

Boston Journal. Oct. 9, 1917

# PROFIT SHARING.

## An Interesting Discussion at the Unitarian Club Last Evening.

### An Able Paper Read by the Rev. Nicholas P. Gilman.

#### Short Addresses by Gen. Francis A. Walker,

#### Rev. Brooke Herford and Rowland Hazard of Rhode Island.

The Unitarian Club held its first meeting of the season last evening at the Vendome, Vice President Arthur T. Lyman in the chair. The principal item of business was the election of the Hon. Walbridge A. Field, Chief Justice of the Supreme Court of Massachusetts, as an honorary member. Then the club sat down to dinner, Mr. Lyman having at his right the Rev. Nicholas P. Gilman, the essayist of the evening, and at his left Gen. Francis A. Walker, President of the Massachusetts Institute of Technology. Other gentlemen at the head of the table were the Rev. Brooke Herford, W. H. Baldwin, Mr. Rowland Hazard, Treasurer George A. Chase of the Bourne Mills, Fall River, Dr. Benjamin Anthony Gould, Henry G. Dorr, Jr., Silas Dean Warner, Alfred Banker, Elsworth at the tables were seated the Rev. Henry F. Jenks, the Rev. M. J. Savage, H. S. Mitton of Waltham, Gen. Thomas Sherwin, Oakes A. Ames, the Hon. J. Varnum Fletcher and J. Henry Fletcher of Belmont, Francis H. Raymond of Somerville, Charles A. Grinnell of Greenville, H. Norcross, Charles G. Wood, Richard C. Humphreys, H. B. Southwick, Hon. Edwin F. Ware, Hon. Frederic W. Lincoln, Charles O. Gray, Jr., Thomas H. Chandler, Julius H. Tuttle, Thomas O. Richardson, Dr. Henry Lyon, Dr. W. W. Wellington, Oscar H. Sampson, W. P. Marchant, Charles E. Cummings, Charles J. Capen, W. T. Piper, James B. Case, D. Webster King, N. H. Hochman, James C. Davis, Charles S. Lincoln, E. T. Horne, Dr. Charles F. Inches, the Rev. W. H. Lynn, Charles K. Nichols, John Capen, Hon. George S. Hale, William Howell Read, E. P. Bond, N. T. Allen.

President Lyman, in opening the after-dinner proceedings, spoke of the kind reception of the officers of the club by the Congregational Club, and, in this connection, brought up the invitation of that club to participate in the erection of DeLitchaven, Holland, of a memorial to recognize the hospitality of that country to the Pilgrims, whence they sailed on that voyage which ended at Plymouth Rock. The club voted to participate, and chose the Hon. George S. Hale as its representative on a general committee for that purpose.

The subject selected for the evening was "Profit Sharing," which was pleasantly introduced by Mr. Lyman. Statistia, he said, throw a great deal of darkness, as well as light, upon the subject. There is a very mistaken idea, as to the amount of profits, and there are seldom taken into account the considerable items of interest, taxes, repairs, salaries, depreciation, etc., which materially reduce the apparent profit, and leave an amount which even the poor man would not consider as burdensome weight. Mr. Lyman called upon the Rev. Nicholas P. Gilman as one much better able to discuss the question than himself.

