. Consequently, it had had a history of two and one-half years when this study was made. An analysis of its functions shows that it is fast becoming the real governing body of Dutchess Bleachery, Inc. In the first place, it receives reports on the business conditions of the industry and on the production problems within the bleachery. The board meets once a month, and usually begins with a report from the sales manager (whose office is in New York) on the market conditions of the finishing industry. He reports what the prospects are for getting orders for the coming month, what prices competitors are offering, and what the outlook is for a period of months. Then the plant manager reports what the probable production for the month is likely to be and the possibilities for increased production. The treasurer of the company next submits a report on the financial status of the bleachery, whether any profits have been earned, and what the financial problems of the future may be. If profits have been earned, the Board of Management will usually recommend that the Board of Directors authorize the distribution of proportionate shares to stockholders, employes, and the sinking funds.

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The Board of Management also determines the labor policy of the company. It establishes the general rate of pay. Since it has been organized it has authorized two increases in wages—one of 12½ per cent on December 12, 1919, and one of 15 per cent in May, 1920—when competing bleacheries granted similar increases to their employes. It also ordered the wage reduction already described in January, 1921. About this time, as we have seen, the industry as a whole reduced wages 22 per cent. The Board of Management ordered that a survey be made of the reduction that had occurred in the cost of living. It found that prices of necessities had fallen about 12 per cent. It therefore voted that wages be reduced 22 per cent, but a decrease of 12 per cent only should take effect immediately, and that the remaining reduction should take effect at the discretion of the board. The reduction of 12 per cent in rents will also be recalled. No further reduction in wages has occurred, and as this study goes to press an increase is being contemplated.<sup>1</sup>

In addition to establishing the general wage level for the bleachery, the Board of Management may also make an adjustment of wages paid individual workmen or groups of workmen. I have already told about the increase granted employes in the box shop. Similarly, it granted an increase to the salaried employes. The consideration of salaries was one of the first tasks presented to the board after its organization. Foremen and other salaried employes had not been receiving increases during the war in proportion to those granted wage-earners.

<sup>1</sup> The difficulties of making local wage adjustments without having basic standards worked out for the whole industry will be discussed in Chapter VII.

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Considerable discontent consequently prevailed. As soon as this complaint was presented to the Board of Management, a committee was appointed to investigate and to make an equitable adjustment. The report and recommendations of this committee were approved by the board and a satisfactory increase in salaries was granted to foremen, clerks, and other employes paid on a monthly basis.

The Board of Management has power to determine the hours of work to prevail in the bleachery. Inasmuch as the forty-eight-hour week was established prior to its existence, the issue has not yet arisen. It was the Board of Management, however, that put the watchmen on a six-day week, as already described.

The most important function which the Board of Management has so far been called on to exercise was that of electing a manager and superintendent for the bleachery. This replacement occurred in January, 1921, Mr. Hess, the former manager, having resigned to accept another position. W. S. Beasley was then the superintendent of the bleachery and one of the representatives of the employes on the Board of Operatives, as well as on the Board of Management. He was very popular with the operatives. They wished to see him elected as the new manager. But he was and still is exceedingly modest. There was danger that in making any recommendations he might be overlooked both by the manager then in office as well as by the active stockholders from New York. It seemed likely that a new manager might be brought in from the outside. Representatives of the operatives on the Board of Management held a caucus and decided to support Mr. Beasley for the position of manager. They succeeded in making

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their preference known to the treasurer of the company and representative of the stockholders on the Board of Management. He in turn suggested Mr. Beasley as the new manager to Mr. Hess, the one who was leaving. At the meeting of the Board of Management in January, 1921, Mr. Hess proposed that Mr. Beasley be elected manager of the bleachery, but that his election should be for six months only—on probation, so to speak. A representative of the operatives on the board then declared that in his opinion it was a mistake to limit in this manner the appointment of a new manager. Mr. Beasley, this representative thought, should be granted full confidence and no limit should be placed on his term. The other members of the board agreed and Mr. Beasley was elected manager of the bleachery.

Mr. Beasley was asked then to recommend someone for the position of superintendent of manufacture. He suggested Leon A. Clark, then foreman of the dye house. The board elected him unanimously. As both Mr. Beasley and Mr. Clark had continuously been members of the Board of Operatives and representatives of the employes on the Board of Management, their election to become executive managers of the bleachery was significant of the fact that in the opinion of active stockholders, the Partnership Plan had been operating successfully. Representatives of the operatives, on their part, felt that the Partnership Plan gave them an opportunity of deciding who their local executives and leaders should be.

In addition to the larger powers of formulating policy, establishing standards, and in general acting in an advisory capacity with the executive staff of the bleachery, the Board of Management may review the action taken

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by the Board of Operatives. In the first place, it approves the budget for the undertakings of the Board of Operatives and recommends appropriations to the Board of Directors. The rules which the Board of Operatives draws up for the sale of houses, for the lending of money to repair houses the workers have bought from the company, for regulation of the employes' sinking fund, and for financing the community recreation program must also be approved by the Board of Management.

Similarly, the Board of Management co-operates with the Board of Operatives in formulating rules and plans for vacations, health insurance, thrift and savings methods, and old age pensions. No clear demarcation has as yet been made as to what body should initiate such programs. As a matter of fact, the Board of Operatives submitted the demand for vacations, while the Board of Management asked the Board of Operatives to take up with employes the task of working out a practical program for old age pensions. The Board of Management also acts as a board of appeal if the Board of Operatives and the plant manager fail to agree. For instance, the manager made a ruling in the spring of 1920 that if an employe was absent on the day prior to a shutdown of the bleachery he should not be paid "half-time" during the period of interrupted work. The Board of Operatives appealed from this decision to the Board of Management. The ruling of the manager was endorsed, but its application was modified by the addition of the clause, "unless previous satisfactory arrangements have been made by the operative [absenting himself] and his foreman."

## **OPERATIVES AS MANAGERS**

### **THE BOARD OF DIRECTORS**

With the exception of one member who represents the community, the other four members of the Board of Directors are also members of the Board of Management. The Board of Directors is likely, therefore, to approve the recommendations of the Board of Management and has in practice generally done so. It is therefore not necessary to analyze in detail the record of this board as I have that of the Board of Operatives and the Board of Management. Its functions are largely financial. It makes appropriations in accordance with the recommendations of the Board of Operatives and Board of Management, and such additional appropriations for machinery and plant improvement as it deems necessary. The fact should not be overlooked, however, that the Board of Directors is elected by the stockholders and that theoretically at least it is the seat of real power, for it may at any time rescind the resolutions creating the Board of Operatives or the Board of Management, and indeed the whole Partnership Plan. Regardless of this theoretical possibility, the fact remains that since the creation of the Board of Management, the duties of the Board of Directors have become quite nominal, and, as one official expressed it, have taken on the nature of a "rubber stamp" to the action authorized by the Board of Management.

### **PARTICIPATION OF THE WORKERS IN MANAGERIAL FUNCTIONS**

We saw in the previous chapter that the workers and their representatives have assumed a large share of the administration of housing and other features of the community program organized under the Partnership

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Plan. The growth of ability to formulate and supervise the execution of a program for improved housing and leisure-time activities resulted not only from the completeness with which the management turned these functions over to the workers, but also from the fact that members of the Board of Operatives knew the problem. For instance, they had lived for years in homes which were badly in need of repairs, and when they realized that the company was sincere in turning over the management of the houses to them, they immediately set to work to make them as comfortable as was consistent with the rents charged. And they did a very praiseworthy job.

It was not to be expected that they should show the same degree of initiative on managerial problems. Questions relating to finance, to selling, to organizing work, to arriving at industrial policy were all new to them. Moreover, when the Partnership Plan was introduced, they did not know to what extent the owners wished the workers to share in tasks of management. Consequently, up to the time when this study was made, the employe members of the Board of Management had, in the main, left to representatives of the owners and the management the introduction of new measures relating to the conduct of the bleachery. They felt that they could do little more than furnish guidance to the stockholders on how the workers would feel about contemplated changes. The representatives of the operatives have taken the initiative in suggesting changes in working conditions. They have also taken up grievances for their constituents.

The change to the forty-eight-hour week, however, as we said, came as a result of the request which the Board



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of Directors made to the Board of Operatives for advice. It is true that the local folders' union had previously asked for the forty-eight-hour week and an increase in wages, in accordance with similar action taken at that time in the textile industry as a whole. We should also remember that once having been asked for advice, the Board of Operatives recommended not only the forty-eight-hour week, but also showed its ability to take the initiative by suggesting an increase of wages of 15 per cent. Nevertheless, the representatives of the operatives took no action until requested to do so by the Board of Directors.

Similarly, the initiative to work out an old age pension scheme was taken in 1921 by representatives of the stockholders on the Board of Management. The request for vacations for all employes came from the Board of Operatives, but it was the executive secretary who initiated the suggestion. It was also the representatives of the stockholders who both suggested and worked out the details of the sinking funds, and presented, in December, 1921, a new financial basis of the Partnership Plan.

However, as a result of interviews with workers I feel little doubt that when they become more familiar with matters relating to the conduct of the bleachery, they will assume more initiative than they have in the past. For men who have been members of the Board of Operatives and the Board of Management and who have therefore come in contact with the active stockholders, are now confident that the company is sincere in desiring a real participation of the workers in all important policies. It remains only for time and experience to give them that knowledge and self-confidence with regard to management which they already have with regard to housing.

## CHAPTER V

### FINANCIAL BASIS OF THE PARTNERSHIP PLAN

**I**N LAYING the foundation for the financial basis of the Partnership Plan, the management had in mind the possible solution of two of the most serious problems confronting industry; namely, (1) the necessity of making secure a fair minimum income to wage-earners and to stockholders; and (2) the desirability of giving wage-earners a real stake in the efficiency of industry by some equitable division of profits.

