



3 1761 07036320 5

THE STRIKE AT PULLMAN.

STATEMENTS OF

PRESIDENT GEO. M. PULLMAN

AND

SECOND VICE-PRESIDENT T. H. WICKES,

BEFORE THE

U. S. STRIKE COMMISSION.

ALSO PUBLISHED STATEMENTS
OF THE COMPANY DURING THE CONTINUANCE
OF THE STRIKE.

2635
10/10/99.



THE STRIKE AT PULLMAN.

STATEMENTS OF
PRESIDENT GÉO. M. PULLMAN
AND
SECOND VICE-PRESIDENT T. H. WICKES,
BEFORE THE
U. S. STRIKE COMMISSION.

I.—STATEMENT OF GEORGE M. PULLMAN.

PRELIMINARY.

It is my desire that the company shall furnish the commission all the facts in its possession bearing upon the causes of the strike; and with that purpose in view the second vice-president, Mr. Wickes, who was in direct charge during all the time of the strike, has prepared a statement covering all the ground of the controversy, and he is ready to appear before the commission, for the purpose of testifying, whenever called.

I am very glad to give testimony as to the general policy of the company in relation to what has been done at Pullman; and for that purpose I have made a brief statement, which, with the permission of the commission, I will read and submit as my testimony, together with the statements which I made during the pendency of the strike, and which are published in pamphlet form.

STATEMENT.

The object in building Pullman was the establishment of a great manufacturing business on the most substantial basis possible, recognizing as we did, and do now, that the working people are the most important element which enters into the successful operation of any manufacturing enterprise.

We decided to build, in close proximity to the shops, homes for workmen, of such character and surroundings as would prove so attractive as to cause the best class of mechanics to seek that place for employment in preference to others. We also desired to establish the place on such a basis as would

exclude all baneful influences, believing that such a policy would result in the greatest measure of success, both from a commercial point of view, and also, what was equally important, or perhaps of greater importance, in a tendency toward continued elevation and improvement of the condition not only of the working people themselves but of their children growing up about them.

Accordingly the present location of Pullman was selected. That region of the county was then very sparsely populated, a very few hundred people, mostly farmers, living within a radius of perhaps a mile and a half of the site selected, where there are now living some 25,000 people.

It was not the intention to sell workmen homes in Pullman, but to so limit the area of the town that they could buy homes, at convenient distances from the works, if they chose to do so. If any lots had been sold in Pullman it would have permitted the introduction of the very baneful elements which it was the chief purpose to exclude from the immediate neighborhood of the shops and from the homes to be erected about them.

The plan was to provide homes in the first place for all people who should desire to work in the shops, at reasonable rentals, with the expectation that as they became able, and should desire to do so, they would purchase lots and erect homes for themselves within convenient distances, or avail themselves of the opportunity to rent homes from other people who should build in that vicinity. As a matter of fact, at the time of the strike, 563 of the shop employes owned their homes, and 461 of that number are now employed in the shops; 560 others at the time of the strike lived outside, and in addition an estimated number of from 200 to 300 others employed at Pullman were owners of their homes. The company neither planned nor could it exercise any municipal powers in Pullman. It was in fact within the boundaries of what was legally called the village of Hyde Park; was several miles distant from the actual village as settled at that time. The people lived there first under the ordinances of the village of Hyde Park, and now live under the ordinances of the city of Chicago, and not at any time under the regulations of the company. The relations of those employed in the shops are, as to the shops, the relations of employes to employer, and as to those of them and others living in the homes, the relations are simply and only the relations of tenant to landlord. The company has not now and never has had any interest whatever in the business of any of the stores or shops in the town; they are rented to and managed by outside parties, free of any control by the company. The people living in the town are entirely free to buy where they choose, and as a matter of fact the large dis-

bursements in wages at Pullman, amounting to an average of \$2,360,000 a year from September, 1880, to July, 1894, has created a great competition for the trade of Pullman in the small surrounding towns, as well as in Chicago, the natural result of which would be to bring the prices of all merchandise down to a minimum.

In carrying out this general plan, every care was taken in making perfect sanitary conditions by a water supply and an extensive and scientific system of sewerage, paved and well lighted streets and open places properly ornamented with trees and shrubbery, all of which are kept in perfect repair and cleanliness by the company, and at its expense. Due attention was paid to the convenience and general well being of the residents by the erection of stores and markets, a church, public schools, a library and public halls for lectures and amusements; also a hotel and boarding houses. The basis on which rents were fixed was to make a return of 6 per cent. on the actual investment, which at that time (1881) was a reasonable return to be expected from such an investment; and in calculating what, for such a purpose, was the actual investment in the dwellings on the one hand and the other buildings on the other, an allowance was made for the cost of the streets and other public improvements, just as it has to be considered in the valuation of any property for renting anywhere, all public improvements having to be paid for by the owner of a lot, either directly or by special taxation, and by him considered in the valuation.

The actual operations have never shown a net return of 6 per cent., the amount originally contemplated. The investment for several years returned a net revenue of about $4\frac{1}{2}$ per cent., but during the last two years additional taxes and heavier repairs have brought the net revenue down to 3 82-100 per cent.

ARBITRATION.

Of course there are matters which are proper subjects of arbitration. A matter of opinion may often be a proper subject of arbitration, for instance, a question of title. What settlement shall be made as to a transaction which has come to an end, may be a proper subject of arbitration, and the affair be put at rest by it, but as to whether a fact which I know to be true, is true or not, I could not agree to submit to arbitration.

