

BEFORE
THE ANTHRACITE COAL STRIKE COMMISSION.

ARGUMENT

OF

GEORGE F. BAER, ESQ.,

PRESIDENT

OF

The Philadelphia and Reading Coal and Iron
Company.

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GEORGE F. BAER, ESQ.,
ON BEHALF OF THE OPERATORS.

Mr. Chairman and Gentlemen of the Commission: Whatever can be well said I think has been said in the arguments of the distinguished counsel who have represented the operators through this long hearing and who have so ably discharged their duty to them. My brethren of the bar persist in disregarding my new vocation and, treating me as one of their guild, they have, contrary to my own inclinations, persisted in asking me to join them in making an argument in this case. After all I can only be a gleaner in the field which has been already widely covered, in the hope that in the few straws that remain I may find a grain or two of wheat.

I think it is generally conceded that the marvelous progress of the past century is due to the general acceptance of the theory that under the action of individual liberty maximum efficiency and justice have been secured.

Political and industrial freedom have marched side by side. The individual was given free scope within the sound rules of law to exercise all the powers he possessed to improve his condition and advance himself in life. He is a pessimist who will not say that the masses of men have advanced and are continuing to advance under the powerful stimulus which individual liberty gives to individual initiative.

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You may marshal before you any battalion of successful men, mobilized at random in any locality, and to the summons, "How did you attain your present position?" the answer will come, in nine cases out of ten: "Promoted from the ranks." But we are told that whilst this may have been true as to the past, new conditions and forces have been developed which require "new lords and new laws."

In the development of the natural resources of the earth it is necessary for men to combine both their capital and their energy. Railroad and steamship lines, great steel plants and workshops of every kind can only be created by a combination of capital and energy. Through an adaptation and enlargement of Roman laws, we have developed the modern business corporation. We are apt to overlook the part these business corporations play in the distribution of wealth. Their stockholders are many, scattered far and wide and the business is not owned, as many people suppose, by a few very rich men. The profits made in any large business carried on by a firm consisting of one family, or a very few persons, are distributed among these few; but a successful business carried on in corporate form distributes its profits among the many, and therefore necessarily tends to a greater distribution of wealth.

I think there is, from lack of thought, much confusion in the minds of many people as to the rights, powers and duties which properly belong to industrial organizations including both capital and labor organizations. In general, no one denies the right of men to organize for any lawful purpose; but the right to organize, and the power of the organization when organized, must still be governed and controlled by the general law of the land under which our individual and property rights are protected.

We constantly hear the phrase: "Capital organizes. Why may not labor organize?" As if this settled the problem. But capital can not organize for an illegal purpose. Organized capital is subjected to sharper scrutiny than any other kind of organization. A possible violation of

individual rights is at once seized upon by the public as requiring some new and drastic law, if existing laws are not sufficient to meet public expectations. For example, may capital organize in such a way that one manufacturer may employ pickets to surround the establishment of another competing manufacturer to prevent ingress or egress to the works, or interfere with the sale of its commodities by intercepting its customers, or interfere with the transportation of its products and the orderly conduct of the rival business? We concede to organized labor the same rights that we claim for organized capital. Each must keep within the law. There can not be one law for citizens and corporations and another law for labor organizations.

I have been criticized because in an interview before the President of the United States I charged the lawlessness in the anthracite regions to the Mine Workers' organization, and I shall, with your permission, proceed to give the reasons why I did so.

The lawlessness in the coal regions was the direct result of mistaken theories of the rights of the Mine Workers. It will not do to say that the leaders have not encouraged violence and crime. It is true, no doubt, that they did not directly advise it. They at times counselled against it and issued paper proclamations calling for peace; and at other times, as they did on the witness stand, they have expressed regrets for it. Nevertheless, they are legally and morally responsible for the situation they created, and from which this violence and crime resulted.

Here is the record: Resolution No. 35 of the Shamokin convention approves the action of district No. 1, which decided "to insist upon *forcing* all who work in and around the mines to become members of the Union, and that they be authorized to refuse to work with non-union men." Regularly moved and seconded "That it becomes *compulsory* on the part of any man employed in and around the mines to become a member of the United Mine Workers of America."

Resolution No. 9 at the Shamokin convention: "Re-

solved, That at any colliery where employés refuse to become members of our organization and wear the working button, the local governing such colliery after using all *persuasive* measures to get such employés to join and failing in such, shall have full power to *suspend operations* at such colliery until such employés become members of our organization." The power to quit work when persuasion ceases; the power by force, by any means within their power, to suspend the operation of a colliery. That means to prevent anybody from working there.

These are but the samples of the general doctrines that they have proclaimed in their organized meetings. Then comes the President of the United Mine Workers and in his testimony he declares that, "the man who works during a strike is a scab." "He is a Benedict Arnold." "I would ostracize such a man." "A man has no moral right to pursue a lawful occupation in a lawful manner, if his work destroys the hopes and aspirations of his fellow men." These are extracts from Mr. Mitchell's testimony.

Then again, the leaders denounced the police employed solely for the purpose of defending life and property. I know it is a humiliating thing that in the great, rich State of Pennsylvania, law and order are so lightly regarded that the owners of manufactories of all kinds and collieries, must at their own expense guard their properties, and that they are denied the reasonable protection for which taxes are levied.

They complain bitterly of the decisions of the legally constituted courts, whereby riotous conduct, unlawful destruction of property and interference with legal rights of citizens are simply restrained. They even demand of their political supporters the passage of laws which will place trades unions above and beyond the customary and the ordinary jurisdiction of the courts. They blindly refuse to see that the peace and prosperity of the community and the rights of the citizen can be maintained only through the supremacy of the law and its just and equal administration. The overthrow of the civil power, whereby whole communities are at the mercy of the mob, so de-

lights them that they cry out lustily against the soldiers who are sent to protect life and property. It is in evidence that they complained to the Governor that American citizens on their way to work were guarded by soldiers; and the Governor of this great Commonwealth, in tender regard for their feelings, orders the commanding general to report and practically to apologize for guarding workmen from the fury of the riots that this organization incited. Why this denunciation of courts, of police and of soldiers, if the measures to support a strike are to be only peaceful and persuasive? The law is only a terror to evil-doers. In the exercise of lawful acts we need fear neither courts, police nor soldiers.

With such official teachings, let us look at the natural results which must flow from them, which did flow from them. We have been told time and again how boys to the number of over twenty or thirty thousand in the coal regions have been admitted to membership in this organization; how foreigners, without reference to the fact as to whether they are or are not American citizens—foreigners of many nationalities and speaking diverse tongues, with the boys, compose a majority of this organization. These boys, like most boys, have not been disciplined to reverence law and order, and we do not expect boys to behave very well unless they are under strong restraint. The foreigners, many of them, have been governed in their old homes by stringent police regulations. The law in the person of a policeman or a gendarme confronted them everywhere. They have come to this country with confused ideas of what free government means. The distinction between liberty regulated by law, and license, is practically unknown to them. Therefore, when a powerful organization of which they are members, led by men who are upheld and encouraged in a respectable community, tells them that force may be used to compel men to join their Union, that scabs should be ostracized, that they are given power to suspend operations at a colliery where the employés do not join the Union, is it not a direct invitation—nay, more—a com-

mand to commit the violence and crime that characterized the reign of terror in the mining regions?

Men who teach these false doctrines, pose as they may, are inciting to riot. Every day they saw the results of their work in outrages against persons and property. They made no reasonable effort to restrain the violence. They even ease their conscience with the fallacy that until a man is convicted in the courts he is guilty of no crime, and therefore they can shut their eyes to what is going on around them.

The legal responsibility they incur gives them little concern. They assume that juries selected from among their own members or sympathizers will not find them guilty. They will not become incorporated for fear of civil suits resulting in heavy damages. Still, the moral and legal responsibility exists, even though there is at times no adequate remedy for its enforcement.