#### PROFITS EQUALLY DIVIDED BETWEEN STOCK- HOLDERS AND OPERATIVES

At first the originators of the plan attempted to discover what amount the operatives had invested in the business and to grant them that proportion of the profits to which their investment entitled them. In other words, they tried to place a capital value on the labor invested by the employes in the business. By studying actuarial data, as well as the payrolls of the company, they concluded that the investment of the operatives was approximately equal to the capital invested by the stockholders. The Board of Directors decided, therefore, that net profits should be divided equally between employes and stockholders. Profits were to be determined each month and distributed at

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least once in two months.<sup>1</sup> The share of profit of each operative or salaried employe was to be in proportion to his wages for the period.

The deductions from gross earnings to be made in the determination of net profits were stipulated. The first charge consisted of such regular disbursements as the cost of materials, depreciation reserve, taxes, and insurance. The second charge was that of wages which were to be paid at the market rate, or, in other words, the same rates of wages as were paid by competing bleacheries. Salaries were included in the second charges. The third charge was the "wage"—that is the term used at the bleachery—to be paid stockholders on the capital which they had put into the business. This wage or interest on invested capital was fixed at 6 per cent.

## GUARANTEEING SECURITY OF INCOME TO WORKERS AND STOCKHOLDERS

Having decided that employes should share equally with stockholders in the net profits of the industry, after the wages of both workers and stockholders had been fixed, the next problem was that of building up reserves so that continuity of income should be assured during periods of depression. "A true partnership must jointly provide for losses as well as for the sharing of profits," reads the handbook issued by the Board of Operatives.<sup>2</sup> For this purpose it was decided that two sinking funds should be established, each to receive 15 per cent of the net profits to be deducted before any distribution of

<sup>1</sup> In actual practice the profits have not been distributed monthly, but at irregular intervals through the year.

<sup>2</sup> Handbook of the Partnership Plan, Dutchess Bleachery, Inc., Wappingers Falls, New York, p. 11. Published by the Board of Operatives, November, 1920.

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profits. One fund was to guarantee a minimum of 6 per cent interest to stockholders; the other to operatives a certain proportion of their wages when unemployed because of lack of work, or when unable to work because of sickness. The first has usually been called capital's sinking fund and the second the employees' sinking fund.

The employees' sinking fund is in reality an insurance fund against unemployment and disability arising from illness or non-occupational accidents. The rules covering payments during periods of unemployment were briefly as follows: When the sinking fund amounts to \$50,000 or more "each operative on the regular payroll shall receive half pay for all time lost under the forty-eight hours a week . . . when the fund amounts to less than \$50,000, each operative on the regular payroll shall receive half pay for all time lost under thirty-five hours per week."

For illness or disability arising from an accident occurring outside of the bleachery—the Workmen's Compensation Law takes care of occupational accidents—each employe receives half pay for ten weeks after the eighth day of disability. The disability must be certified to by a physician, and the operative is paid by the management upon a recommendation of the Board of Operatives. Disability benefits are paid when the sinking fund amounts to \$25,000 or more. One-half of a worker's wages is also paid for the first week of unemployment due to occupational accident—the period not covered by the compensation laws of the state.

At first all employes shared in the division of profits in proportion to their earnings, but at a meeting of the Board of Operatives held on April 6, 1922, a resolution

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was adopted to the effect that after April 7, 1922, all new employes must work for twelve consecutive months before becoming eligible for profit-sharing, unemployment payments, health benefits, and life insurance policies. This rule also applies to eligibility for voting for members of the Board of Operatives and for the purchase of company houses. The purpose of this new policy is to secure a group of workers who will be acquainted with the problems of the bleachery and be interested in the permanent success of the business.

## RECENT CHANGES IN FINANCIAL BASIS OF THE PARTNERSHIP PLAN

In December, 1921, several changes were made in the amounts to be maintained as sinking funds and in the manner in which profits were to be distributed. But before indicating these changes it is worth while describing the events which led to them and some of the discussions which took place, because they show the co-operative spirit and the intelligence which operatives' representatives displayed in meeting the questions raised by the stockholders.

On December 1, 1921, a leading stockholder of the company who, until this time, had not taken an active interest in affairs at the bleachery, appeared at a meeting of the Board of Management and asked for an interpretation of the profit-sharing features of the Partnership Plan. He wished to know, specifically, whether stockholders were guaranteed 6 per cent annually on the capital invested and if a loss should occur in any one year (so that 6 per cent could not be paid), would the difference in the dividend rate to stockholders be made up the following year before any distribution of profits

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to operatives? This stockholder felt that the question had not been clearly answered in the clauses creating the sinking funds. Members of the Board of Management were divided in their opinion. Some maintained that the stockholders' guaranteed 6 per cent should be cumulative. Others thought that accounts should be closed each year, that the income of stockholders was guaranteed only by the sinking fund for the year, and that losses not paid from the sinking fund in any year should not be made up out of earnings of subsequent years.

The answer to the question raised by the stockholders was all the more difficult because, so far as the Partnership Plan at the Dutchess Bleachery was concerned, it seemed an academic question. No losses had occurred since the introduction of the plan. Indeed, due to the efficiency of the bleachery and to the comparatively steady orders which had come to it, the company had earned dividends for the stockholders in excess of the minimum of 6 per cent provided for in the Partnership Plan.

It was agreed to refer the issue raised by the stockholders to the Board of Operatives and the Board of Directors for discussion, and that a future conference be held at which a final decision would be reached.

A meeting of the Board of Operatives was held on December 7, 1921. It approved the principle of guaranteeing capital its "wage" of 6 per cent before the stockholders shared profits with the operatives, but added its judgment "that if a true partnership is to exist between capital and labor with a resulting partnership spirit in industry which will displace the present class struggle and result in increased production for the good of all,

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further provision must also be made looking toward the economic security of the operatives as well as toward the economic security of the stockholders."

In order to know how best to obtain this objective, the board recommended, first, that a thorough scientific study be made of a "minimum living wage for the workers which might fairly be set over against capital's 'wage' of 6 per cent as a just basis for our Partnership Relations." In other words, the Board of Operatives raised the question whether workers were receiving a *quid pro quo* against the guarantee of 6 per cent per year to the stockholders, inasmuch as the industry as a whole had an extremely low wage level and the bleachery paid the same rates as its competitors.

In the second place, the board recommended a study of "some method of guaranteeing to labor from year to year its unemployment payments when the sinking fund is not sufficient to cover [loss of wages], and the elimination of the sliding scale now in effect for labor's sinking fund.<sup>1</sup> If capital is to be guaranteed against loss of any part of its 'wage' it would seem fair that labor, under a partnership with capital, should be in like manner guaranteed against the loss at least of its half wages during unemployment." The board also expressed its opinion that the employes' funds to be set aside for the sinking funds should vary in accordance with the hazards of the business to employes and that "possibly no limits might be set on the sinking funds."

On December 27, 1921, a joint meeting of the Board of Operatives, the Board of Management, the Board of Directors, and the leading stockholders was held in New York City. The resolutions adopted by the

<sup>1</sup> See page 80.

## SHARING MANAGEMENT WITH THE WORKERS

Board of Operatives were considered. The stockholders expressed the opinion that certain fundamental weaknesses appeared in the financial basis of the Partnership Plan. The sinking funds both for capital and for labor were inadequate. Provisions to cover losses to the business were inadequate; nor did the plan provide for the expansion of the business by reinvestment of a portion of the profits.

As a result of these discussions, the Board of Directors drafted a resolution at a meeting held the following day, December 28, 1921, recommending changes in the provisions of the Partnership Plan regarding the manner of distributing profits and of building up the sinking funds. These changes were put into effect the following month. In the first place, profits were to be divided annually instead of every two months, or at other shorter intervals. This met the danger of the company's distributing profits during the first months of any year, which may be prosperous months, and then not having sufficient reserves against the loss that may occur because of business depression during the subsequent months of the year. Also, the distribution of profits in a lump sum at the end of the year made saving on the part of workers as well as stockholders more certain than if the same amount of money were distributed in small sums during the course of the year.

The second change made respecting the distribution of profits was that 50 per cent of the profits paid to both stockholders and workers were to be in the form of preferred stock and 50 per cent in cash. This proportion could be changed at any time by the Board of Directors. By this provision stockholders wished to make certain



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that sufficient funds would be laid aside by the company to allow for the growth of the business.

In the third place, the cost of any new construction or the purchase of machinery was to be charged against profits, and preferred stock issued to the stockholders and the workers in equal parts after allowance had been made for the value of the buildings or equipment to be replaced. This provision, in other words, simply supplemented and made more definite the second one, which stipulated that profits be distributed partially in the form of cash and partially in the form of preferred stock.

The fourth change stated that net losses for any years were to be made up from subsequent profits before any distribution was made to stockholders and operatives. This provision was intended to assure the solvency of the business over a period of years and was therefore a guarantee both to stockholders and to workers.

Finally, the Board of Directors decided that the sinking funds be placed and kept at fixed amounts before dividing profits. The sinking fund for capital was to be maintained at an amount which would guarantee during any year a wage of 6 per cent on the total investment. In round numbers this amount was \$85,000 in 1921. A similar sum (\$85,000) was to be set aside as the unemployment sinking fund for operatives.

It was also decided that the sinking fund for stockholders be built up first, and the sinking fund for operatives second. The stockholders reasoned that inasmuch as operatives received their wages regardless of whether profits were made while the 6 per cent on the investment was not cumulative, it was only just to the stockholders to accord them priority of insurance. Representatives of the stockholders pointed out that this priority in the

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establishment of sinking funds is, however, technical; for judging by the past experience of the bleachery ample sums will be earned to provide simultaneously for both sinking funds.

