

THE LABOR JOURNAL  
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# THE LABOR JOURNAL.

THE OFFICIAL PAPER OF THE EVERETT TRADES COUNCIL

Devoted to the Interest of Organized Labor

THE LABOR JOURNAL  
Is the official organ of the Trades  
Council, and is read by the labor-  
ing men and women of Everett.

Vol. XXII.

EVERETT, WASHINGTON, FRIDAY, FEBRUARY 16, 1912.

No. 1.

(Visit Our Great Boys' Store—Second Floor)

## More Complete Than Ever

### Our Spring Lines

# Union Made Clothes

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Carhart Overalls  
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Let us give you an estimate on all materials wanted.

Prompt Deliveries Guaranteed

## Ferry Baker Lumber Co.

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## STEEL TRUST PLACED ON THE RACK BY ATTORNEY BRANDEIS

CHARGES THAT "CORPORATION BIGNESS" DOES NOT ALWAYS IMPLY "BUSINESS EFFICIENCY"—U. S. STEEL STEADILY LOSING IN COMPETITION WITH GREAT BRITAIN AND GERMANY—FRENZIED FINANCE METHODS EXPOSED—WORKMEN TREATED LIKE PEONS.

For weeks the congressional investigating committee known as the "Stanley committee" has been inserting the probe into the affairs of the U. S. Steel corporation. Whether or not the investigations will result in federal legislation of a remedial character is extremely problematical. You are entitled to your guess either way on that score. A great benefit has nevertheless been conferred upon the public by the Stanley committee. We have been given an insight into trust methods and trust results as exemplified by the Steel trust such as we never had before. Messrs. Perkins and Gary were the chief defenders of Steel trust methods. Mr. Perkins defended great corporations in general, declaring that great industrial corporations were the natural evolution of industry. He approved the formation of a "business court composed of experienced business men" with power to license corporations, the license to DEPEND UPON THE ABILITY OF CORPORATIONS TO COMPLY WITH CONDITIONS LAID DOWN BY CONGRESS. He also was willing that violation of rules and regulations laid down by congress should be punished by imprisonment of individuals. When he was questioned upon the "issuance of watered stock" and "over-capitalization" and the Steel trust methods cited as illustrations, Mr. Perkins lost his sang froid and in slang parlance "went up in the air."

Mr. Gary dwelt largely upon the beneficent results the Steel corporation had been able to bring to its workmen through its efficient plan of organization. Its "voluntary relief" system; its "pension" system; its "profit-sharing" system; the "care taken to prevent accidents"; the "pleasant and friendly relations established with the employe." Did we go no deeper than Judge Gary's testimony we would be led to believe that the Steel trust was a benevolent industrial organization with the accent on the "benevolent." Fortunately Mr. Perkins' and Mr. Gary's statements did not conclude the taking of testimony. Attorney Brandeis appeared before the committee.

Mr. Brandeis was before the committee for three consecutive days, and in his testimony he turned the searchlight of concrete facts upon the Steel corporation. The ground work of his argument was the assertion that "corporate bigness" did not necessarily mean "efficiency," and he built up from that groundwork with an array of facts. "In spite of the control of raw material," said Mr. Brandeis, "the control of transportation, the control of certain trade through railroad associations and the control of other trade through its money power, the Steel trust has been a steady loser in percentage of the iron and steel business of the country. It has shown itself unable to maintain its prestige in the world's competition. In the ten years of the corporation's life our foreign steel and iron tonnage increased from 1,154,000 to 1,533,000 tons; Germany's tonnage increased from 838,000 to 4,868,000 tons; Great Britain's tonnage increased from 3,213,000 to 4,594,000 tons. We have been losing our prestige in the world's markets. \* \* \* For much of the time the trust has had thirty-three and a third per cent of unused capacity."

Quality of output was then taken up by Mr. Brandeis. In 1902 the interstate commerce commission reported 72 derailments due to broken rails, in 1911 there were 249. "A somewhat similar condition exists in respect to fence wire. The farmers of America found that their fence wire lasted very much less time than it used to. So numerous were the complaints that the department of agriculture made an investigation and found the complaints to be well founded.

