CHAPTER XII

RELATIONSHIP BETWEEN EMPLOYER AND EMPLOYED

Passing of the Individualist Employer—The Joint-stock Employer—Commercial Immorality—Social Conditions as a Factor in Commerce.

It is apparent to the most superficial observer of the times that the relations between employer and employed of late years has changed considerably. Some social economists contend that the changes have been for the better; others that the changes are responsible for the ever-recurring periods of strife between the two classes. It is probably more accurate to say that the strife is responsible for the change; not that the change is responsible for the strife.

Fifty years ago the great revolts of labour against capital were spasmodic, occurring only once in a decade or so, and then as the outcome of a crisis following over-production. These strikes arose not so much from a desire to redress some acute difference in an isolated trade, but by way of a general

revolt of the labouring class against the capitalist class. Just as it was recognised by many political economists half a century ago that pauperism and over-production went hand in hand, so also was it evident that a revolt of labour followed a period of over-production. The accumulation of riches by the employing class inflamed the employed class into insurrection when wages fell thereafter as a result of over-production and trade reaction.

We know that to-day no year passes without several strikes of varying magnitude and duration taking place in a number of trades, irrespective of the activity or depression of the trades concerned. Such strikes have generally been declared with a view to remedying some alleged evil, of greater or lesser degree, peculiar to the trade in which the strikers were engaged. But more recently we have witnessed the 'general strike,' that is the strike 'in sympathy' with the workmen of some other trade, possibly in some other country. These strikes have been admittedly for the purpose of creating 'solidarity of labour' against the employer, in order to achieve by force of numbers the end which the individual trade strikers were unable

to attain by argument. Thousands of workmen with no grievance against their employers take part in these strikes, thereby bringing upon the latter loss of present profit as well as future trade. Seeing that the feelings of the employed towards the employer have so far changed, it is not unreasonable to expect to find a great difference in the attitude of the latter towards his workmen. If all human relationships and personal feelings are set aside by the workmen in dealing with the employer, it is natural that an ever-widening breach should open up between them.

It must be remembered, also, that another factor tending in the same direction arose with the foundation of joint-stock enterprise, and has grown with its growth. The individualist employer is passing away, crushed out of existence by the changed conditions of modern industrial life. There was a day within the memory of many of the readers of this book when the employer knew the name and history and family life of every workman in his employ; when the dismissal of an old servant rarely if ever occurred, and the suspension of any employee was a matter for the personal decision of the employer, only after grave and

careful consideration of the effect such suspension would produce on the material welfare of the man's family. The individualist employer is being replaced by employers who do not know by sight or name one-tenth of the workmen in their employ; the engagement and dismissal of such workmen is the duty of departmental managers and overseers; and personal considerations no more enter into the relationship between employer and employed to-day than they exist between a sailor in the Navy and a Sea Lord at the Admiralty.

The development of the joint-stock company is, as I have already said, to a great extent responsible for the change. Although the joint-stock company came into existence fifty years ago, it was not until 1896 that there occurred a tremendous application of the limited liability principle to trading and industrial undertakings. In the year 1896 upwards of £50,000,000 was received from the public for the purchase of trading and manufacturing concerns by joint-stock companies.

For some years after there followed a 'boom' in the conversion of industrial firms to the joint-stock method of trading. Within the space of about five years probably two thousand firms in the United Kingdom

passed out of the control of private individuals to that of boards of directors representing thousands of shareholders, whose interest in the undertakings is confined to the amount of their dividend warrants. The absence of the individual relationship between employer and employed became more marked than ever. Certain advanced employers, recognising the desirability of retaining the interest of their workmen in the welfare of their firms, set aside a part of the share capital for applications received from employees; but in very few instances were these opportunities accepted by the workmen, whether from lack of the necessary money or suspicion of the masters' motives, it is difficult to say.

The proportion of capital applied for by employees at the time when the present large industrial companies were formed was insignificant in proportion to the savings of the men in the various trustee banks. Yet it is possible that in this expedient of interesting the employee in the financial success of the company for which he works may be found a solution for many of the present troubles.

The conditions of various industries differ so widely that no hard and fast rule applicable to all can possibly be found. Methods of

co-partnership have been introduced by some private firms and a few companies, but have met with varying success. Apparently there has yet to be discovered a satisfactory method of co-partnership which shall give the workman, who has no capital to invest, an interest in the financial success of the undertaking, without trespassing upon the legitimate profits of the shareholder who risks his capital.

There is no need to dwell here upon the ethical aspects of our commercial system; every reader engaged in business life has doubtless his own code of honour, the scope and application of which he is prepared to justify. The fact that it has been necessary to place upon the Statute Book of the nation a law making it a penal offence to give a secret commission to an employee exposes the existence of an ugly sore in our national commercial life. It makes the matter very much worse when such a law is allowed to remain a dead letter. Since the passing of the Secret Commissions Act, there has been no radical change in the methods of our commercial houses. Competition is increasing, not decreasing, and the methods adopted for getting business are growing regrettably lax.

Many employers under the stress of this competition practically instruct their travellers, 'Get business honestly if you can, but in any case get business.' The traveller who does not get business has, sooner or later, to make way for the traveller who does, and too often the employer remains deliberately blind to the doubtful methods practised by the latter in the process. Probably there is no Act of Parliament through which it has been easier to drive a coach and four than that which made the bribery of employees an offence against the law. If the Act was destined to stop the clearly dishonest payment of money by one person to another for the purpose of secretly influencing orders for goods, then perhaps it has stopped that; but there are many ways of giving secret commissions other than by direct payment of money.