Both sinking funds were to bear interest at 6 per cent. The amount thus earned on the stockholders' sinking fund was placed at the disposal of the Board of Directors. The amount earned on the operatives' sinking fund was to be used for the payment of wages during illness in accordance with the sliding scale already described.<sup>1</sup>

## EXPERIENCE WITH SINKING FUNDS

The history of the sinking funds is as yet too brief to enable one to reach any conclusions as to the amounts to be set aside for periods of unemployment. The stockholders received 6 per cent in 1920 and 10 per cent in 1921 on their investment, so that no experience whatever is available on reserves to be built up to assure the payment of a minimum dividend. As 1919 was a prosperous year, operatives had no occasion to use their sinking fund. During 1920 and 1921 about \$27,000 were drawn by labor because of unemployment. This amounts roughly to about 2 per cent of the payroll of the bleachery.

During one year of paying part wages to employes who were ill, about \$2,500 were drawn for this purpose from the sinking fund. In other words, this amount is only about 3 per cent on the newly fixed sinking fund of \$85,000 and should be more than adequate, if no epidemic occurs, to continue the prevailing method of paying part wages during illness. The principal of the

<sup>1</sup> See page 80.

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sinking fund should, on the basis of past experience, be adequate for the payment of wages during periods of unemployment.

### PARTNERSHIP PLAN A FINANCIAL SUCCESS

A critical analysis of the recent changes in the financial basis of the Partnership Plan is difficult until the new provisions shall have undergone the test of experience. Some of those provisions will be considered again in Chapter VII, in which the low wage levels of the bleachery and the industry as a whole are discussed. It should be noted, however, that the large task still remained in 1922 of initiating in the industry a wage standard based on a scientific study of the cost of living as was requested by the Board of Operatives. The extent to which workers have responded to the opportunity to share profits by increasing the output of the bleachery will be considered in the next chapter. But we may at once answer the question which the practical business man will ask, "Has the Partnership Plan been a financial success?" It has, emphatically so. In 1920 and 1921 the net earnings of Dutchess Bleachery were approximately 12 and 18 per cent of its capitalization. After distributing the stipulated amounts to the sinking funds and to profits for the operatives, stockholders were paid in these two years, as already stated, dividends of 6 and 10 per cent respectively.

## CHAPTER VI

### RESPONSE OF THE WORKERS AS PARTNERS

**W**HEN the Partnership Plan was first introduced by officials of the company, the employes, as already mentioned, were suspicious. It was introduced during the World War, when wages in general were rapidly rising and war industries were offering an opportunity for much higher earnings than were possible in the bleachery. Operatives consequently suspected that the Partnership Plan was offered in order to keep them from leaving the bleachery at a time when it was difficult to maintain an adequate personnel.

One man who had worked in the bleachery thirty-five years made a characteristic statement: "You see," said he, "workingmen are not accustomed to get very much from their employers. For years we fellows in the bleachery have been going along without any benefits and have had to work for low wages. Then all of a sudden the company gives us a share of the profits, half pay when we are sick or out of work, a week's vacation with pay and other things. Don't you see that we wondered what it was all about?" During the war he and his fellow-workers thought that the Partnership Plan had been "put in," as he said, "to pacify us and keep us from going to other factories. However," he

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hastened to add, "I will say that it looks now as if it were to be permanent."

The attitude of this operative seems typical. As the workers watched the plan grow from a single Board of Operatives with limited power, to their joint representation on the Board of Management and the Board of Directors with wide powers, and provision for an equal division of the profits between stockholders and workers, they naturally began to believe that the management was sincere and that their original suspicions that "strings were tied to the plan" were perhaps unfounded.

## ENTHUSIASTIC ABOUT PROFITS

Approach any operative in the bleachery and ask him his opinion of the Partnership Plan; he will tell you most frequently that what he likes best about it is the bonus which he receives periodically. By bonus he means his share of the half of the profits distributed to the operatives in accordance with the plan. I have no doubt as a result of interviewing almost every employe in the bleachery that the extra amount of money which each derives from the profit-sharing feature of the plan is what appeals to him most strongly.

Many of them speak wistfully and gratefully about the large amounts they received as bonus in 1919. It will be recalled that 1919 was a very prosperous year in textiles, as in many other lines of business. At that time, also, Dutchess Bleachery was tied up financially with the merchandising branch of the parent company in New York.<sup>1</sup> Inasmuch as the selling price of textiles was rapidly and constantly rising, the profits of the Dutchess Bleachery amounted to a much larger sum

<sup>1</sup> Deering, Milliken Company, of New York City.

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than the normal profits of the bleaching business. It was not an uncommon thing to encounter operatives who had received as their individual share of the profits for 1919 sums of money ranging from \$300 to \$400. I was told that very few who had worked for any length of time at all during 1919 received less than \$150 or \$200. In 1920 the bleachery was incorporated separately. This was fortunate, for the textile market took an immediate drop and thus the workers did not have to suffer any losses because of the crash in the price of cottons. Since 1919, profits of the operatives have been comparatively modest. Nevertheless, workers place at the head of all the features of the Partnership Plan the one that enables them to receive equally with the stockholders the profits of the company, or the "bonus," as they call it.

### LAUD MEASURES TO REDUCE ECONOMIC HAZARDS OF INDUSTRY

"The sinking fund is a fine thing," one operative said, expressing virtually the unanimous opinion of his fellow-workers. "Most workers when laid off through no fault of their own are left without any income for themselves and their families. That's the way it has always been with us. But now, under this Partnership Plan, we have put aside a sinking fund. It comes out of the profits. If the plant should shut down or if any one of us is laid off we get half of our regular wages. Isn't that a fine thing? The same holds good if we are taken sick. The company pays us half-time. Believe me, such things mean a whole lot to a workingman."

The enthusiasm and gratitude which characterized the attitude of operatives toward the provision for

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meeting the risks of illness and unemployment in the bleachery were so general and so outspoken that the question may well be raised why other employers, and especially large corporations which have contingency funds for almost every sort of depreciation, do not set aside similar funds from their surplus or earnings to protect their employes from these two burdens. The experience at Dutchess Bleachery shows that such a provision would go very far toward influencing workers to maintain a high standard of production.

Operatives at the bleachery are also appreciative of the life insurance policies which the management grants to every employe. "Just think," was the typical comment from one of the married men, "if I should die, my wife and children would continue to get my wages for a whole year after my death. That certainly is a great help."

The happiness and eagerness with which workers looked forward to their vacations during the summer of 1921 was almost pathetic. "Last year I had the first vacation of my life," said one man who had worked in the bleachery fifty years, "and I painted my house during the week." His house was his chief hobby, he told me, and he put all of his spare time in working on it. Others were planning fishing trips, visits to friends, and other pleasures. During lunch hours operatives scanned the vacation lists on the bulletin boards in order to reassure themselves that they had not made a mistake in the date of their vacations. The expectancy of a vacation to men who had never had one—except by sacrificing a week's wages—gave a spirit of light-heartedness to work, a fact which was singularly impressive.

## SHARING MANAGEMENT WITH THE WORKERS

### EFFECTIVENESS OF THE PLAN FOR ADJUSTING GRIEVANCES

The Partnership Plan was praised by some of the operatives because its machinery made it easy for employes and management to get together on any differences that might arise. "You know that some of us fellows are hot-headed," one man commented. "We are inclined to be hasty. If we have a grievance we might start trouble and want to call a strike or something like that. Under the Partnership Plan we have an easy way of meeting the management through our representatives on the Board of Operatives or the Board of Management. Thus, difficulties can easily be presented and adjusted."

Although, as we shall later see, not all grievances have thus far been voiced to the management, the adjustments of complaints have been satisfactory to all concerned. All employes in the box shop expressed approval of the increases granted them as a result of action taken under the Partnership Plan.<sup>1</sup> The salaried employes were equally satisfied with the adjustments made by the Board of Management of their complaint on salaries.<sup>2</sup>

### GOOD PERSONAL RELATIONS

In general, the men commented on the personal relations they enjoyed with foremen and superior officers. "We've got the finest bunch of foremen in the country," was the usual statement. "You don't hear any swearing and cussing and driving by the bosses here like you do in other factories." I was struck by the fact that, ex-

<sup>1</sup> See page 65.

<sup>2</sup> See page 71.



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cept in the case of one assistant foreman, workers had no complaints against foremen or bosses. Indeed, they had elected some of the foremen as their representatives on the Board of Operatives. All were men of fine sympathy and loyal supporters of the Partnership Plan.

This state of friendly personal relationship between men and superiors in reality antedated the Partnership Plan. With the purchase of the bleachery by the present owners, a better type of foreman was employed. But the plan seems to have further improved the relations between the men and the managerial staff.

## BRINGING LEADERSHIP TO LIGHT

Some operatives credit the Partnership Plan with giving workers who have ability an opportunity of becoming acquainted with the officers of the company and thus being considered when positions of responsibility arise. One member of the Board of Operatives pointed this feature out to me with emphasis. He referred to three members of the Board of Operatives who had been promoted when vacancies had arisen. He thought these promotions occurred because higher officials of the company had gained confidence in the men when they saw the ability they displayed on the Board of Operatives and the Board of Management. As I have already noted, two of these men—the present manager and the superintendent of manufacture—were, prior to their promotions, superintendent and foreman respectively. The third promotion consisted of giving the position of foreman of the sheet and pillow case department to one of the younger men of that department who had shown ability and good judgment as a member of the Board of Operatives and the Board of Management.

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Some men further pointed out that not only does the machinery of the plan enable workers with ability to know and to become known to higher officials, but also that the same machinery stimulates and develops the latent resources for leadership and management in the men who are elected as employes' representatives. Thus, I was told that one of the three men whose promotions I have just indicated was very timid and quiet, when he was first elected, about offering his opinions in general discussions. Gradually his powers of initiative and expression unfolded, until now he is one of the prominent leaders of the men in the bleachery.

## A VOICE IN MANAGEMENT

To a number of operatives one of the most significant features of the Partnership Plan was something they could not very easily express. One of them who had seen service with the company for many years tried to tell me how pleased they were about their position as men. "It gives the workmen a chance," he said. "No longer are rules made only by the bosses. The workers help to make them now. We have a say in what wages should be paid. There are no longer any secrets. We know what is happening, what orders are expected, how much cloth is going to be turned out, and how much money the company is making."

