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EXPERIENCES OF THE PENNSYLVANIA RAILROAD SYSTEM WITH EMPLOYEE REPRESENTATION

Convention Addresses

by Mr. Chas. W. Garrett, Department of Personnel,
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and

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Chairman, Miscellaneous Forces of the Central Region

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Discussion at the Pittsburgh Convention

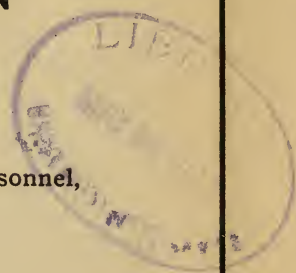
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EXPERIENCES OF THE PENNSYLVANIA RAILROAD SYSTEM WITH EMPLOYEE REPRESENTATION

By Chas. W. Garrett

CHAIRMAN EARL B. MORGAN: The first gentleman on the program I am told has a message which we can get best perhaps by having a little background of whence he comes, and I am going to ask Mr. C. S. Ching to throw the picture on the screen.

MR. C. S. CHING: During the past few months we have all been impressed with the railroad labor situation. The railroads have become a question which affects everyone of us and in order to make some people realize the magnitude of the problem it has been necessary to bring it right into their own kitchens.

It has been my honor and privilege to have come in contact with a man whom I look upon as one of the biggest railroad executives in the world, because when they needed a man in France to operate the railroads during the war period they called on General W. W. Atterbury of the Pennsylvania Railroad to do the job. I wrote to the General asking him to come before this convention to deliver a message, which is, I believe, one of the most interesting messages in railroad history. Of course when I wrote to General Atterbury, knowing how busy he is, I scarcely dared hope that he would be able to come. In a very nice letter to me he said that he wanted to come but it was impossible for him to do so, and that he wanted to cooperate with this organization. He has shown his spirit of cooperation by sending to us today one of his representatives, Mr. C. W. Garrett.

MR. C. W. GARRETT: The Pennsylvania Railroad has been engaged for a number of years in getting ready for its plan of employee representation about which I am to talk to you this afternoon.

Size of the Problem

Before I get into that, I want to tell you a few things about the Pennsylvania Railroad itself so that you may know how large the problem is, and how large an organization we have in which to work.

The Pennsylvania System has 11,600 miles of lines, which is 4.95% of the railroad lines in the country, but on that, less than 5% it did in last year 16.95% of all the passenger traffic of the United States, and 11.28% of all the freight. To do that we had a corps of about 1,480 officers and 225,000 employees; we had considerably over a quarter of a million employees a little over a year ago. They

are scattered over thirteen States and the District of Columbia, and those thirteen States served by the Pennsylvania System comprise half of the population of the United States—49½%. The statistics of ton miles and passenger miles are so big, the figures are so large, that it is useless reading them because you get no idea from figures after you get above millions into billions. Last year the Pennsylvania System had a total operating revenue of \$662,000,000, and at the present time it is running over \$2,000,000 a day.

You were speaking this morning of pension plans. We have a pension plan that since the start, 22 years ago, has taken from the treasury \$26,700,000, and is running at a rate a little over \$3,000,000 per annum at the present time. Our corporation is about eighty years old and as it has been constantly growing we haven't reached the maximum yet by any means. It is hard to predict what the cost will be twenty years from now, but the chances are it will be about \$5,000,000 a year.

The book value of the railroads—the tracks, equipment, etc.—is slightly over \$2,000,000,000; the total stocks and bonds in the hands of the public is \$1,421,000,000, so that there is a considerable margin of investment over the amount of stocks and bonds in the hands of the public, and we feel that when the valuation is completed by the government it will be considerably in excess of our book value.

First Steps

The first time that the public heard of our plan for employee representation was in 1919, in June, a little over three years ago, when General Atterbury came back from France. The first public address he made was to one of the organizations of ladies, of the wives and daughters of our officers and employees, and in that he said that while he had been in France, separated from the service and his friends at home, he had been thinking over the relations of employees and management and when he came back one of the first things he would interest himself in would be to see that the right of every employee to have a voice in determining the rules and regulations under which he would work was established in some way. He had been thinking this thing over for many years. I have known the General for nearly twenty years, and know he had often talked these things over with our officers, and our officers at Pittsburgh (I was then at Pittsburgh) had been thinking seriously over the same problem. The first thing to be done was to educate our management—to convince our operating officers of the need for employee representation, and

of the possibilities it held, in meeting the need of the railroad situation in dealing with the employees.