If asked about the application to the case in hand, what I would say is this: That the question as to whether the shops at Pullman should be continuously operated at a loss or not, is one which it was impossible for the company, as a matter of principle, to submit to the opinion of any third party, and as to

whether they were running at a loss upon contract work in general, as explained to the committee of the men in my interview with them, that was a simple fact which I knew to be true, and which could not be made otherwise by the opinion of any third party.

DISBURSEMENTS IN WAGES AND VALUE OF MATERIALS.

From September, 1880, to July 31, 1894, there has been paid to wage earners in Pullman \$32,847,934.44, and there has been consumed in materials used in the manufacturing business in that time \$73,457,000.68.

PROPORTION OF EMPLOYEES WHO ARE TENANTS.

In connection with the rents, I may say that only one-third of the shop employes at the time of the strike were tenants of the Pullman company.

SURPLUS OF COMPANY.

The surplus of the company has been accumulating through a period of twenty-seven years, in conformity with a policy of conservatism adopted to keep the company at all times financially strong, so that its owners would be assured a regular and permanent income, and confidence in the intrinsic value of the company's securities would be so established as to make them at all times negotiable in the market, and furthermore to enable the company to meet just such conditions as exist at this time.

OFFER TO SHOW BOOKS.

I have noticed that "hearsay" testimony has said that I did not intend to show our books and papers in relation to contracts for work that had been taken below cost. As to this I desire to say that the offer was made in good faith, and was not, nor would have been, repudiated by me.

II.—STATEMENT OF T. H. WICKES.

We have thought that in considering the relations of the Pullman company to the recent strike, the commission would deem pertinent a statement, as brief as possible, of the situation of the manufacturing affairs of the company for a short period prior to last May, to precede what we shall think it of consequence to say respecting the strike itself, and

any other matters which have been alluded to before the commission.

The commission no doubt is aware that the principal business of the company is the operation of its sleeping car service, which covers about 125,000 miles of railway, being about three-fourths of the railway system of the country. Its manufacturing business consists primarily of the manufacturing and repairing of the company's own cars, to which is added the manufacture, for sale, of railway cars of every sort. The company has shops which are operated exclusively for the repairs of its own cars, at Wilmington, Del., where there are ordinarily engaged about 700 employes; at St. Louis, Mo., where there are ordinarily engaged about 360 employes, and at Ludlow, Ky., where are ordinarily engaged about 130 employes. It has also a large manufacturing plant at Detroit, Mich., which has been operated until about a year ago for the manufacture of passenger and sleeping cars. The Detroit shops were closed in August, 1893, in consequence of the great depression in business, and in order to concentrate all car building at Pullman, and they have not been reopened. The number of employes ordinarily engaged at the Detroit shops was 800 or 900.

The principal manufacturing and repair shops of the company are located at Pullman, and have been in operation about twelve years. The largest number of employes engaged at any one time in those shops alone was about 4,800. Besides the employes of the car shops at Pullman there are about 1,000 other employes of the company at Pullman who have been included in some of the totals given in the published statements of the company; there is no occasion to refer to them at this time, and all the statements I am about to make refer to the car shop employes only, and, unless otherwise stated, to those employed at Pullman.

The average number of names on the pay roll for the shops at Pullman for our fiscal year ending July 31, 1893, was 4,497, and the amount of earnings paid was \$2,760,548.99, making an average amount for each employe, for the year, of \$613.86.

On July 1, 1893, 2,425 employes of the company at Pullman (including some employes outside of the shops) were depositors in the savings department of the Pullman Loan & Savings bank at Pullman, the aggregate of the amounts to their credit being \$582,380.39, or nearly nine-tenths of the total savings deposits then on hand—\$657,347.64. On May 1, 1894, such depositors numbered 1,679, and their aggregate credits were \$422,834.34, or nearly nine-tenths of the total savings deposits then on hand—\$489,028.18.

It has been stated before the commission that nine-tenths

of the work at the shops is Pullman work, leaving only one-tenth for contract work. If such a statement happened to be true for any given period, it would be because practically no contract work was obtainable. The facts are that Pullman car repair work requires a force of about 800 at the Pullman shops. In a normal year like 1891, about the same number in addition would be kept at work building Pullman cars, but that work has come to a practical stop, as the company has about 400 Pullman cars in storage for which there is no need under existing conditions of travel. In such a normal year also there would be about 2,800 employed on contract work. Therefore, instead of 10 per cent. of the force being employed normally on contract work, the proportion should be about 64 per cent. Of course, the percentage of those employed on contract work would keep running down as fast as contract work was finished, if the company was prevented by the scale of wages from making acceptable proposals for new work to railway companies, or in the absence of any demand for new work. This is practically illustrated by the figures which Mr. Pullman, the president of the company, gave the committee of employes last May.

The great business depression of the summer of 1893 affected us at once. We closed our Detroit shops; we stopped building new cars for ourselves, for we had a large surplus of them, and that fact laid off a great many employes. Negotiations with intending purchasers of railway equipment that were pending for new contract work were stopped by them; orders already given by others were cancelled; and during the month of August, 1893, the company was not invited to make a bid on a single proposal for new work, large or small. By October 1, we had the opportunity of making six bids for new work at prices aggregating \$211,465.50, and these bids showed an aggregate net loss of nearly \$1,700 over the shop cost, one of them being made at a loss of over \$3,200. Only three of our six bids were accepted. On the bid showing the greatest loss, which was for 300 freight cars, constituting three-fourths of all the work we bid for, we were underbid, and the contract was awarded elsewhere.

In giving these figures and the figures which I am going on to give, I desire to say distinctly and explicitly, that by "shop cost" I mean the cost of any work spoken of, excluding any element of charge for depreciation of machinery or plant, or for interest on the value of machinery or plant, or for interest on the capital invested or employed in any way. The estimated shop cost, or the shop cost ascertained after the completion of any work, contains no such element in any case in this statement.

