

SOCIALIST WORLD

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ARE LABOR UNIONS OUR HOPE OR OUR DESPAIR?

"Is it known," asks A. J. Muste in the February number of *The World Tomorrow*, "that at about the same time the premiers of Europe were meeting in Paris and failing to agree, the organized building trades workers of France, Germany, Belgium, Holland, Czecho-Slovakia, Hungary and Italy were meeting in France and succeeding in making arrangements to bring into France workers from these other countries to help rebuild villages and towns, and to protect the wages, hours and working conditions of such 'foreign' labor in France?"

"The subject is a big one." Mr. Muste goes on to say. "There are numerous points of view from which it might be discussed. I am going to have in mind in this article the many millions of people in America whom the newspapers have more or less definitely in mind, sometimes at least, when they talk about the Public. There are the farmers and the population of villages and small towns; small trades-people everywhere; the great army of "white-collar" wage earners, clerks, stenographers and such, professional folk, clergymen, lawyers, physicians, engineers; even a considerable number of manual laborers who live away from the industrial centers or work in trades or industries that are not being touched by unionism. These people get their ideas of labor unions from the newspapers, from an occasional encounter with the plumber, and from the annoyance to which a strike now and then subjects them.

"To them the labor unions are organizations, in some cases quite large, it is true, but nevertheless in-

cluding only a minority even of the hand-workers of the country; evidently honeycombed with graft and corruption; interested not in getting the work of the world done efficiently but in doing as little of it as possible, not in production but in the limitation of production. Only a couple of days ago an estimable acquaintance in the village chanted to me the old refrain, 'The plumber never brings his tools with him when he comes to the house and then if he would only get them quickly and come back but he always has to chew the rag down at the store for an hour and he always brings a helper.' The unions, they say, are always looking out for their own material interests, demanding higher wages, shorter hours, pleasant conditions of work, and never apparently giving much thought to the things of the spirit or to the need and interests of the people; not able to agree even among themselves but engaged in endless and meaningless jurisdictional disputes; more and more wanting to take the running of industry into their own hands, though surely they can't have the brains and training to succeed in keeping it going for as long as a week; and whenever they don't get their way going on strike trying to force employers, and workers who may not want to strike, and the whole country, to submit to their demands, not hesitating indeed violently to attack people and property in the attempt.

"If I understand correctly the plan of the present number of *The World Tomorrow*, then many of the problems just now suggested will be touched

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by the
SOCIALIST PARTY OF AMERICA
OTTO F. BRANSTETTER Bus. Mgr.

(Continued from page 16)

Do you want nationalization of the mines? Why? When you say nationalization, what do you mean? What is the picture in your mind of the industry under nationalization? What would your own job be like?

What do you think of our American plan?

Miners throughout the world are talking about workers' control. For years, they have had some control over wages and hours and conditions of employment—over ventilation, sanitary arrangements. They arrange the square turn. They have had checkweighmen, and so measured the results of the work.

What does this new talk of workers' control mean? How much control do you want over the job? Control of what? You have some control now, through mine committees: — what more do you want? Why? How soon?

Superintendents, inspectors, engineering men, technical experts, help in running the mines. What place will you give them under nationalization?

Without nationalization, how do you propose to cure slack work?

The operators talk as if reducing wages were the only way to reduce cost. What about bad management? Bad management causes your own low earnings. (Slow turn, lack of supplies.) How do you suggest getting better management?

Are you ready to back our American miners' plan for nationalization?

Help your nationalization research committee to plan the kind of nationalization you want. Send your suggestions and criticism to John Brophy, Miners Building, Clearfield, Pa.

COMPULSORY ARBITRATION

By Charles Edward Russell

H. R. 13522, the Mills bill, to provide for compulsory arbitration of labor disputes, is now pending in the House of Representatives, Congress of the United States.

Keep your eye on this bill. It is the most vicious piece of anti-labor legislation that has so far been attempted in Congress. Unless there is adequate and united action it will go over.

One great danger in it is that to persons that

don't know it sounds so good.

Arbitration—that's as fair for one side as for the other, isn't it? And if a labor dispute is arbitrated, then we don't have a strike, do we? Hence, let us have arbitration.

That is the way the average outsider argues, and this bill is drawn to appeal to the uninformed average outsider.

He doesn't know that compulsory arbitration is the biggest bunk and the biggest nonsense and the biggest fake ever known. But there is one part of the world that knows that fact and knows it henceforward and forever. No one will ever be able to fool New Zealand with this little trick.

It has been stung once, and that was enough.

If New Zealand's experience were well known in this country nobody here would have the nerve to talk about compulsory arbitration.

About 25 years ago, following a big maritime strike, a neat little law was put over providing that all labor disputes thereafter were to be settled by a board of three arbitrators, one chosen by the labor unions, one by the employers' associations, and the third being a justice of the Supreme Court.

This meant, of course, arbitration by one man—the justice of the Supreme Court.

Fines were provided for employers or workers that refused to accept the awards of this tribunal; heavy fines.

For some time the awards were in favor of the men. Lovely. No strikes.

After a time the employers said that wages had gone as high as they could stand, and if there were any more increases manufacturing would quit the country.

The next award was against the men.

The men refused to accept it and went on strike.

The courts levied fines. The men refused to pay them. When executions were issued there was nothing to levy on but the family wash boiler, and that was exempt. So the strike went on and the award went glimmering.

The social doctors then said that the law wasn't strong enough. What was needed was a jail sentence and no exemptions on levies for fines. So the law was amended and made as strong as human ingenuity could make any law. Compulsory arbitration to the limit. Jail sentences and everything.

The next year there was an award in the coal mining industry that the men refused to accept. So down came the magnificent new law full tilt. Strikers were arrested and slung into jail. Levies were made on all they possessed—wash boiler and all.

Then the social doctors became aware of three things. First, putting men into jail didn't end the

(Continued on page 6)

ARE OUR LABOR UNIONS

(Continued from page 1)

upon in other articles. What I wish to do here is to raise the point made by Aristotle long ago that if we are to know any organic or living thing we must have regard to its end, to that which it by force of its nature develops into, to what it is at the culmination of its growth. We do not know what an oak is, nor even what an acorn is, so long as we know only the little brown nut that lies on the ground in autumn. We do not judge the unborn infant in the womb by what it is at the moment but by what it may become and, given an environment in which it can survive, must become.

"Such of the American people as have been brought up in the Christian tradition should take particularly kindly to the suggestion that we must exercise care in our judgment of any new popular movement. How often have we not applied to Jesus the saying of the prophet: 'When we shall see him, there is no comeliness that we should desire him.' So it was with the good, the respectable, the religious, the church people of his time. They could see nothing attractive in him. A revolutionary, a destroyer, impious, conceited, glutton, wine-bibber, associate with prostitutes,—such was he to them. Take any moment that we now look back upon as marking a notable advance for mankind — the Franciscan movement, the Protestant Reformation, Quakerism, the American Revolution—at its inception the good, the respectable, the church folks were shocked. Here was something new. They were irritated. They were thrown off the scent by the disturbance and violence associated with the movement, by its accidental excesses. They did not see the end, what this living, kicking, shouting thing was bound to become.