We got out a little booklet at Pittsburgh which was sent around to our officers, about which there was considerable argument. I would like to read a few extracts from it—not the whole thing because it is quite lengthy—but there was in it several things that had to be put before our officers in order that they might have the proper background and proper avenue of approach.

A Prospectus to the Management in 1919

The first thing was to define the relations of management to the conduct of affairs of this sort, and this was said :

“Capital is looking for places in which it may be used to produce a return or profit. Labor is looking for an opportunity to work for a wage. Labor must have its return from day to day for its own support. It cannot await the final outcome of the venture and be satisfied with the result, whether it be gain or loss. Therefore, labor demands its wage currently.

“To put capital at work, and to provide opportunity for work for labor, is the function of management. Management must determine where capital is to be invested with prospect of profit, what labor shall be employed, and what wage it shall receive. If management properly balances these things, its success warrants a continuation of the employment of both the capital and labor. Failure of management to balance these ends properly means the dissipation of capital, the loss of wage-making opportunity for labor, and the death of management.

“Nothing is to be gained by putting the full management of industry into the hands of the workers, but at the same time labor is entitled to some voice in the management on account of the large part it performs in the operation, and to insure that in all these things for which it is striving it shall have everything to which it is fairly entitled. It remains to be seen how that is to be accomplished.

“The old plan of fighting for ‘rights’ upon either side has been tried too long without success. For years the struggle has been going on. Capital, at first having the upper hand, has been domineering and arrogant, sometimes inhumanly so. Leaders here and there have arisen to point to the fairer, clearer road, but the work of reformation has been slow. Labor, on the other hand, has found its power in organization and in attacking its problems piecemeal—a little gained here, a little there—sometimes at great cost to itself, and often at the great inconvenience of the community as a whole.

“It would seem as though the preliminaries had now all been arranged, that the forces upon either side were all equipped and ready—arrayed for what? Not for battle, not for further strife and bloodshed, the world is sick of that—but for co-operation.

“It is the province and duty of management to provide a plan whereby labor may be permitted and encouraged to select representatives to deal with management in all problems affecting labor. Management should assist in the development of these selected men to broaden them and strengthen them and make of them capable and fair leaders, by giving them full consideration and every opportunity to see all sides of the problems which come up for solution in the relations between capital, management and labor.

“Briefly, the plan is to permit and not only permit but require the workers in a given plant, or a department to elect from among their own number representatives who shall present the problems of the employees to the management, and vice versa; to select (preferably from among themselves) men who together with representatives of capital, shall constitute a department of

personnel, to determine, subject of course to the policy of the management, all matters relating to employment, wages, hours of service, promotion or transfer, output, discipline, dismissal, service records, education, personal safety—in fact, all the details of service which concern the working force and its relations to the management.

“It may be thought that these are the very things which management is now provided to supervise and determine. But the fact is that management in most industries to-day is organized to handle these matters from the viewpoint of capital alone. If the viewpoint of labor is to have equal weight, it will be necessary to add new elements to the organization through which the views and demands of labor may be expressed and given full consideration.

“The success of the representative plan must lie in the spirit of fair play which will be engendered by giving labor a larger voice in the determination of all the conditions of its employment and reward. But there can be no fair play, no square deal, unless it is reciprocal. One side by itself cannot play fair—capital must give labor and management each a square deal; labor must give capital and management each a square deal, and management must give capital and labor each a square deal.

“The logical way to accomplish this is for each side to select representatives to meet and discuss their joint problems, set forth the facts of their situation, explain their desires and hopes and ideals to each other, and endeavor to adapt their plans to the mutual advantage of all. The province of management is to hear and weigh the claims of both sides and to make a ‘budget’ for carrying into effect the division of the returns from the business upon a basis which will be fair and just to both capital and labor, and to the public as consumers of the product of industry.”