During October, the experience of the company was similar. Only eleven chances for bidding occurred, and they aggregated \$253,804.34. Among them were 100 cars bid for at an estimated loss over shop cost of \$1,966, and 100 cars bid for at cost, the bids aggregating \$142,875, all of which went to lower bidders. In all, we got in that month seven contracts under our bids, showing an aggregate net profit of only \$1,141.94 over shop cost. We had thus in six weeks been underbid on \$300,000 worth of freight car work in three lots, besides other work of less importance. Of passenger car work, only ten street cars had been offered, on all of which we were underbid. The result was that, including our employes engaged on repairs, there were on November 1, not 1,100 employes in all departments of the shops. The president of the company realized the necessity for the most strenuous exertions to procure work immediately, without which there would be great embarrassment, not only to the employes and their families at Pullman, but also to those living in the immediate vicinity, including between 500 and 600 employes who had purchased homes, and to whom employment was actually necessary to enable them to complete their payments.

He canvassed the matter thoroughly with the manager of the works, and instructed him to cause the men to be assured that the company would do everything in its power to meet the competition which was sure to occur because of the great number of large car manufacturers who were in the same condition, and who were exceedingly anxious to keep their men employed. We knew that if there was any work to be let, bids for it would be made upon a much lower basis than ever before. The result of this discussion was a revision in the day rate of wages, and consequently also in piece work prices, making reductions which, in the absence of any information to the contrary, were supposed to be acceptable to the employes, under the circumstances. Under these conditions, and with lower prices upon all materials, Mr. Pullman personally undertook the work of getting contracts for building cars, and by making lower bids than other manufacturers, we secured work enough to gradually increase our force from 1,100 up to nearly 3,300, the number employed according to the April pay-rolls in all capacities at the shops.

Under what difficulties this was done may be seen from a further generalization of the statement which we have made from our records, showing for the period beginning August 1, 1893, every work offered the company, its estimated (and, where possible, the actual) cost, our bid thereon, and the profit or loss over shop cost in each case. This table I present to the commission. It shows the effort the company was making

to keep its employes at work, and it shows, at a mere glance, that for the period beginning February 13 and ending April 12, every bid (except as to one insignificant job) was made by the company at a loss, often very large.

In November, we got an order for 250 cars at an estimated profit of less than \$1,000 on the job; and for 25 passenger cars at a loss of nearly \$2,000. We were underbid on 100 provision cars, although our bid was at a loss of over \$2,000.

In December, we got an order for 300 stock cars at an estimated loss of \$8 per car, which on completion showed an actual loss of \$12 per car. We got also an order for 55 passenger cars, of which 25 had been completed just before the strike, showing an actual loss of \$399 per car. We were underbid on 103 freight cars, and on 10 street cars offered by us at less than shop cost. It is to be remembered that these things occurred on bids based upon the reduced scale of wages.

In January, 1894, we were underbid on 200 refrigerator cars and 100 provision cars, although each of our bids was at a loss, the aggregate loss being \$5,893. In that month we took orders, some at a loss, some at a profit, but the net loss was \$3,584.66 over the shop cost.

In February, we were underbid on 51 street cars, bid for by us at a loss of \$37 per car, and on 100 refrigerator cars bid for by us at a loss of \$66 per car, and we got only three orders, two of them showing a profit of \$927.48, and the other, for 100 elevated road cars, showing a loss of \$148 per car.

Our bids for March were all at a loss, excepting in one case where the estimated profit is \$37.74. The aggregate loss on all the other bids was \$23,061.11 and the contracts taken show a loss of \$15,044.92. We were underbid on 100 street cars where our bid showed a loss of over \$70 per car.

In April, we were underbid on 272 street cars and got contracts for 75 at a loss of over \$1,500. We were underbid on six passenger cars and got contracts for six at an aggregate loss of \$1,759.99.

To sum up: From August 1, 1893, to May 1, 1894, our net loss on accepted bids was \$52,069.03, and the net estimated loss on unaccepted bids was \$18,303.56. We had tried to get work for our employes by bidding for work the estimated shop cost of which was \$2,775,481.81, and we only got contracts for work, the estimated shop cost of which is \$1,421,205.75. We had been underbid on work, the estimated shop cost of which was \$1,354,276.06, notwithstanding that our bids on \$1,057,355.97 of that amount not only excluded all profit, but showed a loss, based though they were on the reduced scale of wages.

The irregularity of business was such that during this period

we could keep no constant force employed, and we could not possibly keep all employed who had become used to looking to us for work. It was hoped that affairs would improve, and, therefore, rather than discharge absolutely a large number of men, we tried to give all of them some work. The result is one portion of the complaints that have been laid before the commission.

Take the case of the witness Coombs, for example. By a table which I will present to the commission later, in another connection, it will be seen that his rate of earnings in April, 1893, was 25 cents per hour, and for the last four months he worked it was $21\frac{1}{2}$ cents per hour. It will be seen, however, that for the year ending April, 30, 1894, the number of hours in which he was employed was scarcely more than half working time, so that his earnings in gross were \$345.68, an amount which of course is not to be judged as though he had been working full time. Such things were impossible to be avoided. There was simply not work enough to go around.