To this man and to others who could see the underlying trend of things, the plan offered an opportunity to become intelligent and effective personalities in the industrial establishment in which they had spent so much of their lives and would probably spend their remaining years. They were no longer only attendants of machines at so much an hour, but men with definite

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rights and responsibilities in the carrying-on of a large and successful enterprise. They had an articulate and respected voice in the management of the industry.

### ATTITUDE OF UNION MEMBERS

I have already indicated that only one group of employes in the whole bleachery is unionized. They are the folders. I looked forward with interest to meeting them. I knew, of course, that in general organized labor was opposed to shop committees, plans of industrial representation, and other methods for organizing industrial relations when introduced on the initiative of employers as distinguished from plans provided for in contracts signed between employers and trade unions.

Therefore I was prepared for an expression of hostility toward the Partnership Plan from the folders; and I purposefully delayed interviewing most of them until I had talked with operatives in all the other major departments. To my surprise I found that the folders were among the most enthusiastic and intelligent critics of the plan.

They told me that at first they were opposed to the scheme. While they did not show any active opposition to it, they were nevertheless unfriendly. They feared that it would destroy their union. But experience has caused them to change their opinion. In the first place, they see the benefits of the plan as such. "Any company," they said, "which limits the dividends on its stock to 6 per cent and then divides the remaining profit equally between workers and stockholders is all right." They pointed out to me the new interest which operatives were putting into their jobs because they felt that they were working for themselves. Furthermore, the

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folders were keenly appreciative of the provisions made for the hazards of sickness and unemployment, for vacations and the other improvements which had come with the plan.

The largest influence in winning the folders to the plan was, however, realization that the management was friendly and not hostile to their union. In the first place, the village club was thrown open to them for their union meetings. Their charter, which they hold from the United Textile Workers of America (affiliated with the American Federation of Labor), was hung in the reception room of the club. Their representative on the Board of Operatives had always been a member of the local union. Moreover, they found that they could present a demand to the management as a union without fear of discrimination or of being ignored. It was the folders' union which presented the request for a forty-eight-hour week in 1919, before the Board of Operatives made the recommendation already described.

Another incident which occurred just prior to this investigation shows the attitude of the management toward the folders' union. A former employe had returned to the folding department. While he was away his union membership had lapsed. Under the rules of the local union he was required to pay a fee of \$25 for reinstatement. This he refused to do. He thought the management would support him. In this he was mistaken, for he was given to understand that unless he was a member of the union in good standing he could not continue to work in the folding department. Rather than pay the fee he left.

All these incidents have convinced the men that the company does not wish to destroy their union. Conse-

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quently, with not a single exception, all the folders told me that they had seen no friction in the bleachery between the union and the Partnership Plan. But they all hastened to say, also, that their primary loyalty at the present was to the union; that if it ever came to a "show-down," they would "stick by" the union. For it is the union, they declare, that protects them in matters of wages and hours of work.

In considering the attitude of the folders, it should be remembered that they are considered the most skilled operatives of the bleachery, that as a group it would be difficult to replace them, that they have a strong national organization affiliated with the United Textile Workers, and that they receive by far the highest wages in the bleachery. Their rate of pay was 69 cents an hour at the time of this study, a rate which compares favorably with that paid skilled operatives in many other occupations. Consequently they feel that they occupy a strong strategic position, and they have for years been on a much better economic basis than the other operatives of the bleachery.

## A STAKE IN PRODUCTION

One of the most conspicuous facts that stood out in my interviews with the operatives is the direct and personal interest they expressed in the efficiency of the bleachery. They commented on the fact that a larger quantity of goods was being finished and a smaller quantity being spoiled than was true in the days before the Partnership Plan was in operation. They felt, most of the operatives said, that it was like working for one's self; the more you did, and the less you spoiled, the greater would be your income. "The cloth we are get-

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ting now after being processed," said one folder after another, "is coming to us in larger quantities and in a much better condition than before the plan was introduced. It is easier to fold and pack. Not so much has to be done over as formerly."

Many of the operatives spoke with pride of the daily and monthly production charts which are posted on the bulletin boards. "We turned out over 5,000,000 yards last month," said one man. "That's a pretty good record." And he went on to give the reason. "It's no wonder we are turning out a large output. It's just like working on one's own home. What you do belongs to you and not to some landlord. We know here in the bleachery that if we turn out more and better goods, we will benefit by earning more money. We will get half the profits."

All the foremen testified that since the introduction of the plan, the "will to produce" has been aroused and quickened. "Formerly when a rush order came and I had to put pressure on the men," said one foreman, "they would resent it. I would have to do some driving. Now there is no difficulty. The men jump to their work."

The foremen also told me that the men watched one another's work very carefully, and were quick to report and reform an operative who was careless and slovenly and who perhaps damaged goods. For the bleachery has to pay the owners of cloth for such damages and that means less profit for the employe-partners.

How the opportunity to share in the success of the bleachery has instilled a new enthusiasm for efficiency and loyalty in the operatives was also brought out vividly at the joint meeting of stockholders and mem-

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bers of the Boards of Directors, Management, and Operatives held in New York City on December 27, 1921. This meeting was called as the result of a request to the company by the stockholders to consider changes in the financial basis of the Partnership Plan already described in Chapter VI.

Expressions of opinion of the operatives' representatives present at the meeting about the effect of the plan on the morale of their constituents are significant because these men felt that the stockholders might demand changes which would eliminate the operatives' opportunity to share in profits.

The representative from the bleach house spoke of his experience in his department. "The men," he said, "received low wages. They used to be discontented and irritable. There was always a large labor turnover, but now there seems to be contentment and a better spirit throughout the room." The representative from the sheet and pillow case department testified that in his opinion a different feeling prevailed in his department and in the whole bleachery since the Partnership Plan had been established. Real co-operation, he declared, had been secured. The representative from the starch room spoke in a similar vein. He thought that the Partnership Plan was most successful. Profits were greater than ever before in the history of the company, and operatives were now interested in their work because they shared in them. This representative was an assistant foreman, and as such he stated that the job of being a foreman was "now easy because the men were interested in their work." A foreman did not have to drive them, but merely to point to the production chart and "explain that the goods must be got out on time

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and in good condition in order to insure profits in which every one of them will share. The men then willingly work hard to make a success of the business."

From the representative of the shipping and receiving department came similar testimony. Here before the Partnership Plan had been established a large labor turnover had prevailed. It was difficult to keep men outdoors doing the heavy work of loading the trucks in all kinds of weather. Since the plan had gone into effect he could recall no changes in personnel. Also "the gang used to grumble formerly and kick when large shipments of goods came down late in the afternoon to be got to the station, but now the bigger the shipments the better they like it, as they all say 'business must be good and there will be profits for us all.'"

Employes in the calender room showed a similar interest in the success of the business, declared their representative. The men talked to him every day about prospects of business and profits. All were anxious "to get out production." Operatives on the machines were so anxious to turn out goods that when they ran short of rolls of cloth they "would fairly grab them from the workers who had some to keep their idle machines running."

The superintendent of the bleachery strengthened the testimony of the workers' representatives. It was his particular duty, he said, to supervise production. Under the Partnership Plan he never had to drive anyone. Everybody helped. The men want all the work available, and the only questions asked of him by the employes as he goes through the different departments are whether they could not get more orders and turn out a larger output.



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The manager of the bleachery as well as the staff of the foundation engaged in making the study of the Partnership Plan felt that it would be significant to know to what extent the establishment of the Plan and the forty-eight-hour week had affected the efficiency of the workers and the rate of output. Each made separate studies using different measures of production. The complexity of factors in industry makes very difficult the task of attributing changes in output to any specific causes. We are as yet in the process of studying the data obtained from company records, and are not, therefore, prepared to state our conclusions. We may say, however, that our calculations thus far show that there has been an increase in production since the introduction of the plan. The manager of the bleachery also found an increase of production.

## DECREASE IN LABOR TURNOVER

The fact that the Partnership Plan has resulted in engendering enthusiasm and goodwill among operatives may perhaps also be shown by the decrease in the labor turnover of the bleachery. In 1919 the turnover was 56.5 per cent; in 1920, 36.5 per cent; and in 1921, 19.9 per cent. These percentages were furnished by the company. They were obtained by dividing the number of wage-earners who left the employ of the bleachery by the average number on the payroll for each year. Figures are not available for the year prior to the introduction of the plan. One should remember that general business conditions may, in part at least, explain these figures. Business depression late in 1920 and in 1921 may explain the low turnover for these years.

To the employees of Dutchess Bleachery the Partner-

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ship Plan has meant, in brief, an opportunity to have their grievances adjusted; partial relief for themselves and their dependents from the risks of sickness, unemployment, and death; the benefit of a week's vacation with pay; a share in the management of the bleachery; an equal division of the profits with the stockholders, an opportunity for the development and recognition of leadership; and perhaps as important as their greater financial security, the release of their enthusiasm, initiative, and interest in an effort to make the business in which they are engaged as successful and efficient as possible.

## CHAPTER VII

### OBSTACLES TO THE FULL SUCCESS OF THE PARTNERSHIP PLAN

**I**T IS true that the results achieved in the short history of the Partnership Plan are remarkable. Yet, only one who has been on the grounds and talked with the men and women who work in the bleachery can realize how serious are the obstacles yet to be overcome in laying a firm foundation for the successful operation of the plan.

#### THE NATURE OF THE INDUSTRY

In the first place, the nature of the industry itself, its processes, its personnel, and its traditions, present a heavy handicap. As we saw in Chapter II, the technical processes of bleaching are simple. The work of most of the operatives is essentially of an unskilled nature; they watch and tend comparatively simple machines—machines that are little more than an enlargement of the washtub, the boiler, and the wringer found in the laundries of their homes.