Mr. Gilman's paper was entitled "Profit Sharing, or Industrial Partnership." He said: "Industrial partnership is the more comprehensive and adequate term for the system often called profit sharing, since the division of profits between employer and employe is but one feature, however important, of the closer union sought. This partnership is not, and can not well be, a commercial one, in which the workman would have a right to inspect the accounts at pleasure and a voice in shaping the business management. It is an arrangement limited, so far as the workman is concerned, to the industrial or the distributive departments of the business. Here, in view of a share in the profits actually realized in any year, he is expected to do his best work carefully and economically; he will thus make an extra profit, as compared with his work under the wages system. Experience shows that such is the usual effect of the arrangement. The men thus help to create a larger profit; they do nothing to cause a loss. But if the commercial department shows a balance on the wrong side at the end of the year the workman sees no bonus. He loses what he has earned because the firm is losing. But he cannot, in right or reason, be asked to contribute to make good losses which he had no share in incurring, as he had no power over the business management. The industrial partnership system, which has so long a record of success, and which is to-day in operation with two hundred and fifty or more firms, is thus a wisely limited scheme of power and responsibilities. In bad years the record shows that the employe recognizes the situation and accept it cheerfully. Such has been the experience of the Peace Dale (R. I.) Woolen Mills, for example, and the Pittsburg Flour Mills at Minneapolis. G. J. Holzner, the veteran co-operator, has lately said: "The social question is not only in the air; it fills the air, and profit sharing is the only anti-revolutionary element in it." "That it is logically the next stage in the evolution of labor," says the Rev. Washington Gladden, "seems obvious." Profit sharing should not be confused by any one for a moment with the social panaceas so abundantly offered us to-day. The Socialist looks upon it with ill-concealed contempt; so much greater and yet easier a matter is it to reorganize the whole world—on paper—than to bring master and man a little nearer by paying a dividend to labor out of profits. Profit sharing was first worked out by a practical and successful painter and decorator of Peria, who had at first rejected the idea as impracticable. He came to see his mistake. He found that there are moral qualities in the workman to which the wages system makes insufficient appeal, and he found, moreover, in his 30 years' trial of participation, that the expectation of a share in profits so raised the whole level of the work done that he lost nothing himself as compared with the old way. The Mason Le Claire, after 48 years of profit sharing, is to-day one of the most admirable industrial organizations in the world. It is named with it are the great Bon Marche and the immense Chaux printing house of Paris, the Godin foundry of Guise and the Laroche-Joubert paper works at Ansoy, France. There are 70 other profit-sharing houses in France. The system is in vogue as at least worthy of full and careful trial by the political economists, with scarcely an exception. The details of its application vary according to the business, but the principle is always the same, that the workman is kept in mind when the profits are divided, as well as the capitalist and the manager. A few of the American firms that have found profit sharing to result in saving of material, in improving the quality of work or increasing the product, in mutual superintendence by the men and in freedom from labor difficulties, are the Peace Dale Woolen Mills, the Pittsburg Flour Mills, the Springfield Foundry, the Ara Cushman Shoe Factory, the Rogers & Peet Clothing House, the Rice & Griffin Molding Company, the Yale & Towne Lark Company, the Proctor & Gamble Soap Works, the N. O. Nelson Brass and Iron Works, the Alfred Dodge Felt Factory, the Century Company and the Riverside Press. Profit sharing is a profoundly conservative movement, which would remove, in some degree, the old feeling of partnership in a common work. It does justice to both the democratic and the aristocratic elements in modern business. Equality is out of the question in the cotton mill or the counting room. The inevitable superiority of brains over muscle is respected by the industrial partnership plan, but this would also take the workman, in the true democratic spirit, into a closer union, and make them all partners in the real, if limited, sense. Noblesse oblige! The aristocracy of the industrial world, the capitalists and the managers should understand the labor problem as well as the intelligent workmen do. Good employers say they do not. It is quite time that the employing class did something more toward a rational solution of labor problems than simply to resist "organized labor," using the power unwisely. In profit sharing the employer has a system entirely under his control. He is no longer excusable if he does not at least understand its logic, and know enough of its history to give up making criticisms of it that simply show ignorance or misconception. With an understanding of what industrial partnership is, there will certainly come a wide adoption of it. The result will be undiminished profit to the employer, a dividend to the employe and hence between the two.

Gen. Walker summarized the club upon the statement to which it had just listened, and said that it practically put an end to discussion. It was a very good thing for itself, but a very bad thing for any speaker who was to follow. There is little beyond what he has said, except in the way of advancing practical object lessons. Mr. Gilman's principles are absolutely just and sound. It is utterly a matter of the forefront which shall be taken by employer and employe in the extension of the system, and it had had no wider extension up to this time because of the indifference of the employer to its benefits and of the employe to what they consider the comparatively small profits to be gained. There is no other recognized obstacle. It is a source of industrial and commercial strength to the man who is enlightened enough and progressive enough to adopt it. But the indifference of the laboring classes is also largely due to the opposition of the Socialist or Nationalist party and of the trades' unions, which desire to have their membership entirely subject to their own orders. What is to be done to overcome this obstacle beyond general enlightenment cannot be said. Certainly the system is making progress, and it will undoubtedly continue to progress, but its progress will certainly not be rapid in the immediate future. It may be fairly conjectured that when the wealth of the world is considerably increased, with actual and successful results before their eyes, the wage earners will be the more ready to accept profit-sharing propositions from their employers. But the system is a most valuable one if it

accomplishes no other end than to materially diminish the number of strikes and lockouts. Treasurer Chase of the Bourne Mills was asked to give the experience of that corporation, but was too modest. Mr. Rowland Hazard of the Peace Dale Mills said that his corporation had not had lately any profits to divide, but its original offer, made in 1878, still stood, to all-wise credit when there were any, and its effect has been seen in a better feeling between employers and employe. The one great difficulty which is found is that the workman in all cases are not intelligent or they are prejudiced. By education, by bringing the men up to see where their interests lie, much can be done, and the solution will be found when each has learned that the others are necessary to him and he to them.

The Rev. Brooke Herford told the story of the Briggs Collieries in South Yorkshire, England, where profit sharing was begun in 1865, and which broke down after about seven years' trial, not because of the strain of failure, but because of the strain of success. While it lasted it turned an emporium which had been a misery into a blessing, and made a good class of citizen of men who had formed the worst class in Yorkshire. The scheme is one which does not need any great social upheaval, but can begin at once and with the individual. It is well worth whatever trouble it may entail, based as it is on the soundest and simplest economical principles, and ends with those which improve the life of man and concern the kingdom of God.

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