In this condition of affairs, on the 7th of May last, a committee of the workmen had an interview, by arrangement, with myself. This committee numbered about forty and was understood to embrace representatives from all departments of the shops. The principal subject presented by the committee for discussion was that of the existing scale of wages, but minor grievances, as to shop administration, were also presented, and it was agreed that another meeting should be held two days later, at which all the shop grievances should be presented in writing. At the second meeting it was arranged that as to the complaints on all matters except wages a formal and thorough investigation should be made by myself, to be begun the next day, and full redress was assured to the committee as to all complaints proved to be well founded. I had explained to the committee the absolute necessity of the reductions in wages under the existing conditions of the business of car manufacture, and they were insisting upon a general restoration of the wage scale of the first half of the year 1893, when the president of the company entered the room and addressed the committee in terms the substance of which was published at the time, and is a part of the statement at page one of the compilation of statements of the company, a copy of which I present to the commission to show what was said and published by authority of the company during the strike.

I may observe here that the president of the company wishes me to say emphatically that there is no foundation for the statements made before the commission that he in any way repudiated the offer he made to the men in addressing them, that to satisfy themselves as to the condition of affairs which

he presented to them they might have an inspection of our contracts in hand and the books relating to them. This would have been cheerfully given, but the subject was never brought up afterward by our workmen in consequence of the strike being almost immediately declared.

On the 10th of May, the day after the second conference, work went on as usual at the shops, and I, assisted by Mr. Brown, the general manager of the company, began at Pullman the promised formal investigation of the shop complaints, and we devoted a half of that day to the work, and we there publicly stated our intention to so continue from day to day, devoting a half of each working day to that business until completed. A large meeting of the employes had been held at Kensington the night before, which, as was understood by the officers of the company, accepted the necessity of the situation as preventing any increase in wages, but at a meeting of the local committee of the American Railway Union, held during the night of May 10, a strike was decided upon, and accordingly, early the next day about 2,500 of the shop employes quitted their work, leaving, besides the supervising and clerical force, about 600 at work, among whom very few were skilled workmen. As it was found impracticable to keep the shops in operation with a force thus disorganized, the workmen remaining were the same day necessarily laid off and the shops remained idle until August 2nd, instant.

We took the necessary steps at once to provide for ourselves the protection for the company's property, usual under such circumstances. We do not know of guards for the works having been put on by the strikers, as has been testified by several witnesses, but we would understand that any of their men claiming to be so acting would really be engaged in what is called picketing against the employment of new men. As we did not try to get new men, that work, if performed, was useless.

Testimony has been given before the commission that the immediate cause of the strike was the discharge of three employes contrary to the assurance I had given to the committee of workmen that none of them should be affected by their serving on the committee. I gave such an assurance upon request, and with entire willingness, and it was not violated, and no such complaint was ever made, I think, to any official of the company. There were forty-three members of the committee at the conference on May 9, and on May 10 it happened that in temporarily "laying off" men for whom there was no immediate work, three men were included who were said to have been on the committee, as to each of whom the subordinate officials concerned deny that they at the time knew he was on the

committee and say that the laying off was caused by nothing but the ordinary course of business. I present the sworn statements of the subordinate officials on the subject, and they are themselves present for such examination as the commission may desire to make.

We have heard, in a vague way, of another or different alleged cause for the strike. The rumor as to this was that some of the leaders in the agitation claimed to have learned from a telegraph operator that in the night of May 10 he overheard passing on the wire a telegraphic order from an officer of the company in Chicago to the local manager at Pullman, ordering a "lockout" at noon the next day; that this information was circulated, and that the strikers went out the next morning in order to establish the status of a "strike" instead of a "lockout."

As to this rumor I can only say that no such order was ever made or thought of by any officer of the company.

We learned in various ways that soon after the beginning of the strike at Pullman the American Railway Union officials sent emissaries to our shops at Wilmington, Del., at St. Louis, Mo., and at Ludlow, Ky., to recruit our employes at those places, so far as possible, into the American Railway Union organization, our information being that it was the intention of those officials to cause strikes to be declared at each of those places as soon as the strength of their local organizations at those shops, which they were endeavoring to create, should be sufficient. The results were as follows:

According to our information only about 50 of our employes at Wilmington joined the American Railway Union, and the body of our employes apparently took very little interest in the matter, and the prosecution of our ordinary business was not in any way interrupted. The rates of wages are substantially the same at our Wilmington and other shops as at the Pullman shops.

At our St. Louis shops the recruiting of the American Railway Union was more successful, and a strike took place on June 25th. There were then 371 men at work, and of this number 291 went out, it being our information that about 275 of them had become members of the American Railway Union. The work at these shops continued with the reduced force, and we began immediately to recruit it and secured all the employes we needed within about two weeks. About 60 of the striking employes were reemployed. No disorder occurred about our shops there, and we have no information of any assaults or indignities upon those who entered or remained in our employment.

At our Ludlow shops a strike took place on the same date,

June 25, under the auspices of the American Railway Union, 72 men going out of our force of 126 men. These shops are adjacent to the yards of the Cincinnati Southern railway company. We recruited our force somewhat and continued operations there until July 3, at which time there was a strike in progress in those yards, also under the auspices of the American Railway Union. We had then about 100 men at work, but in consequence of the intimidation of our men and owing to the lack of public protection, it was decided to close the shops on July 3, and they remained closed until July 16, when work was resumed with a force of 100 men, which was almost immediately increased to the full complement by the engagement of new men. If any of the striking employes afterward applied for reemployment, there was no room for them.

Reverting to the strike at the Pullman shops on May 11, the only incidents which occurred thereafter which I consider worthy of note, were as follows: On June 1 two members of the civic federation called upon me to consider some methods of conciliation and arbitration. I explained the situation to them and informed them that we did not consider there was any proper subject for arbitration. On the next day two other members of the civic federation called, and we had a similar discussion.

