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NOTE AU SUJET

DU

PROJET DE COOPÉRATION INDUSTRIELLE

[ 585 .1 & 585 .52 ]

## NOTE AU SUJET DU PROJET DE COOPÉRATION INDUSTRIELLE

DE M<sup>r</sup> FAIRFAX HARRISON,

Par LIONEL WIENER,

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Dans la belle conférence de M<sup>r</sup> Fairfax Harrison, sur l'histoire de la lutte presque séculaire entre le capital et le travail, avec application spéciale à l'économie des chemins de fer et dont le *Bulletin du Congrès des chemins de fer* a publié un résumé <sup>(1)</sup>, un point demande un examen plus approfondi : c'est la proposition même de coopération par laquelle M<sup>r</sup> Harrison termine son exposé et qui consiste à faire varier les salaires d'une façon directement proportionnelle aux recettes brutes. Il y voit la solution définitive du long conflit engagé.

Ce principe, séduisant au premier abord, ne paraît pourtant pas pouvoir résister à une expérience pratique, pas plus que les autres tentatives de coopération qui, ainsi que M<sup>r</sup> Harrison le reconnaît, ont échoué. En ramenant le système qu'il propose à sa forme la plus simple, il revient à intéresser le personnel proportionnellement aux recettes brutes au lieu des recettes

nettes des essais antérieurs. Incontestablement, c'est un progrès puisqu'il élimine les causes de méfiance qu'un manque de connaissances ou de compréhension des recettes directes et indirectes (et parmi ces dernières il faut ranger toutes les charges financières) a forcément fait naître chez le personnel ouvrier.

Mais le système Harrison paraît ne pas tenir compte de deux facteurs importants du problème : l'influence des variations des recettes brutes sur la vie individuelle du personnel, et l'action de la masse du travail indépendamment souvent de ces recettes ou de leurs variations, parce que cette masse est une force et que rien, dans le système proposé, ne l'empêche d'user de sa puissance lorsque l'occasion en sera propice.

Examinons donc successivement chacun de ces points, et supposons que l'on ait appliqué à un réseau déterminé le principe de rétribution du personnel proportionnellement aux recettes brutes.

Nous avons deux variables : le nombre

(1) Numéro d'avril 1913, p. 361.

nécessairement qu'il commence à croître ensuite du renchérissement de toutes choses, quoique cette croissance soit mitigée par les progrès de la science des chemins de fer.

Or, quel est l'industriel dont les frais augmentent qui ne trouve la solution simple de vendre d'autant plus cher ? Pourquoi faut-il que l'industrie des chemins de fer soit mise à l'écart de la plus élémentaire des règles d'économie industrielle ?

On admet que les industries produisant les éléments qu'elles utilisent augmentent leur prix de vente proportionnellement au prix de production, et c'est logique. Les aciéries lui vendront des essieux plus cher ; les mines lui fourniront un charbon plus coûteux ; ses traverses auront augmenté de prix. Pourquoi, dans ces conditions, les chemins de fer ne pourraient-ils relever leurs tarifs ?

Certaines lois gouvernent l'universalité de la production humaine ; l'on ne peut y soustraire un élément sans que l'ensemble ne devienne boiteux.

Notez d'ailleurs que si, d'une part, l'aciérie peut augmenter son prix de vente proportionnellement à l'augmentation de son prix de production, dans les cas où les chemins de fer fabriquent leur propre matériel, la même hausse de prix de production du même matériel ne les autorise pas à élever d'autant leur prix de transport !

Certaines administrations d'État sont d'ailleurs entrées dans cette voie : l'administration des chemins de fer de l'État prussien et celle de l'État hongrois, pour n'en citer que deux exemples ; d'autres l'étudient, telle celle des chemins de fer de l'État belge.

Au point de vue de la lutte du capital et du travail, qui nous occupe tout spécialement, le résultat souhaité par M<sup>r</sup> Harrison et par tous ceux qui étudient l'économie des chemins de fer, sera atteint, car *il n'y a que la masse elle-même qui puisse régulariser les mouvements de la masse.*

La lutte du capital et du travail qui influe surtout sur le grand public, est forcément soumise à l'intervention des pouvoirs qui en sont l'émanation. Or, si ceux-ci, il y a un siècle, représentaient presque exclusivement le capital, son influence a diminué au profit du travail, si bien qu'actuellement, dans nombre de pays et notamment aux États-Unis, c'est celui-ci souvent qui dicte la loi à celui-là.