Such an industry will not in itself stimulate alertness, initiative, and a desire for power and leadership. Moreover, the women who constitute a considerable proportion of the force do not indicate in their conversation with an investigator that they are, under present conditions, interested in the industry as are the men workers.

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A fairly large proportion of them are Italians who understand little English and form, at least temporarily, a group hard to impress with new ideas. In addition, many of the employes are of advanced age and have been in the bleachery for so many years that it is difficult to arouse in them an ambition to become partners. They suffer from both skepticism and inertia. As for the young men with ability and initiative, many of them look forward to leaving as soon as a good opportunity presents itself. They realize that to remain in the industry means for most of them unskilled work at low wages, for, with the exception of the foremanship and the executive jobs, few positions of responsibility with adequate remuneration are to be found in a bleachery.

### LOW LEVEL OF WAGES AN OBSTACLE

Perhaps the most serious obstacle of all is the low wage level which prevails. Data about earnings copied from company payrolls for the seventeen-week period, January 1 to April 30, 1921, the substance of which we have already given in Chapter II, show just how low it is. Table 1 gives the distribution of earnings in the week in which the largest number of operatives worked full time or more, that ending on April 23, 1921. In this week 401 out of a total of 502, or 80 per cent of the employes who worked during the week, worked forty-eight hours or over. The table also gives the distribution of earnings by sex. Almost one-third of the operatives earned less than \$18, and over two-fifths less than \$20. Fifty-four per cent, or over half of the operatives, earned less than \$22. Seventy-seven per cent, or slightly over three-fourths of the operatives, earned less than \$26. Only 13 per cent earned \$30 or more during the week.

## OBSTACLES TO PARTNERSHIP PLAN

**TABLE 1.—DISTRIBUTION OF EMPLOYEES BY AMOUNT OF EARNINGS IN THE WEEK ENDING APRIL 23, 1921, AND BY SEX**

Earnings for week	Men		Women		Total	
	Number	Per cent	Number	Per cent	Number	Per cent
Less than \$10	4	1.1	12	7.9	16	3.2
\$10 and less than 12	5	1.4	11	7.3	16	3.2
12 and less than 14	6	1.7	31	20.5	37	7.4
14 and less than 16	6	1.7	29	19.2	35	7.0
16 and less than 18	33	9.4	14	9.3	47	9.3
18 and less than 20	42	12.0	20	13.2	62	12.3
20 and less than 22	49	14.0	11	7.3	60	11.9
22 and less than 24	56	15.9	11	7.3	67	13.3
24 and less than 26	36	10.3	9	6.0	45	9.0
26 and less than 28	21	6.0	2	1.3	23	4.6
28 and less than 30	27	7.7	1	.7	28	5
30 and less than 32	15	4.3	..	..	15	3.0
32 and less than 34	16	4.6	..	..	16	3.2
34 and less than 36	9	2.6	..	..	9	1.8
36 and less than 38	19	5.4	..	..	19	3.8
38 and less than 40	3	.8	..	..	3	.6
40 or over	4	1.1	..	..	4	.8
Total	351	100.0	151	100.0	502	100.0

As might be expected, most of the women are in the groups receiving low wages. Thus, not a single woman operative earned \$30 or over during the week. Ninety-seven, or 64 per cent of all the women operatives, earned under \$18, and 83, or over one-half of them, less than \$16.

Thus far we have considered earnings for the best week studied by us from the point of view of earnings. If we analyze the average earnings taken from the payrolls for all of the seventeen weeks, January 1 to April 30, 1921, we find that much larger proportions of the operatives are in the low-wage groups. Table 2 gives the distribution of employes according to the average

TABLE 2.—DISTRIBUTION OF EMPLOYES BY AMOUNT OF WEEKLY EARNINGS AND BY NUMBER OF HOURS WORKED PER WEEK DURING THE 17 WEEKS, JANUARY 3 TO APRIL 30, 1921

Average weekly earnings	Average hours worked per week									
	Less than 32		32 and less than 40		40 and less than 48		48 or over		Total	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
Less than \$10	9	1.5	5	.9	7	1.2	..	..	21	3.6
\$10 and less than 12	3	.5	5	.9	24	4.1	2	.3	34	5.8
12 and less than 14	..	..	12	2.0	28	4.8	11	1.9	51	8.8
14 and less than 16	1	.2	8	1.4	62	10.7	6	1.0	77	13.3
16 and less than 18	..	..	7	1.2	56	9.7	18	3.1	81	13.9
18 and less than 20	..	..	7	1.2	28	4.8	38	6.6	73	12.6
20 and less than 22	..	..	3	.5	37	6.4	42	7.2	82	14.1
22 and less than 24	..	..	..	..	11	1.9	36	6.2	47	8.1
24 and less than 26	..	..	..	..	7	1.2	19	3.3	26	4.5
26 and less than 28	..	..	..	..	1	.2	18	3.1	19	3.3
28 and less than 30	..	..	..	..	5	.9	16	2.8	21	3.7
30 and less than 32	..	..	..	..	12	2.0	8	1.4	20	3.4
32 and less than 34	..	..	..	..	7	1.2	8	1.4	15	2.6
34 and less than 36	..	..	..	..	..	..	8	1.4	8	1.4
36 and less than 38	..	..	..	..	1	.2	3	.5	4	.7
38 and less than 40	..	..	..	..	..	..	..	..	..	..
40 or over	..	..	..	..	..	..	1	.2	1	.2
Total	13	2.2	47	8.1	286	49.3	234	40.4	580	100.0

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weekly earnings and to the average hours worked per week during this period.

Only 40 per cent of the operatives averaged a week of as many as forty-eight hours. Forty-nine per cent of the operatives worked on the average between forty and forty-eight hours, 8 per cent between thirty-two and forty hours, and 2 per cent less than thirty-two hours per week.

The fact that so large a number of operatives work on the average less than a full-time week explains why a larger proportion of them is in the groups receiving low wages for the seventeen-week period than for the one week already considered. Thus, 45 per cent of the operatives, as compared with 30 per cent for the one week, earned on the average less than \$18 a week, and 58 per cent, as compared with 42 per cent for the one week, earned on the average less than \$20. Seventy-two per cent, as compared with 54 per cent for the one week, earned on the average less than \$22. Over four-fifths of the operatives, or 85 per cent, as compared with 77 per cent for the one week, earned less than \$26 a week. Only 8 per cent earned on the average \$30 or over. Only one operative earned as much as \$40 a week.

Table 3 shows the estimated annual income of the operatives in 1921, based on the data taken from the payrolls for the seventeen-week period just discussed. It is an approximation only, obtained by multiplying by 52 the weekly wages shown in Table 2.

Assuming that operatives earned during the remainder of the year the same average weekly wages as they did in the first seventeen weeks, 52 per cent, or over one-half, would have had an annual income ranging from \$700 to \$1,100. Twelve per cent of the operatives would

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**TABLE 3.—PERCENTAGE DISTRIBUTION OF EMPLOYES BY AMOUNTS OF POSSIBLE YEARLY EARNINGS AT RATES OF WEEKLY EARNINGS DURING THE 17 WEEKS, JANUARY 3 TO APRIL 30, 1921 <sup>a</sup>**

Possible yearly earnings	Per cent		
	Men	Women	Total
Less than \$500	1	6	3
\$500 and less than 700	3	32	12
700 and less than 900	22	33	26
900 and less than 1,100	28	20	26
1,100 and less than 1,300	20	8	16
1,300 and less than 1,500	12	1	8
1,500 and less than 1,700	8	..	6
1,700 and less than 1,900	5	..	3
1,900 or over	1	..	.5
Total	100	100	100

<sup>a</sup> Computed by multiplying average weekly earnings during period by 52.

<sup>b</sup> Less than .5 per cent.

have earned from \$500 to \$700, and 3 per cent, less than \$500. We find that 16 per cent of all the operatives would have earned from \$1,100 to \$1,300, 8 per cent from \$1,300 to \$1,500, 6 per cent from \$1,500 to \$1,700, 3 per cent from \$1,700 to \$1,900, and less than one-half of 1 per cent \$1,900 or over.

No study of the cost of living at Wappingers Falls has been made, but some basis for estimating the adequacy of the earnings of the operatives is afforded by the cost of living studies which have been made elsewhere. The most recent extensive study of this kind is one which was made for the United States as a whole by the United States Bureau of Labor Statistics in 1918. This study, which utilized records of the expenditures of 12,096 white families in 92 industrial localities, showed



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an average annual expenditure for these families of \$1,434.<sup>1</sup> This amount was assumed to be the average, or typical, cost of living for families in the United States in 1918. One of the lowest averages for any of the localities studied was that for Fall River, Massachusetts, which like Wappingers Falls is a textile community, though in size, character of population, and in other respects the two places are dissimilar. The average family expenditure found for 158 families in Fall River was \$1,320. If we allow for so small an increase as 3 per cent in the cost of living between 1918 and 1921, which is the least that is shown by the cost of living index of the Bureau of Labor Statistics,<sup>2</sup> this figure should be increased to \$1,360 in order to compare it with the wage figures for Wappingers Falls in 1921. On this basis of comparison it would appear that about 83 per cent, or over four-fifths, of the operatives of the Dutchess Bleachery earned in 1921 less than the average amount expended by wage-earners' families in the larger textile community of Fall River. This amount, \$1,360, it may be said in passing, is less than that called for by any of the so-called minimum of comfort budgets which have been calculated for wage-earners' families for recent years. For instance, it is \$744 less than the minimum of comfort budget calculated by William F. Ogburn for families of bituminous coal mine workers in 1920.<sup>3</sup>

<sup>1</sup> United States Department of Labor, *Monthly Labor Review*, August, 1919, Cost of Living in the United States, pp. 117-119. Washington, Government Printing Office.

<sup>2</sup> *Ibid.*, May, 1923, Changes in Cost of Living in the United States, p. 100.

