

MADE PUBLIC.

Report of President Cleveland's Special Labor Commission.

The General Managers' Association Scored — Fullman Company, Its Workmen and Tenants—Cleveland's Attitude Justified—Specific Recommendations.

The report of the special labor commission appointed to investigate the causes of the recent railway strike has been made public. It is signed by the federal labor commissioner, Carroll D. Wright, and his fellow-investigators, John D. Kernan, of New York, and Nicholas E. Worthington, of Illinois, and is addressed to President Cleveland.

The report says the capitalization of the twenty-four railroads directly represented in the General Managers' association was \$2,108,527. The number of employees was 221,097. In its construction the object of the association is stated to be "the consideration of problems of management arising from the operation of railroads terminating or centering at Chicago."

"Until June, 1894, the association's possibilities as a strike fighter and wage arbiter lay rather dormant. The roads fixed a 'Chicago scale' for switchmen, covering all lines at Chicago. In March, 1893, the switchmen demanded more pay from each road. The association concluded that they were paid enough; if anything, too much.

"This seems to show that employees upon association roads are under subjection to the General Managers' association."

The report after detailing the action of the association in establishing agencies and employing men, adds:

"It was the first time when men upon each line were met sharply face to face with the fact that in questions as to wages, rules, etc., each line was supported by twenty-four combined railroads. This association has prepared for its use elaborate schedules of the wages paid upon the entire lines of its twenty-four members. The proposed object of these schedules was to let each road know what other roads paid.

"The distribution of these schedules alone enabled the report to be used with efficiency as an 'equalizer.' As the result during 1893—it being then well understood that as to wages, etc., it was an incident of the General Managers' association to 'assist' each road in case of trouble over such matters, one form of assistance being for the association to secure men enough through its agencies to take the place of the strikers—reductions were here and there made upon the different roads, the tendency and effort apparently being to equalize the pay on all lines.

"It is admitted that the action of the association has great weight with outside lines and this tends to establish one uniform scale throughout the country. The further single step of admitting lines not running into Chicago to membership would certainly have the effect of combining all railroads in wage contentions against all employees thereon. The commission questions whether any legal authority, statutory or otherwise, can be found to justify some of the features of the association which have come to light in this investigation. If we regard its practical workings, rather than its professions as expressed in its constitution, the General Managers' association has not more standing in law than the old trade unions. It cannot incorporate because railroad charters do not authorize roads to form corporations and associations to fix rates for services and wages, nor to force their acceptance nor to battle with strikers.

"It should be noted that until the railroads set the example a general union of railroad employees was never attempted. The unions had not gone beyond uniting the men upon different systems into separate trade organizations. These neutralized and check each other to some extent and have no such scope or capacity for good or evil as is possible under the universal combination idea inaugurated by the railroads and followed by the American Railway union. The refusal of the General Managers' association to recognize and deal with such a combination of labor as the American Railway union seems arrogant and absurd when we consider its standing before the law, its assumptions and its past and obviously contemplated future action."

Pullman Company and Its Town.

"This is a corporation organized in 1867, with a capital of \$1,000,000. It has grown until its present paid up capital is \$30,000,000. Its property is worth the company for over twenty years to pay 8 per cent quarterly dividends, and in addition to lay up a surplus of nearly \$25,000,000 of undivided profits."

"Speaking of the town of Pullman, of which the report states the company is owner and landlord, the commission says:

"The conditions created at Pullman enable the management at all times to assert with great vigor its assumed right to fix wages and rents absolutely and to repress that sort of independence which leads to labor organizations and their attempts at mediation, arbitration, strikes, etc. On the other hand, it is an economic principle generally recognized that the shutting down of such a plant and the scattering of its forces usually result in a greater loss than that exhibited by the continuance of business. The Pullman company could hardly shut down for seven and a half months at a cost and loss of less than 1 per cent. upon its capital and surplus."

"The company also alleges that it simply readjusted piece-work prices to suit the necessities of the times.

"During all of this reduction and its attendant suffering none of the salaries of the officers, managers or superintendents were reduced. Reductions in these would not have been so severely felt, would have shown good faith, would have relieved the harshness of the situation, and have evinced genuine sympathy with labor in the disasters of the times.

"If we exclude the esthetic and sanitary features at Pullman, the artistic and sanitary

features at Pullman are equal to those from 20 to 25 per cent higher than rents in Chicago or surrounding towns for similar accommodations.

The esthetic features are admiringly by visitors, but have little money value to employees, especially when they lack bread.

"While reducing wages the company made no reduction in rents. Its position is that the two matters are distinct and that none of the reasons urged as justifying wage reduction by an employer can be considered by the company as a landlord.

"The company claims that it is simply legitimate business to use its position and resources to him in the labor market as cheaply as possible and at the same time to keep rents up regardless of what wages are paid to its tenants, or to sustain the high rents elsewhere; to avail itself to the full extent of business depression and competition in reducing wages and to disregard these same conditions as to rents. No valid reason is assigned for this position except simply that the company had the power and the legal right to do it.

"The demand of the employees for the wages of June, 1893, was clearly unjustifiable. The business in May, 1894, could not pay the wages of June, 1893. Reduction was carried to excess, but the company was hardly more at fault therein than were the employees in insisting upon the wages of June, 1893."

As to the great railroad strike proper the report says:

"It is apparent that the readiness to strike sympathetically was promoted by the disturbed and apprehensive condition of railroad employees resulting from wage reductions on different lines, blacklisting, etc., from the general growth of the General Managers' association, which seemed to them a menace."

The report declares the arrival of the troops at Chicago was opportune, and says that popular sympathy with strikers rather than with the corporations cannot be doubted, nor would it be surprising to find the same sentiment strong among the military. These forces are largely recruited from the laboring classes.