De tout ceci il résulte qu'il est logique qu'à toute hausse de salaires (consentie le plus souvent après pression des pouvoirs publics) corresponde une hausse des tarifs. Tant que ces hausses de salaires seront justifiées, elles seront possibles, jusqu'à ce que l'équilibre entre l'industrie des chemins de fer et les autres industries soit atteint. A partir de ce moment, les grandes masses qui ne font pas partie des chemins de fer protesteront, et la législation soutiendra le capital au lieu de le poursuivre, sans qu'il soit indispensable de recourir à la nationalisation des chemins de fer ainsi que M<sup>r</sup> Harrison le pense.

Et ceci aura lieu automatiquement, parce que l'industrie des chemins de fer occupera sa place logique dans l'économie générale et que son rôle social sera d'accord avec l'évolution de son époque.

[ 583 .1 & 583 .52 ]

## NOTE ON Mr. FAIRFAX HARRISON'S SCHEME OF INDUSTRIAL CO-OPERATION,

By LIONEL WIENER,

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In Mr. Fairfax Harrison's able address on the subject of the industrial conflict which has been going on for nearly a century between capital and labour, and on its effect upon railways, a summary of which has been published in the *Bulletin of the Railway Congress* (1), there is a point which requires more thorough examination, and that is the scheme of co-operation with which Mr. Harrison concludes his address, and which consists in making the wages vary in direct proportion to the gross receipts. In this he sees a decisive remedy for this long conflict.

This principle, which seems seductive at first sight, does not, however, appear to be able to survive practical trial, any more than the other attempts at co-operation, which have failed, as Mr. Harrison recognizes. Reducing the system he proposes to its simplest form, he adopts the plan

of remunerating the men concerned proportionately to the gross receipts, instead of the net receipts as formerly tried. Undoubtedly this is an improvement as it eliminates the causes of distrust which a lack of knowledge or of comprehension of the direct and indirect receipts (and among the latter all financial charges require consideration) has engendered among employees.

But the Harrison system does not seem to allow for two important factors of the problem, namely the influence of the variations in the gross receipts and individual life of the employees, and the effect of the mass of the workers often independently of these receipts or their variations, because that mass is a force; and nothing in the system proposed, prevents that mass from using its power when there is a favourable opportunity.

Let us then examine each of these points in succession, and let us assume that on a

(1) No. of March, 1913, p. 200.

given railway this system of paying wages in proportion to gross receipts has been established.

We have two variables : the number of units in each category of employees and the receipts themselves.

The share which each of the units forming each of the categories receives cannot be a *fixed* one, as the number of these units varies in a way not exactly proportional to the variations in the gross receipts. This is due both to the conditions of working, which are continually varying, even from one point to another, and to the very diversity of the sources of the receipts. The extra staff required, for passenger trains, for instance, if that traffic increases, has nothing in common with the extra locomotive men required if the coal traffic increases. That is a first cause of the instability of the shares. There are other causes as well.

Let us assume that the gross receipts increase, and that at that moment the line is already operated as economically as possible. It will be necessary to increase the staff, and the old employees will benefit very little by the increase in the receipts. If, on the other hand, the maximum economy has not been attained, either because something had been overlooked, or because the nature of the traffic was such that it was impossible to attain it, it is probable that the company will be able to work a greater or smaller portion of the extra traffic with the existing staff, and the latter will benefit by part of the surplus.

One sees how the nature of the traffic, and the way in which it is operated, has a direct effect on the system proposed ; and that means that ultimately it is the

working coefficient which has a direct influence, and that one once more has the disadvantages inherent in the system of taking the net receipts as basis.

Here is another point which requires consideration. The great industry of railways, like all other industries, is liable, after periods of great activity, to arrive at periods of stagnation, or even of retrogression.

What will be the position of the employees at the end of such a period of activity, when they see their wages or allowances reduced, when they are, in many cases, doing exactly the same amount of work? Even if they put up with this the first year, does it not seem certain that there will be discontent? And if the depression continues or becomes more marked?

Mr. Harrison quotes the case of the workman who tells him that in spite of his increased pay he is not better off, because his expenses have also increased. Now consider him with his pay reduced, and with expenses that he will only be able to reduce with difficulty, because new habits soon become necessities. Will he long continue to remember the *purely theoretical* and more or less exact justice of the proportionality of wages and gross receipts?

Moreover, besides these cases which may be termed « internal », there is a disturbing « external » influence, and that is the increase or decrease in the cost of living. The great developments of traffic and the increases in the cost of living are not synchronous. And it will necessarily result that an increase of wages, an « absolute » increase, will coincide with an increase in

the price of food or rent, and will hence be considered a decrease.