"What, then, of the Labor Union of the Future? I venture three suggestions.

"Firstly, the labor unions which now appear to many to be interested not in doing but in obstructing the world's work, not in production but in the limitation of production, to use phrases much bandied about and little understood in these days, are the instruments through which society will presently carry on production. That there may be a tolerable standard of living and leisure for all the people, we must produce the necessities of life on a large scale and with the help of machinery. Unless, therefore, we are going back to a greatly diminished population and to the bare subsistence standard of living to which the peasantry of all lands have been subjected throughout history—and it is certainly not conceivable that the western world will do so voluntarily though it may possibly have to come to it nevertheless—we are bound to have large-scale, highly organized industry. Such cen-

tralized industry we have now under the control of a small number of executives and financiers. For the people of the country in general this has come to mean that they get little for what they produce and pay much for what they consume, and that they feel their whole common life and their government to be in control not of themselves but of the 'interests,' to use the stock phrase, — a condition against which all classes in the population are manifestly in revolt. For the industrial workers the present system means that they feel themselves mere helpless cog in an impersonal machine rather than self-determining units of a social whole. Their labor is bought and they sell it at so much. Their seller are not wanted and are not given. It is a situation that human nature quite certainly will not endure.

"But if goods cannot be produced under the present autocratic control of great industry, we must work out a democratic form of co-operation in the production of goods. The labor unions are destined to develop into the guilds or associations of producers which will meet precisely this need. This is a large statement, and much ought to be written that cannot be written in the brief space of this article to make the writer's meaning even measurably clear. For example, it may well be that ultimate control and ownership of many enterprises will come to rest in municipalities, or the state, or voluntary consumers' co-operative societies. All that is asserted now is that the labor and professional unions are destined to develop into bodies that seek not only to defend the wage and other standards of their members but that exercise the constructive function of actually turning out goods and providing services such as transportation, education or recreation.

"As one would expect if our point of view in this article is sound, the germs of this development of the producers' organizations are already in evidence. Even the much berated rules anent limitation of production have often been inspired at least in part by the desire of the worker to protect the instinct of workmanship in himself and quality in the product against the incessant modern demand for mere quantity of output regardless of quality, with all the insidious degeneration of standards, both in makers and in users of goods which this implies. There are, it is true, many unions which still take up a merely negative attitude toward all such matters as scientific management, and methods and standards of production. So long as they must struggle for the very right to exist and to secure for their members a minimum return for their work, what else is to be expected? How much grain is a farmer likely to raise so long as a robber has his hands about his throat? And how much grain does the farmer raise when it costs him more than he can get

for it? How much encouragement in improving production would many unions get today from open-shop employers' organizations?

"Everyone who is at all in touch with the situation, however, knows that in the unions that have established themselves the attitude toward the problems of production is not purely negative and that there is already even in America an amount of co-operation between labor unions and engineers, the technicians of industry, which makes it not so difficult to see a day when we shall have a guild of producers, including workers by hand and by brain, to carry on an industry. In England we know that in the political Labor Party and in Guilds already in operation in the building, clothing and agricultural industry, these groups are effectively co-operating.

"Secondly, the labor union of the future—this force of labor thought of by many as a disturbing and destructive force, a violent and belligerent force—is really the bearer of our great hope of peace. There cannot be many left today who hope for world peace at the hands of the ruling powers of our political and economic life. The workers have it in their power to put an end to war between the nations. Upon them the war-makers depend to make the guns and the bullets, to march to the trenches, and to pay the bills in after years. If the workers were to refuse?—And they do wish to refuse. But the refusal must be organized. And the labor unions are organizing it. They are organizing it negatively by a fight against militarism and war. They are organizing it positively by all manner of friendly interchange of thought and of active co-operation among the workers of various lands.

"In our own country, backward as our labor movement is in some respects, there is no force that can be counted on more rapidly for support of any movement for limitation of armaments and the like. The great International Federation of Trade Unions with headquarters at Amsterdam and with nearly twenty-five million workers in the membership of its affiliated organizations, has just held along with other peace groups a great conference in The Hague to organize further the movement of trade unionists to refuse to make or transport war munitions and to take part in any war. Of course this has been tried before though not on so great a scale. But the workers have no economic interest in war—and if there is no hope there, then where?

"Do we grasp the significance of the fact that Ramsay MacDonald who throughout the war opposed Britain's war policy is leader of the Labour Party and of His Majesty's Opposition in the British Parliament today?

"Furthermore, if we once attain a condition where the workers of various lands, organized as

producers or consumers or both, minister to their own and each others' need on a basis of co-operation and mutual aid under measurably democratic management, we shall have some hope of maintaining such peace as we may succeed in establishing, for we shall have eliminated the competition of rival groups of exploiters compelled to seek an outlet for the national surplus they control, which is the most general and potent cause of modern wars.

"Nor must those who may feel that we must look to the labor movement in the future for the establishment and maintenance of peace or else have no alternative but despair, be led astray or deprived of hope because at the present moment the situation in this regard is not ideal. Yet no one would have the church judged solely by wars of religion. In the main the labor movement has pursued its aims by peaceful methods in spite of much provocation. The workers' patience has been long, very long. It is quite astonishing what an army of economists, statisticians and experts of all kinds the labor unions in various countries are calling to their side, indicating surely a determination to fight out the battle with the weapons of fact and truth if it can be done.

"Finally, in the Labor Union of the Future allied quite probably with such forces as a political party of labor and a co-operative movement—in this labor movement that seems to so many today to concern itself exclusively about the interests of one class and even of that class only the material interests—we have the organized economic and political force that alone can set forth and carry to execution a constructive program putting society on a stable and wholesome basis and meeting in so far as organization can meet them the needs of all the members of society. Once organized labor is but

little freed from the struggle for bare existence it turns to broad programs for general well-being, showing it has mind and heart large enough and free enough to consider the needs of all men. We may approve or disapprove of them, but is there in this country another really constructive plan for the railroads to place beside the Plumb Plan put forth by the organized railroad workers, or for the soft coal mining industry to set beside the proposals sent out the other day by the Nationalization Committee of the United Mine Workers? That plan ought to be read carefully by every man and woman of good-will in this land. To refer once more to England, it is but sober truth to say, as S. K. Ratcliffe did the other day, that the 1918 program of the British Labour Party, 'Labour and the New Social Order,' 'provoked more vigorous discussion and received a more enthusiastic welcome than any political program put forth by an organized party

in our time—it went through the progressive communities of the English-speaking world like a reviving breeze.