Mr. Brandeis paid his respects to the "great benefits to workmen," secured through industrial combination. Mr. Perkins had testified that in ten years the Steel corporation had shared profits among employes amounting to twelve million dollars. Judge Gary set the total number of Steel employes at 200,000. That profit share, then, if divided equally, would have amounted to six dollars a year or fifty cents a month to each employe. That was the trust's idea of profit sharing with the employes. There was other profit sharing on a somewhat larger scale. The commissioner of corporations found upon official investigation that the "clear profits of the syndicate that undertook the promotion of the U. S. Steel company were \$62,500,000. J. P. Morgan & Co. received purely as managers of the syndicate \$12,500,000 for a few months' work.

Taking up the conditions of labor since the formation of the Steel trust Mr. Brandeis said: "Approximately one-fourth of the 90,000 workers reported on by the commissioner of labor are employed 84 hours a week—12 hours a day for 7 days a week. \* \* \* Note that in making the shift at the end of a week or two weeks, men work not 12 but 18 and at times 24 hours on a stretch. Approximately one-third of all the employes reported on had a regular working week of more than 72 hours. \* \* \* Almost 50 per cent work 72 hours or over a week—a minimum of 12 hours a day, six days a week." We pointed out in a former issue of this paper that 65 per cent of the steel employes in the Pittsburgh district, working 12 hours a day, 365 days in the year, earned \$1.50 less than \$768—the amount declared to be the lowest possible for a family of five to subsist on for one year.

Part of Mr. Brandeis' conclusions were that there comes a point in business expansion where efficiency breaks down. "Success or failure of an enterprise depends usually upon one man, upon the quality of one man's judgment and, above all things, his capacity to see what is needed and his capacity to direct others. Now, while organization has made it possible for the individual man to accomplish infinitely more than he could before \* \* \* still there is a limit to what one man can do well. \* \* \* When, therefore, you increase your business to a very great extent and the multitude of problems increase with its growth, you will find, in the first place, that the man at the head has a diminishing opportunity of exercising a careful judgment upon them. \* \* \* Demoralization sets in; a condition of lessened efficiency presents itself."

We are well satisfied that Mr. Brandeis proved his point that "corporate bigness does not necessarily mean business efficiency. One vital reason therefore he advanced by inference that he might have dwelt upon more clearly: the un-American labor conditions the Steel trust created and maintained. The most highly systematized business or finely organized corporation must inevitably break down if the great factor to success—the workman—is not considered AS A GREAT FACTOR by the employing corporation. Quality of output as well as quantity must be maintained at a high standard if the corporation is to hold its place in the world's markets. Quality of output must bear the stamp of the workman's personality, pride in his knowledge and skill. The workman of old loved the output of his hands because he had put something of himself into it. He stood on a level with his employer, self-respecting and respected. The pride of work well done was his. Modern industrial combination has changed that. The Steel trust is typical of many of our large industries. Workmen are no longer individuals but machines, to be used as machines and discarded whenever they break or fall below a set maximum of effort. Pride in ability, knowledge and experience combine to produce skill. What incentive to put out the best that is in one can be found in conditions described in the Pittsburgh district? What possible interest can the employe working under such condi-

(Continued on Page Two.)

## BUILDING IS INADEQUATE

PRESENT TEMPLE WILL NOT HOLD THE CROWDS THAT SWARM TO LABEL LEAGUE ENTERTAINMENTS—PAY EXPENSES AND LEAVE A NEAT BALANCE.

"We're having a lovely time but we do wish the unions would hurry up and build a new Labor Temple."

That was the remark that was heard most frequently at the Label League dance and social Monday evening. There is no denying the fact that the present quarters are far too small and it should set our people all to thinking and thinking hard.

The cramped quarters was the only fault to be found with the evening's entertainment. The crowd was admirably handled and not an unpleasant incident occurred to mar the evening's pleasure. Downstairs a crowd of dancers thronged the floor to the excellent music furnished by Wagner and Moline, while on the second floor several tables were surrounded by card players. At 11 o'clock a dainty luncheon was served.

The dance hall was profusely decorated. Strings of red hearts hung in festoons from walls and ceiling, while the lights were shaded with the same brilliant color.

Each lady and gentleman upon entering the hall was met by a young lady who fastened a small red heart upon them. We said "small." We take it back. Old bachelors were presented with a paper heart about as large as a tin pan that looked out like a tin star on a country constable. There weren't any old maids. Didn't expect any, anyhow.