On the 15th of June, twelve persons calling themselves a committee from the American Railway Union, called upon me to request that there should be an arbitration. I informed them in reply that the company declined to consider any communication from the American Railway Union as representing the former employes of the company.

On the next day a committee of six of our former employes called upon me and requested that there should be an arbitration. I informed them that we did not consider that there was any proper subject for arbitration.

On the 22d of June, Messrs. F. E. Pollans, B. W. Lovejoy and C. A. Timlin, claiming to be a committee of three of the American Railway Union, called upon me and stated that they were instructed to notify the Pullman company that unless it agreed to arbitration a boycott would be declared to stop the running of Pullman cars, taking effect at 12 o'clock noon, Tuesday, the 26th day of June. I replied to this statement that the company declined to consider any communication from the American Railway Union on the subject.

This threatened action by the American Railway Union was made known widely through the public press, and Mr. Pullman deemed it proper to make public a statement of all the circumstances. Accordingly such a statement was published in the

daily newspapers of Chicago on the morning of June 26, the day set by the American Railway Union delegates for the making of their threatened attempt. This statement is the first paper in the compilation of statements, a copy of which I have already presented to the commission.

It may be said here that the General Managers' association had met on the day before in consequence of the public knowledge of the threatened attempt of the American Railway Union, and had adopted the resolutions which are shown on page six of the compilation of statements which I have mentioned. I happened to have, after June 22, a conference on an ordinary matter of business with one of the members of the General Managers' association, and he told me of the intended meeting and invited me to be present at the meeting. I was therefore present, but of course without taking any part in it. I may say here that from the beginning to the end of the strike the General Managers' association acted throughout in entire independence of our company, as we did in entire independence of the association, and that there was at no time any conference or suggestion as to the matter from the association to our company or from our company to the association.

From this time on public attention was chiefly attracted by the conflict of the American Railway Union with the railways of the country attacked by it.

On July 5, there appeared in the New York *Sun* an authorized "interview" with Mr. Pullman, a copy of which is at page seven of the compilation of statements to which I have referred.

On July 7, Mr. Lawrence, a director of the First National bank, Chicago, called upon me to confer as to bringing about a meeting at my office between myself and a committee of the former employes of the company. I told him that I would be very glad to receive such a committee, but I never heard of the matter afterwards.

Two days later, Aldermen McGillen, Marrener, Mulhoeffler and Powers, with three delegates from labor unions, called upon me to discuss the matter of arbitration. I told them that we were not able to consider the question of arbitration.

On the 11th of July, Mayor Pingree, of Detroit, and Mayor Hopkins and Mr. Erskine Phelps, of Chicago, called upon me, also to discuss the matter of arbitration. A protracted friendly discussion of the matter followed between us, in which I set forth to these gentlemen our reasons for believing that the question at issue, which was simply that of reopening the shops at Pullman, and carrying them on at a ruinous loss, was not a proper subject for arbitration.

On July 14, the principal newspapers of the country pub-

lished a statement by Mr. Pullman, of which a copy is at page eleven of the compilation of statements to which I have referred.

By this time the measures taken to restore public order had put an end to all serious disturbance of railway travel, and the disorders which had been so violent in different parts of Chicago for more than two weeks had so far come to an end, that the propriety of making an effort to end the abnormal situation at Pullman, by resuming work at the car shops, was taken up and considered, and in consequence on July 18, the management caused to be posted on the gates of the Pullman shops the following notice :

“These shops will be opened as soon as the number of operatives taken on is sufficient to make a working force in all departments.”

The receiving of applications for employment proceeded gradually from that time on until the 24th of August, at which time the number of employes on the rolls at the shops was 2,337, of whom 1,778 were former employes of the company and 559 were new employes. The first opening for work was August 2, in the repair department ; the other departments of the shops were opened gradually, as the respective forces became sufficient.

It is proper that I should say that no injury of any sort was done or attempted upon the company's property at Pullman during the strike. For a few days after the opening of the shops, there were personal indignities and assaults committed upon a number of our employes ; but a quiet condition of affairs was soon brought about by the efficient action of the police, under the command of Inspector Hunt, Captain Powers and Lieutenant Bassett, supported by the presence of several companies of the First Regiment of the National Guard of Illinois.

I will now add to this statement of general facts some statements upon some details of the affairs of the company upon which the commission has heard testimony.

It is clearly an economical impossibility that the manufacturing of any given class of cars for sale can be carried on at Pullman for any length of time, if the wages of car builders there are such that the actual cost of labor and material for that class of cars is higher than at reputable competing shops. It is idle to talk of the company carrying on the business of building and selling cars at a loss, and paying the losses out of the income from a distinct business. The bidding for and taking of contracts at a loss, which I have detailed, were done in the hope that we could bridge over an emergency and keep

our force together until work could be had at prices based upon ordinary business principles. The company cannot long go on making proposals for less than cost. If by the rate of wages the cost is kept too high for successful competition in car building, the result is inevitable; contracts are not made, work ceases, and the men must be laid off indefinitely. The economic law is inexorable, and on a falling market producers must do one of two things—lower their prices or cease to produce, which means simply that plants must lie idle and workmen go without work.

To show the general reduction in the selling prices of various kinds of cars in recent years, I present a statement showing such prices, from which it will be seen that there has been a reduction in every class, which varies from more than 28 per cent. down to 18 per cent., the average reduction on all classes taken together being 24 per cent.