An English judge in a recent charge has stated a case which, although referred to yesterday, is so apt that I will cite it again. He said:—

“It was childish to say that the leaders (of the union) were not responsible for the acts of the men under their orders, because they did not order the particular act. Frankenstein created a monster which went about doing damage. If Frankenstein had been sued for that damage in an English court of law, could he have escaped liability on the plea that he was not responsible? No doubt Bell and Holmes approved of the violence committed and damage done no more than Frankenstein did, but that did not afford an escape from legal liability. ‘Blackleg’ was among workmen a word of terror; and as a word of terror it was used in these circulars. ‘Intimidation’ has been confined by judicial decision to that which raised a reasonable apprehension of personal violence. Did not this reference to being known as a blackleg amount to a threat? And these acts of violence were, in some cases, reported to the committee rooms as triumphs. What evidence was there,

except for the cases in which Holmes was said to have interfered to prevent violence in the committee room itself, of any specific condemnation of these acts, or any refusal to go on paying strike or picket pay to their authors?”

Of course I am not unmindful here that witnesses were produced to show that there was no real violence in the coal regions; and in reading over the testimony, which I did thoroughly each day, I found that even priests had come to bear testimony to the peace and quiet that reigned throughout the anthracite regions. I recall that between Jericho and Jerusalem a man lay in agony, brutally treated, and that even there, it is said, the priest and the Levite passed by on the other side. History in our day seems to repeat itself.

Now, take the pump order. The leaders attempted to enforce their demands by a threatened destruction of the mines. They knew that if the pumping ceased the mines would be destroyed. They thought the operators would yield rather than see the ruin of the mines. The operators did not yield. Every attempt to supply men to work the pumps was met by mobs, by pickets, and all the devices labor organizations use to prevent men from working. The mines had to be guarded by armed police. The energy of the operators was taxed to its utmost to obtain workmen from all over the United States to prevent the destruction of the mines. Bad as is the reputation of Chicago, I really think we found a few men in Chicago willing to come here and help to preserve the mines. (Laughter.)

They say, in excuse of this monstrous conduct, that they committed no wrong because we could have saved our property by acceding to their demands for eight hours. When they gave this answer the fact was already clearly proven that at mines where men had been working on the eight-hour shift they were not permitted to work.

MR. DARROW:—Not one case, Mr. Baer.

MR. BAER:—I will not stop to dispute what is in the record.

MR. DARROW:—There is not one case.

MR. BAER:—But I say it is in the record; and the excuse that was given was that they would have to work with “scab” workmen.

MR. DARROW:—Scab steam men.

MR. BAER:—Well, I do not care whether he is a steam man or anything else. I say that the record shows a number of cases where men had been working on eight-hour shifts, and they were not permitted to work; that they were advised to quit work, and they did quit work, because it involved an association with what they call “scab” labor.

MR. DARROW:—But it was in manning the pumps only.

MR. BAER:—In manning the pumps? There is no division between engineering and pumping and firing in that respect. The men work together as a unit. If you cannot raise the steam you do not need engineers, and if you do not have engineers and steam you do not require pumps or pump men.

MR. DARROW:—That is just what our men claimed recently.

MR. BAER:—Now, can anyone be deceived for a moment by such a weak attempt at justification? It has been suggested here (and the figure is so apt that I repeat it) that if a highwayman meets me on the road and demands my purse, and I refuse to give it to him, and he shoots me down, he is not guilty of murder; because, forsooth, had I given him the purse he would have been content and gone on his way!

No more wicked act was ever perpetrated by bold men than the issuing of the pump order. If we had not been able to protect most of our collieries, the injury to the public would have been unparalleled.

With the cessation of mining for five months, and the destruction for the time being of a number of collieries, the public is now suffering, or was until within a week, for want of an adequate supply of fuel. Think what the results would have been had the efforts of the Mine Workers' Union to drown out all our collieries been successful! Five of our collieries are still drowned out. Our

production, as shown in January, is 140,000 tons short. We are only a little ahead of the larger companies in the upper region, because they have not lost many of their mines; and whilst they have been able during the last few months to increase their production, the product of the companies I represent—the Philadelphia & Reading Coal and Iron Company, with five collieries still drowned out through the wickedness of this pump order, and with the Stanton colliery of the Lehigh and Wilkesbarre still drowned out, although we are making an effort day and night to remove the water—has been reduced. Two or three thousand men, their own men, many of them United Mine Workers, have been deprived of work; and they have even complained that we have not carried out honestly our offer to employ all the men, when through their folly and their wickedness they destroyed the means which we had for giving them employment.

Words may obscure the evil of almost any plea, however tainted and corrupt. The ingenuity of man cannot invent a plausible excuse for this order, other than the wantonness of power.

Herbert Spencer, in his last book, says:

“Those who, joining a trade union, surrender their freedom to make engagements on their own terms, and allow themselves to be told by their leaders when to work and when not to work, have no adequate sense of that fundamental right which every man possesses to make the best of himself, and to dispose of his abilities in any way he pleases.”

I wonder what Herbert Spencer would say to Mr. Mitchell's and Mr. Gompers' new limitation of human freedom. Here it is:

“A man who works during a strike has no moral right to work if his work destroys the hope and aspirations of his fellow men.”

This is, in substance, the new principle announced by Messrs. Mitchell and Gompers. You observe that they both—Mr. Mitchell having read law for six months—evade the legal aspect. They do not undertake to say

that under the present organization of society and under the constitution and laws as they now exist a man has no legal right to work; but they insist upon an undefined law of their own, a higher law, which is based upon that intangible thing called a moral right in contradistinction from a legal right.

I had supposed that in this Christian era the laws were formed to protect the moral as well as the legal rights of men; that they were based upon the common morality embodied in the Ten Commandments and the teachings of Christ. I did not know that there was reserved to individuals a moral right to do a thing which the law prohibited. I do not know where to draw the line between the moral and the legal rights of men when we are called to pass on such questions as are now before this Commission. How am I to determine the momentous question as to whether my work will destroy the hopes and aspirations of my fellow men? Is it to be done by some town meeting, or by some crude democracy where by a majority vote my rights and privileges are to be fixed? Are not constitutions and laws framed to protect the weak against the strong and the few against the tyranny of the many? If a mob in convention assembled declares that only the Protestant religion shall prevail in a community, am I to be debarred from the right of going to the Catholic Church because it would destroy the hopes and aspirations of the Protestant clergy, all of them workers worthy of all honor?

Socialism, as taught by some of its most brilliant exponents, has never, in its wildest dreams, undertaken to reorganize society on such a basis. There is, of course, a mixture of socialism and anarchy which fascinates the minds of many men which may excuse this, or other doctrines. But it is an humiliation to every American citizen who is proud of the success that our free government has attained and who looks hopefully to the future, to hear men who are mighty leaders of good people and have the ears of thousands of workmen teach such civil and religious heresy.

We have been found fault with for not making an agreement with the United Mine Workers of America. It is only just to those men to say that most of them have no knowledge of the facts and have had no experience in business and look upon the subject from either a sentimental or a theoretic standpoint. I shall always expect that in any controversy between capital and labor what we call the general public will sympathize with labor. And I find no fault with it. It is not pleasant and it is not convenient to be the target at which all public denunciation is aimed, but nevertheless it is human and humane to sympathize with the weak and the struggling. And bad as the tendency is at times, it is a thing which in the end corrects itself and whatever inconvenience and annoyance may arise from it, I really think that it is better for the race that that human and humane instinct, crude though it be, should continue to be one of the best traits of human nature. I have, therefore, I repeat, no fault to find with criticisms, gentle or harsh, that have been made upon us, because it is natural that in any such struggle men who are not interested in it and only see from afar should put upon what they call the strong all the blame.

