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"CAPITAL AND LABOR"

(National Catholic Welfare Council,
N.C.W.C. Dept. of Social Action.)

Father John A. Ryan, D. D., Director of the Social Action Department of the National Catholic Welfare Council, has written a timely pamphlet on "Capital and Labor." The purpose of the pamphlet is to seek methods of harmonizing the difficulties that arise between capital and labor.

"The interests of capital and labor are identical in a general way and in the long run, but not at every point of their mutual relations nor at every moment of time. In general, it is to the common interest of capital and labor to make their joint product as large as possible; for the greater the dividend, the greater will be the shares of both. This proposition is true of every case in which the proportion of the whole product obtainable by labor is fixed at the outset of the productive process." Because, however this is not always the case there are times when it is to the interest of particular groups of labor, who have a monopoly on a particular type of labor, to diminish production, stretch out the working time, and expand the total amount of wages. But if all kinds of workers were strongly organized and were to attempt this, the general decline of production would lower the standard of living and harm all the workers.

"The interests of labor and capital are not identical in the division of the product. The greater the share received by labor the less will be the share of capital. This is a mathematical fact. Inasmuch as the material interests of capital and labor are identical in some respects and opposed in other respects, the duty of every lover of peace and justice is to emphasize and extend as far as possible the field of common interests and to reduce to its lowest attainable dimensions the domain of antagonistic interests. The most effective means to this end would be religion; for, as Pope Leo XIII declares, it reminds each class of its duties to the other, and especially of the obligations of justice." At the present, however, "only a minority of either capitalists or laborers ask themselves sincerely and searchingly the question: 'What does justice require of me in this controversy with the other party to the industrial contract?'"

Lack of contact between the employer and his employees compels the employer to treat his men as "a collection of productive units." But personal relationship can only be restored in the typical business concern of today through organization and representation. Representatives of the owners can meet with representatives of the employees to restore the lost personal relationship of the old time business firm.

The oldest type of organization is the labor union. Dr. Ryan in explaining words of Pope Leo on the right of organization says that they "mean in practice that labor organizations should be accorded the right to choose freely, without restriction by employers, the persons who are to represent them in their dealings with the employers. As compared with capital, labor has always been the weaker party in negotiations about wages and other conditions of employment. To attain a position of approximately equal bargaining power, laborers must act as a body, and the individuals, who represent them in the bargaining process must be the most effective that they can find. Such representatives are generally the officers of the unions." More skillful in bargaining and not dependent on the graces of the employer for their livelihood, they help to make the bargaining

power of the employees and employers less unequal.

"While the national trade union, or labor union, is still necessary for the protection of the workers, it has certain definite and considerable limitations. Its function is to defend the interests of the employee against the aggression or the obstinacy of the employer. Of itself, primarily, formally, the labor union is not concerned with a larger product or a better product."

"Today, more than ever before, the great and immediate need of society is for more and better products. This need cannot be met except through the willing and honest co-operation of the workers. His industrial position must be so modified that he will find himself in some degree a partner in the enterprise rather than a mere executor of orders, or animated instrument of production. In modern industry, where the operation of an industrial unit requires the concerted action of many persons, the exercise of directive capacity by the worker can be obtained only through organization and co-operation. The question is not whether the worker shall be an employee or the manager of a small shop or a small farm. It is whether he shall be a mere executor of orders, or whether he shall participate, in common with his fellow-workers, in some of the operations of management. It is mainly in the industrial or productive department of a business that labor participation in management can become beneficial to employees or employers."

The ordinary instrument of participation in management is the shop committee. The men have a contribution to give to the methods of work and this contribution the shop committee allows them to give. The shop committee is not, however, a substitute for a union, and even if it is intended to be such, it will not long remain, under the domination of the employer, for "no form of labor association can remain long under the control of the employer, or of any power other than that of the employees themselves." The domain of the shop committee and the labor union is distinct and at the present time the two should supplement each other.

"All the advantages of labor participation in management can be increased and supplemented by a system of labor sharing in surplus profits."

"The long discussion of these devices has been dictated by the conviction that a considerable change in the industrial status of labor and in the relations between labor and capital is inevitable. Labor will insist on the change, and capital will in the long run profit by willingly acquiescing. Co-operation and partnership between the two great industrial groups must take the place of conflict and dependence. The most effective means to these ends seem to be labor sharing in management and profits."

"So much for the common interests of the two industrial parties. As already noted, these apply only to those processes and relations which are involved in the making of the product. As regards the division of the product, the interests of capital and labor are mutually opposed. While labor participation in management and profit sharing would considerably soften the conflict over the division of the product, it would not and could not solve the problem."

There follows a discussion by Dr. Ryan of the right division of the product. The discussion is brief and incomplete, giving the more important principles such as the right of access to the earth's sources of livelihood under reasonable terms and conditions, the right of decent livelihood from work, the right of

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