Looking at it from this point of view, the defect of the system is the absence of any regulator, of any fly-wheel. Perhaps it is possible to find a remedy, at least a partial one, by providing for this. Besides the shares going to the employees and to the company itself, one can have a share intended to feed a reserve fund, which could, to some extent, counteract some of the inequalities which we have mentioned. But only «to some extent», for that fund itself may become too small, and secondly because the method of accumulating and distributing it will give rise to almost as many objections as the system of wages at present adopted by the existing companies.

We now have to examine the second factor which we have mentioned, namely the mass of the workers, considered as a force. It is more difficult to allow for this factor, because it acts independently of direct causes. Only the common interest impels it. If wages have decreased during two or three years, or if, for causes quite independent of the railways, the general prosperity of the masses has received a set back, either absolute or relative, the sharing in the gross receipts will wholly fail to prevent a strike movement with the object of obtaining an increased share or of fixing a minimum wage for each category, and later on, of increasing that minimum.

Fundamentally, Mr. Harrison's system is an application of the piece-work system to railways, such as has existed for years in mines and many other industries. Has this system prevented conflicts between

capital and labour during the last three-quarters of a century? Has it even moderated them?

We hardly venture to ask whether it has not promoted them.

In this connection, we may be allowed to quote a typical case which turned up during the general strike which just occurred in Belgium. A single case proves nothing, but it may be a guide.

Only one coal-pit among all those in the Charleroi district went on working normally; and that was the Amercœur pit. That was the only pit where men were paid by the day or by the hour, not by the piece, that is to say, where the payment was independent of the result (gross receipts).

Mr. Harrison decides in favour of the co-operation of labour and capital, and that solution is logical in case of a theoretical organization, although it seems that the formula he proposes requires modification. But the required conditions are only to be met with in exceptional cases. They appear applicable in small enterprises and to men sufficiently well educated not to allow themselves to be swayed by the movements of the masses.

On the other hand, the danger which railways run is evident, and it is necessary to look for the remedy; for it exists.

In spite of the constant progress of science, working expenses have been increasing continually; materials cost more, labour costs more. Although gross receipts have increased in consequence of the growth of the railway systems and of the traffic, the net receipts have not advanced in a corresponding ratio. The working coefficient has been reduced as

much as possible; and it must necessarily again increase in consequence of the rise in the prices of everything, in spite of the progress in the science of railway engineering.

Now what trader is there whose expenses increase who does not try the simple remedy of increasing his prices? Why should railways be placed outside the operation of the most elementary rule of industrial economy?

It is admitted that industries producing the materials which railways utilize, increase their selling price proportionately to the cost of production, and that is logical. Steel works sell their axles at a higher price; mines supply them with dearer coal; sleepers cost more. Why, such being the case, should railways not raise their rates?

Certain laws rule the whole of human productivity; one cannot remove one factor without making the whole lopsided.

Besides, we may note that although, on the one hand, the steel works can increase their selling price proportionately to the cost of production, in those cases in which railways manufacture their own rolling stock, the same increase in the cost of production of the same rolling stock does not authorize them to increase their rates for carriage by a corresponding extent.

Certain State railway administrations have, however, adopted this principle; that of the Prussian State Railway and that of the Hungarian State Railway, to give only two examples. Others are studying the question, for instance the Belgian State Railway.

From the point of view of the conflict of capital and labour, which we are considering, the result desired by Mr. Harrison and by all those who study railway economics, will be attained, for *it is only the masses themselves who can regulate the actions of the masses.*

The conflict of capital and labour which after all affects the general public, is necessarily subject to the intervention of the powers which originate it. A century ago the power was nearly wholly in the hands of capital; but now the influence of the latter has decreased and that of labour increased, and that to such an extent that in many countries, and in particular in the United States, it is labour which dictates to capital.

It follows from all this that it is logical that after every rise in wages (most frequently agreed to after pressure has been brought to bear by the public authorities) there should be a corresponding increase in the rates. As long as these rises in wages are justified, they will be possible, until an equilibrium has been established between the railway industry and the other industries. When that point has been reached, the masses which do not participate in the railway will protest, and the legislature will then support capital instead of opposing it, without any need for nationalizing the railways, as Mr. Harrison thinks.

And this will happen automatically, because the railway industry will occupy its logical position in the general economy, and its social function will be in accordance with the evolution of its epoch.