“I am writing as if the Labor Union of the Future, the developing labor movement, were the Messiah for our modern world? Quite so. Whether our world can be saved at all from another period of dissolution and darkness such as once overtook civilization may be doubted by the student of history and society, but if it is to be saved there is not, except in the organized movements of the workers, a force having the economic interest, the idealism and the latent energy to fight the terrible battle

through to a new social order. It was of a nation oppressed yet deemed capable through its sufferings, of helping to redeem all nations that the Old Testament prophet whom we quoted in the beginning spoke. We may justly apply his great words to the masses who have long suffered and still suffer, who are rising, organizing and moving on. When we see them there is no comeliness that we should desire them. But they have borne our grief. With their stripes, if at all, shall we be healed. They have been led as lambs to the slaughter. They shall see of the travail of their soul, and shall be satisfied.”

Government Ownership of Railways

In the issue of February 21st “The Nation” published an article explaining its advocacy of government ownership of railroads, which is so concise and instructive that we are republishing it in full.

GOVERNMENT OWNERSHIP OF RAILROADS

(Reprinted from *The Nation*)

Why does The Nation favor government ownership of railroads?

Because we believe that the present system of private ownership is on the verge of collapse.

Then The Nation favors it for reasons of expediency?

After decades in opposition to this policy, we have now become convinced that even if the railroads could furnish the necessary service the time has come for the government to own the railways. The problem is today utterly unlike that of 1850, or 1900, or even 1910.

In what respects?

(1) The business of railroading reached a new phase with the settlement of the West. (2) Our public policy has been reversed since the days of the dissolution of the Northern Pacific-Great Northern merger. The principle laid down in the Esch-Cummins law that the railroads shall be combined into regional groups is an admission that the era of competition is over. (3) The control of the railroads has more and more passed from the hands of the stockholders, and the roads have become more and more the property of the banks or the tools of unscrupulous Wall Street speculators. (4) Even more important is the growth of vested interests based upon special railroad privileges, such as rebates, which still continue. Experience has now definitely proved that a major operation is

necessary to separate these parasites from the railroads.

But was not government management of the railroads a failure in war time, with a deficit of \$1,800,000,000 according to James C. Davis, director-general of railroads?

(1) The testimony of men like Mr. McAdoo and Mr. Walker D. Hines runs directly counter to this view. (2) The truth is that the railroads were on the point of collapse when taken over by the government. For one reason or another they had been starved. (3) The railroads were run by the government not to make money, but to win the war. As a test of government operation the experiment is of little or no value, since the attendant conditions will presumably never be repeated. (4) From the deficit must be deducted approximately \$600,000,000 paid to certain railroads for earnings guaranteed by Congress after the government relinquished the roads.

Will not government ownership of railroad necessarily mean establishment in the vital arteries of traffic of the paralyzing lack of initiative and the general inefficiency and red tape characteristic of the post office, the customs service, and other forms of government business?

This will not necessarily follow, but it is a risk which will have to be run. If the railroads are handled like the scientific bureaus of the government and kept out of politics they will be well run. They are the bases of the business life of the country, practically every citizen being more or less dependent upon them for service or having personal contacts with them; hence the presumption is fair that public attention could be rapidly and effectively focused upon maladministration of them.

Why would not the same end be better achieved by more careful regulation?

Regulation has thus far failed to safeguard the

public and insure cheap and effective service. It has not insured prompt handling of the crops in the Northwest this year, nor the adequate handling of coal in the East. Railroad presidents declare that if there is further governmental regulation private management cannot continue.

Does The Nation urge government operation as well as ownership?

It does not and will not unless it is proved that it is impossible to work out some plan of joint operation by a board composed of representatives of the railroad workers, the public, and the government as suggested in the Plumb Plan.

But is it possible to run a branch of the government service in such a way as to permit of democratic control of it?

There is no reason why the railroad workers could not be so organized as to institute democratic control and afford the necessary outlets for their creative energy now wholly undeveloped under the autocratic organization of governmental departments. That it has not been attempted is no proof that it could not be.

Would not so large a body of civil servants become politically a danger to the republic?

The existing army of 560,863 civil employees is not a menace. The railroad brotherhoods already have great political power. Moreover; civil servants in this country have never yet voted as a body for or against any candidate.

Would it be possible to get able men to run the roads for the small salaries the government now pays?

The bulk of the railroad presidents of today are not able men; most of them are without vision or foresight and numbers of them are greatly overpaid. A chief cause for the pending breakdown of the roads is the lack of technical ability on the part of the executives and extraordinary deterioration of the engineering and technical staffs under what Mr. Justice Brandeis calls the existing "banker management." Conversely, since the government obtains able men at small salaries for its scientific bureaus, it should be able to obtain similarly valuable railroad executives.

Would not government ownership be much more costly than private ownership?

Senator Couzens of Michigan has just replied as follows:

Let me say to you that the government can waste considerable money through inefficiency and politics and yet produce service to the public in many activities at a less cost than can be done by private industries that are not in the limelight and that have so many ways of covering up their cost through high salaries, extra compensation to directors, the purchasing of supplies from industries in which the

directors, are interested, and from the "rake-offs" paid to the bankers who finance them.

What are the vested interests which have thrived upon railroad favors?

The Interstate Commerce Commission declared in 1915 that the coal trust was built up by railroad discrimination and favors. The Federal Trade Commission has found that the strength of the Beef Trust lies mainly in the privately owned cars and terminal facilities which give it railroad service and opportunities denied to competitors. The Standard Oil Company was built up by rebates and still profits by railroad favors. The Steel Trust has been in a position to crush its competitors by preferential rates.

How could the government finance the purchase?

(1) If it imitated the bankers it would only have to purchase 51 per cent of the stock of a given road to obtain control. (2) It could issue government bonds at a lower rate in exchange for those now upon the several properties. (3) The highest estimate of the value of the roads has been placed at \$19,000,000,000. The war cost this country about \$32,000,000,000, all of which went for unproductive expenditure for which there is nothing to show. A government which raised money so easily in war time could afford a productive investment which would confer enormous benefits upon the public and insure great savings if only by cutting out the favoritism, nepotism, and "honest grafting" of the existing railroad managements.

COMPULSORY ARBITRATION

(Continued from page 2)

strike. Men can't mine coal in jail. Second, there weren't jails enough in all New Zealand to hold one-tenth of the strikes. Third, the levies on the wash boiler all crumpled up.

When the officers of the law had seized all the contents of a miner's home, and offered them for sale, the highest bid would be 25 cents. Whereupon the purchaser would move the goods back into the miner's house from which they had been taken.

After butting heads for a few weeks against this situation the social doctors learned, what they might have known from the beginning, that you can't make men work if they don't want to work, and that consequently compulsory arbitration is an idle dream. There isn't any such thing, and can't be.

What this bill really aims at is the camel's nose trick under the tent. If it should be passed it would deprive labor of what it has gained of the right to collective bargaining. Labor unions should be on the alert to see that it does not pass.

(New York Call by International Labor News Service).

The Socialist Party

Executive Secretary,
OTTO BRANSTETTER,
2418 West Madison Street
Chicago

National Executive Committee:

Edmund T. Melms, 579 8th Avenue,
Milwaukee, Wis.

Wm. H. Henry, 709 East 13th St.,
Indianapolis, Ind.