<sup>3</sup> Dr. Ogburn's estimate was presented by the United Mine Workers of America in their report, *The Case of the Bituminous Coal Mine Workers*, to the Bituminous Coal Commission in 1920, Indianapolis, Indiana, p. 32.

TABLE 4.—DISTRIBUTION OF EMPLOYES BY AMOUNTS OF PROFITS RECEIVED AND BY AVERAGE WEEKLY EARNINGS DURING THE 17 WEEKS, JANUARY 3 TO APRIL 30, 1921

Average weekly earnings	Amounts received in profits in 17 weeks										Total
	Less than \$2.00	\$2.00 to 3.99	\$4.00 to 5.99	\$6.00 to 7.99	\$8.00 to 9.99	\$10.00 to 11.99	\$12.00 to 13.99	\$14.00 to 15.99	\$16.00 to 17.99	\$18.00 or over	
Less than \$10	7	7	1	..	..	..	..	..	..	..	15
\$10 and less than 12	3	5	10	10	..	..	..	..	..	..	28
12 and less than 14	3	3	8	35	..	..	..	..	..	..	49
14 and less than 16	6	5	8	26	31	..	..	..	..	..	76
16 and less than 18	1	2	9	10	55	1	..	..	..	..	78
18 and less than 20	..	5	5	3	28	30	..	..	..	..	71
20 and less than 22	..	2	6	6	3	56	5	..	..	..	78
22 and less than 24	1	1	5	..	2	6	32	..	..	..	47
24 and less than 26	1	1	..	..	1	1	15	5	..	..	24
26 and less than 28	..	..	..	2	1	..	2	13	..	..	18
28 and less than 30	..	1	..	..	1	..	..	14	5	..	21
30 and less than 32	..	..	2	..	..	..	1	1	16	..	20
32 and less than 34	..	..	..	..	..	1	..	1	6	7	15
34 and less than 36	..	..	1	..	..	..	..	..	..	7	8
36 and less than 38	..	..	..	..	..	..	..	1	..	2	3
38 and less than 40	..	..	..	..	..	..	..	..	..	..	..
40 or over	..	..	..	..	..	..	..	..	..	1	1
Total	22	32	55	92	122	95	55	35	27	17	552 <sup>a</sup>

<sup>a</sup> Exclusive of 28 employes who received no profits, including 26 whose term of service with the company was less than two months, and 2 who worked four weeks or less during this period.

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Nor have the profits received by the operatives affected their annual earnings to any large extent. It is true that in 1919 the operatives received fairly large amounts of money as their share of the profits. But, as already indicated, these profits were exceptional in the sense that they were earned by the merchandising department of the parent company in a rising textile market. Now that the bleachery is incorporated separately, there is little likelihood of its again making unusually large profits. For bleaching, as has been stated, is a service industry and work is solicited in the open market and on a narrow competitive margin of profit.

The financial statement furnished us by the company shows that the average annual earnings in 1920 and 1921 were, respectively, \$1,027 and \$1,044, and that the average profits received by the operatives in these two years were \$45.14 and \$56.15. But the profits tend to be distributed in proportion to earnings, and a large number of the operatives obtained less than these average amounts of profits in these two years. Table 4 apportions the employes by the amount of profits received in the seventeen weeks for which payroll data were secured and by average weekly earnings, and shows the relation between the amounts of profits and the amounts of wages received. It illustrates the fact that for the majority of the workers profits do not add materially to the weekly income.

The fact should not be overlooked, in discussing the low earnings of the operatives, that the real difficulty is the low wage level in the textile industry as a whole. The owners and managers, as well as employes, of the Dutchess Bleachery are victims of the low standards which prevail in the industry. Until the industry itself

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raises its standards of payment, the management of Dutchess Bleachery can do little to increase the wage of the men and women employed in it. The recent changes in the financial basis of the Partnership Plan, fully described in Chapter V, must be discussed with the oft repeated statement that bleaching is an occupation in which small wages are earned. The value of the modifications in the Plan cannot be estimated until they shall have undergone the test of experience.

No criticism can be made of the new provision for the annual distribution of profits, for it should stimulate saving. Nor should we object to the provision that part of the profits be in the form of preferred stock, so that a reserve may be accumulated to allow for the growth of the bleachery. It is the provision that the sinking fund for the stockholders be built up prior to the one for the employes that is open to question. Should not an annual living wage for the workers be charged to industry prior to any distribution of profits, and should not, therefore, a sinking fund to provide part-time payment for unemployment be established prior to one guaranteeing the stockholders an annual return of 6 per cent on their investment?

This question has special significance in an industry in which employes do not receive an annual income necessary to maintain a standard of living that provides for health, decency, and a minimum of comfort, and consequently offers little opportunity to save.

The fundamental problem, as already pointed out, is that of raising the wage level in the industry as a whole, for in a service business that is so competitive as bleaching, one company can do very little single-handed. Nevertheless, since the stockholders earned in two years

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an average of 8 per cent on their investment and this rate represents a good "wage" for capital, it may well be asked by operatives whether the spirit of real partnership was not violated by the provision that the sinking fund guaranteeing capital's income be established prior to that guaranteeing an amount even less than an adequate income to the employes.

Be that as it may, I am convinced, as a result of talking with the workers, that until the wage level is raised to a much higher scale, so that they will receive an income that will permit them to live on a level of comfort, the economic foundation of the Partnership Plan will be weak and the full enthusiasm of the operatives will not be aroused.

### COMMUNITY'S REACTION TO LOW ANNUAL INCOME

Wappingers Falls is a small isolated community. Such a community will ordinarily miss the stimulus of the large center in which the current of civic, intellectual, and spiritual movement is swifter. The mental attitude and social outlook of people who live in a village is, at best, bound to be more restricted and provincial than that of the urban dweller. They are more likely to be occupied with their own and their neighbors' small affairs, and to be suspicious of other people's motives. Moreover, men and women, who since childhood have worked for wages at not more than a subsistence level, and who have had to scrimp most of their lives, cannot suddenly acquire a new sense of values. They are not likely to look impersonally and generously at measures asserted to be for their benefit, unless they yield an actual financial return to them.

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Thus, I found some operatives who underrated the importance of the work of an employe in an executive position in a non-production department. Many did not see the need of maintaining a program of organized recreation in Wappingers Falls. Several workers criticized the village club. It was a useless expense, they said. It took money out of their pockets. Only a few loafers used it anyhow; why not close it up and give each operative a share of the expense now incurred in maintaining it? Playgrounds? Why the necessity for playgrounds in so small a village with surrounding fields and country? And most of them made these statements without knowing what it actually cost them per man for the maintenance of the club and playgrounds. When I pointed out that the club cost each operative only about \$4.00 a year, some said that if the cost was so small they were satisfied; others still insisted that they would rather have the \$4.00 than contribute that sum to something from which they derived no benefit.

The avenues which the Partnership Plan has opened for the expression of interest and ability have already had, as we said in Chapter VI, a broadening effect on the vision and outlook of the operatives. When the task of raising wages in the industry to a standard of comfort shall have been accomplished, and the means afforded to cultivate some of the pursuits that enlarge and quicken the spirit, one may expect in the workers a further liberation of generous impulses and interests.

### NO TRADITIONS OF GROUP ACTION

The fact that traditionally the workers have not been accustomed to acting together on their common problems offers an additional handicap to the operatives'

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taking full advantage of the plan. With the exception of the folders, they are not organized to protect themselves in such vital matters as wages and hours of work. Indeed, the larger corporations in the textile industry have opposed attempts made by labor unions to organize the workers. Consequently the habit of group action—if such a phrase is permissible—is not a characteristic of the workers in it.

### SUSPICION ABOUT PROFITS AND WAGES

In spite of the fact that, as already described, the operatives were enthusiastic about sharing profits, many were suspicious as to whether they were actually receiving half of the profits. "The company says we are getting our half of them, but how do we know that that is so?" was asked of me again and again in every department. I, in turn, asked the operatives why they did not appoint a committee to examine the books of the company. This had not occurred to some; others said that they did not have the "nerve"; while still others declared that they were workmen and the books "would be Greek" to them.

Another suspicion very frequently encountered among the operatives was that they were not receiving market wages, as required under the Partnership Plan. Here, again, the men queried, "The company says that we're getting market wages, but how do we know it? We have no way of telling." The fact, of course, is that neither management nor men know with accuracy whether they are receiving the same rates as are paid by competing bleacheries. There are no basic standards of wage payment in the industry. Even if the manager of one bleachery writes to another company for the sched-

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ule of rates, he cannot be sure that the work is exactly alike. Also, jobs may have similar names in two different bleacheries but the work may be entirely dissimilar.

Moreover, the principle that one company should pay the same rates of wages as its competitors does not afford sufficient protection for the employes unless it is accompanied with a definite procedure of arriving at basic standards for the entire industry and differentials for any establishment and for any job. Thus, in the summer of 1921, some of the employes felt that their rates of pay were too low. An inquiry made among other bleacheries did show, as a matter of fact, that while the average of all the rates was the same, some of the rates paid by Dutchess Bleachery were lower than those paid by competing concerns. A fair adjustment was made. But this incident shows the difficulty of determining a wage scale for a local establishment without the existence of a basic standard for the industry as a whole and without definite procedure for the application of the standard.

### THE HOUSING DIFFICULTY

A number of operatives showed little interest and even expressed hostility toward the Partnership Plan. When I traced this feeling to its source, I almost always found that dissatisfaction with the condition of the house in which the particular worker lived was the fundamental cause. Most of the operatives admit readily that the houses are much better than they were prior to the inauguration of the Partnership Plan, but they contend that even now they are in a poor condition. Unfortunately, this is true of some which are so old that it is difficult to remodel them into really good homes.



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They have no furnaces and are difficult and expensive to heat in the winter. Again—and this is the chief cause of complaint—the Board of Operatives is not liberal in its policy of papering and inside painting. It has made a rule that it will do over only one room for a tenant in a year. This policy is made necessary by the fact that wages are too low to permit an increase in rents, which alone would justify liberality in papering and painting. Altogether, the housing problem consumes two-thirds of the time of the Board of Operatives, much of the time of the executive secretary, and causes so much bitterness (among the women especially) that it creates an unfavorable attitude among the operatives toward the whole Partnership Plan.