Putting the Plan Into Effect in 1921

That was our effort to interest the management first. That was in 1919. In 1921 came the opportunity to carry the plan into effect, and the method of doing this is fully set forth in this pamphlet entitled “Employee Representation on the Pennsylvania Railroad System.”

So many demands have come to us from all sides for a description of our plan, that the General thought it wise to have a historical and descriptive account to issue in pamphlet form, so that we might send it to our friends and inquirers, and I will read one or two extracts from it:

“The policy and practice of the Pennsylvania System in its relations with employees may be summarized in one sentence—

“To give all employees an opportunity to have a voice in the management in all matters affecting their wages, working conditions and welfare, and in other matters of mutual concern affecting the welfare of the company and of the public which the company serves.”

This pamphlet goes on to describe the various methods by which the employee representatives are chosen, the way in which the management assures that the ballot shall be secret and yet entirely fair, and how the plan has worked thus far. The main thing in which you will be interested is to know that prior to the recent strike of shopmen we had about 65,000 employees in our shop forces; that of these about 30% were subtracted from our service by the orders of the

American Federation of Labor leaders, and that the balance stayed with us. Of the 18,000 who left our service about 6,000 have now returned as new men, and have, of course, come under our employee representation plan. We have employed additional men to take the places of those who left until we now have about 110% of the force we had July 1st, and are fully able to meet all our needs and requirements. That, I think, is the department in which the organizations which could have subtracted from our service were strongest. In no other department could so large a proportion of our men have been taken from the service at one time by outside organizations.

A copy of the pamphlet mentioned may be had by anyone who desires it.

Recently a great many of the newspapers have wanted to know about our plan so they might write it up for their subscribers. Among them, the *Washington Star* sent Mr. Lincoln to see us. He interviewed the officers of the company and many of the leaders of the employees, and wrote up an account of our plan from the standpoint of both management and employees in a quite lengthy account.

A copy of his article in the *Washington Star* is also available for anyone who desires it.

Great stress was laid by some of the employees, as well as by the management, upon the good results obtained by having frequent meetings of the officers of the company with the men. Under the plan adopted these meetings occur regularly. It has resulted in the management getting the point of view of the men, and the men getting the point of view of the management.

In addition to these pamphlets, in order to bring them up to date, we have a short discussion issued by the Publicity Department on the recent action of the Labor Board in regard to "A Living Wage and *The Living Wage*." I will read one paragraph from it:

"Every railroad in the United States wants to pay its employees good wages. There never can be good feeling and good railroading on any railroad that does not pay good wages. The railroads want their employees to be able to live comfortably, to educate their children, to lay aside savings against sickness and old age."

A copy of this article also is available for anyone who desires it.

The Employee's Viewpoint

Everything that you will want from the management standpoint you will probably find set forth in the pamphlets mentioned. But more important still, from your viewpoint as personnel men, will be to hear from the employee's side. I have invited to come to speak to

you for a few minutes, Mr. C. W. Bate, the Chairman of the Miscellaneous Forces of the Central Region, whose headquarters are here in Pittsburgh. He will tell you his own story.

MR. C. W. BATE: This was quite unexpected. I didn't know Mr. Garrett until a couple of hours ago and when he asked me to come to talk to you people, it put quite a damper on me. If you were all railroad men I could talk to you more freely, but I don't know who you are or what you are. But I might just as well tell you the story—it doesn't make any difference to me.

You have heard Mr. Garrett tell of what management has done. I will endeavor to tell you what we have tried to do. I don't want any of you people to think that the Pennsylvania Railroad sent me, for I would rather fight with the Pennsylvania Railroad Company than with anybody else. If it doesn't suit Mr. Garrett it is up to him to swallow it, for he asked me to come.