James H. Maurer, Rooms 1, 2 and 3,
Commonwealth Trust Co. Building, Har-
risburg, Pa.

Morris Hillquit, 19 W. 44th St., New
York City.

B. Charney Vladeck, 175 E. Broadway,
New York City.

George E. Roewer, Jr., 20 Pemberton
Sq., Boston, Mass.

Victor L. Berger, 528 Chestnut St.,
Milwaukee, Wis.

Official Business

Mar. 2-1923

*To the State Secretaries of the Socialist
Party*

Dear Comrades:

I am enclosing herewith the minutes of the National Executive Committee meeting held in New York City February 24th and 25th and the Preliminary Agenda which will be published in the Feb. issue of the Socialist World which goes to press immediately.

The number of delegates as provided by the National Constitution will make but a small body and in order to make this convention a larger and more representative gathering of Socialists, the National Executive Committee has called a national Socialist Conference in conjunction with the convention. It is expected that the two bodies will meet together and hold joint sessions for the discussion of all matters of party interest.

All matters requiring official action by the convention will, of course, have to be acted upon by the convention delegates only, but there is no reason why the attendance of the Conference delegates should not secure a more general discussion and understanding of the party problems and result in a better understanding and a more general support of the actions of the convention.

The representation in the Conference is to be five times the number of delegates to the Convention with the provision that the Conference delegates are to pay their own expenses or that the same shall be met in whatever manner may be decided by the respective organizations sending them.

If your state is entitled to two delegates to the Convention whose expenses will be paid by the National Office, you are entitled to ten delegates to the Con-

*Do you want the
Socialist World*

?

*This is the
last copy
you will
receive*

!

*Unless your
local secretary
has sent in a
revised list
of members
since Jan. 1st.*

Get after him.

ference whose expenses will not be paid by the National Office.

Trusting that your organization will be able to devise means of financing these additional delegates to the Conference, or that you will be able to find comrades having business or other reasons for coming to New York who will be able to defray their own expenses, I am

Yours fraternally,

Otto Branstetter
Executive Secretary

MINUTES

NATIONAL EXECUTIVE
COMMITTEE MEETING

New York City, Feb. 24-25, 1923

Present, Berger, Roewer, Hillquit, Vladeck and Branstetter.

Hillquit elected chairman.

Comrade Roewer reports on the Y. P. S. L. Convention at Fitchburg.

Communication from Leo M. Harkins. Executive Secretary is instructed to accept the offer and make necessary arrangements.

Communication from Ben Blumenberg. Referred to the Executive Secretary for reply.

Communication from the Socialist Party of the 21st A. D., New York City. Referred to the national convention.

Communication from Rothschild Francis of the Virgin Islands.

Comrade Vladeck offers on behalf of the Forward to furnish the print paper requested.

Committee from the New York Call consisting of Comrades Malkiel and Passage appeared in regard to the Debs' meeting and the proposition to launch a national weekly.

NATIONAL CONVENTION

Motion by Roewer: That the convention be held in New York City. *Adopted.*

The Executive Secretary called attention to the fact that the original date, April 29th, falls on Sunday and that we have heretofore found it advisable to open the convention on Saturday.

Motion by Vladeck: That the date of the convention be changed to Saturday, April 28th. *Adopted.*

Motion by Berger: That a national Socialist Party conference be held in connection with the convention to which the state organizations shall be invited to send delegates at the expense of the respective state organizations. *Adopted.*

INTERNATIONAL CONGRESS

Official call of the Executive of the

Second and the Vienna Internationals inviting the Socialist Party to send delegates to an international congress to be held at Hamburg commencing May 21st.

Comrades Debs, Hillquit, Berger and Stedman elected delegates.

Comrades Morris Berman, Mrs. Hillquit, Mrs. Berger and Mrs. Berman as alternates.

Adjourned until 2 P. M., Sunday.

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Chicago

SUNDAY SESSION

Subcommittee consisting of Comrades Berger and Branstetter reported preliminary agenda which was approved with amendments and additions.

amendments and additions as attached.

Otto Branstetter
Secretary

PRELIMINARY AGENDA

National Convention Socialist Party

New York City, April 28, 1923

Motion No. 1. That the Socialist Party continue its affiliation with the Conference for Progressive Political Action and that we recommend to our state organizations that they co-operate in the calling and organization of state conferences for the purpose of forming independent political labor parties in their respective states; such co-operation not to entail the loss of integrity or the political standing of the Socialist Party.

Motion No. 2. That the Socialist Party sever its connection with the Conference for Progressive Political Action and that the party constitution be amended by striking out all the amendments adopted at the Detroit and Cleveland conventions for the purpose of permitting fusion with other political parties of the working class, and to insert in lieu thereof the provisions of the constitution of 1920 prohibiting all forms of fusion or co-operation with other political parties or organizations.

INTERNATIONAL CONGRESS

Motion No. 1. Delegates of the Socialist Party of the United States to the World Congress to be held at Hamburg are instructed to vote in favor of the proposed union of Socialist and trade union forces of the world.

Motion No. 2. That the delegates of the Socialist Party of the United States to the World Congress at Hamburg be instructed to support the reunion of Socialists forces in one International on the following conditions:

(a) That no party be admitted unless it specifically repudiates the principle of "Burgfrieden" or Social Peace.

(b) That no other condition be imposed as to the internal policies, methods and tactics of the constituent parties.

ORGANIZATION CAMPAIGN

Motion: That the incoming National Executive Committee be instructed to prepare and commence at the earliest date possible an extensive organization and party building campaign. The plans for this campaign shall provide for new propaganda and organization literature, special work in labor unions, the touring of a number of prominent European Socialists from various countries and the maintenance of not less than ten national organizers in the field continuously until the Presidential election of 1924.

Provision shall be made for raising a fund of \$30,000 for this special work and the National Executive Committee is authorized to transfer \$7,500 now held in the Building Fund to pay the preliminary expenses and in order to commence the work immediately.

CONSTITUTIONAL AMENDMENTS

Motion: That the party constitution be amended so as to provide that all amendments to the party constitution or temporary abrogation of constitutional provisions be submitted to referendum.

Motion: That the party constitution be amended so as to provide for national conventions in even numbered years only.

Motion: That the party constitution be amended so as to provide that language federations shall secure dues stamps from the National Office only upon payment of National, State and Local dues, said State and Local dues to be remitted to the respective state organizations by the National Office.

Motion: That the party constitution be amended to provide for reduction of party dues so that the National dues shall be 7½ cents and the State 7½ cents per month.

Motion: That the party constitution be amen-

ded so as to provide that the application for membership shall read as follows:

"I, the undersigned, recognizing the class struggle between the capitalist class and the working class, and the necessity of the working class organizing itself into a political party for the purpose of obtaining collective ownership and democratic administration and operation of the collectively used and socially necessary means of production and distribution, hereby apply for membership in the Socialist Party, and inclose \$—— for dues. I also subscribe for *The Socialist World* for the period of my membership, fifty cents of each year's dues paid

by me, being for subscription to the publication. In all my political actions while a member of the Socialist Party I agree to be guided by the constitution and platform of the party."