### UNADJUSTED GRIEVANCES

Hesitation on the part of some workers to voice their grievances is another obstacle to be overcome, in spite of the fact that those grievances which have been presented have been satisfactorily adjusted. I found a number of complaints throughout the bleachery. Several operatives in one department told me that they were not receiving their week's vacation (1921) because of the unfairness or carelessness of the previous foreman. Under the rules, an unexcused absence means a reduction of the vacation. These men said that they had sent their excuses in but that their foreman had failed to take cognizance of them. Consequently, they were losing a day or more of their vacations.

Other operatives had complaints about their wage rates. They contended that they were doing just as hard work as some of their neighbors and yet did not receive the same wages. For instance, in the starch

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room a man tending a starch mangle was paid 35 cents an hour on a time basis. This netted him about \$3.00 a day. A man near him worked on a water mangle and was paid on a piece basis. If anything, the latter's work was a little more pleasant, for the cloth was cooler than in the starch mangle; yet working on a piece basis enabled him to earn about \$4.00 a day.

Some of these workers had reasonably strong cases, but I could not persuade them to present their grievance to the management. All that I could get was a smile and a nodding of the head. Further prodding disclosed two explanations for this hesitancy to take up grievances. In the first place, the Partnership Plan was really not clear on procedure. Nowhere in the plan could one find a description of the methods to be employed by an operative in attempting to present a grievance.<sup>1</sup> In the second place—and this is more fundamental—the operatives are afraid of losing their jobs. Foremen do all the hiring and discharging, and the men do not wish to antagonize their foremen by bringing up grievances against them or by going over their heads. I recall a conversation with one very intelligent American workman. Some time prior to my interview he had made several suggestions for improvements, and he had had no report on them. In addition, he thought that his wage rate as well as that of his fellow-craftsmen was too low. When I urged that he ought to take his grievance up under the Partnership Plan, he gave me a condescending smile and said, "You've been around the country enough and around factories enough to know

<sup>1</sup> This was remedied late in 1921 by publishing in *Bleachery Life* a clear definition of procedure. The operative was to take his grievance up first with his foreman. If he failed to secure a satisfactory adjustment of his complaint he was to go to the Board of Operatives.

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that a man who goes over the head of his foreman cooks his goose."

## FOREMEN AS REPRESENTATIVES

In 1921, of the ten members of the Board of Operatives two were foremen and one was an assistant foreman. Two of the three representatives of the workers on the Board of Management were also foremen. Under the rules of the Partnership Plan this is permissible, and during the first year of the plan the operatives registered no objection to the arrangement. In my interviews, however, I found a growing sentiment against permitting a foreman to be a candidate for the Board of Operatives or the Board of Management. Wage-earners felt that the foremen could not very well represent them. Oftentimes their interests were not identical. Moreover, a workman would hesitate to bring his troubles to a board on which his foreman sat. The chief objection to having foremen on boards came from the folders, who had had more experience, because of their union affiliations, with questions involving relationship between management and men. They pointed out that, under union rules, if a workman became a foreman he could no longer be an official or an active member of his union.

Personally, I think it would be wiser to grant the foremen representation of their own on the Board of Management and to limit the representation of operatives to wage-earners. I do not say this because I detected any glaring evils in the bleachery arising from the fact that foremen acted as representatives. On the contrary, in the first year of the plan they were undoubtedly very helpful in putting it on a strong-

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basis and in gaining considerable power for the operatives. The foremen grasped the Partnership Plan as a means of expressing their own views and of securing improvements in their departments. The situation was, however, unusual. In order that the operatives may develop leadership and avoid the dangers of acting through foremen, it is best that all of their representatives should be wage-earners.<sup>1</sup>

### LIMITED FEELING OF PARTNERSHIP

I made a deliberate attempt to discover whether the operatives had as yet developed the mental attitude of partners in the bleachery. I usually turned the conversation to profits, to market and financial conditions, to machinery, and in general to the larger questions of management and business in which the partners of any concern are normally interested. It was evident that the operatives felt that they had a definite stake in the success of the industry, but not that they were partners in the sense of being joint owners of the bleachery. With few exceptions they spoke the language of wage-earners. They felt that they were working for a good company, and they liked the Partnership Plan because it meant sharing profits, and protection when sick or unemployed. "Dutchess Bleachery is a fine company

<sup>1</sup>In the annual election held on December 27, 1922, the workers for the first time elected a Board of Operatives consisting entirely of wage-earners. In describing this incident, *Bleachery Life* said: "Sentiment has been increasing in the mill for some time to the effect that the Board of Operatives should be for the operatives only. At the same time it is recognized that the foremen did fine work on the Board and it is felt that they should be represented in the plan, perhaps nominating one of their own number to sit as one of the management representatives on the Board of Management. This may be one of the interesting problems for the new board to take under consideration." In 1923 the foremen were asked to elect a representative on the Board of Management.

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to work for," was a typical statement. "It treats the help well. It gives us market wages, a bonus, half-time when we are sick or out of work, life insurance, and vacations."

It is, of course, not to be expected that in a short period of less than three years, 600 men and women with the experience and background of operatives of the bleachery should change their mental attitude and habits from those of wage-earners to those of partners. The obstacles are too many and the time far too short for so revolutionary a change. And the operatives are not altogether wrong. As a matter of fact, the control of the bleachery rests with the stockholders. The stockholders elect the Board of Directors. They may at any time abrogate the Partnership Plan or eliminate any of the important provisions. Under the present conditions the operatives can prevent such action only by the amount of pressure they can bring to bear by protest. They can do nothing as partners, because so far their interest in the business has not been legalized in any form. Indeed they are not part owners of the bleachery. Under such conditions it is only natural that they should not feel that they are real partners. As several operatives said to me, "The company [meaning the stockholders] gave us the Partnership Plan and can take it away from us at any time it wants to do so."

### OBSTACLES NOT INSUPERABLE

It is easier to describe obstacles than to indicate methods to overcome them. Yet the obstacles to the Partnership Plan which I have thus far described are not insuperable. In the first place, the spirit of the plan itself has already begun to act as a broadening and

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stimulating influence, both in the bleachery and in the community. Participation in the business side of the industry will help to supply that intellectual stimulus which is wanting in the technical aspects. An opportunity to share in its direction and in its success will more and more stir the imagination and initiative of workers. This influence is already visible and will grow. The increasing interest of women in industry and in activities outside of the home will not be without its effect on the women workers of the bleachery. They will realize sooner or later that, married or unmarried, most of them will spend a great part of their lives in the bleachery in Wappingers Falls, or in some other industry elsewhere, or through someone else will be dependent on industry for the welfare of their homes. When they recognize this fact they will begin to take a keener interest in the success of the Partnership Plan.

As for the Italian workers—as soon as they learn English they will realize that here at least is an employer who does not look at them as mere mechanical force. With their European background of participation in co-operative movements they will no doubt take advantage of the opportunity of being partners.

The housing problem should be solved by the Board of Directors. Inasmuch as a large number of the operatives live in buildings owned by the company, would it not be for the best interest of the work of the bleachery, the moral influence of the plan, and the happiness of the workers, to have them put into the best possible condition without delay? The good work that has thus far been done by the Board of Operatives in improving them should be brought to quick completion. If a substantial increase in wages in the industry as a whole

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cannot be obtained and a higher rental asked, the Board of Directors should appropriate, if it is at all feasible, sufficient funds from capital to enable the Board of Operatives not only to complete the major repairs and improvements yet needed in some houses, but also to do all the inside painting, papering, and remodeling that is still so necessary in most of these homes.

### NEED FOR A PERSONNEL DEPARTMENT

The fact that many operatives are suspicious as to whether they are receiving half of the profits and are being paid the market rate of wages, and the fact that they hesitate to take their grievances up with the management, show the need of a special department in the bleachery which will deal with the problems of human relations as distinct from those of production.

A personnel department would concern itself with such problems as have been indicated in this chapter. In the first place, it would have supervision of hiring, promoting, and discharging. Then again, such a department would work out a method of informing the workers in a simple way about the earnings of the company. It would make constant investigations of the wages prevailing in the industry, would ascertain that the highest rate possible was paid in the bleachery, would develop a program to educate operatives in their rôle as partners, and would encourage them to make further use of the machinery of the Partnership Plan so that it might become a more vital part of their daily activities in the bleachery. A personnel department would help the foremen in that it would assume responsibility for maintaining and training an adequate

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personnel, and thus release them to give their full time and energies to production problems.

### THE WAGE LEVEL A SERIOUS PROBLEM

The low level of wages is a most difficult obstacle to the success of the plan, since it is a nation-wide problem of the whole textile industry. I have already described how, in January, 1921, operatives, managers, and stockholders requested the federal government to make an investigation of wages and cost of living in the industry.<sup>1</sup> No such investigation was undertaken, and in December of that year the operatives, through their representatives, again suggested to the stockholders that a scientific study of the local cost of living be undertaken. They desired a reasonable standard of living as one of the fundamental principles of the plan. Perhaps if the bleachery partners are sufficiently persistent, a general conference of the representatives of stockholders, of technical men, and of operatives, together with representatives of various labor unions having jurisdiction in the textile industry, may be called at some convenient place, the object of which will be, first, to institute an investigation into wages, cost of living, standards of production; and second, to decide through mutual agreement on basic industrial standards. At any rate, both operatives and managers of the Dutchess Bleachery are hoping that some such nation-wide study may soon be undertaken to establish reasonable wages and industrial standards, for they realize that without them they are helpless to make great progress in their co-operative venture in Wappingers Falls.

<sup>1</sup> See page 63.