You will recall that the demand made upon us was for a uniform scale of wages covering the whole anthracite field. That was the first and only written demand. All of the operators were asked to meet in convention with a view to adopting a uniform scale. Now, herein lies one of the difficulties in dealing with subjects of this kind. I think that most labor leaders may justly be criticised for striving too eagerly for uniformity in wages and conditions. Perhaps this is owing to the fact that the best types of labor organizations we have in this country have been in trades where the work has been single and not diverse. Take the locomotive engineers. There practically the same skill is required by each engineer. It is one trade. The engineer who can run a locomotive on one railroad can accommodate himself immediately to the work of running a locomotive on another road. The service is

practically alike, whether it is located in Pennsylvania or in California. The conditions of employment are not the same and therefore a uniform scale of wages applicable to the whole United States would not be just and has never been attempted, so far as I know. But I think that the best type of labor organization has been that of the locomotive engineer, and the reasons for it are plain. You must remember that the locomotive engineers represent the picked men of the United States. There is, perhaps, no other large body of men selected with such care and where the conditions of service are so high. The engineer must be a perfect man physically. He must have a good strong body and clear vision. He must have the nerve and coolness of a great commander, because he is ever on the danger line. His habits must be good. He dare not use intoxicating liquors, nor commit any of the vices which tend to weaken his intellect or nerves, or destroy him physically. The nature of his employment requires this and the railroads of the country exact it. They must be exacting and rigid in the enforcement of all these requirements, because it is the engineer who is responsible for the safety of the thousands of people carried at great speed through the country. Indeed, there is no class of workmen who so thoroughly deserve the sympathy and the respect of the American people.

The same thing may be said of the conductors' organization. There again the duties are practically the same and the men are picked men, possessed of high character, intelligence and integrity.

I can readily see how some measure of uniformity can be made to apply to isolated cases like these. But they are isolated. It is, perhaps, owing to the narrow experience of some of the labor leaders that this doctrine of uniformity is so strongly insisted upon. Gompers, as I understand it, was a cigar maker. Making cigars is a single process and a simple one. So too, printers, are always active in proclaiming this doctrine of uniform wages. Well, their own vocation involves a simple and a single process. But when you come to take up the diversity of

work in a great manufacturing industry, where the process begins with the raw material and proceeds to its ultimate manufacture into the most complicated delicate machinery, you see it is not single any longer. It requires men of different skill, of different capacity, physical and mental. The whole theory of uniformity becomes impracticable. In general, diversity, not uniformity is the law. Diversity is the complement of unity everywhere.

It would be idle to speculate why the Lord did not make the earth alike. Why he gave us mountains and plains and seas and rivers and forests and mines, and why he should give us some portions of it to be burned by a tropical sun and others to be frozen by cold. Why he should have stored the fuel deep down in the bosom of the earth and compelled men to bore through solid adamant to reach the hidden treasure, and dig it in darkness and danger. Why he should have made men of different races, different strength and different capacity. But this is the way he did create the world and it is in this world we live. We can with patience reconcile ourselves to this diversity and discover in it some wise purpose.

The perplexing question why one man should be strong, happy and prosperous, and another weak, afflicted and distressed may be answered by Seneca's suggestion that the purpose was to teach the power of human endurance and the nobility of a life of struggle.

No doubt Mr. Mitchell's knowledge of bituminous coal conditions and his absolutely confessed ignorance of anthracite conditions are primarily responsible for the attempt to join the two in one organization. If any fact can be established by testimony we have established the radical dissimilarity between bituminous and anthracite mining. We made every effort to convince Mr. Mitchell and his friends of the utter impracticability of his scheme. Our chief objection to his organization was that it was a foreign organization interested in a rival and competitive business. We never could see the wisdom of permitting the bituminous coal miners to inject themselves into the anthracite situation. It has proved to be just as mischievous as in the beginning we believed it would be.

In addition to the fact that the miners' union was controlled by a hostile interest, we objected to it because we cannot delegate to the miners' union, or any other labor union, the right to determine who shall be our employees. The law of Pennsylvania and the charter of the Coal and Iron Company in express terms give to the President and directors the power of appointing all such officers, agents and employees as they may deem necessary. We have the right under the law to employ any honest man without distinction or discrimination as to religion, nationality, or membership in labor organizations. This is a right so sacred that come what will it will never be surrendered.

We do not object to our employees joining labor organizations. This is their privilege. But we will not agree to turn over the management of our business to a labor organization because some of our employees belong to it. Our employees, union and non-union, must respect our discipline. It is essential to the successful conduct of our business and is peculiarly necessary in mining operations to prevent accidents. We must be left free to employ and discharge men as we please. If any of our officers abuse this privilege, then it is our duty to hear the case and review the action so that substantial justice may be reached. But we do not admit the right of an organization the moment we exercise the power of discipline to coerce us, before inquiry, by strike, or interference with our management. The employer ought, I think, to meet his employees personally or a representative of such employees, provided, such representative acts only for the particular employees and does not act in the interests of persons who are not employees of the particular colliery. To illustrate: In a controversy as to conditions existing at one colliery, the employees of that colliery must limit their demands to the particular conditions affecting that colliery and if they see fit to be represented by some one acting as their attorney, we do not care what name they give him, he may be president, or a vice-president, or anything else, he must be limited in the same way, he must not inject a theory as to what would be fair towards em-

ployees of another company a hundred or a thousand miles away.

MR. DARROW:—You mean he must work for the company?

MR. BAER:—No, I say not, I do not care who he is.

MR. DARROW:—Have you not changed your position on that?

MR. BAER:—I have not. I would not hesitate to change it if I found I was wrong.

It is on this account that we have objected to Mr. Mitchell's interference in our business. If he simply represented our own employees and was acting exclusively for them, there could be no objection to dealing with him. But he represents an organization having for its object some Utopian scheme of uniformity of wages and conditions in the mining of coal all over the United States. And instead, therefore, of considering only the questions at issue between our employees and ourselves, he is considering a general proposition which relates to all the coal miners dwelling under the sun.

The fact that the miners' organization does restrict the quantity of coal a man may mine is clearly proven. It is not only proven, but it is defended as a right. Restriction on production, limiting the quantity a man may produce seems to be based on the theory that this is essential to give employment to the many. The illustration given by one of the miners' attorneys was this, that if there is only a loaf to divide, you must divide it equally and give no one man more than his just proportion. The illustration is fallacious in this, that it is not germane to the subject. Labor is not a division of an existing thing. It is a power which produces things. Labor is not the loaf, but that by which in various forms the loaf is produced. Any restriction, therefore, on labor must necessarily reduce the number of loaves which are essential to feed the hungry. To limit the right of exertion, of work, is to limit production. It is not only a wrong done to the individual, but it is a violation of sound economic principles and therefore an injury to society. The ulti-

mate effect of restricting production so as to divide employment and increase wages, must be to keep on dividing the wage fund as often as new men seek employment. There must be a limit to an increase of wages, but there can be no limit to the increase of workmen. The process must inevitably lead to the destruction of the industry or the reduction of the wages of every man to a sum barely sufficient to sustain life. Wages can only increase when each individual is left free to exert himself to his fullest capacity, thereby creating wealth which in turn gives new employment—creates demand for commodities and demand for workmen to produce them. Only in this way can the wage fund be increased.

The country is agitated over the possible dangers to the common welfare by combinations of capital. These combinations, or rather consolidations of many interests into one common company, are all based on the theory that they will result in greater economy, that the cost of production will be decreased, and that the public will be benefited in many ways, especially by regularity of production, stability of employment and reduction in cost to the consumer.

The criticisms as to over-valuation and capitalization are financial questions and only indirectly affect the public economic questions. If men see fit to invest their money in watered securities, that is their business, and the public is not responsible for ultimate losses. Economic laws will in the final windup work out the financial problem. But the public are rightly anxious as to the effect on the consumer.

