It is now some twenty-five years since I began to observe industrial conditions in this country in what we call a professional way, that is, making observations that I can use as a writer and speaker. The difficulty of making all-around observations on our Industrial life, of keeping track of its complicated current, the dread of saying unwise things because of insufficient information drove me two or three years ago to say to the Lecture Bureaus for whom I have made many talks, that I had come to the conclusion that nobody should be allowed to talk on Industrial problems who had not had at least a year as an Industrial Manager and another year as an industrial worker, in every way so that it was possible for anyone to get the feeling of Industrial life.

I think this was understood, but three or four weeks ago the Nielson Bureau of Pittsburgh informed me that I had been scheduled to speak here on Industrial Tendencies of 1926. It startled me a little. Nevertheless, when one has worked twenty years or more, even in a desultory way, in a certain field, has loved it, and constantly finds himself back, there is a certain exhilaration. One effect on me was retrospective. The
changes that I had myself observed and tried to point out in Industrial life. What a different talk I would give now, in 1926, from one that I would have given twenty years ago. Twenty years ago my talk would have been concerned almost entirely with the evil conditions in American factories, mills and mines and that would have been so because I had been looking for evil conditions and I found plenty of them. Overcrowded work shops, bad ventilation, indifference to safety, long hours, low wages, a state of suspicion between employer and employee because of the general attitude of that day by both sides, that the two were economic enemies, the employer generally taking the view that if he could pay lower wages the greater his profits; the employee agreed with him and felt that his only alternative was war on his employer in order that he must force money from him. Two central elements of the industry of the country were virtually at war. Their organizations were organizations of force as truly as armies. The strike was a battle, the lock-out was a battle, and both sides prepared for these battles having their war chests as nations do.
Quite twenty years ago I was telling many stories of the evils that I saw, but as I went about I was forced to admit even then as a honest observer, that while the conditions I have described were general, it was by no means universal, moreover that there was growing up among both employers and the employed a suspicion that a productive unit producing things that men needed and wanted was really a cooperative unit and that their interests were mutual in indicating that they should get on a basis of cooperation, collaboration. This idea was and in the next ten years, ending in 1915-16 it spread largely. On every hand you say employers admitting that evil conditions which they had tolerated because, as they said, business could not afford what they called "frills, were being corrected. There was a growing feeling that the dissatisfaction and unhappiness was the real thing that business could not stand. There arose that very interesting movement which has had a marvelous extension in this country in the last twenty years, quite an era of model factories, as they are called. We saw great architects gradually coming to specialize in the building of factories, factories perfectly
lighted, aired, where the tint of the wall was studied that it
might be the easiest on the eyes. We saw the rise of the great
safety movement, of the acceptance by enlightened industrialists,
of the principal that they were responsible for accidents. That
if they had accidents that the accident had a cause, that the
cause might be a badly graded machine, but, what was more like-
ly it was due to employees that were untrained in carefulness.
Thus there came about the educational movement towards safety.

It was in these years that there came an entirely new attitude
towards wages. The theory, by no means new, but by no means
generally accepted, that a low wage is always an expensive
wage, begun to be tested. The most extraordinary test of the
most spectacular administration of the advantage of high wage
to the industry itself was made by Henry Ford. Ten years ago
I spent ten days in Mr. Ford's factory, which had only recently
adopted the five dollar minimum wage. You remember the wall
that went from one end of the country to the other from
that Ford would ruin himself? Mr. Ford's reason for adopting
the five dollar a day minimum was that they were making more
money than they ought to make and they wanted to divide it, that
they did not know how to do it until they hit on the idea of a
minimum wage of five dollars and tried it and to their utter
amazement instead of the five dollar day diminishing their
profit, it actually increased it. (See Ford's book)

The Ford wage system started at five dollars - it
is six dollars now, and grades wages according to a man's
ability. That is, his processes are classified, beginning
with the very simplest. There are some eight classes and
for each there is a particular rate set. Many men in the
Ford factory under this system earn not six dollars, but ten
and twelve dollars a day, according to their skill. Thus, it
is a system of training and advancing workers. It also is a
system in discovering and placing executive talent. The rule
of the Ford machine shop is that they should never go outside
for a worker. On my visit ten years ago they were getting
ready for the Chicago Exposition. They wanted a model. It was
suggested that they send to New York or to Europe for an expert.
"No", said Mr. Ford, "there are eighteen thousand men down there.
Go down and search among them and you will find one that can make your model." and they did. An Italian, expert in the art, and one of the most beautiful models at the exposition was that of the Ford factory. The place is full of examples of that sort. Now, the administration of the advantage of the high wage, in holding men, in stimulating their activity, in releasing powers, the capacity which are always stunted by a feeling that you are not getting what you ought to have, that your services are not recognized, that you have no opportunity, the high wage and the chance to advance, concerns himself. He becomes automatically more productive. This fact has been demonstrated again and again since that day in many of our best managed industries so that if we talk about the best tendencies of 1926, you will find this one of the strongest in the more enlightened classes of manufacturing life. All those who attempted the Ford system, however, came into sharp conflict at the start with organized industry and with all those classes of students of industry who were looking to a
larger degree of what they called industrial democracy. Here was a plan, giving to the worker far more than any Union had dreamed of asking. It produced conditions which made it practically impossible to Unionize the workers. Moreover, Mr. Ford's contention was essentially that the Union be thus practically prevented with proficiency which made great productivity possible. Thus it presented the high wage and the steady advancement. They held that the policy in regard to the worker should come from the top and not from the bottom. One or another form of this struggle to admit the worker into a closer contact with the employer, as well as to give him a share of the surplus or profits as received and led to many experiments of one form or another in these last twenty years. Take this matter of sharing in profits, which are over and above a reasonable return to industry itself. Its stockholders, its expansion, its production in dull seasons.

One interesting conclusion that has been accepted by open minded employers and is becoming a part of the industrial creed today of the larger men, is that the worker who stays by an Industry puts something in which the days wage does not cover,
that he should have something out of the surplus, but how much
and how are you going to give it to him. One of the interesting
tendencies today in Industry is this passing on to the worker
this bonus, this extra share. It is tied up with that very difficult
question of how much a man earns anyway, what are his services
worth. There is a pretty general acceptance in this country, a
small radical element accepted, that believes that wages should
follow services, that a man should get what he is worth and no
more. How are you going to measure what a man is worth in any
situation of life? If you will examine the income returns of
the country, trace the activities or the situation which has
given to a few men incomes of a million or more dollars a year,
you know that they never rendered a service commensurate with
what they are getting. Luck, trickery, manipulation, speculation,
are back of most these extraordinary fortunes. But, drop down
into the great class, something like twenty-five million families
where the income is two thousand or less dollars a year, and
you have the body of people that do the work in this country.
ATLANTIC CITY TALK

It is not strange that men become embittered and distracted over
the problem. It is the most serious we have – how to find a measure
stick, how to give them what they are worth to society at large.

I am rather inclined to think myself that we will not do it until
we have a pretty general feeling among men that they do not want
anything more than they are worth, a willingness to let services
be the measure of wage. There are not many such men now. (Quote
Lincoln.)