First of all, we were called together by Mr. Atterbury to try to draw up rules and regulations to govern the employees as well as the management. Our committee met with the management and we drew up rules and regulations governing both sides. We put those into effect the first of August, 1921. Many obstacles came our way for the simple reason, as you gentlemen know as well as I, that many of the employees thought we were a bunch of fellows who had been bought over by the railroad company. We went out and talked to our men and what did we find? We found thousands and thousands of grievances, but when we came to simmering them down to fundamental facts the biggest majority of them were imaginary grievances, and when we educated the people, our workmen, and told them and showed them, they began to realize that they must be honest with the rules and regulations governing both the employees and employers. The result is that it has been the means of making the employees more honest with the management, and on the other side it has been the means of making our officials more honest with the employees. (Applause.)

Any man who works for his daily bread on a railroad is placed in a funny position. Why? Because there are so many officials between him and the management. The great corruption that has been caused in the past with the laboring men was because our officials have had too many pets and the man really doing things never had an opportunity to advance himself. What has our plan done on the Pennsylvania Railroad in that line? More efficiency for the company, and

they are paying the money for the work that is done, and not for pets. It has given the man not a pet a fair show to get promoted according to his standard. Every man now stands on his own foundation according to his standard. The question is what is his standard for promotion.

It has also given us a chance to bring up grievances if our superintendents and general superintendents do not go along with us. It has been the means of enabling us to talk, which before we had the employee representation was unknown to the employees. We never knew what was going on. The superintendent could say, "Everything is all right," while there might have been corruptions all over, and pretty soon there was a climax and the management knew nothing about it. Today our subordinate officials cannot do such things without the management knowing it. We bring our grievances up according to schedule. If we find our superintendent does not go along with us, we take it to the general superintendent; if he does not go along with us we take it to the manager, and then to the joint reviewing board, composed of six of the management and six of the employee representatives, and whatever is done is passed by a two-thirds vote.

Today the employees are strongly in favor of the plan of representation. We have settled in twenty-five minutes cases that have been hanging fire four to eight months in other organizations. (Applause.)

We think that employee representation is doing good work. It is an easy matter for us all to see. Why do we settle grievances so quickly? Because the grievances are brought before the head of the department, while in other organizations it has to go through—I don't know what the dickens it does have to go through—but it has to go a long way. But we don't bother. We are on the ground floor and we take it where it should go and we get results.

The biggest question is wage decreases. With the wage decrease the employees went right along. We are cooperating with the management in getting some of our rates restored and they are cooperating with us. We are like one big family. I'll tell you we have read a lot of Mr. Atterbury in France, but if he tried to take employee representation away from us now he would have a bigger job on his hands than he ever had in France.

So far as I can see, I would like to see every corporation, every railroad in the United States, follow the example of the Pennsylvania Railroad Company and have employee representation. What

is there fairer? What is there more square than for employee and employer to sit around a table and argue out grievances? Nothing. General Atterbury has put something into the field that he would have a hard job to take out, and we have gotten so far that we say this—we dare him to take it out. But there is a class of people trying to throw cold water on it, but not the working man. I might throw cold water on it myself if they'd pay me \$5,000 a year to do it. (Laughter and applause.)

And why is it that we get results from the management? Because I am the one that has to take the same medicine as does the fellow who works by my side. We know these facts. We know what the men have to do. We are on the same ground floor as they are and we have to put up with the same conditions. We are men who are able to fight our own troubles—we do not have to have someone else fight them for us. I believe that the workingman today has been fooled long enough by being organized by some one else getting the money. (Applause.)

As we have all been going through a big change since the war, I say it is up to every workingman to get together with his fellow workers and get down to some common sense agreement. If we are educating this country, let's put our money into action. What does the "educator" care for workingmen if he is making a big salary, trying to handle the workingmen's grievances? It doesn't cost the company one penny to handle our grievances. What more could we ask? These other men go to Washington, cause a lot of trouble, get you out on a strike and your wife and family starve. And the Pennsylvania Railroad is going along with us. What more could we ask? nothing more, and we are still going along like that.

We are thoroughly well satisfied, so far as the Central Region is concerned, on the employee representation plan. (Prolonged applause.)

MR. GARRETT: The grievances Mr. Bate speaks of up to June this year had totaled 5,201 on our System. Of this number 2,533, or a little more than 49%, were adjusted in favor of the employee in this conference, without an appeal, and therefore without the necessity of being referred to the Reviewing Committee.