All free men oppose monopoly. It is instinctive, and the possibilities of it alarm us. The mere fear of it suggests all manner of devices to prevent it. It is unquestionably true that if the recent combinations of capital instead of proving a benefit to the public, as their organizers honestly believe, shall prove detrimental and result in creating monopolies guilty of extortion and oppression, legal and peaceful remedies will surely be found to curb their rapacity and oppression. But these large in-

dustrial combinations produce only things which are desirable, not absolutely necessary to sustain life. If the price of steel or any other like commodity is too high, or its production is stopped by striking workmen, for the time being, because of low wages, or by owners because of low profits, the public will be put to temporary inconvenience, but it can cause no general suffering.

Now, sirs, if we are over-anxious about the effect of these mere possibilities of monopoly (I say possibilities, because it is not probable that in a rich, energetic country like ours, any such industrial monopolies can be either created or maintained) what must be the measure of anxiety as to placing the control of the fuel of the country in one organization, and that, too, an organization without capital or responsibility?

Fuel is the life's blood of our age. It is as essential as food. Food production can never be monopolized. However low the wages and small the reward of the tillers of the soil, the labor-reformer has not succeeded in controlling farming. The farmers know no restriction in hours of labor.

But what of fuel? Without a dollar invested in property, the fuel of the country has been absolutely monopolized. Not a ton of coal could be mined in the United States without the consent of the United Mine Workers of America unless it was mined protected by guns and at the risk of destruction of life and property. Is this a serious situation? The dangers from combinations of capital are mere possibilities, but the results of the fuel monopoly are actual.

We are not left to conjecture. The facts are before us. The United Mine Workers have created a monster monopoly. They did shut up the anthracite mines for more than five months. They taxed the bituminous laborers and all laborers over whom organized labor had control to support the strike. The owners of bituminous mines, some in self-defense, others in the hope of gain, contributed freely to the strike fund. The public, especially in the west contributed freely. More than three

million dollars were raised to carry on what they called the industrial war. With what result? The price of both anthracite and bituminous coal more than doubled. The supply was inadequate. The public was suffering, not only from the high price but from the scarcity of coal. Industrial operations closed down and men were thrown out of employment. All over the land, except in the districts that could be supplied by the great anthracite coal companies, the poor, the honest workman and the well-to-do, suffered for want of fuel. In the middle of winter, in a land of plenty, this gigantic monopoly had the power to create a scarcity of fuel and bring distress upon a whole nation.

Who has been benefited by it? Primarily, the bituminous operators of the west. There was no strike in the bituminous coal fields. It was necessary for the Mine Workers' Association to keep them at work, so that their hard earnings might be taxed to support the strike in the anthracite coal fields, and yet the price of bituminous coal was higher than that of anthracite. Chicago, that with such consideration sent a bishop to meet a number of us to warn us that Chicago was contributing to the support of the strike, and that the Christian people of Chicago demanded that we should surrender to the Mine Workers—telling us, too, in solemn accents as though he were pronouncing the final judgment on man, that Chicago would continue to contribute—wound up by issuing pathetic appeals to the anthracite operators to send them coal, although it is in a bituminous district. You look in vain for any benefits except those that have inured to the bituminous operators, and certain of the individual anthracite operators. The public suffered. The workmen all over the land suffered, and the Mine Workers themselves gained no advantage, except that which is claimed by the distinguished literary gentleman who read an interesting paper here on Monday, that they had become masters of the situation. (Laughter.) Worse than all this, riot, bloodshed and destruction of property with personal injury to thousands of persecuted fellow-workmen

marked the monopoly's efforts. Then, too, it must be peculiarly gratifying to the distinguished protectionist statesmen and politicians, who have smiled so sweetly and so tenderly on this labor coal monopoly, that the United Mine Workers of America have accomplished what the propaganda of revenue reformers in a generation of activity failed to accomplish. The duty on coal has been repealed.

It is seldom that the violation of sound economic business rules so quickly brings with it such a series of disasters. How far the public will take to heart the lesson that has been taught is, of course, as it always is, an unknown problem. But this Commission represents the dignity which ever must uphold law and order, the justice that is inherent in righteous judgment, and the wisdom that can respect the progress and mighty achievements of our social and business conditions which have produced such marvelous prosperity. And, holding fast to that which is good, it will be slow to recommend a new order of things that may lead to the dire results which a six months' trial has already produced.

But someone will say, "Oh, all these direful results might have been averted by you operators." How? By a surrender to unjust demands. Yes; the evil day could have been postponed. But is cowardly surrender a characteristic of American citizenship? The Civil War could have been averted had we surrendered to the Southern confederacy.

Let us not deceive ourselves. Men charged with the management of property, conscious of no wrong-doing, believing they are dealing justly with their employés, ought not to surrender at the dictation of labor leaders whose reputation and subsistence depend upon their success in formulating impractical demands, and thereby stirring up strife.

The record shows that an honest effort was made to convince the United Mine Workers that their demands were unjust. Who now will say, in the light of the testimony, that the demand for a uniform rate of wages ex-

tending over all the anthracite region was reasonable? The differences in conditions between the anthracite operations and the bituminous operations were clearly pointed out to these labor leaders.

You, Mr. Darrow, ask the question whether I had changed my mind in this, that I am now willing to meet representatives. Listen to my story:

We met them, as they requested, before the National Civic Federation, and discussed the whole situation. At the request of the chairman of the Civic Federation we were invited to meet Mr. John Mitchell and Mr. Fahey and Mr. Duffy and Mr. Nichols before the Civic Federation in New York; and, as humble petitioners, we disregarded every feeling of pride, and we met them—not on equal terms, because they had every advantage. The Civic Federation had been called in by them as their ally, and we were cited to appear before this industrial branch of the Civic Federation and meet these gentlemen. We appeared there in answer to the summons. We met in the rooms of a church. There were gathered around us many distinguished gentlemen—some bishops, and others dressed like bishops, and many that we did not know. We heard their complaints, and we listened with patience, and answered as best we could. A whole day was taken up in free discussion with all these gentlemen, in which each one was treated with the utmost civility. Every phase of the situation that could occur to us was fairly presented and discussed. And Mr. Mitchell exercised the cool patience and the excellent judgment that he always exercises in discussing these problems.

At the end of the day the Civic Federation, on their own motion, asked for an adjournment to take time to consider the problem, on condition that we would not store coal during the month of April; that we only mine normally, the dread of the miners' organization being that if they did not force the issue at once we would continue to mine coal and store it, so that the public would not be forced into forcing us. And the condition was finally made that "If you are good, and do not take advantage

of this adjournment," or what they call "cessation of hostilities," "for one month; if you will only mine normally then we will come back together here at the end of one month, and we will see whether conditions are such as to enable us to bring about a settlement."

We all pledged ourselves not to mine excessively—to mine normally, and not to store coal. At the end of thirty days we met in that same place again. We found that these labor leaders had surrounded themselves with a committee of 24 miners, representatives of the miners in the region; and a whole day was again consumed in free and familiar discussion, and with the utmost good temper throughout. During all that time the very distinguished gentlemen who constitute the Civic Federation sat there, wisely looking on; not one of them, with the exception of Senator Hanna and a few of the labor leaders (two of them, I believe) offering any advice; but, puffing good cigars, they seemed to enjoy the discussion which was carried on principally between Mr. Mitchell and myself.

Then what followed? Why, one of the learned Thebans (Laughter) thought it would be a good thing to have a sub-committee appointed; and the suggestion was made that a committee of our employees and of operators be appointed with a view of considering the whole subject and reporting to the Civic Federation. We agreed to this. Then Mr. Mitchell got up and said it would not be fair to their side to have only employees, and he asked me personally whether I would object to the presidents of the Mine Workers' Association being on that committee. I promptly said I did not object, that they might represent our employees; and then three coal presidents were appointed, and the three district presidents. Then came Mr. Mitchell's second appeal, so gracious and so suggestive that I yielded at once. Said he: "Why not let me be on that committee?" And we said: "Yes; you shall be on that committee." So the committee was four on their side, not one of them our employees. But we treated them as representatives of our employees, and we met.