Motion: That the party constitution be amended so as to provide that all members of the Socialist Party under the age of 26 years shall also become members of the Young People's Socialist League.

Motion: To amend Paragraph 8 of the preamble of the Party constitution by striking out the words "To change our class society into a society of equals" and to substitute the words, "a society wherein opportunities are equal."

HOW TO RUN COAL

Suggestion for a Plan of Public Ownership, Public Control, and Democratic Management in the Coal Industry.

Issued by the National Research Committee, United Mine Workers of America.

FOREWORD

The United Mine Workers of America, assembled in the international biennial convention of 1921, created the Nationalization Research Committee to study nationalization of mines, and to submit a plan. This pamphlet is the second publication of the committee.

JOHN BROPHY, Chairman;
WILLIAM MITCH,
C. J. GOLDEN,
Nationalization Research Committee

I. THE AMERICAN PLAN

We shall first present our plan in summary form, and then tell why we believe each item is necessary. These are our proposals:

NATIONALIZATION OF COAL MINES

1. A secretary of mines in the cabinet.
2. A federal commission of mines, to control budget and policy on the basis of continuous fact-finding.
3. A national mining council, to administer policies, with miners, technicians and consumers represented.
4. The safe-guarding of collective bargaining through joint-conference.
5. Freeing production management from wage squabbles and sales problems by making wages the first charge against the industry and therefore making wage measurement one of the functions of the federal commission under the principles of collective

bargaining, which will be safeguarded by an independent joint wage scale committee.

WHY

Men are willing to risk their lives and spend their days in dangerous and racking toil. This is not the gift of a few unusual men. It is the steady average annual offering of over half a million miners. But the nationalization research committee of the United Mine Workers of America is getting in touch with miners who are willing to invest the same boldness and persistence of effort in planning good administration for their industry. They give ten, twenty, forty years to hard labor. We ask them to give but one hour a week to the firm thinking that will sweeten all the job.

The happiness of multitudes of common people rests in thinking out the problems of human relationship under the strain of industry. It is no revelation from heaven that is needed. It is the hammering out of some simple devices in administration. Man is an animal that organizes painfully and poorly. He grows irritable in large-scale industry. But as long as he elects to try for a thing called civilization—to come in out of the wet and eat cooked food—he must push on with his unnatural experiment and not lie down in the midst of the muddle. What are needed are some plain rules of the road.

The coal industry has been so disorganized and mismanaged that the situation in recent years has approached what big business men and stand-pat senators describe as a "catastrophe." Intelligent

men, with the welfare of the industry at heart, agree that the "game is up"—the old game of speculative profits, over-production, shortages, sky-high prices, unemployment, gunmen, spies, the murder of miners, a sullen, desperate public. Unless unification and order enter the industry, there will be a blowup somewhere, followed by drastic, angry and frenzied legislation. The American kingdom of coal is today in as chaotic and explosive condition as the states of Europe. No single constructive suggestion has come from the operators. No large leading idea has come from the public. The public is feeling intensely, but is not yet thinking wisely.

The operators have a fresh explanation for the annual crisis as often as it rolls around. One year it is car shortage, another year, high wages, then the war, then government interference. Of thought-out plan and remedy they have offered none.

The only large-scale proposal has come from the United Mine Workers of America in their demand for nationalization. It is the only proposal that grapples with slack work for the miners, high prices and irregular supply for the consumers. It is now the job of the miners to decide what kind of nationalization they want. There are only three plans possible for control and administration. All other plans are minor variations on those three. There are only three plans possible, because, after the owners are bought out, only three interests are concerned—the public, the miners and the technical and managerial group. The plans differ in the proportion of power they give to each of the three interests.

DEMOCRATIC MANAGEMENT

Any plan of unification to be acceptable to a free people must fulfill several demands. It must not only yield a good American life to the worker in the sense of wages, hours, safety, health, and all other living conditions; it must also satisfy his demand for a voice in management, for a share in the actual administration of the industry. The American worker has no use for the thing called state socialism. To have a group of politicians at Washington manage coal would be as distasteful to the miner as it would be to the long-suffering public.

Any plan of nationalization must give a larger area of control inside the industry to all workers. Against great odds and powerful opposition the workers have won a measure of control, certain negative functions of management. Their method has been collective bargaining, and their instrument has been the union. The workers have won at least a measure of control over the rate of pay; the length of working day; the details of daily

life inside the mine and in leisure hours; the qualification of the worker to be hired; the manner and tone of the manager; the right to inspect the conditions of the mine, and, through the checkweighman, to inspect the amount of work done. These are real gains in personal freedom and economic status. They have been largely won by the union. The proof is that these rights are not granted in a nonunion field.

But these gains are not enough for a worker in a democratically managed industry. He wishes the right to make suggestions on technical improvements, on car-pushing, on slack work, on output, and the right to take part in carrying them out. There will be no complete co-operation until his suggestions are welcome and weighed. His good will and intelligence should be encouraged. They must be incorporated in any successful scheme of administration. The working miner must have a real part in the government of coal. Democratic management is what the worker wants. By democratic management he means that coal shall be run by the people who mine it, who apply their scientific knowledge to its problems, who transport it, who sell it, who use it. If coal were run by a bureau at Washington, the miner would feel as far away from being represented in the industry as he feels today under private ownership. Democratic management must be the blood and bones of a plan of nationalization for the mines.

PUBLIC OWNERSHIP

But any plan for nationalization must also include ownership by the public. Ownership of the mines by the miners alone would be as unjust and as disastrous as ownership by the coal operators has proved itself to be. The public must give the final decision on the large issues of the industry. But it is always ownership that gives this power of decision. So the public must own the mines.

CONTROL

Any plan of nationalization must include the separation of control from administration. The decision of policy is one thing. The job of administration, that is, running the industry, is quite a different thing. To give control to the community as a whole, to safeguard the future as well as the present, to practice the American policy of conservation equally with that of business initiative—all this is in the job of control.

Control means to know what is actually being done, as well as to know what must be done to get results and to order the thing to be done. Control means statistics of output, requirements, stocks; it means tests, inspections, research, publicity; it means the collection of all the necessary

new and now unknown facts about the industry.

Under public ownership and democratic administration, the coal industry will find out how much coal the people want, how much of a supply is already in stock, what is the cost of mining coal, how much pay a miner gets, and what the correct price is for a ton of coal. These are simple, easy, fundamental and essential facts in running an industry. But not one of these elementary facts is known today.

A permanent fact finding agency will be one of the instruments of control. Control means a permanent Federal Interstate Commission of Mines, and the eyes of the commission will be a fact-finding agency, with uniform accounting and a research group. *At the head is the secretary of Mines, a Cabinet member.* This federal commission will be created by congress, and composed of at least eleven members. Five of these members should be named by such bodies as the professional and industrial association (engineers, etc.). The other six members will be appointed by the president. The functions of this federal commission include fact-finding, scientific costing, budget determination, price fixing, research.