## CHAPTER VIII

### SIGNIFICANCE OF THE PARTNERSHIP PLAN AS AN EXPERIMENT IN INDUSTRIAL RELATIONS

**T**HERE can be no doubt that, in spite of the obstacles yet to be overcome, the Partnership Plan has had a very real success from the point of view of the workers as well as from that of the stockholders. Not only do operatives feel that they have a stake in the success of the business, but the active owners realize that a policy of co-operative management such as obtains in the bleachery does not necessarily mean a decrease of dividends. On the contrary, earnings on capital in the Dutchess Bleachery were, as we have seen, comparatively high in 1920 and 1921, in spite of the general business depression which prevailed throughout the country during the latter year.

The plan was sponsored as an expression of a new labor policy by the most active stockholders of the company. One of them personally supervised the original drafting of the Partnership Plan and introduced it to the operatives. At the time he was treasurer of the company, and he later became its president. Always among the most interested members of the Board of Directors, he has also, from the time of its organization, been a member of the Board of Management. He has acted as spokesman of the owners at

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mass meetings of employes, and at the same time has constantly fostered the participation of the workers in the various functions outlined in the plan and encouraged them to assume greater powers in the conduct of the bleachery.

Associated with the president on the Board of Directors and on the Board of Management, was the sales manager of the company whose office is in New York. He also represented the stockholders. From the first he displayed a keen interest in the Partnership Plan and fostered its growth in every respect. In short, the operatives as well as the executive staff in Wappingers Falls were given to understand that the owners were enthusiastically behind the new policy of partnership in industry.

In addition to having authorized the establishment of the Partnership Plan, the Board of Directors, with the approval of the workers, appointed a man as executive secretary of the Board of Operatives who not only knew the minds of the employes, but also had a progressive attitude of his own on the subject of industrial relations. He knew, too, the minds of the active stockholders, and how much support he could expect from them if he found it necessary to take issue with the local executives of the bleachery in the interests of the operatives. Confident of support from the owners, he proceeded to awaken and stimulate the workers' initiative. In response, they developed leadership, a sense of responsibility, and an ability to participate in the important tasks of community and factory management.

Nor, as has been explained, was a rigid plan set forth at the beginning for workers and the administrative staff to abide by or leave. On the contrary, the plan

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was permitted to grow with the operatives' increased desire for power and their ability to assume responsibility.

Again, the Partnership Plan was not introduced in an atmosphere of clash and friction or as a substitute for demands put forth by the workers under the leadership of labor unions. No strike preceded its establishment. Representatives of trade unions had made no effort to organize the employes; and on their part, executives of the bleachery had always shown a favorable and cooperative attitude to the only local union present—that of the folders. The introduction of the plan was not, in short, accompanied by a contest with organized labor, and therefore did not meet with opposition by the spokesmen of labor unions.

Finally, and perhaps most important of all, was the fact that the operatives were offered something concrete, something definite, something that could be translated and made vital to them in their everyday experience. Here was a plan which embodied three concrete principles of partnership: The workers were to have a knowledge of all the facts involved in the business; they were to have representation on all important boards which formulated policy and decided on action; and after they had received market wages, and the stockholders had received a dividend of 6 per cent, and the two sinking funds had been set aside, they were to share profits equally with the stockholders. By granting these concrete powers and opportunities to the operatives, the owners of the bleachery showed that they were sincere in their desire to make the workers real partners in the business.

Another factor which made for the successful growth

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of the Partnership Plan was the co-operation given to it by the production staff of the bleachery. Superintendent and foremen saw in it an opportunity to share, with the local manager, in the solution of housing and production problems. They felt that in improving living and working conditions they had an identity of interest with the operatives. The workers, on their part, looked to their foremen and superintendent for leadership. Consequently, some of the latter were elected to the Board of Operatives. Later, when the manager resigned, the superintendent was selected to be manager, and one of the foremen to be superintendent. Both of these men had been on the Board of Operatives and were enthusiastic about the Partnership Plan, and they determined to make it even more successful than it had been.

The interest of the community was also recognized in the new organization of the bleachery. In locating an industry in a place or in establishing working standards, no method has as yet been evolved to represent the interests of consumer and community, but the attempt was made in Wappingers Falls by electing one of its leading local citizens to the Board of Directors.

How has this co-operation fared? At the time of this study the Partnership Plan had had a history of three years, a period all too short in which to measure the efficacy of a new labor policy, but one that makes the record of the plan all the more remarkable.

The Board of Operatives, consisting of elected representatives of the workers, has performed an almost herculean task in the company houses. Assuming the management of these when they were dilapidated and

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unsanitary, it has built new foundations, put on new roofs, installed water and sewer connections, painted almost all of the buildings until the village has assumed a new aspect. Similarly, the board inaugurated an educational and recreational program for the leisure time of the people of the village. Baseball, basketball, dances, games for children, classes in cooking, stenography, economics, and Italian, and English to Italians, were provided for evenings and week-ends.

As managers, the representatives of the operatives have displayed good business judgment. Not only have they utilized the machinery of the Partnership Plan to present and adjust grievances, but they have cooperated in the constructive tasks of running a factory. They have suggested such methods of increasing efficiency as time clocks, foremen's conferences, and mass meetings. Together with representatives of the stockholders, they elected the present manager and superintendent. The whole tenor of their participation has been not "How much can we get out of the bleachery for ourselves?" but "What can we do to make this a successful and efficient business enterprise for everyone concerned?"

The Partnership Plan has revolutionized the attitude of the operatives toward production. All the foremen have perceived a new alertness on this subject among the men. To cut down waste, to make certain that no goods were spoiled in the process of bleaching, to finish the greatest number of yards, meant an increase in profits and a larger net income to each operative. Here was an incentive, direct and personal, such as only proprietors of a business have heretofore experienced. The partners at Wappingers Falls point to the fact that

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while, during 1920 and 1921, other bleacheries were often idle, their mill did not suffer unduly because of the business depression. On the contrary the company earned comparatively high dividends in these years. Operatives feel that this was due to their partnership spirit and "the partnership finish" in bleaching.

Such have been the accomplishments of the stockholders, managers, and operatives of Dutchess Bleachery in the short period of three years, in spite of the very real obstacles outlined in this report. The stockholders have taken the initiative in laying the foundation of the plan and in stimulating its development. The operatives have shown a growing ability to participate in important community and managerial functions with intelligence and responsibility.

Do any dangers menace the Partnership Plan? At the end of 1921 two factors constituted a serious menace. One we have already mentioned a number of times. It is the low level of wages throughout the industry. Until the annual income of the operatives can be so increased that they will be able to enjoy a reasonable standard of living their full enthusiasm as partners cannot be aroused. Fortunately, all those behind the co-operative venture in Wappingers Falls fully realize this fact, but they are helpless to effect the fundamental remedy until the industry as a whole raises its standard. Hence they are hopeful that before long some influence will cause the textile interests throughout the country, as well as labor leaders and government officials, to meet with the object of establishing reasonable standards in the industry. They are urging such action, and until it is taken are at a standstill.

The second factor which constitutes a fundamental

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weakness of the Partnership Plan is that all the members of the Board of Directors (which authorized the plan) are elected by the stockholders, and ultimate power rests with them as owners of the capital of the business. Indeed, as has been indicated, many of the operatives have expressed the opinion that the Partnership Plan may not be permanent.

The question may well be raised at this point—will workers, even with an equal sharing of profits and with representation in boards of management, regard themselves as proprietors? The operatives of Dutchess Bleachery do not seem to feel that they are part owners of the bleachery. In their view ultimate power rests with those who hold the stock. Perhaps some company may attempt the experiment of affording the operatives a sense of ownership in a business through papers of incorporation or by vesting the ownership of the business in a joint board that represents, in just proportions, stockholders, managers, and operatives. Until such an experiment is tried, it is impossible to say how completely the feeling of partnership in its fullest and most real sense may be developed in wage-earners engaged in modern industry.

Regardless of its limitations, the fact remains that the Partnership Plan of the Dutchess Bleachery, Inc., is one of the most advanced, most sincere, and most comprehensive schemes of industrial relations introduced into industry on the initiative of the employers. Moreover, it brings to light the absentee-landlord in a new rôle—that of promoting a democratic relationship among the various branches of an enterprise.

To generalize is dangerous, but several fundamental lessons emerge from the experience of Dutchess Bleach-

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ery for the enlightenment of those who, facing a similar situation, wish to grant workers participation in important functions of management. In the first place, the policy must be endorsed by the owners or by those who have real power of decision. Secondly, some one must be placed in charge of the administration of the plan embodying the labor policy of the company who knows the mind of those having the real power, so that he may have the necessary confidence to push the interests of the workers against what may even be opposition on the part of the executive in charge of the factory. Needless to say, the administrator of the plan must be one who can stimulate and develop leadership among the workers as well as co-operate with such leadership as is already available. It is clear that he must also know how to co-operate with the local managers, superintendents, and foremen.

In the third place, the plan should not be a rigid one. It should be simple at its beginning and should permit of expansion with the growth of initiative and ability in the workers. In the fourth place, it should not be presented to the workers as a substitute for any other plan or organization requested by them in co-operation with national unions, and its purpose should not be to nullify or compete with union organization. Had the Partnership Plan in any way attempted to destroy the effectiveness of the folders' local branch of the United Textile Workers, they would undoubtedly have led an active fight against the plan, and, although less than one-fifth of the total personnel of the workers, they would very likely have been able to undermine the confidence of all the operatives in the sincerity of the owners. The motives of the owners would have been suspected from



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the very beginning and the plan would never have made a good start.

Again, in order to awaken the interest of the workers, any scheme for industrial relations must give them real power and an opportunity to improve their status. The response of workers will be in proportion to this power, to the extent in which they share in the conduct of the industry, and to the amount of improvement in their economic status. In Dutchess Bleachery, where owners and operatives share equally in the profits of the business, there has been no question about the response of the workers to any reasonable demand made by the management to increase the efficiency of the industry.

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