Now, mark you, one thing about this: With a great deal of caution the resolution was passed that the meetings of this committee should remain a profound secret, and nobody should divulge the result except before the Civic Federation, which was to be reconvened at the call of the Chairman to hear the report of this Committee. The Committee met, and they met in my office in New York; and I do not know how many hours each day we were there, but we spent the whole of the two days there. The first day we did not go out of the building; we took our lunch there. We spent the next day there, eating our lunches quietly, and we had a pleasant conversation, and we discussed these questions as fully as we could.

We showed by exhibiting our accounts how we could not increase the price of coal. We gave the schedules of employment the same that afterwards I handed to Mr. Commissioner Wright. We offered to put all our books at their disposal, to see whether it was true that we were dealing fairly with them. We told them plainly that however beneficial they believed organized labor might prove to us, they had not succeeded in demonstrating, in the past two years, since they had entered the field, their ability either to insure discipline or to work harmoniously with us. And we begged of them to be patient, to perfect their organization, to correct the abuses which we pointed out existed there; and we told them that whenever they did show that they could be of real, substantial benefit to the coal operators we would meet them.

We parted on the best of terms. We had no idea, when we parted, that either of those men had it in mind to strike; and the conduct of Mr. John Mitchell afterwards proved that at that time he did not contemplate advising a strike. What happened when we left?

MR. DARROW:—When was that, Mr. Baer; do you recall?

MR. BAER:—Mr. Nichols can give you the dates. I have not the diaries here.

And then what happened? The office was full of reporters—those modest people who never ask you ques-

tions that you do not want to answer. (Laughter.) We held a little consultation as to what should be given out to the public; and it was agreed that the common answer should be given that our lips were sealed, that our report could only be made to the Civic Federation. And Mr. Mitchell was instructed to represent us, and notify the chairman, who was to fix the time for meeting.

Strange to say, the Civic Federation never convened to hear that report. At a crucial time, when they had heard our discussions before them, and we had met the committee which they had appointed, they did not even have the small courtesy to hear the report which that committee was willing to make, even though it would be a report of no ability to agree. Nor did they have the manly purpose to meet again and render to each side the services which they proclaimed to the public they wanted to render, namely, the power of conciliation, and the effort, by honest talk, to bring men together. But for the mere purpose of saving their faces, for fear no advantage for the time being could come to the particular interests they represented, they never convened.

One of the distinguished gentlemen connected with that Civic Federation, whose vocation almost prohibits me from criticising him, has contented himself with saying that if Mr. Mitchell and Mr. Baer could have been eliminated from the situation, the Civic Federation might have accomplished results. (Laughter.) Not unless the Civic Federation is born again. (Laughter.)

Now, I have mentioned this because it was necessary to say so much in order to repel the imputation that we have been arbitrary and unreasonable and punctilious in refusing to meet these distinguished representatives of organized labor. Why, I never refused one an audience in my life. No one ever can say that he applied to me on any subject that I refused to meet him. I have no objection to meeting them under proper conditions. I won't meet one of them if he comes with a pistol and says, "If you don't open that door I'll blow your brains out." I will probably run the risk of having my brains blown out.

Now, what is the next? "Well, then," they say, "but after that you refused arbitration."

I want to say here that the public press have amused themselves by inventing a great many interviews with me; and I have had to stand it. Mr. Brumm, in his argument, asked me, why I waited until the eleventh hour to deny something that had been said at Washington. My whole summer's work would have been taken up in denying reports if I had ever started on that line. I am responsible for the things that I have said under my name, or said publicly; but I protest against the vile stuff that has been injected into interviews purporting to come from me, some of which were quoted here by one of the speakers, saying "There is nothing to arbitrate," and all that sort of thing. I do not blame him for it; because the average man has a right, if he is simple-minded, to believe the newspapers. (Laughter and great applause.)

MR. DARROW:—I agree with you about that.

MR. BAER:—Well, I am glad we agree on something.

But the suggestion was made that there was an offer of arbitration made. Yes; there was a famous dispatch that reached me out in the country. I remember I was dining at Senator Cameron's, and it was sent there by special message. That is the reason I was a little late in answering. The proposition was signed by John Mitchell and T. D. Nichols. I do not want to read the whole of it; I can state the substance.

"We propose that the industrial branch of the National Civic Federation select a committee of five persons to arbitrate and decide all or any of the questions in dispute."

Very modest! The industrial branch of the Civic Federation had just kicked us out of court, and turned us down; and yet it was proposed to have an arbitration board appointed by them. Mr. Mitchell is a member of that industrial branch; Mr. Gompers, and all the labor leaders. We were not to have even the small favor of selecting one man on that committee. The arbitrators

were to be selected by the industrial branch of the Civic Federation.

Well, with the experience we had, without regard to the general unfairness of such a proposition, would any reputable man have agreed to such a proposition? We did not; and we are justified. It was unfair in its terms to ask that they should select arbitrators, and the people that were asked to select them were not fair and disinterested people.

What followed next? Why, that if we would not do this, then a most exceptionable committee should be appointed:

"Should the above proposition be unacceptable to you, we propose that a committee composed of Archbishop Ireland, Bishop Potter, and one other person whom these two may select" —

There we have no choice again. We have no voice in all this business.

"Shall be selected, authorized to make an investigation into the wages and conditions of employment existing in the anthracite field; and if they decide that the average annual wages received by anthracite mine workers are sufficient to enable them to live, maintain and educate their families in a manner conformable to established American standards and consistent with American citizenship, we agree to withdraw our claims for higher wages."

Well, I have this to say about that. This alternative proposition to refer these things to a committee composed of two very distinguished prelates, experts no doubt in matters spiritual but perhaps just in proportion that they had given attention to things spiritual they might need somebody with them on that committee to give advice on things temporal. These honest, learned prelates were to pass upon the wages and conditions existing in the anthracite fields, not for the purpose of determining whether under the controlling business conditions of the anthracite fields, through which wages are regulated, the wages were fair, but to decide the startling proposition

as to whether they were sufficient to enable the mine workers 'to live, maintain and educate their families in a manner conformable to established American standards and consistent with American citizenship.' A more impractical suggestion was never formed. It would require many years of examination to determine just what those standards were, to start with, and to determine whether, under all the conditions, it meant that a man should earn enough money to send his son to Yale or Harvard, or to some modest college like Franklin and Marshall, where we keep down expenses.

All these things are problems that would enter into the question of the society these American citizens were to go into so as to conform themselves to the usages of American citizenship. Some of the American standards, I fear, would be rejected because some of the things which seemed to be consistent with American citizenship are not worthy of it.

We pass by the meddling interference of men in high and low places, whereby the struggle was prolonged and the reign of terror, with all its persecutions and oppression, was continued for nearly six months. A record of lawlessness and crime unparalleled in any community, save where contending armies met on fields of legal battle, whose details were so horrible and shocking that this Commission in mercy stopped their further recital.

But I am not unmindful of the advice which was specially volunteered on Monday by the distinguished literary philanthropist from Chicago. He tells us with great satisfaction "when the masters in this business, ex-masters"—yes, that is his theory, after recounting the struggles he calls attention to the fact that the struggle on the part of the organization whose praise he was singing was for mastery, and he rubs it in by beginning a sentence, "when the masters in this business, ex-masters"—

MR. H. D. LLOYD:—I meant, because it was brought under the control of the whole people. I did not mean the workmen had become your masters.

MR. BAER:—Oh, you will have to publish an addition to your speech to explain some things in it. (Laughter.)