Five thousand sounds like a lot of grievances. Most of those grievances—we have been analyzing them—have dealt with the wage to be paid for this or that unusual job, where a man had been put on some special work, where there was no special rule to apply to the

particular job and where they were not satisfied with what they got. They were mainly things of that sort—little seeds of discontent that kept growing, but now we get together with the men, and they are soon over and forgotten and everybody works together.

I want next to introduce Mr. H. E. Custar, the Central Region Chairman of the Shop Crafts Committee.

MR. CUSTAR: I, like Mr. Bate, was called here unexpectedly. We are in a meeting with the entire Pennsylvania System shops committees, going over some matters we believe essential to every division and region.

Mr. Bate has gone into the employee representation plan from the standpoint of the miscellaneous forces. I will endeavor to present to you the shop crafts side of it. You are all aware of the fact that the shop craftsmen of the railroads were called on the first day of July by the heads of the American Federation of Labor. On the Pennsylvania Railroad they took from our number about 35%, the other 65% were agreeable to the rules and regulations that had been placed into effect.

On the thirtieth day of August, 1921, the Shop Employes Committee of the Central Region, signed an agreement with the Pennsylvania management of this central region, composed of thirteen divisions under the general manager, Mr. McCarty—the crafts representatives, machinists, boiler makers, sheet metal workers, electricians, and carmen. Here each and every craft is distinct from the other. Each craft elects three representatives on a division, three representatives elect a chairman of that division, and the chairman of each craft meet with the chairman from each division and elect a general craft chairman and a chairman of that particular craft.

We have found in going around among the employees that the biggest trouble in the past lay in the fact the employee did not realize that he can settle grievances through his local foreman, master mechanic, or superintendent. He has been lead to believe that the only salvation was to get someone from the outside from the national organization to come in and say, "You *have* to do this or that."

Many of our employees were skeptical about our plan. They were misled by their organization leaders to feel that they could not trust their employers. I can say this—that I believe that the Pennsylvania Company is sincere in this plan of employee representation. We negotiated our rules and regulations satisfactorily to all concerned. We have had cases come up that have been settled locally, others have gone to the master mechanic, and from the master

mechanic to the superintendent. Under the old way of handling affairs during the Railroad Administration, the American Federation of Labor signed an agreement which was termed a national agreement. That national agreement proved a success in some ways and in others it was a detriment to the employees. Many cases were started at a local point and by the time the case went through the proper channels the man lost out perhaps because he had quit or had become dissatisfied and said, "Let it go."

As it is today the man, who has his grievance, takes it up with his foreman, gets his decision in writing. If the decision is satisfactory it is turned over to the committee. If it is not settled there it goes to the superintendent. The keynote of the whole situation is this—we have to trust each other. So long as the workingman has that old hatred for his employer in his heart, and feels that he is nothing more nor less than a tool, he will never get along, and just as soon as the employer realizes that the employee has his interest at heart, and that he should have the employee's interest at heart, then we can make this thing go, but we cannot unless we talk it over around a table.

As Mr. Bate has stated, we have what we term a round table, composed of equal representation from management and employees. A case that cannot be settled through the proper channels is placed before the joint committee; the joint committee reviews all the evidence and decides one way or the other. It takes a two-thirds vote to carry. When that vote is in favor of the employees, it is put into effect throughout the entire district or region.

Many a time, when a man has a grievance—a personal grievance, sometimes an axe to grind—he will harbor that grievance until it becomes the foundation for disturbance in the local shop for the simple reason the employee that has a grievance does not feel he is big enough to go before his foreman. He has been led to believe the foremen are on some high pinnacle.

One thing that employee representation as inaugurated by General Atterbury has done is this, it has proven to the employees of the Pennsylvania System that every one of us is a cog in this big gear wheel and every employee realizes that he is just as big a man and is filling as important a position as any officer on the Pennsylvania System, and that he can bring his grievance up in the proper way and have it rectified.

We have had a number of cases in the central region in which the employees felt they were being dealt with unjustly. We have

taken those cases up before the proper officials and they have been settled to the satisfaction of the employees, and everyone of those men with a grievance is a booster. Everyone of them is beginning to realize that they can come before the Pennsylvania management at any time to settle an argument.