The average reduction in wages has not been so much. I present two statements, one for the month of April, 1893, and the other for the month of April, 1894, showing for each class of journeymen mechanics the number of men employed, the number of hours employed, and the actual wages earned and paid. From this it will be seen that for the month of April, 1893, the average pay of all the journeymen mechanics in the shops was at the rate of \$2.63 per day of ten hours, and that for the month of April, 1894, the average pay per day of ten hours to each journeyman mechanic was \$2.03, and not \$1.50, as testified by the witness Heathcote. This statement shows that the reduction of the average daily rate of earnings of journeymen mechanics between April, 1893, and April, 1894, was 22 8-10 per cent.

I present also similar tables for all other shop employes, excluding superintendents, foremen and the shop office force, showing an average reduction between April, 1893, and April, 1894, of 11½ per cent.

Considering all the shop workmen together—that is, excluding from the pay-roll all the superintendents, foremen and shop office force—the reduction of the average daily rate of earnings between April, 1893, and April, 1894, was 19 per cent.

Miss Curtis, as a representative of the sewing women, has made especial complaint before the commission in respect to the reduction in the piece price on carpets for sleeping cars, the proportionate reduction in the piece price for that work being very large. She complains that a carpet, for the making of which the piece price in 1893, was \$8.10, was so reduced that in 1894 it was \$1.80.

The explanation is this. Piece prices are based upon a reasonable rate per hour for work done. It was discovered, and

admitted by Miss Curtis herself in an interview with an officer of the company, that she is a slow worker, but could make one of these carpets in 16 hours work, which at a piece price of \$8.10 would give earnings at the rate of 50 cents per hour. This showed a manifest error in the price assigned, and the piece price was reduced so as to make the rate of wage on that work correspond to the reasonable rate of wages in that department, one dollar per day.

In establishing the rate of wages for piece work over so large a force of workmen, the principle adopted is that the day's wage is to be a reasonable wage for 10 hours at that particular work for a competent workman, not an expert; and by experience it is ascertained what a faithful, competent workman can do on a given kind of work, as to quantity in a given time; the piece price is thereupon based upon that performance. The competent, faithful workman will earn the reasonable day's wage at it; the less competent, or less industrious workman will necessarily make less than the reasonable day's wage; on the other hand, the expert and more industrious workman will earn more than the reasonable day's wage; he gets the just benefit of his superior energy and skill. If by experience in operation, it is discovered that at the piece price fixed, the known less competent and less industrious workmen are regularly making an unreasonable day's wage, it becomes apparent that the piece price allotted is too large. It is not the less apparent, although at the same time the most competent workmen are not making a very excessive wage, because it is well known that this matter is watched by them, so that they themselves limit their own output upon a piece of work excessively priced, in order to prevent an amount of wages accruing which would attract special attention, and cause a reduction of the piece price to a proper amount.

As another illustration of the propriety and reasonableness of changes in what is called piece work, the following instance may be given:

In 1893 the piece price for remaking an elliptic spring was \$1.12½. It was found that this had been rated too high, it being observed that the amount habitually earned at that work at that price made an excessive day's rate, and such reductions were made in the piece price that in May, 1894 it was 81 cents. The striking workman on this job did not apply again for his job until after his place had been filled by a stranger. This new employe was first given this work at day's wages of \$2.80; after working six days he asked that it be made piece work, and it was given to him at 80 cents per spring, and in the next six days he made 29 springs, so that by day's wages for the first six days he made \$16.80 and for the next six days at piece

work on the same job, he made \$23.20, or at the rate of 38 7-10 cents an hour. At the old excessive rate, his pay would have been over 54 cents an hour.

If I understand the record correctly, the commission accepted as evidence of the reduction of wages at our shops, the schedules and isolated statements made by Mr. Carwardine in his pamphlet, he stating that he had compiled them from information given him by "two or three gentlemen." I shall not attempt to enumerate all the errors and incorrect statements in respect to wages in his book, but they are sufficient in number and character to make it wholly and utterly untrustworthy; originating as it does it could not be otherwise. Perhaps a few examples will be sufficient to show this.

At page 70, he says that the average cut in wages was 33 1/3 per cent. As I have shown by the tables from our actual payments made, the average reduction of wages between April, 1893, and April, 1894, for journeymen mechanics was 22 8-10 per cent. and the average reduction for all other shop employes, excluding all the superintendents, foremen and shop office force, was 11 1/2 per cent. The average reduction for all shop employes, excluding all the superintendents, foremen and shop office force, was, as I have already said, 19 per cent.

At page 85, it is stated that just before the strike, blacksmiths were receiving between \$1.50 and \$2.50 per day. There were 99 blacksmiths on the roll in April, 1894, and the average daily wages earned and paid them in that month was \$2.39. On page 74, it is stated that strippers were reduced to 20 cents and painters to 19 cents per hour. In fact, the average rate paid strippers and other ornamental painters during the first four months of 1894, was 25 cents an hour for strippers and 23 cents an hour for ornamental painters. The remarks of the book on reductions in the street car department, show the following misstatements.

	Alleged reductions, Per cent.	Actual reductions, Per cent.
Body builders, inside finishers and trimmers..	33	20
Cabinetmakers.....	50	29
Blacksmiths	60	25
Iron machinists.....	85	21

On page 85 it is stated that the female employes working in the carpet department, the linen room, the glass embossing department and the laundry, were all paid, before May, 1893, at the rate of 22 1/2 cents per hour and that the company reduced this to 10 cents per hour.