A scientific budget is essential to the success of this plan.

SAFEGUARDING THE PUBLIC

The power of the purse will rest with the permanent federal commission of mines. The national mining council will present to the commission its account—receipts, expenses, salaries, wages, costs, development of new coal fields, prices on coal.

Any plan of nationalization must arrange for the determination of price, quality and quantity of output by the whole community and not by the group of workers. This means that the federal commission of mines and the secretary of mines will have the final say on these matters. This will be the public safeguard.

WAGES

Just as the federal commission of mines will have its bureau of fact-finding, so it will have its bureau of wage measurement. The federal commission will pass upon the determination of its bureau of wage measurement from the point of view of business expediency and economic feasibility.

The bureau of wage measurement will deal scientifically with the disputed points in rate fixing, such as dead work for which no satisfactory standardized rate has been worked out. Its function is that of an impartial body to make all necessary tests.

The larger questions of wage determination, such

as the national basic rates, will be the business of the joint wage scale committee. Wages will be determined on a national basis, with the necessary differentials worked out for risk, skill, difficulty, and local conditions.

Wages will be made the first charge against the industry. A good American life for the miner will be regarded as of equal importance with a steady supply of coal at a reasonable price to the public.

For the first time in the history of the industry, disputed wage question will be removed from the administration of the industry, where they do not belong and placed under the economic control of the industry, where they do belong.

The mine manager, will be able to turn his face away from the business office and direct his full attention to the getting out of coal. In the past, the "good" manager has too often been forced to be a labor "squeezer" cutting rates to prove his efficiency. The good manager of the future will be ranked by his skill in coal-production and in the sound organization of work. Administrators, instead of wage haggling and market-juggling, will administer.

The considerations in wage determination are these:

1. The establishment of a national basic wage.
2. The wage as the first charge against the industry.
3. The differentials for risk, difficulty, skill.
4. The local conditions of yardage, timbering, rockfalls, dirt, faults.
5. The determination not to rest on emotional appeal, nor class warfare, but on measurement.

With unification of the industry the apparently innumerable variables of local wage conditions will fall within like general limits as workmen's compensation and life insurance.

ADMINISTRATION

The job of administration is to do. Administration means a *National Mining Council*. This council will be made up of three kinds of members. One group will be the administrative heads of the industry—financial, technical, managerial. One group will be the miners. The third group will represent the coal consumers, the consumers in other allied industries and the community.

There will be *regional councils* for the various large coal fields, such as the central competitive and the tide water districts, the anthracite, the southwest, and so forth. These district councils will be made up on the same threefold lines of local executives, miners and consumers.

In the mine or group of mines, there will be *mine committees*. Their function is advisory. The mine is conducted by the mine manager.

The national mining council appoints the mine managers, in consultation with the regional councils. The mine manager will have the authority of his position.

COLLECTIVE BARGAINING

Any plan of nationalization of the coal mines must include the safeguarding of the union, and collective bargaining. The prime cause of labor disputes is removed by nationalization in the elimination of the profit motive. Nevertheless, such questions as the division of the annual product and rates of pay for the various grades of work, and the conditions of the working place will always remain. So it will be necessary to provide a special and separate machinery for collective bargaining. This machinery will be the same joint conference between miners and directors of the industry as has always existed in union fields. Without this the workers would be almost as well off under the old system. The miners will be nominated by the United Mine Workers of America.

In other words, the United Mine Workers of America under nationalization, will not only participate in administration, but must in addition maintain its own life and integrity as "an independent organization of initiative and defense." It must be in a position to discuss wages through the *wage scale committee,—an independent joint conference board*. This is the same right which workers under consumers' co-operation enjoy.

THE MINERS' PROGRAM

Outlined above is the suggestion of our American miners' plan for nationalization. It is given, not as a final plan, but as something around which the miners may build their own program and as a focus for the thinking public. In the last chapter a series of questions are asked for the purpose of getting the mind of the miners busy on the program.

The coal industry is so dependent on transportation that the miners' program is one with the program of the railroad workers for nationalization of the railroads.

II. A WARNING

The present private control of coal is doomed. Plans for reorganization are already being pushed by the press, President Underwood of the Erie Railroad, and many others. This is a dangerous time for miners. The miners must do their own thinking and do it quickly. They must beware of specious plans in place of sound plans. When the miners offered to the house committee the suggestion for an emergency investigation commission with a joint representation of the industry, miners and operators, the operators responded with a

substitute—a commission from which miners were barred. When the miners urged a federal fact finding agency, permanent and compulsory, the business interests answered with various schemes for governmental regulation, or for "trustification."

But with the American plan for nationalization the risk of a joker substitute is greatest of all. Substitute for pure food are near-poison. Substitutes for industrial democracy are semi-slavery. Until miners have thought out a genuine plan for public ownership and democratic management of coal, until the miners back their plan by convinced and concerted action, their demand for nationalization will invite substitutes, any one of which may make the present bad situation intolerable. A substitute nationalization will destroy the union.

The conditions of success for nationalization are these:

1. Administrative organizing minds in the public service.
2. A competent technical staff.
3. A 100 per cent organized union.
4. Collective bargaining publicly accepted as the basis of wage agreements.
5. A large labor representation in all departments of government.
6. A political labor party.

Without these safeguards, nationalization will be control of the industry by a group of business men in the interest of private enterprise. The reason is this. American public opinion will demand, and rightly demand, that all the important problems of control and expenditure shall be finally decided by representatives designated by the people. At present these representatives would probably be citizens unsympathetic to labor. Until labor is adequately represented in voting strength, government commission will be made up of politicians and "big" business men.

Labor cannot allow its center and flanks to be crushed and yet think it can win the fight on the thrust of a single isolated sector. Labor must win by a united push along the entire battle-front. The conditions of nationalization are a 100 per cent union and a political labor party. A democratic policy like nationalization can be achieved only in a democratic state.

What is the way of getting a 100 per cent union, and a political labor party? It is to push nationalization. This will reveal the need of all these democratic gains. Nationalization is probably the only plan that will ever give a national wage agreement and a 100 per cent union. Nationalization demands nationalizers, that is, labor congressmen pledged to the plan. So nationalization will create a political labor party. The plan of nationalization is the cutting edge of the whole democratic

wedge. The lack of a 100 per cent union and a political labor party is not an excuse for failing to back nationalization. It is the reason why we must push the plan.

III. THE LAW OF IT

Nationalizing the coal mines will come because the American people, will demand it. The case rests on a solid basis of facts. The enormous wastes—economic wastes and human wastes—resulting from private ownership have led to a situation of unrest and chaos from which there is no escape and no relief except in public ownership and democratic management. Economic forces and the instincts of the American people are creating an irresistible sentiment for nationalization.

The last resort of newspaper enemies of nationalization is to pull a long face and tell of the legal and constitutional difficulties. They can no longer defend a disorganized, wasteful, costly, speculative industry, run for private profits and wrecked by gambling. Even some of our own members, even men convinced of the need for nationalization, are bothered by this bogey. They say, "How hard it is to change the law, and perhaps you will have to ask for a constitutional amendment. Better do nothing."