The President Is Upheaved.

The commission disposed, as follows of the matter of the use of federal troops:

"Section 4 of article 4 of the federal consti-

tution reads as follows: 'The United States shall guarantee to every state in this union a republican form of government and shall protect each of them against invasion, and on application of the legislature, or the executive (when the legislature cannot be convened) against domestic violence.' United States troops were not sent into Illinois upon the application of the legislature, nor of the executive, against domestic violence, violence affecting the state and its government as such. The president ordered the troops to Chicago. 1. To protect federal property. 2. To prevent obstruction in the carrying of the mails. 3. To prevent interference with the interstate commerce. 4. To enforce the decrees and mandates of the federal courts.

He did this under the authority of section 5,201 of the revised statutes of the United States, which provides:

"Whenever, by reason of unlawful obstructions, combinations or assemblages of persons, or rebellion against the authority of the government of the United States, it shall become impracticable in the judgment of the president to enforce by the ordinary course of judicial proceeding the laws of the United States within any state or territory, it shall be lawful for the president to call forth the militia of any or all of the states and to employ such parts of the land or naval forces of the United States as he may deem necessary to enforce the faithful execution of the laws of the United States or to suppress such rebellion in whatever state or territory thereof the laws of the United States may be forcibly opposed or the execution thereof forcibly obstructed. Other statutes tend to confer authority in the same direction."

Debt and Associates Exonerated.

"There is no evidence before the commission that the officers of the American Railway union at any time participated in or advised intimidation, violence or destruction of property. They knew and fully appreciated that as soon as the strike was over the association would crush the mob and all responsible for them in the remotest degree and that this meant defeat. The attacks upon corporations and monopolies by the leaders in their speeches are similar to those to be found in the magazines and industrial works of the day. From the testimony it is fair to conclude that strikers were concerned in the outrages against law and order, although the number was undoubtedly small as compared with the whole number.

Permanent Commission Advised.

In conclusion the report says:

"Some of our courts are still poring over the law reports of antiquity in order to construe conspiracy out of labor unions. We also have employers who obstruct progress by perverting and misapplying the law of supply and demand, and who, while insisting upon individualism for workmen, demand that they shall be let alone to combine as they please and that society and all its forces shall protect them in their resulting contentions.

"The rapid concentration of power and wealth under stimulating legislative conditions, in persons, corporations and monopolies has greatly changed the business and industrial situation. Our railroads were chartered upon the theory that their corporation would amply protect shippers as to rates and employees as to wages and other conditions.

"The combination has largely destroyed this theory and has seriously disturbed the natural working of the laws of supply and demand, which, in theory, are based upon competition for labor between those who demand it as well as those who supply it. For instance, as we have shown, there is no longer any competitive demand among the twenty-four railroads at Chicago for switchmen. They have ceased competing with each other; they are no longer twenty-four separate and competing employers; they are virtually one.

"However men may differ about the propriety and legality of labor unions, we must all recognize the fact that we have them with us and grow more numerous and powerful. Is it not wise to fully recognize them by law; to admit their responsibility, labor guides and protectors; to conserve their usefulness, increase their responsibility and to limit their follies and aggressions by defining them to the public; to give the privileges enjoyed by corporations with like proper restrictions and regulations? The growth of corporate power and wealth has been the marvel of the last fifty years. Corporations have undoubtedly benefited the country and brought its resources to our doors. It will not be surprising if the marvel of the next fifty years be the advancement of labor to a position of like power and responsibility.

"When railroads acted as judge and jury in passing upon the complaints of shippers the people demanded and congress granted a government tribunal where shippers and railroads could meet on equal terms and have law adjust their differences. In view of the Chicago strike and its suggested dangers the people have the same right to provide a government commission to investigate and report on differences between railroads and their employees to the end that interstate commerce and public order may be less disturbed by strikes and boycotts.

"The commission therefore recommends:

"First: That there be a permanent United States strike commission of three members, with duties and powers of investigation and recommendations as to disputes between railroads and their employees similar to those vested in the interstate commerce commission as to rates, etc.

"(a) That during the pendency of a proceeding before the commission inaugurated by national trade unions or by an incorporation of employees it shall not be lawful for the railroads to discharge employees belonging thereto except for inefficiency, violation of law or neglect of duty; nor for such unions during such pendency to order, unite in, or aid or abet strikes or boycotts against the railroads, or to demand that the railroads discharge any such employees in whose places others shall be employed, except for the causes aforesaid; nor for any such employees during a like period, to quit the service without giving thirty days' written notice of intention to do so; nor for any such union to incorporate to order, counsel or advise, otherwise.

"(b) That whenever the parties to a controversy in a matter within the jurisdiction of the commission are one or more railroads on one side and one or more national trade unions on the other, each side shall have the right to select a representative, who shall be appointed by the president to serve as a temporary member of the commission in hearing, adjusting and determining that particular controversy.

"This provision would make it for the interest of labor organizations to incorporate under the law and to make the commission a practical board of conciliation. It would also tend to create confidence in the commission and to give to that body in every hearing the benefit of practical knowledge of the situation on both sides.

"(c) That during the pendency of a proceeding before the commission inaugurated by national trade unions or by an incorporation of employees it shall not be lawful for the railroads to discharge employees belonging thereto except for inefficiency, violation of law or neglect of duty; nor for such unions during such pendency to order, unite in, or aid or abet strikes or boycotts against the railroads, or to demand that the railroads discharge any such employees in whose places others shall be employed, except for the causes aforesaid; nor for any such employees during a like period, to quit the service without giving thirty days' written notice of intention to do so; nor for any such union to incorporate to order, counsel or advise, otherwise.

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