Our records show that the average wages earned and paid

female employes for the month of April, 1893, were as follows:

Carpet, upholstery and linen department.....	14	cents	per	hour
Glass embossing department.....	10	"	"	"
Laundry.....	9 $\frac{3}{4}$	"	"	"

For the month of April, 1894, the average wages earned and paid female employes were as follows:

Carpet, upholstery and linen department.....	12 $\frac{3}{4}$	cents	per	hour
Glass embossing department.....	11	"	"	"
Laundry.....	11 $\frac{1}{8}$	"	"	"

The book says of workmen in the wood machine shops, that they suffered in some instances a cut of 40 per cent. and that in no case has it fallen below 33 $\frac{1}{3}$ per cent. The actual average hourly wages paid the wood machine men in April, 1894, is less than 16 per cent. reduction from the actual average hourly wages paid them in April, 1893. At page 90, the book speaks of a fireman laboring 428 hours per month, or about 16 hours per day, and receiving therefor \$40 per month pay. The truth is that the firemen from the nature of their occupation, work 12 hours per day at monthly wages, and there is not, and has not been a fireman whose monthly wages are less than \$50 per month. The firemen sometimes work overtime, but if so, it is by arrangement of their own, to divide among themselves the work of an absent man, and the wages which he would have received, if on duty, they divide among themselves by arrangement between themselves. At page 69 of the book, Mr. Carwardine states that he knows of a man who had worked as a skilled mechanic for 10 hours a day for 12 days, and earned \$9.07, of which \$9 was paid for a half month's rent, the check for his pay being dated in September, 1893. T. R. Davis, a painter on the shop rolls, received in the month of September, 1893, checks for his earnings, at a semi-monthly pay day, amounting to \$9.07, and there is no other workman on our rolls the amount of whose earnings was the same, paid in that month, and the half month's rent of T. R. Davis was \$9. He must therefore be the man described in the book; but instead of his earnings being the result of 12 days' labor at 10 hours a day, as stated by Mr. Carwardine, his wages were the result of 43 $\frac{3}{4}$ hours labor at 20 73-100 cents per hour. At page 82, Mr. Carwardine's book gives the average of earnings in 1889 as \$2.00 per day, and the average of earnings in 1894, at 91 cents per day. The absurdity of this statement needs no comment.

It would be tedious to go into the numerous inaccuracies of a number of the witnesses who have testified as to their

earnings in the Pullman shops, but I present to the commission a table in respect to the witnesses Heathcote, Rhode, Coombs and Curtis, for the period beginning May, 1893, and ending April, 1894, that is, one year, up to the strike, showing for each month, for each person, the number of hours employed and the wages earned and paid. The table shows, what is of course true, that the number of hours of employment which the company was able to give in the early part of the year was in excess of the number of hours of employment which it was able to give in the latter part of the year; and it shows the variance in the rate of wages at the beginning of the year and at the end of the year for each of these persons.

I will only specify for examples of the recklessness of many statements made to the commission, that the witness Heathcote is reported as testifying that he had no employment whatever in the month of October, 1893. He had, in fact, 114 hours employment, for which he was paid \$26.92. The witness Coombs is reported as testifying that for the month of February he had only \$3.50 on which to support his wife and two children after paying his rent. His rent is \$15 and the water charge is 71 cents. It will be seen by the table that in the month of February he had nearly full employment, 240 hours, and was paid \$60. He is reported as testifying that in March, 1894, piece work prices had been cut so that he could not make more than 68 cents a day. The table shows that in March, 1894, he worked 125 hours and was paid therefor \$30.80, or at the rate of \$2.46 per day, nearly four times the amount stated by him.

The witness Rhode is reported as testifying as to his wages substantially as follows: "Then the cuts came and work for which we used to get \$9 we got \$4.25. We cannot make \$1.25 a day. My wages in April were \$12 to \$15 each two weeks."

The table shows that for the four months ending April 30, 1894, Rhode was almost fully employed, and in that time he earned and was paid \$218.30, making his average earnings \$2.21 per day. Instead of his getting as he says, from \$12 to \$15 for each two weeks for his wages in April, he got for the whole month of April \$48.65, more than double the sum of \$12 each two weeks, mentioned by him.

It will also be seen from the same table that the impression easily to be derived from the fragmentary statements of the witnesses Heathcote and Rhode as to their earnings during a part of the last year, is wholly incorrect. The former earned and was paid in the year ending April 30, 1894, \$634.86, and the latter \$642.19. Miss Curtis earned in the year \$346.82.

It may be added, as to Miss Curtis, that her reported testi-

mony that she was forced to pay \$45 of an indebtedness of \$60 of her deceased father is not borne out by our records. Her father died Sept. 9, 1893, and his indebtedness was \$17.52 and not \$60. She herself after her father's death, incurred an indebtedness of \$32.14. I am told that she volunteered to pay her father's debt, but however that may be, our records show that her total payments since her father's death are \$32; a trifle less than her own indebtedness, so that instead of paying \$45 for her father's debt, she has paid nothing, and has not quite paid her own personal debt.

The statements made to the commission that at the shops workmen are made to suffer the loss of labor expended in the removal and replacing of defective material are wholly without foundation. If such a necessity occurs in work done by the day, the time spent in such work is merely a part of the ordinary earnings of the workmen and is paid for as such. If it occurs in a job paid for as piece work, the time spent in removing and replacing defective material is paid for by an allowance for the time so spent, in addition to the piece work price. In every such case, the loss of the value of the workman's labor falls wholly upon the company.

There has been a good deal said before the commission about what is called blacklisting. If by that term is meant receiving from other employers the names, or lists of names of workmen considered by them undesirable, or, on the other hand, the sending such names or lists to any other employers, no such thing is done by the Pullman company. Of course, we do not employ undesirable workmen known to us to be undesirable by our own experience of them; but we do not receive or seek information in such matters from other employers or give it to them.