He goes on further to tell us, that we "made both sides of the bargain, ours and theirs," and that is an arrangement that must cease. He paints a picture to himself that is one of abject slavery. The operators, he tells us, do not bargain with their men, but with the slaves under them, and weekly deal out such pittance for the work as we see fit to give; and in his exaltation he goes so far as to say that a righteous court sitting in judgment could some day make us account for the wrongs we had done. Is that the testimony in this case? Who has ever refused to bargain? Every day in the mines bargains are made with the men. Is there a man incapable of bargaining for himself? It takes two to make a bargain. We offer him work and we tell him what we will give and he says what he is willing to take for it, and an agreement is made between man and man and he goes to work and works honestly on that contract. The man works contentedly and receives his pay, and that system, we are told, is slavery and one-sided. Who enslaves the men? There is plenty of work in this country. If a man comes to me and offers to work for me and I am willing to pay him \$2 a day and he is content to take it, that is a bargain as good and as sacred in the eyes of the law as any bargain that could be drawn by the distinguished gentleman from Chicago. His theory is that the men are not competent to bargain for themselves. But there must be some grand imperial council, that sits somewhere and exercises general jurisdiction over the world. If I want a servant, or an employee to do some work, I am not to go to the man, but to this great council and say, "Most grave, potent and Reverend Sirs, I want an employee. What may I give him, who shall he be and will you give him to me." That is the idea of freedom that he proclaims here, and it is on that account and because we have never agreed to anything of that kind he tells us, with a sweet assurance, that we are "antediluvian captains of industry." (Laughter.)

I always admire the happy facility of reformers for inventing good phrases. "Antediluvian captains of industry" struck me so forcibly that from the grand notions and criticisms that he had given I supposed really here was a man who did know something about business. But, when he stopped speaking and I was introduced to him, I asked him what experience he had in dealing with labor and he frankly confessed that he had none. So that my hope of securing a competent superintendent, a "captain of industry" who was not "Antediluvian," was immediately dissipated. (Laughter.)

Then comes his citation from New Zealand. New Zealand and Australasia has been, in the past, a fine theme for all manner of theorists. It is a wonderful country. Oh, such great things were expected of it. I have watched its progress closely. New Zealand has progressed marvelously. It has a public debt now of \$300 *per capita*. That would amount in Pennsylvania to a debt of eighteen hundred millions. The taxes are nineteen dollars a head there. The annual loss in the operation of railroads for the last ten years has been in the neighborhood of a million dollars a year, and so beneficial to the public has the Australian system of railroads been, (we have the authority of a professor of Harvard, quoting Mr. Henry Wood's book for the statement,) that in Australia it costs as much to transport a bushel of wheat on the railways there a distance of two hundred and fifty miles, as it does to take it from Chicago to Liverpool.

But here is something I accidentally saw bearing on the New Zealand question. In a review referring to Mr. Lloyd's book, Professor Mommsen, quoting from Sir William McMillan's short article in the August number of the *Australian Review of Reviews*, says:—"This eminent Australian Statesman holds that the entire industrial legislation of New Zealand and Victoria will soon be cast aside like old iron, because it must fall to pieces of its own accord." Another Paradise Lost. (Laughter.)

The anthracite coal trade has for fifty years been a most perplexing problem. It has, perhaps, aroused greater expectations and caused more disappointments

than any large business enterprise in the country. To the untutored mind it seems so easy to dig coal and to sell it at a profit. But to the men who have given their best thoughts and years to the problem, it becomes, perhaps, because they are antediluvian, one of the most complex of all industrial problems. Indeed, when I look back over more than thirty years of my own connection with the Reading system and recall the struggles of the system and the able men who have gone before me, it seems that their labors were like those of Sisyphus.

The problem was to persuade the public to use anthracite as a fuel. New stoves and new furnaces had to be invented. Perhaps the first real result in bringing about its consumption was in the furnace practice. Some competent Welsh manufacturers coming early to this country, iron manufacturers, discovered what the chemists knew, that anthracite coal was a natural coke, and they constructed furnaces capable of burning anthracite coal as a substitute for charcoal. In a very few short years the old charcoal furnaces of Eastern Pennsylvania disappeared and anthracite furnaces took their places. That gave a great impetus to the trade, and year by year its consumption grew wider and wider, and year by year the development of the coal industry increased abnormally. Up in the Wyoming region the mining of coal is practically simple. At least, it was in the beginning. The veins are flat and no very great expense was required to open a colliery. The conditions were somewhat similar to many conditions in the bituminous coal fields. Railroads were built in there and they wanted traffic. They gave all manner of inducements to individuals to develop the mines, so that in a very few short years there was a production of anthracite coal in great excess of the market demands. The Wyoming region has continued to develop on these lines, so that, taking up the distribution of coal under normal conditions, you will find the Wyoming region produces thirty million tons a year; what we call the Lehigh produces about seven, and from fourteen to sixteen is produced in the Schuylkill region. Here was the

problem. You know that coal cannot be well stored. Bituminous coal can not be stored in very large quantities because it is apt to ignite. Anthracite coal can be stored, but the cost of storing it is very great. We have made some experiments as to storing coal and picking it up again. The cost with the breakage and the lowering of the grade of the coal, amounts, as near as we can get at it to 26 cents a ton. We have found that we can not store coal and pick it up under a less charge than that, and then the facilities must be extraordinary. But we have never been in a condition to get large storage yards. We have tried it. In the past this has been the condition of the trade: In the summer months people do not want coal. The great consumption of coal is in the domestic sizes, although the manufacturers, of course, consume the small sizes of coal during the summer months as well as in the winter. The result has been in the past that during the six months from April to the first of October we could not operate our mines fully, because there was no market for the coal. The inconvenience was enormous in this: the cars of the transportation companies were out of use, their locomotives were out of use, and all their crews were idle. They lost the investment not only of all their capital, but they were compelled to keep up their equipment so that in the six months of the year when there was an active demand for coal the whole system would be congested, and the movement of the coal itself by the railroads was accompanied with great additional expense. That condition we have tried to meet in various ways, and it has resulted undoubtedly, at times, in depriving the miners in the coal region of steady work. No one has ever denied that was an evil. The trouble in the anthracite coal regions in the past was not the rate of wages. The only ground of complaint these men could have, was in the fact that by reason of market conditions it was impracticable to carry on colliery operations every day in the week or in the month, and thereby their ability to work six days in the week was taken from them. Although the *per diem*

wages were fair, when men could only work three days a week the annual result was not satisfactory. But it was a condition that could not be met except by the enlargement of the markets.

When the present exceptional prosperity came upon us in 1898 and 1899, there was a demand for coal, and the men instead of being given work three days were enabled to work five and six days. Then came 1900, in which the demand was still great and increasing, so that both the operators and the transportation companies were being taxed to their utmost to mine and transport the coal to the markets. Then came the disturbing element, the Miners' Union, and under exceedingly favorable conditions—I mean favorable to them—they succeeded in getting an organization, and getting up a strike which resulted in a compromise of 10 per cent. Let me show you how little they gained. At that time, and for years we had been operating in the Schuylkill region under the sliding scale, a system of profit-sharing whereby when the price of coal increased the wages increased. The only fair and honest way in which to increase or decrease wages, so that the men shall share in the prosperity, and learn to practice economy during periods of depression. The only objection made to the sliding-scale was that it had not a minimum basis. Perhaps it ought to have had. I have discussed that in a pamphlet which I will hand to the Commission, and shall not now review that situation, but simply point out this, that if the Philadelphia & Reading Coal and Iron Company had accepted Mr. Mitchell's proposition of 10 per cent. as was done in the other regions, they would have received less money than under the sliding-scale. Because we felt that only a limited number of our men belonged to the United Mine Workers, we voluntarily increased in 1900 from 10 per cent. to 16 per cent., so that the men in the regions would receive the same wages they would have received under the sliding-scale. On page 11 of this pamphlet I have shown you what under the prices that prevailed since, the wages of the miners would have been. They would

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have received on an average throughout all the months, even including April, 1902, 15 per cent., and in some months—October, 1901—they would have received 20 per cent. increase.

