

PROFIT-SHARING AS A COMPROMISE BETWEEN CAPITAL AND LABOR

Col. P. H. Callahan, in a recent address to the Louisville Welfare Association, endorsed a statement made by Charles M. Schwab, that "labor has never had its just share of profits and will not be satisfied in the future with its former compensation, and especially its status."

Colonel Callahan is one of the more progressive employers who have taken time by the forelock. He installed profit-sharing in the Louisville Varnish Co., of which he is president, seven years ago, on the basis of the plan suggested by Rev. Dr. John A. Ryan in his books, *A Living Wage*, and *Distributive Justice*. This plan may be briefly described as follows:—

First.—Every business must first of all earn its operating expenses and depreciation, which of course include a living wage to its workers, sufficient to enable them to live in a becoming manner.

Second.—The workers having received their compensation, or rather their living wage, Capital should now receive its compensation or wage; six per cent. heretofore on the actual investment being a fair return, although at the present time long-time securities produce a better return, so that this rate should not be fixed arbitrarily, but to meet existing conditions, subject to the approval of the workers properly represented.

Third.—Any profits over and above these compensations to workers and capital should be divided on a fair percentage basis between the capital used in the business and the workers engaged.

Fourth.—In neither case should all of these profits be immediately withdrawn from the business, but left there for a reasonable length of time, so as to increase the financial strength and safety of the company, and in the case of the employees, this additional compensation should be distributed in some form of a security representing an interest in the business, and each employee should be required to hold such security for a reasonable length of time, with first preference to "own-your-own home."

Col. Callahan described how the Louisville Varnish Co. divides its profits on a "fifty-fifty" basis with its employees, the share of the workers being pro-rated according to the wages of each. He said that the plan has interested the employees in their work, thereby increasing production and improving quality, and redounded to the prosperity of the company. A very close relationship has been established between all the employees, who are given information every day as to daily sales, with comparisons of the corresponding days and periods, as well as information regarding the finances of the company. There was no "benevolence" attached to this plan, Mr. Callahan said, for since the introduction of this system the stockholders had received a larger profit than under the old wage system.

Col. Callahan quoted at length from a paper by George W. Perkins, as follows: "Bonus systems do more harm than good and stir up trouble rather than alleviate it. The giving of bonuses, he claimed, caused employees to feel that the employers were making vast sums of money out of which a sop was thrown to them to bribe them into feeling kindly disposed or to ward off a demand for a general increase in wages."

The employer who objects to profit-sharing because he is making so much money that he is afraid to let even his own employees know how much he is making, was declared by the speaker to be "more than any other responsible for the serious differences to-day existing between Capital and Labor," for, "with the growing intelligence of the masses, how can we expect such a situation to continue? Every year, yes, every day, it becomes clearer and clearer that such a condition will no longer be tolerated and must speedily pass away. Would it not be better to use some intelligent foresight and meet what clearly are to be the immediate future demands of public opinion?"

THE NEED OF SOCIAL STUDY.

Recommending the Catholic Social Guild in the *Month*, Father Sidney F. Smith, S.J., says that there is great need of study among us in social matters, not because the subject is abstract or abstruse, but because of the conflicting theories not yet empirically tested, and the confusion that results when "arithmetic becomes tinged with emotion."

Catholics, he says, have still another reason for studying the social question carefully, because if they do not, they may be found condemning what may perhaps be jus-

tifiable, and thus bring their faith into disrepute. "They should not be misled by mere phrases but endeavor to get at realities, and avoid, above all, the fettering of liberty of speculation by undue dogmatism. The Archbishop of Liverpool recently uttered a timely warning on this point. Speaking of economic theories, his Grace said: 'When the Church has not spoken there is always liberty: if Rome speaks, there is an end to the matter.' It is not for any cleric or layman, however zealous, to go ahead of the decisions of authority in moral matters. So long as there is social theory which is merely economic, and social arrangements which are merely conventional, liberty of discussion and action is therein unfettered. There are Catholics, for instance, who hold that for one man to employ another primarily for his own profit is, not intrinsically immoral, but so inevitably connected with injustice as to be incapable of being rendered morally right. Production, they say, should be for welfare not for wealth, for use not for profit: the wage-system must go the way of slavery and serfdom. To others the evil of the system seems accidental, and readily removable by admitting the wage-earners to partnership and a share in the profits. The difference is rather a question of fact than of principle, and each may abound in his own sense."

In this country there is even greater need of social study than in England (comments the *American Fortnightly Review*), because our ignorance of social problems is abysmal; yet, unfortunately, every systematic effort so far made to build up social study clubs, especially among the working people, where they are most needed, has met with failure.

MALTA—BUT NOT IRELAND.

It was reported in the British press a few days ago (says the *Glasgow Observer* of recent date) that on December 3 his Grace the Archbishop of Malta, the Chief Justice, the official members of the Council, the President of the National Assembly and elected members of that body all had interviews with Lord Milner; that the elected members were all "highly satisfied" with the result; and that Lord Milner listened with sympathy to various suggestions made by them, while he assured them that "the new form of government would be on a most liberal scale." So far, so good. Our rulers have lent a ready ear to the reasonable demands of a tiny outpost of the British Commonwealth (commonly called the Empire), intensely nationalist in sentiment and devotedly Catholic, and have granted Home Rule in a very full measure to a population of, at most, a quarter of a million. But principles which apply in the Mediterranean apparently do not carry force in the Irish Sea. Malta had only to ask and her request was granted. Ireland has suffered for centuries and is still awaiting the democratic justice of which many politicians talk so glibly—when they have an axe to grind. Prussian tyranny roused such people to an apparent white heat of righteous (?) indignation, but oppression at home not merely leaves them cold but seems the guiding principle of their policy. What is the ultimate inwardness of it all?

The *Times* and Ireland.

If the *Times* (of all papers) could declare the other day that "there is strong *prima facie* evidence of the existence of a powerful conspiracy against the prospect of an Irish peace," things must be bad indeed. The *Times* further states its fear that the Irish Executive are being used, "whether with the connivance of members of the Cabinet or not," to stir up a state of feeling, or even rebellion, that would make peace impossible. Of course that has been the belief of millions, both in and out of Ireland, for long; but when the *Times* takes up this position the belief must be fairly general throughout the country. When the whole abominable story of treachery and brutal force comes to light—as it must sooner or later—it will be a frightful revelation. And all this series of crimes against a nation is done at the bidding of a small clique whose hatred of the Faith is only surpassed by their love of ascendancy and selfish power. The end of their long lease of authority is overdue, and the reckoning will most surely have to be paid in full.

Although Lord French failed to destroy the power of Germany, he is well on the way towards success in destroying the last vestige of English rule in Ireland. His regime of savage repression is splendid propaganda for Sinn Fein.—*Canadian Freeman*.

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