Mr. Bate has said that General Atterbury will realize later on that he has started something that is going to be a hard thing to take away from us because we have begun to realize, and we have seen, that the Pennsylvania is the standard railroad of the world. That's our motto and we are going to keep it that, and I hope the time will come when every railroad in this United States will have to take their hats off to the Pennsylvania, because I work for it. (Applause.)

I have always said that a satisfied employee is the best advertiser and every man in the Pennsylvania System is going to be an advertiser and you will have to get busy to beat us. (Applause.)

MR. GARRETT: There is little to say in summing up. If there are any questions from the viewpoint of either management or employees, we will be glad to answer if we can anything that you want to know.

MR. C. S. CHING: Have you had much difficulty, after you have gone into conference and settled an argument, in getting the fellows back in the shop or in the departments to see the thing in the same way as you do and in getting them satisfied with the decision you have reached?

MR. BATE: Your question puts me in a peculiar position—I don't want to say this but I will have to for it seems you are going to draw it out of me. You are well aware of the fact that before we had employee representations on the Pennsylvania System and were working under the national agreements, things were pretty rotten, and it was because things were in that condition that we have had to straighten out so many things, and take the results back to the employees. They were perfectly certain that we had something behind us in regard to employee representation.

Up until last July we did have one division that refused to have any committee. I went and talked to the boys and told them what they were missing. They elected a committee and to-day I'll take any one of you to that division and you will find they are 100% for the employees' representation plan because this last month I settled five cases that didn't go any further than the superintendent—he was afraid I would go to the general superintendent.

When you have such cases as that and you can settle them quickly, you will find no difficulty. We are not all fools on the Pennsylvania Railroad and we have a little bit of judgment when a good turn is done to us.

MR. OSCAR MILLER: To what extent have you got the office and clerical forces into it?

MR. GARRETT: The same representation plan applies to them as to other employees. They have a number of committees, by divisions. I think we have 65,000 or 70,000 men in that department—big enough to be an organization of its own.

MR. BATE: I was one of the clerks myself and in 1922 the clerks did accomplish more than anybody else through their employee representatives. They have been benefited more than any one other class.

MR. C. S. COLER: How do you keep in touch with the employees?

MR. BATE: The Pennsylvania Railroad gives each chairman an office. He can call the regional chairman into a meeting, he can call 45 men in at one time—that is in his hands. I am running this side and when I want to call the men in I do so, or if I want to go anywhere on the division I have the freedom to go when and where I please—as free as a bird of the air.

MR. RAYMOND FARRELL: Can we be told of any particular grievance that came up and how it was handled?

MR. BATE: This last week we had three oil distributors who got a five-cent cut in the M. W. & S. Department. They kicked and the superintendent said, "Well, go and see Bate about it and see what he says." One of the fellows came to Pittsburgh and asked me what I thought. I told him that he could go back and tell that superintendent that those fellows were nothing more or less than store attendants and they should receive only a two-cent cut, according to what we signed up for. The superintendent said, "All right, if that's what Bate says, it's all right." They inquired and instead of cutting their wages they had to give them 47c and hour and also \$50 back pay for the three of them.

MR. HEISEL: Do discipline and discharge come under the jurisdiction of the Board?

MR. GARRETT: All questions of that sort where the employee is dissatisfied come before the Joint Reviewing Committee eventually, the same as any other problem. How large the problems may be that come before that committee I may illustrate by example. One of our division headquarters in Pennsylvania didn't suit the employees—they wanted it changed to another place. That was brought up to the management and they said they didn't think they wanted to change it. It was referred to the committee for decision. There is no problem in which the employees and management are jointly interested that is too big, too broad, too important to leave to the decision of this joint reviewing committee, and that is where it is settled. Any decision requires a two-thirds vote in the committee. You have to convince two-thirds of the committee—employees and management representatives—all sitting around the table.

CHAIRMAN MORGAN: Mr. Garrett, I would like to thank you very much for your surprise party. (Appause.)

I wish you would express our appreciation as an association to your chief.