So entirely is the Act evaded that probably its existence is unknown in many commercial houses, and it would certainly be an advantageous step if a concise statement of the Act and the penalties incurred by its infringement were displayed prominently in the workrooms of every place of employment. The duty of suspending conspicuously in the workshops a copy of the Factory Acts setting

forth the penalties which an employer will incur by their infringement is enforced by law, but no list of the penalties incurred by employees who accept bribes to disclose their employers' business are exhibited. The law looks after the duty of the employer to the employee, but overlooks that of the employee to the employer.

An inevitable result of this laxity is that the agitator among the employed may always be heard speaking of the duty of the employer, but rarely if ever giving one thought or word to the duty of the employee. I suggest to the labour leaders of the country that in the year 1914 they should set aside one day—just one day only out of the three hundred and sixty-five days of the year—and arrange that on that day no speeches should be made which do not include a reference to the responsibilities of the employee towards the employer, and of the servant towards the master. At every conference of employers there is always found one or more of the masters ready to take up the cudgels for the men; but no similar readiness to see things from the masters' point of view is displayed at conferences of employees.

Besides secret commissions, there are other respects in which the employee falls

short of his duty to his employer. The maintenance of an honourable code in the workshops depends as much upon the workmen and workwomen as upon the employer: however strong the efforts put forward by the latter to maintain a clean and wholesome tone in his factories, they may be neutralised by vicious employees. It is a duty the workmen owe to the employer to stamp out this element.

Again, though I have touched but lightly upon the subject of commercial morality, I still believe that it has a very great deal to do with the future of the country's trade. British commerce has been built up by virtue of its reputation; it has held its own against fierce competition through that same reputation; and it can face the future quite confidently provided its reputation is scrupulously kept clean.

One other point may be noted. The duty of the employer to his customer opens up very far-reaching discussions upon points of commercial morality. The only reference necessary to it here is to emphasise the fact that in present-day commerce an employer loses control of his workpeople more quickly through failing in his duty to his customer

than in his duty to his employees. The manufacturer who has treated his workpeople generously, but achieves wealth through swindling his customers, is whole-heartedly condemned by his employees; while the man who sweats his employees, but gives fair value to his customers, is not condemned by his workpeople, though they may criticise him as a hard master. That is one of the ironies of commercial success.

The social aspect of commercial life is a factor which will play an increasingly important part in the future commerce of the country. There has been a strongly-marked change in the attitude of the classes towards commerce during the past ten years. To be engaged in trade is no longer considered derogatory to the good name of any family. So great has been the advance in the scientific treatment of our industries that many trades have been placed on a level ranking with the best and most keenly sought professions. Engineering (electrical and civil), shipbuilding, chemical manufacture, paper-making, etc., are but a few trades in which scientific and chemical research has been so successful that the knowledge requisite for employment in the higher branches of these trades has gone far beyond a

mere technical acquaintance with their working. In such directions the man with a Science degree finds to-day more scope for his abilities, and as a result the skilled branches of our industries are attracting the younger generation of the better classes, who have heretofore been content to enter one of the services of the Government or one of the professions. As indicated in a previous chapter, this movement is still comparatively in its infancy, and there is room for very many more men similarly trained, who will also set themselves to acquire a technical knowledge.

On this point a writer in *The Times* of 6th May, 1913, says: 'That in Germany there are far more chemists than in this country is probably due to some extent to the greater number of universities and technical high schools, and the fact that higher education is cheaper there than here. But, however that may be, the graduates seem to have little difficulty in securing employment, and some of the large chemical works in Germany employ as many as 250 fully qualified chemists. There are, of course, trained engineers as well, and a large proportion, both of chemists and engineers, devote all their time to research work. To judge by the advance which the

German chemical industries have made during the last twenty years, the system works well. It is a frequent occurrence for firms in this country to buy the rights of processes which have been originated and developed first in Germany, but it is not often that the Germans take over work which has been started in this country, because less chemical research of an industrial nature is carried out here.'

Quite distinct from, but parallel with, this altered attitude of the classes has occurred a change in the social conditions under which industrial workers live. There were, not many years ago, quite as distinct social grades in the ranks of the working classes as in the middle and upper classes. The occupier of a 'slum' dwelling in Clare Market was not considered of the same degree as the occupier of a dwelling in the borough. With the improvement in housing accommodation and the clearance of some of the slums of London, such grades are now disappearing, and the skilled mechanic, earning three to four pounds per week, does not despise his neighbour in the suburban artisan's cottage, who only earns thirty to thirty-five shillings a week as a machine assistant.

The conditions of living in industrial

towns have so altered that their improvement cannot fail to produce beneficial effects upon the industrial output.

Our 'Garden Cities' have not met with all the success that was anticipated for them at their foundation, and their failure has justly been attributed in large measure to the absence of a business-like basis in their constitution and the presence of too many faddists.

The *reformed* 'Garden City'—if the promoters of garden cities will forgive me the expression—is undoubtedly going to help British commerce to a wonderful extent. The introduction of sound, business-like local government and the banning of eccentricities due to groups of individuals who have made the name of 'Garden City' synonymous with 'crankyism' in the eyes of most people, will make these residential oases a most valuable ally of the manufacturer. For, despite assertions to the contrary, the British manufacturer does desire to see his workpeople live under healthy and pleasant conditions, and where those conditions are obtainable the employer will seek to establish his works.

The development in methods of transport by road will render economically possible the foundation of many industrial garden cities

during the next generation. The introduction into factory and workshop life of recreation grounds, gymnasiums, libraries, baths, debating societies, choirs, rambling clubs, etc., is raising the social life of the working classes in our big towns to a plane considerably higher, mentally and physically, than attaches to the life of clerical and other sedentary workers in offices. These conditions cannot fail to exercise a beneficial influence upon the parent who is called upon to choose between making his children penmen or workmen.