Ever since that time we have been pressed for coal. We can not produce as much coal as the market will take. A series of floods and disasters in 1901 and 1902 of course destroyed our colliery capacity, but it is still possible on existing wages in the region for any man to make average wages equal to those paid in any other industry in the United States.

If this sliding scale had not been abandoned, the mine workers would, under the increased price of coal, have been entitled to the benefit, and their wages would have been considerably increased in the past few months.

Now, what other problem have we to meet? We can not arbitrarily fix the price of coal. There are market conditions that we are not masters of. I see the Mine Workers' Vice-President, according to an item that counsel Wolverton read thinks that they have the power to control markets. Probably they have, but I still will not believe it. They are not as easily controlled as men think they are. There are limitations peculiar to the anthracite trade. One of these is that 40 per cent. of the output of anthracite coal must be sold in competition with bituminous coal, and the normal price we get for this 40 per cent. is below the cost of production; it includes all the small sizes, and furnace coal. I call your attention to page 153 of "Documents relating to the Anthracite Strike of 1902," where you will see given the percentage of shipments made according to sizes, showing that 60 per cent. has been of the prepared sizes, and that 32.7 per cent. consists of small sizes, the pea, buckwheat, No. 1, and smaller than Buckwheat, No. 1. These small sizes are sold for steam purposes in competition with bituminous coal, and must be sold below the cost of bituminous coal in order to induce purchasers to buy. The lump coal is used in furnace practice and is in competition with coke. So that, in point of fact, any increase in the

price of coal goes upon 60 per cent. of the coal, which represents the domestic sizes. If you will make the calculation you will see that, roundly, any one per cent. increase in wages will cause an advance of two and a half cents on a ton of domestic sizes of coal. In addition to this, we must not overlook the fact that if wages go up, then materials and supplies necessarily participate in the increase, and the general cost of mining coal is increased. The proportion of wages on a ton of coal is about \$1.45 to \$1.50. This represents the average cost under the present conditions of producing a ton of coal—that is, the wage labor of producing a ton of coal—and from 40 to 45 cents represents the supplies that go into the cost of the coal. Our coal roundly costs us about \$2 to put on the car, and \$1.45 to \$1.50 represents wages. You can make your own calculation. We had 25,610 employes in the Coal and Iron Company in January, and we paid out in cash \$1,190,000 in wages. I do not think any people are starving when an average of such payments as this are being made—and that is only an average of what is going on all the year around.

I do not want to discuss this question of wages very fully. The evidence is before the Commission. I confidently believe that it justifies the position we have taken, and that any increase in the rate would not only work injustice to the operators and to the consumer, but that, for reasons which I shall give would be of no practical benefit to others.

The production of coal is one of the few industries in which there are three parties to be considered: First, the operator, because he controls the business—for the present at least. (Laughter.) Second, the workmen, and third, the consumer. In most industrial operations the consumer is only indirectly interested. He need not purchase the things if their cost is too great, but coal he must purchase. If he is a manufacturer, he requires it for power, and every one needs it to cook his breakfast and warm his home. The price can not be arbitrarily fixed. It is undoubtedly true that the mine workers must

receive an adequate compensation, measured by like wages under similar conditions in other industries, and, I take it—with some hesitation—that the operator may be permitted under a normal condition of society to have a little profit on the capital and work he bestows in the business. If the anthracite mine operator fixes the price on anthracite coal so high that the manufacturer cannot use it, the manufacturer will do one of two things—purchase bituminous coal or, if in the locality of his manufactory that can not be had to advantage, he will abandon the site of his manufactory and go to a more favored locality where fuel is cheap and plentiful. This has always presented a most troublesome problem in the anthracite business. Whatever theorists may say, it has been fortunate for the general public that the transportation companies have been financially interested in the management of the collieries. Why? Why, for the past 25 years the sharpest and severest industrial competition has been waged between the industries west of the Alleghenies and the industries east of the Alleghenies, and time and again, with the developments at Pittsburg and Alabama and Chicago the prediction was made that all the industries of eastern Pennsylvania would be destroyed by reason of the power of these western manufacturers to produce at a lower cost.

In this problem of manufacturing, fuel is the foundation of everything. It therefore becomes a business duty and a business necessity to see, that in the cities where only anthracite fuel can be used, because of smoke ordinances, and in many places, along the lines of the Reading system and the New Jersey system and the Lehigh Valley system, where thriving towns, full of manufactures, exist—to see that these people and these manufacturers are given coal at a reasonable price; because if they cannot get it, they will be driven out of business. And if they are driven out of business, then the sources of trade for the railroads fail.

Take a city like Reading. Time and again manufacturers in the past have come to me and told me, "You

must help us. Here is sharp competition with Pittsburg and Chicago. We must have some way to get cheap fuel, and even to get cheap transportation, to get our products in competition with them, or else our works will close down." And if you close down the works in Eastern Pennsylvania we destroy our business. I looked at the census the other day, and I was surprised to find that in the territory reached by our own Reading system there are over two thousand millions of dollars invested in manufactures. If we, by any action of ours, increase cost of fuel, increase cost of freight, make it impossible for these industries to live and to compete with the more favored industries of the west, then we have brought ruin on all of Eastern Pennsylvania and New Jersey; we have destroyed our only avenues of trade, and have involved everybody and everything in one general catastrophe.

These are problems that the antediluvial captains of industry in these days must consider, and must daily consider—how to increase the wealth of the community you are serving by increasing its prosperity—because only in that way can you add to your revenues; how to return to your stockholders a just payment for the money they have invested, and how to give honest wages, fair and full wages to the men you employ. These are burdens. You may think they are light; but to a man who is charged with responsibility they become terrible realities. (Applause.)

What, then, can be done practically? If you increase wages, what will you accomplish? If they are too low, increase them; it will pass on to the consumer, and that consumer will be the rich and the poor. If they are just, then let them alone.

What evidence have you that they are unjust? We were led to believe, when an attack was made upon the horrible conditions in the anthracite fields, that a condition similar to that in the Philippine Islands existed, whereby men were being oppressed. Mr. Gowen has aptly called attention to the fact that on the basis of wages these gentlemen thought were being paid in the anthracite re-

gions, the advance which they claim is less than the wages they have actually been paid. They started out with a theory that the men were not getting fair wages, and they named the wages they got, and then said: "Say, that is too low; they must have more. Give them twenty per cent." But giving them twenty per cent. on the basis they stated before this Commission, the sum they would receive is less than that which they actually have received.

Now, that the wages are fair we demonstrated by a number of things to which I want to call your attention. You will remember that it has been said that one of the evils in the coal region is that there is too much labor there. What does that indicate? Why, that labor there is attractive. There is plenty of work in the United States, and those men could get employment elsewhere. Are you going to increase the rate of wages, and attract still more people there to sit down and wait in the hope of getting enough money in a day to support them for a week? Will you improve the congested labor condition in the anthracite fields by raising the price of wages so as to attract all unemployed labor into that field and bring on a worse condition of things?

Remember how easily the trade of anthracite mining is acquired. There is no apprenticeship such as in ordinary trades; no such conditions as many of us went through when, as boys, we served as apprentices, working night and day to acquire a trade, with little or no remuneration. I worked for less than fifty dollars a year, and boarded myself.

Under the mining laws of this State a man, of course, must be a certified miner. But each year hordes of strong men come from over the sea. They come as laborers and obtain work in the mines. They are paid larger wages than they ever dreamed of in their own countries—from \$1.50 up to \$1.75 or \$2.00 a day. They work as laborers for two years in the mines receiving this pay, and at the end of two years they can become certified miners. This is the only apprenticeship they serve. After that they can go into the mine early in the morning and drill their hole

and blast their coal, and at eleven o'clock walk out to smoke their pipe and enjoy that leisure which the eight-hour system is to bring about—the leisure to enable them to learn to read good novels and sound religious books. (Laughter.)