After paying all expenses a neat balance was left for the league treasury.

The ladies fear that this will be the last semi-public entertainment they will try to give in the present temple. They simply cannot adequately provide for the crowd that wants to attend these delightful events. They say that in the future the social evenings will have to be limited to League members and when it is desired to hold a public dance or social it will be necessary to secure a larger hall.

\*\*\*\*\*  
\* Every citizen who is interested in \*  
\* a municipal water system should \*  
\* attend the mass meeting called for \*  
\* next Tuesday night in the high \*  
\* school auditorium. It means much \*  
\* to you, Mr. Citizen. It is plainly \*  
\* apparent that the water company \*  
\* intends to make you pay dearly for \*  
\* its system if you buy it, whether \*  
\* by purchase outright or by con- \*  
\* demnation proceedings. Many of \*  
\* our citizens are convinced that a \*  
\* way must be found to install a new \*  
\* system independent of what the \*  
\* Stone-Webster people may or may \*  
\* not do in the matter. Come out \*  
\* Tuesday night and discuss the mat- \*  
\* ter without passion and without \*  
\* hysteria. It is up to the people of \*  
\* Everett. \*  
\*\*\*\*\*

### LABOR TEMPLE FOR SPOKANE.

Spokane unionists hope to raise \$100,000 within the coming year for the purchase of a building site and the erection of a commodious, modern Labor Temple. The railway organizations of the city have promised to co-operate and expect to raise at least \$40,000. Ten thousand shares of stock will be offered for sale at par value of ten dollars. A strenuous campaign will be carried on among the unions of the city to raise the desired amount. Knowing Spokane's capacity for doing things it is easy to predict that the city will have a building that will be a credit to the city ere many months roll around.

### STRIKERS WINNING.

New York, Feb. 15.—The strike of the Cutting Die and Cutter Makers for the 48-hour work week, which has been in progress in this city since the first of the year, has been adjusted. One firm in Brockton, Mass., has also conceded the 48-hour week. The shorter hour work week has now been permanently established in New York, Baltimore, Md., Lynn, Stoneham, and Haverhill, Mass.

### POSTAL REPORT MADE.

Washington, Feb. 15.—The report of the postal commission on second class rates has been submitted to President Taft by Associate Justice Hughes of the United States supreme court, who is president of the commission. All of the trade union journals throughout the country are interested in the final determination of this question. Postmaster General Hitchcock having previously made a recommendation radically raising the rates on second class publications.

## A FEW THINGS BROUGHT OUT AT RECENT RATE HEARING

STATE'S ENGINEER REPORTS \$100,000 CAPITAL STOCK OF WATER COMPANY GIVEN TO LAND COMPANY FOR \$34,000—\$2,500 LAND PURCHASE BONDED FOR \$90,000—\$500,000 BONDS SOLD TO STONE & WEBSTER FOR \$400,000—COMPANY INSISTS ON TEN PER CENT PROFIT.

The first fruits of the complaint filed by the Trades Council some months ago are now at hand; the McChesney-Improvement Company-Stone & Webster monopoly of light, water and street car service in Everett received its first jolt when the people of Washington, through their representatives, the utilities commission, went through the books of the corporations interested for the first time since their creation.

The facts found and reported by Engineer Gray, expert for the commission, are interesting in the highest degree to all citizens of Everett. Here are some of them, as detailed by Mr. Gray:

The McChesney-Brownell-Improvement company organization undertook, in filing their plats of streets, alleys, etc., to forever reserve a perpetual and exclusive right to lay water pipes, power lines, etc. Fortunately for the town and its hope of soon securing a municipal water plant the supreme court has declared such reservations void as against public policy, hence the streets are still free.

Engineer Gray stated that the method used to make this exclusive and perpetual reservation was highly ingenious, and the only one of its kind that he had yet found.

Mr. Gray said the books showed the purchase of a tract of land, with a small creek, between Everett and Snohomish, by the interests representing what is now the Improvement company, for \$2,500, and the same property was turned over to the water company for \$90,000 in bonds.

The entire capital stock of the old water company was turned over to the Everett Land company, since succeeded by the Improvement company, for one-third of its face value; the stock being issued for \$100,000, and the water company receiving about \$34,000 for it.

