

LABOR:

I take up the following important points with

Gary:

What had been your contact with labor before you went into the Steel Corporation? His answer was that he had no direct contact, had heard of labor troubles both in Wire and Steel, but had nothing to do with them as General Counsel of the concerns. He was counsel for the B & O at the time of the Debs Pullman strike but had had nothing to do with it. I take it that he was an on-looker in these matters, too much occupied to know the merits of the case on either side. This means of course that he had not realized, in going into the Corporation, that there must be a labor policy. His whole mind had been occupied, first, with the plans for organization and financing, and then the bargaining, and then finally getting the thing to running. They had just begun to run when the strike of '04, as he says "dropped on their heads." Part of the companies in the Corporation were organized, but the majority were not. The <sup>American Federation</sup> ~~American Federation~~ demanded that all the companies be organized. The strike was called without negotiations. I stated my policy towards unionism at that time. The Tin Plate Company had been dealing directly with the labor unions and one other company, I think the Sheets. One element wanted me to eliminate all labor unions, another felt that they could not. My position was stated to a Methodist Episcopal preacher. Mr. Morgan and Mr. Schwab and I put our names to a paper consenting to contract where we found unions but would not extend the unions. I probably would not have dealt with them, I see them differently from what you do. I see what they have done, what their code has been.

"The question of our labor policy, the question

how we should treat labor grew up day by day in the Corporation according to events. When the question of treatment came up I was pronouncedly from the start for fair and humane treatment, both as a matter of policy and a matter of humanity.

"Our first undertaking was the selling of stock. We didn't begin by selling common because we didn't consider it good enough to sell to employees. It was not until I had made a statement to the public that the dividends on common would be 5% that it was considered a stable stock. (See this announcement) We sold preferred and whenever that stock fell below 55, which had been the original subscription price to employees, we made it good. Our stock subscription scheme came about in this way. Mr. Widener of the Finance Committee proposed that we buy a certain amount of shares and sell them to employees. Perhaps it was Reavis, because I know he talked of what the National Biscuit had done. Schwab proposed that we do as Carnegie people had done - give the men an interest in earnings. (Look into this) Mr. Perkins got up a tontine plan, something like insurance. He asked me to spend a night with him and go over the thing. We did and he wrote out the plan and it was shown to Gayley, who made some changes in it. Stetson read it and he made some changes. I made a good many changes and put it into the form in which it was adopted. I told you the other day that the newspapers gave Perkins the credit for it but Perkins told the truth to Cotton, and you should see what he says in his book."

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Our next subject was the safety work. I directed McVeigh to get our claimlawyers together and I talked to them. You will see my statements in the first bulletin that Close issued. I had had a good deal of experience with claim insurance in my practice in Chicago. The talk was on March 23, 1908.

"No question ever came up in regard to the favorable treatment of our employees that I did not support and direct it to be put through. I am not opposed to unions as far as is necessary to protect themselves. They have just as much right to organize to take care of themselves as capital has - it's their code of ethics that I object to.

"I would not see Foster who was in charge of the strike because I knew all about Foster. I met labor leaders several times. At the time of the disagreement in Birmingham I met Makerly (?), a lawyer, a congressman, counsel on the War Labor Board, spent two or three hours with him, trying to find out what we should do. I have had labor leaders several times in this office."

He evidently feels that Gompers was not fair in his remarks about Gary (See his statement at the Industrial Conference) Here he tells me an astonishing thing in regard to the Industrial Conference. He said, "I received word from Mr. Wilson, direct from Baruch, that if I would serve as a member of the public group, a majority of that group would be opposed to the closed shop. Well, they stacked that group, as you know - you belonged to it." I hasten to say that I never believed in the closed shop. "Well," he said, "the majority did not."

He said the greatest objection to the labor union is that they collect and handle funds without anybody knowing what is done with the money, that this is not fair. I

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believe in having everything open and fair. Of course my subordinates don't always do <sup>right</sup> this. In this last election we had some complaints from Kentucky that our people were trying to influence the voters down there. I had a full investigation made. There was nothing in it but I gave orders that there should be no interference."

We spoke of the steel towns and he immediately reverts to Gary, is not willing that any other town should be talked about, says they have a new tube works there, the finest steel plant in the world.