You see, it is no skilled trade. There is no apprenticeship such as prevails in the arts—the carpenter and the mason and the bricklayer and all artisans, and above all the machinist, who has to devote years to acquiring great skill. Are these men who work five and six hours a day, and earn the sums of money we have shown you that they do earn, to become public pensioners at the expense of every honest working man in this city and in all the cities of the Seaboard? Shall he be made to buy coal to keep himself warm and to cook his meals at an unfair price?

If there is any sociological question involved here, it requires you to consider most carefully whether, in trying to do some favor to the coal miners in the anthracite regions, you are not only going to work injustice to the operators, but you are going to do a wrong to every consumer of coal.

I have heretofore called attention to the sliding scale. I intended to discuss the question of eight hours a day; but I will let that go. Enough has been said upon that subject. I do not believe in the theory. There are some trades where eight hours are enough; but there ought to be no limitation on work in the collieries. If the breaker time is reduced to eight hours per day the output of coal would be so restricted that the cost of coal would be increased enormously. Of course the answer would be, "Build new breakers and sink new shafts." That is easily said. Expend another half million dollars at each colliery; and then the public would have to pay the cost. Poor public, suffering all the time! It is one of the things that you can not help. If you are oppressed in one direction, and the price has to go up, the public is the forgotten man; but there is where it falls all the time. The consumer pays for it. And those of us who stand up to protect the consumer, who represents the average man in the community, are always to be treated as merciless, tyrannical men.

That brings me to say one word in defense of our own companies. I submit that the companies I represent, the Philadelphia & Reading Coal and Iron Company and Lehigh & Wilkesbarre Coal Company, have suffered the most at the hands of these people, in that, as I have told you, a number of our collieries are destroyed. Where is the evidence of our wrong-doing? What have we done? Have we ill-treated our men? Have we wronged them in any way? Is there any testimony here to cast a shadow of doubt on the integrity and the honesty and the fairness of these companies, in dealing with their men? I want to know if there can be found anywhere in this land more upright men than Luther, than John Veith, than Richards? And I want to know who, among all the hundred of superintendents, has been pointed out to you as dealing unjustly or unfairly with any employee of the companies I represent; or who is there that will dare to say or has said that the humblest man in our employment has been refused redress or consideration of any complaint.

Superintendents tell you that they hear every complaint and treat it justly. Such is their instruction. This company is too big to be dishonest. It means to deal fairly with all men. It means it because its management is honest and its policy is honest. And I protest that nothing has been more unfair than to drag us here into a controversy of this kind, without showing that there was any wrong done, or that anything in our system needed to be corrected. With fairness they admitted that the outcry against payment for coal by the car did not apply to our region; and I thank them for being big enough to admit that the conditions under which we pay in the Schuylkill regions are so fair and just that they do not desire to change them. It eliminates, so far as we are concerned, one troublesome problem from your consideration.

Now then, what is the practical suggestion that I have to make? I would gladly see a return to the sliding scale. For some reason or other the sliding scale meets with little favor among labor leaders. I have a theory about that, but it may be mistaken, and I will not state it. You are asked

to fix the price of coal practically for three years. I am not a prophet. I do not know what the business conditions of the next three years will be.

I can hope that the general prosperity of the country will continue so that wages can be even increased. But I know, as a business man, that I am not willing to commit myself to the payment of wages for three years based upon the existing condition of things. I do not know the day, nor the hour when a break may come and, as a cautious man of the world charged with grave responsibilities, I want some system adopted that will work like the governor on an engine and regulate the speed at which we go. Normally there ought to be no increase of wages. During the last few months we have advanced the price of coal and then only for a temporary purpose until normal conditions would be reached. I do not know whether they are here or not. There are sounds from afar that are quite threatening. I do not like the suggestion that in January, taking all sizes of coal, there were nearly six million tons of anthracite coal produced.

I want to say, that while it is entirely true that some of the men have not been as prompt as we wished them in working on holidays, and some of them have shut down the breakers at one colliery and another to go to a funeral, and sometimes in times of great distress they would not work when we thought they ought to work, I will say, that taking the whole situation through the behavior of men in our companies since the strike is over has been admirable. They have rendered efficient work and produced all the coal which, under the circumstances, could be produced, unless they had worked on these exceptional holidays, and while that would have been desirable, you cannot ignore the conditions and the traditions of people. These foreigners come here with many holidays. They have been accustomed to observe all their holidays. I am not going to find fault with a man who keeps his native holiday even though it does deprive us of a little coal. There are some things that must be allowed to individual freedom, and this is one of them. I would

have had them work on Mitchell day because the public was suffering from a scarcity of coal. He is alive, and could wait a more convenient time in the future, for all these honors. (Laughter.)

Now, what is my proposition? That the rate of wages now paid shall be the minimum basis for the next three years.

That from the first of November to the first of April, 1903, all employees, other than contract miners, shall be paid an additional five per cent.

That on and after April, 1903, for each five cents in excess of \$4.50 per ton on the average price realized for white ash coal in the harbor of New York, on all sizes above pea, wages shall be advanced one per cent.; the wages to rise or fall one per cent. for each five cents increase or decrease in prices; but they shall never fall during the next three years below the present basis.

Now, before I give the result, let me just explain what that means. We will take the risk of guaranteeing for three years the present basis of wages. I say risk. We take a great risk in doing that. It means that the price of coal must be kept in New York Harbor \$4.50, or otherwise we are carrying on operations at a loss. We are willing to take that risk and to pay, in addition, one per cent. increase in wages for each five cents increase on coal, taking the prices at New York Harbor, which eliminates all calculations, as a basis.

The average price for each region to be ascertained by a competent accountant, to be appointed by Judge Gray, Chairman of the Commission, or, in case, for any reason, Judge Gray cannot act, then by one of the United States Circuit Judges holding courts in the City of Philadelphia. The compensation of the accountant to be fixed by the Judge making the appointment, and to be paid by the operators in proportion to the tonnage of each mine; each operator to submit a full statement each month to said accountant of all the sales of White Ash coal, and the prices realized therefrom, f. o. b. New York,

with the right of the accountant to have access to the books to verify the statement.

That is, if the present price of coal could be maintained at five dollars in New York Harbor, it would mean an advance flat of ten per cent. on the present basis of wages.

Now, gentlemen of the Commission, I am afraid I have wearied you with unnecessary talk. In conclusion I can only say we have not evaded the responsibility of our several positions. It may be, as was hinted, and as my friend Mr. Darrow told me he would demonstrate, that the management of the business was reckless.

MR. DARROW:—Not reckless.

MR. BAER:—What was the word, improvident?

MR. DARROW:—Not well organized.

MR. BAER:—Was badly managed. It is entirely possible that all these things may be heaped upon our head, and it is entirely possible that a new order of men could create a new order of things.

By the way, I was thinking the other day of the experiments that have been tried in Australia, showing how England has saved herself from the home annoyance that might arise from such experiments being made in a settled country like England. I have thought that some of us might reconcile ourselves to our chairman's participation in the acquisition of the Philippines, if this Commission would induce the President of the United States to make some provision whereby, on terms like those that Sancho Panza claimed when he was promised the government of an island, some of these sciolistic experimenters, who see new ways for doing old things, might be sent there and given the government of an island with the power to invent a social scheme of their own. They would not be interfered with much in the Philippines and it would be such a grand missionary enterprise, and it would relieve this country of a congested population that would certainly be a relief to us. (Laughter.)

But, if that cannot be done, we will still have to worry along with the numerous people who want to give us

good advice, but do not know how to do things themselves.

For the time being we have surrendered, not to the Mine Workers, but to this Commission, our reasonable, rightful control of the complicated business we are managing. We have given you all the information we possess. We stand ready still to respond to any call you make upon us. The responsibility is now upon you. I know from long experience the weight of such responsibility. I do not envy you, but I have confidence in the justice of your decision. (Applause.)