The truth is, there are no insuperable legal difficulties in nationalizing coal.

The very lawyers who now picture the difficulties will draft overnight the bill that will bring it in. Only they must be assured that their interests and their pay are cared for. The history of the law and of the courts has been that the legal principles upon which decisions are rendered have been made pliable under pressure of facts. Law ultimately conforms to life.

It is bad policy when a trade union permits the other side to establish the grounds upon which judicial controversies are waged. To fight along the lines of abstract rules of law is to play the game of corporation lawyers. *The job of the miners is to emphasize the social and economic facts in the light of which the rule of law must be applied.* The job of the miners is to demand all the relevant facts—the facts of investment, costs and profits, the wastes, the mismanagement—and thus shift the ground of controversy from abstract legalism to reality.

To sum up, legal aspects of the policy of public ownership are secondary and minor. Law will follow the facts and the reaction of the public to the facts. The miners demand the facts.

The real problems are very different from these legal fogs. One real problem is to shake loose from the operators the facts about profits — not doctored profits on padded costs and watered

investments — but the real profits on the actual investment. Another need is for the rank and file of miners to think hard on what they mean by democratic management. What kind of administration do they wish under public ownership? What representation on national, district and mine committees do they advocate for the technical and managerial staff? What representation shall the users of coal have? These are the vital questions, and they are worth thinking about. *But let us hear no more about the legalistic and constitutional obstacles.*

When the citizens of this country decided to free the slaves, they freed the slaves. The people have amended our constitution nineteen times in a brief history. They will amend it for the twentieth or the fifty-seventh time, as quickly as their minds are made up.

Without even raising the question of a federal amendment many of the steps towards nationalization can immediately be taken. Some of the power lies in the "general welfare" clause of the American constitution. Congress has power over coal, its power is not only that over interstate commerce, but also the power over matters of public health, over matters charged with public use, and over taxation. Existing powers of congress are sufficient to make coal a public utility, and to control the chief functions of producing and distributing coal. The "general welfare" clause of the constitution will prove effective in establishing coal as a public utility, just as the constitutional power over highways has given the government control over railroads.

IV. THE COST OF IT

Nobody knows exactly how much hard money has been invested in the bituminous mining industry, but we have three approximations of it.

To the United States census the operators reported as of December 31, 1919, a total investment in lands and mines of approximately \$1,903,000,000. This includes borrowed money.

To the United States treasury department, a group of 1,551 operators reported an investment as of 1918 of \$470,965,777. (Report of the Bituminous Coal Commission, page 40). These companies produced 31 per cent of the total output of bituminous coal in 1918. If they had a like share of the investment, the total investment would be \$1,520,000,000.

In a statement before the Interstate Commerce Commission, on January 19, 1922, J. D. A. Morrow, as vice president of the National Coal Association, accepted the census figure of \$1,903,652,355 and called it "the investment" of the bituminous coal operators.

Still more recently the Federal Trade Commission has made a finding of the investment in bituminous mining (Preliminary Report on Investment and Profit in Soft Coal Mining, published June 1, 1922). The commission analyzed the balance sheets of 1,126 companies and found their investment, as of December 31, 1919, to be \$521,250,000. This included borrowed money, and in the case of many companies included large undeveloped reserves of coal lands. It excludes outside investments in properties not related to coal mining. These 1,126 companies produced 32 per cent of the total annual output. Assuming that they had a like share of the investment, the total investment would be \$1,630,000,000.

To sum up these figures, *it will cost the nation somewhere between a billion and a half and two billion dollars to purchase the soft coal industry.*

The value at the mine of the coal for a single year was over a billion and a half dollars in the year 1920. *To own the soft coal industry will cost the nation a little more than the selling price of coal f. o. b. mine for a single year.*

But this is only part of the act of purchase.

The capital investment of the anthracite operators is given as \$432,000,000 by the census of 1919. This is, of course, a very rough figure.

There remains the value of the coal beds—the coal in the ground as distinct from the mining plant. In so far as coal mining companies have invested money in coal-bearing lands more than sufficient for their present needs, and which they are holding for future use, the figure of \$2,000,000,000 for bituminous and \$432,000,000 for anthracite (given above) includes some of the value of the coal beds.

We estimate the present value of established expectations in coal as approximately \$2,000,000,000. The method of calculation is given in the appendix.

So we have (all figures, approximate):

Bituminous operators' investment	2 billion
Anthracite operators' investment	1/2 billion
Present value at compound interest of the royalty payments which might be expected from the future production of coal	2 billion

4 1/2 billion

Confiscation, in any form, is of course unthinkable. All those holding an investment in mines, equipment, and coal beds will be recompensed at a just figure. The first step will be taken by the federal fact-finding agency, the bureau of statistics, in listing the plants, and in making a list of the owners of the coal beds. That register is an immediate need, regardless of nationalization. Then

follows the task of a valuation of the coal beds. The government has used up several years in valuing railroad properties. We suggest as the principle for appraising the value of the coal, the principle of established expectations. This means that the nation buys up the established expectations of the owners of the coal beds. It gives compensation for the disturbance of established expectations of being able to draw an income. With established expectations as the principle of purchase, the work of valuing is simplified.

For the British coal industry, it was estimated by Sidney Webb that between two and three hundred million pounds would meet all demands. That would be from a billion to a billion and a half dollars. This estimate included coal and collieries, royalties, and every form of stock-holding.

Four and a half billion dollars for the coal industry and the coal of the United States is a liberal estimate.

APPENDIX

I. MINERS' INTERNATIONAL

The Miners' International met at Geneva in August of 1920 with 148 delegates, representing two and a half million miners of thirteen nations. Among the delegates were two representatives from the United Mine Workers of America. There were no differences of opinion as to the principle of nationalization. Frank Hodges, secretary of the Miners' Federation of Great Britain, said that the term nationalization and the term socialization meant the same thing. It meant:

The transference of the mines to the ownership of the state.

Mines *not* to be worked by the state.

Mines to be administered through a body representative of the technical and manual workers, of the government, and of the consumers.

II. BRITISH MINERS' BILL

(The nationalization research committee has examined most of the nationalization plans proposed by Western European labor groups. It has studied the plan of the French workers, the various German suggestions, the plan of the Welsh miners, the Sankey report. The committee has selected the British Miners' bill, as the best constructed foreign plan. It offers this bill for suggestion, and for comparison with the American plan. The proposal of the British coal operators is given to show how rapidly the recognition of responsible control and administration is coming to the British miners.)

NATIONAL MINING COUNCIL

National mining council of twenty members and

a minister of mines as president.

Ten members appointed by the government. Ten members, appointed by the Miners' Federation of Great Britain. (These 20 members are appointed for five years, but are eligible for reappointment).

The minister of mines and one of the secretaries of the mining council, known as the parliamentary secretary, are responsible to parliament for the acts of the mining council.