In 1905, said Mr. Gray, the Everett Railway, Light and Water company issued \$500,000 bonds, selling them to Stone & Webster's Seattle-Everett Traction company for \$400,000, a gift of \$100,000. Mr. Gray stated he could see no reason for such a heavy discount being given.

These three items alone represent about \$243,000 of watered stock, on which the company claims the right to earn 10 per cent.

Stone and Webster, contrary to popular idea, do not own the Everett utilities; the McChesney-Brownell-Improvement company have merely leased them. Stone & Webster, by the terms of their lease, guaranteed a fixed rate of interest on \$2,500,000 bonds, now amounting to 5 per cent per annum. They also pay interest on a stock issue amounting to \$2,000,000, and the prices charged the citizens of Everett have been so high that the leasing company, known as the Puget Sound International company, has issued \$200,000 stock on its own account.

The state engineer reported immediately Stone & Webster took hold and began to operate the Everett properties, that the expense of operation took a jump.

The Improvement company-Stone & Webster interests had a perfect deluge of witnesses: Banker Purdy, of Bellingham, who has just obtained some light and power franchises in Whatcom county, was on hand to state that the Everett monopoly should be entitled to 10 per cent interest. Every time the corporation's lawyer, who, by the way, was no less than ex-note that "ex," U. S. Senator Samuel H. Piles pulled the string, friend Purdy ejaculated "ten per cent," something on the order of a talking manikin.

"Jakie" Furth of the Seattle Electric company was also on hand to testify for his friends, Stone & Webster, although it must be remarked that "Jakie's" testimony was not exactly in line with what the corporation lawyers were looking for.

A red-headed expert from New York, named Gillett, appeared to testify for Stone & Webster, introducing several columns of figures, cost tables, etc. The latter part of this gentleman's testimony seemed to be that if a fellow established a business, lost money, and then sold out, that he would add his losses to the actual value of the business. We wonder whether the records of the bankruptcy courts bear this out, or whether the sale of the assets and property of the old Everett Land company, by the U. S. court, during the hard times, was made on such a basis.

The state engineer found the values of the plant to be as follows:

Water .....	\$565,757.00
Light and power.....	459,587.00
Railway .....	701,871.00

The light and power department was shown to have made a net return of over 13 per cent for the two years preceding January, 1911.

The water company, for five years ending January, 1911, averaged over 12 per cent a year, net.

The street railway company, for two years ending January, 1911, earned 11 1/2 per cent net.

Robert Moody, of the First National bank, Everett, in trying to aid his master's claims of what constituted a reasonable interest rate, read a book showing that the national banks of Washington state earned over 19 per cent on their capital and surplus for the year 1910. When Mr. Moody was called upon by the commission to tell the rate of interest the Everett Savings and Trust company earned on its stock, he refused to answer on the ground of personal privilege. For the benefit of our readers we will say that the state law prohibits charging any higher interest rate than 12 per cent per year, and provides penalties for violation.

The Everett Improvement company's stockholders were stated to have controlled the stock of the Everett Railway, Light and Water company, but, said Engineer Gray, the Improvement company's books were not open to the commission.

This hearing afforded a great deal of light of what the people are up against when it comes to controlling corporations. The Stone & Webster-Improvement company organizations had the council room of the city hall literally packed with witnesses, brought from all over the country, each one ready to give just the evidence the corporation wanted, and all their expenses come out of the corporation treasury, or, in other words, out of the pockets of the people buying light, water and street car service. The Honorable ex-U. S. Senator Sam Piles appeared as chief counsel for Stone & Webster, with an assistant or two; J. A. Coleman, F. H. Brownell, and others, for the McChesney interests.

Against this battery of corporation experts the people were represented by one man, Assistant Attorney General Steven V. Carey, who made up by fighting Irish energy and brains for what the state lacked in numbers. This young attorney got some of the corporation witnesses badly tangled in their testimony, notably Robert Moody, "Jakie" Furth, and the Stone & Webster "star" witness on values, Mr. Gillett. Despite the spluttering and objections of the corporation lawyers whenever their witness was backed into a corner, Attorney General Carey extracted damaging admissions from the "interests'" own witnesses.

Utilities Commissioners Jones and Lee conducted the hearing, and in their hands, with the able handling of Assistant Attorney General Carey, we believe the people of Everett ought to receive a fair and square deal.

Regardless of the outcome of this particular case, we think the utilities commission has justified its creation.