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Miss Ida M Tarbell
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Dear Miss Tarbell

Could I see you "face to face" I could much better express my views upon the paper accompanying your note of the 5th instant. I will try, however, to give them to you in this way, as I read the paper. It will be as though we were talking, and I hope you will make allowances as you go along.

The paper, which is returned with this note, is marked in lead pencil with letters, beginning with A, and the corresponding letters here refer to the points in the manuscript.

(a) I don't like the way in which this sentence seems to convey a threat; it sounds too revolutionary. Would it not be fairer to all to say that in modern industry there is a large element of "unrequited toil"; that in the growing desire to secure absolute justice between capital and labor, this injustice will be eventually eliminated; it might be well to add further that a spirit of co-operation between these two, of the three, major elements entering into production will hasten the time when a larger degree of fairness will prevail.

(b) My letter of a few days ago covered this point.

(c) Does not the statement that "The average working life of the seven hundred men it employs is ten years" convey the idea of a high death rate in the industry, and should not the statement read that "the average service period of the seven hundred employees is ten years" - which is probably more than double the average of that found in most industries, showing that the methods and

policies of the employer tend to keep the men in continuous and satisfactory service.

(d) Something seems omitted at this point. ✓

(e) This seems very indefinite and most speculative. Nobody knows what an American made "\$5 shoe" is. I believe there are American made shoes as low as \$2, but I should doubt whether the Secretary was competent to say that shoes at \$3.85 in Calcutta were of the \$2 or \$5 type.

A larger question underlies statements of this character, so frequently made. Many American made articles can be sold to the user for less money in a cheap labor market than the price for which they can be sold in their native American market. Shoes offer as good an illustration of the point as anything else. In the production of a standard article like this, where machinery is largely utilized, the finished factory cost is a minimum. In the factory it is not a question of high vs low priced labor, but of the machine doing practically all of the work. Human labor is an unimportant item.

When the article leaves the factory, however, the machine ceases to be a factor. It is then a question of transportation, of rent, advertising and other selling expenses, from which the machine has been eliminated, and the human factor predominates. ✓

Thus, shoes made, say, in Lynn may be turned out for far less money than they can be made for in any European country, unless the same machine methods were utilized. But from the door of the factory to the consumer the labor and attendant questions enter and the final selling price is dependent upon these. In New York, rents and labor and kindred things are much more than in Calcutta, and it might be cheaper - I don't say it is - to deliver cases of shoes in Calcutta by water, than to deliver them in New York, either by water or railroad, as the case may be, sending them, say, from such a manufacturing centre as Lynn.

I think I have stated the case fairly and yet I have never known anyone in making these comparisons to include in the statement an analysis which is so obviously one of the basic considerations of the transaction.

(f) This portion of the statement is absolutely true. There is enormous fallacy, however, in attempting to use this in connection with the question of the tariff. Increased efficiency and production seem always to follow adequate wages, which permit the worker to maintain himself

in a fair degree of health and contentment.

My London tailor told me last summer that his men are earning between four and five pounds weekly. This, I believe, is about equal to the wages received by American tailors. Yet clothing in London is so much cheaper than clothing here that our American clothing manufacturers and tailors would be thrown out of work were there not some tariff protection. You see I am not a "free trader" or a low tariff man; I believe the tariff should be purely economic, not political, and equalize material differences which include not only wages, but conditions under which the workers live - rent, clothing, food standards and things of that sort.

(g) This brings me to my hobby, which is that "wages - higher wages and still higher wages" do not mean industrial efficiency. Wages, I think, should be determined by local conditions and should always be sufficient for a reasonable living standard for the worker and his dependents. They, however, should constitute but a part of the compensation to which the workers are entitled, the other elements being accident compensation, pensions and profit sharing as a medium to a partnership in the undertaking. I think the latter is the most essential of all and that it is the only way of eliminating forever any elements of essential injustice in the industrial world.

From this point on I have made no marks, for my objections, if they be objections, are rather general. The statement about the Williams plant resolves itself into an advocacy of the piece work plan of compensation. This has many elements of advantage, but later on it becomes a graduated wage, depending upon individual human output. The Williams plant, I understand, had a minimum below which no worker went, but, on the other hand, where the workers habitually failed to earn the minimum, I imagine they were dropped out and other employees substituted. This is purely a deduction of my own, yet my practical observation has always been that the foreman and sub-foreman responsible for the human output of those under them quickly discard the derelicts. In principle I am opposed to the piece system, because it does individualize and

take from the group as a whole the benefits of an average, which, sooner or later, play a very important part in one's earning capacity. The averaging of things enters into almost every branch of human life - excepting the piece work plan of compensation.

The Williams plant paid nothing but wages. I recall no suggestion about either pensions or profit sharing. I would prefer to use as an illustration the Consolidated Gas Company of Boston, which covers the matter in this broader manner and would offer to American manufacturers a constructive and comprehensive plan of compensation to their employees.

The objection might be made that the Williams concern is not a stock corporation and did not want to distribute its ownership. This, as you will doubtless recall, was met by a large English concern - the Leivers, if I remember rightly - by issuing a block of employees' stock which, distributed yearly, bore a certain rate of interest, depending upon the annual profits. The point I am making is that there is no reason why even a private firm should not introduce a partnership plan embracing all of its employees.

~~X~~ The concluding portion of the paper strongly endorses a movement which has met with a great deal of opposition. The Taylor system of scientific management has some excellent features, but it introduces principles into industry which, if adopted generally, would, in my opinion, be most destructive to human health and strength. When talking with Mr Taylor some time ago, I formed the opinion that he, himself, would not approve his own system if carried out to its logical consequences when handled by shop foremen

and sub-foremen. In that part which leads to the speeding up of human beings the principle is no different from the one I used to follow, when very young, as a Superintendent of Construction - putting a husky, rapid, Hercules of an Irishman in a gang of Italians and then keeping only those who could do as much in a day as the Irishman could do. It was one of the ways that I succeeded in reducing my unit costs, but as I look back to that time I think it produced a great many invalid, if not dead, Italians. One of the conveniences of industry is that the human scrap heap is out of our sight and we do not see the injured or decrepit worker passing to it. With our physical eyes we can only see those who are before us, and they are usually active and healthy. We do not see the sick or the very weak; but they see themselves and suffer, and their dependents see them and suffer.

So-called lost motion in laying brick or running a machine is I think one of the ways of getting rest. If we eliminate these motions beyond a certain point we add to mental and physical strain; we increase the monotony of the work and the rate at which one's strength is depleted. I think the principle is no different here than in writing - which comes pretty near to you. Scientifically managed, at your hourly rate of writing, I think you could turn out a many paged book weekly or daily; and this is what Mr Taylor's sub-foreman and Mr Gilbreath would have you do.

If the bad could be taken out of the Taylor system and the good left, if it could be called a system of analysis

through which merit could be recognized and the fakir eliminated - things which the system can be made to do - I think it would then justify your hearty endorsement of this article.

Apart from these suggestions and opinions, [#]the article is splendid. With the objectives changed from wages to partner-making and the other side of the Taylor efficiency method recognized, I believe it would make one of the most helpful articles that has appeared upon "The New Industrialism" - a phrase which was suggested by Roosevelt when he spoke on "The New Nationalism" two or three years ago. I like it better.

Sincerely yours

Arthur Williams