Any person employed may lawfully participate in any civil or political action as if he were not employed by the government.

No person shall suffer dismissal or any deprivation as a consequence of any political or industrial action or as a consequence of participation in a strike or a trade dispute.

DISTRICT MINING COUNCILS

Each district mining council has ten members—five of whom are appointed by the Miners' Federation. The members are appointed for three years, eligible for reappointment.

PIT COUNCILS

The pit councils are for each mine or group of mines. Each pit council has ten members—five of whom are members of the Miners' Federation, and nominated by the workers of the mine or group of mines. The members are appointed for one year, eligible for reappointment.

For the purpose of advising the national mining council the government may appoint the fuel consumers' council, to represent the interests of the consumer.

The national mining council, before making or altering any regulations or conditions of employment, including wages, as affect workmen in the mining industry, shall consult with the Miners' Federation.

SELF-GOVERNMENT

This Miners' bill for nationalization in Great Britain makes provision for complete government of the industry by the people engaged in it. One-half the national mining council shall be people directly appointed by the Miners' Federation of Great Britain. The other half is composed of technical experts, commercial men, and the remaining one or two are nominees of parliament itself, so that there will be a definite link between parliament and the industry through those parliamentary nominees and through the minister of mines. The technical workers of the mining council can not in the immediate future be directly appointed by the Miners' Federation. The appointment of the technical staff will be made by the

managers' unions or by the minister of mines.

The functions of the national mining council will be to determine how the industry shall develop, national surveys of the coal fields, and, through experts, allotting areas in which new pits are sunk. The council will determine the annual output of coal, the price of coal, the various qualities of coal for particular uses. *The national council determines the finances of the industry.* It founds a sinking fund for depreciation of machinery, etc. Wages are co-ordinated by this national council. It determines economies in the industry. It determines the surplus to go into the national exchequer for social welfare. The national mining council is the connecting link between the industry and the nation. It appoints the mine managers.

The district mining councils are set up according to regional geographical areas. One-half of the representation of the district council will be elected by the workers of the district. On this district council there will also be representatives of the national mining council. They will be responsible for carrying out the broad policy laid down for the district by the national mining council. The district council will not determine wages, but will see that the wages in its area correspond with the wages in other areas.

The pit committee will be made up half of miners and half of managerial technical workers. They are responsible for the good government of the mine, they are responsible for production and safety.

In this bill of the British miners, they retain the right to strike and all the privileges of collective bargaining. They demand equal representation on the national council, which exercises central and general control over the mining industry; and equal representation upon committees exercising control over particular pits.

III. BRITISH OWNERS' PROPOSAL

So slight has been the pressure brought by the American miners that till recently they have had no scheme so definite, so radical, as the scheme of the *coal operators* of Britain. So far as the government of coal is concerned, *the British coal owner has been more advanced in his concessions than the American miner has been in his demands.*

Baron Gainford proposed the following plan with the authority of the Mining Association of Great Britain:

The wages of the workers in each district, instead of varying with the selling price of coal, should be regulated with reference to the profits resulting from the industry in that district. There should be determined:

1. A minimum or standard rate of wages to be

paid to each class of workmen, to be fixed by machinery proposed by the national industrial council. (This includes full recognition of the Miners' Union.)

2. The particular items of cost, other than standard wages, which are to be included in the cost of production, to be determined in each district by qualified accountants appointed by and representing each party. (*That is, a permanent, continuous, fact-finding agency, on which the miners' union has equal representation with the coal owners.*)

3. A standard rate per ton to provide a minimum return for and redemption of owners' capital to be determined for each district by qualified accountants, as above.

Any balance remaining after these items have been provided for should be divided between labor and capital in proportions to be agreed, the workmen receiving their proportion in the shape of a percentage addition to the standard wages.

IV.—VALUE OF COAL IN GROUND

(*United States*)

(As owned by others than the operating companies.)

A just method is to calculate the present value at compound interest of the royalty payments which might be expected from the future production of coal. This actuarial calculation necessarily involves assuming three things: first, future production; second, an average royalty rate; third, rate of interest at which future royalties will be discounted.

In our computation we assume that the production of coal for the next hundred years would be that estimated by E. W. Parker for the Conservation Commission in 1908. Parker's forecast, slightly revised, is reprinted on page 26 of the United States Geological Survey Professional Paper 100-A. For the second factor we assume an average royalty of 10 cents a ton on all coal mined. The third factor, the rate of interest, we take at 5 per cent.

The calculation shows that the expected royalty payments in 1923 are \$65,000,000, and that the expected royalty payments in the year 2022 are \$230,000,000. The sum of the 100 royalty payments amounts to \$16,900,000,000, but the present value of these payments at five per cent compound interest is only \$2,250,000,000.

This is simply an illustration of the negligible present value of payments of money to be made at any long time in the future. A compound interest table will show that at five per cent interest the present worth of a dollar to be paid you in 2022 would be seven and six-tenths mills, or about three-fourths of one cent. For every dollar of return upon investment in one hundred years, the present value is as given.

All this suggests that if we could imagine a combination of capital enough to purchase all the coal of the United States the combination would be excessively foolish to pay more than two billions. Should they pay more they would very certainly lose money.

The quantity of coal remaining underground at the end of 1920 was in the neighborhood of 16,000,000,000 short tons of anthracite, and three and one-half trillion short tons of soft coal, of which about 49,000,000,000 tons was semi-bituminous coal, 1,400 billion tons was bituminous coal, 1,050 billions tons was sub-bituminous coal and 980 billions tons was lignite. Of this enormous total about two and one-third trillion tons was in the northern great plains and Rocky Mountain province, where the resources as yet are not even scratched. The details on this subject are to be found in the Geological Survey Professional Paper 100-A—The Coal Fields of the United States.

One way of getting at the value of the coal itself has been to multiply these tonnages underground by an assumed resource value. Mr. G. H. Cushing, now director of the American Wholesale Coal Association, once calculated that at a valuation of only one cent a ton, the value of the coal in one region alone would be about \$20,000,000,000. But there is a fallacy involved in this procedure. It ignores the fact that when payment on royalties are to be made, at some time in the distant future, their present value is small. In this connection the data obtained by the several royal commissions which have recently investigated the coal question in England are significant. On page 139 of the "Ownership and Valuation of Mineral Property in the United Kingdom" by R. A. S. Redmayne and Gilbert Stone, it is stated that the present value of the minerals is from 60 to 80 millions pounds sterling, or probably about 70 million pounds. This means that the coal beds of Britain, in the judgment of the highest authority, are worth in present money only about \$330,000,000. Now, we do not mine more than two or three times as much coal as the British. Within a generation it may increase to six times that of Britain. Reasoning by analogy it would appear that the coal beds of the United States would have a present value not more than six times that of the British coal beds, or again about \$2,000,000,000.

V. QUESTIONS FOR MINERS

The labor movement of the United States is apparently the only labor group in the western world that had not until recently formulated a detailed plan for the nationalization of mines.

(Continued on page 2)