I will not go into shop complaints at this time unless it is desired by the commission. The only presentation of them ever made was just before the strike, and I at once began in person the investigation of them on the spot, in conjunction with the general manager of the company. We were prevented from going on by the sudden strike, as I have already related. I think it probable that as a result of that investigation, I should have found some cases of local administration, in which the action of local subordinates had not been in accordance with the policy of the company, and I would have applied the necessary correction. It is not the policy of the company that men shall not have access for the redress of grievances, and I have never refused to see any of our workmen.

In the matter of rents, comparisons have been made before the commission between the rent of houses in Pullman and the rent of houses in the adjacent towns of Kensington and Rose-

land, it being made to appear that the rents at Pullman are slightly higher than they are in those adjacent towns.

As to this it is to be said that the Pullman houses are built of brick, with a thorough system of drainage, with modern improvements, such as gas, water closets, faucets and sinks in every house; and that these houses are situated on broad, paved and shaded streets, with sidewalks, parks and lawns, all of which are cared for by the company, the whole town being kept in thorough cleanliness. The dwellings in the adjacent towns with which they are compared are almost wholly frame structures on streets which have sidewalks, but are not paved or cleaned, and are without sewers; and the houses themselves are without water closets or drainage provision therefor. They are no doubt to be had at a lower rent than dwellings in Pullman because they could not compete with dwellings in Pullman except at a lower rent.

I may call the attention of the commission to the fact that at the time of the strike less than one-third of the shop employes were tenants of the company.

There were 3,284 shop employes on April 30, 1894, and of these 563 owned their own houses and 560 others lived outside of the town of Pullman; 1,026 were tenants in the town and 1,135 were lodgers in the town.

Of the force of 2,337 now employed in the shops 461 own their own homes and 871 others live outside of the town of Pullman; 466 are tenants in the town and 539 are lodgers in the town.

These facts serve also to make a sufficient answer to the statement made to the commission by the witness Heathcote that living in the town of Pullman has now or at any time been made a condition of getting employment. This was not and has not ever been the case.

The chairman of the commission interrogated Mr. Carwardine as to the statement made by him in his book that the company paid four cents a thousand gallons for water and retailed it to the tenants for 10 cents per thousand gallons, to which Mr. Carwardine replied that the statement was true so far as he could find out; and in response to an inquiry whether the cost to the Pullman company was not now six cents instead of four, Mr. Carwardine added that he believed the city's charge was now higher, and that he believes Mr. Pullman is not making as much on water as he had done, but that no change had been made in the water rates since the readjustment with the city.

The witness Heathcote "from hearsay," makes the profit on water supplied the tenants, \$32,000 a year.

The facts in the matter are as follows: Until last January,

the company took its water from the works of the village of Hyde Park, paying therefor four cents per thousand gallons, and distributing it through the mains of the company. Water meters were put in the town last March, and it has since been practicable to ascertain accurately the amount of water consumed by tenants in Pullman, and this consumption has been ascertained to be for the period which has since elapsed, at the average rate of 22,211,842 gallons per month. In negotiating with the city as to the charge the city should make under the new arrangement, an accurate statement was made of the amount paid to the village and the amount charged to tenants by the company for water, for the period beginning with August, 1889, and ending with July, 1893; the amount charged the tenants is almost exactly the same for each month (the rate being unvarying and the trifling difference arising from the varying number of empty houses), which shows a substantially unvarying consumption, and the average monthly charge for the period is \$1,006.04 per month.

At four cents per thousand gallons, the cost to the company for the 22,211,842 gallons per month, paid to the village of Hyde Park, was \$888.47. To this must be added the expense to the company of distributing the water, which is arrived at as follows:

The statement above mentioned shows for the same period beginning with August, 1889, and ending with July, 1893, during which period the water was supplied under the arrangement with the village of Hyde Park, that the average annual amount paid to the village for the water was \$21,847.11, and that the average annual expense to the company in maintaining and operating the distributing system of the town was \$2,132.60. This shows the percentage of the cost of maintenance and operation of the distributing system to be 9 76-100 per cent. on the cost of the water. This percentage, \$86.71, added to the amount paid the village for the water supply to the tenants per month, brings the cost to the company to \$975.18 per month, which is less than the average amount, \$1,006.04, charged to tenants, by the insignificant sum of \$30.86. It would be difficult to have a more exact agreement, and the facts thus show that Mr. Carwardine's statement that the company was charging the tenants 2½ times the cost of the water was utterly reckless and untrue.

Under the new arrangement, which went into effect with the city of Chicago in January last, the company takes from the city all the water for its works and the town of Pullman, except the water used for steam boilers and mechanical purposes (which is drawn by the company from Calumet Lake). The rate paid for the monthly supply is graduated from 10

cents per thousand gallons down to $6\frac{1}{2}$ cents per thousand gallons, for all over 5,000,000 gallons per month. The average rate paid by the company is about 6 8-10 cents per thousand gallons. As above stated, the amount consumed by the tenants is 22,211,842 gallons per month. At the rate now paid the city, the average cost of this per month to the company is \$1,510.40, to which must be added the average monthly cost of distribution, \$86.71, making the total monthly cost to the company for water supplied the tenants, \$1,597.11, and as above stated, the average monthly charge to tenants being \$1,006.04, there is an average excess of cost monthly to the Pullman company of \$591.07.

The house water rates charged in the town of Pullman were fixed by the civil engineer of the company upon the completion of the houses and street improvements, in exact agreement with the scale of water rates prescribed by the ordinance of the village of Hyde Park, of which the town of Pullman was legally a part, and they have never been changed.

The amount of gas used by all tenants at Pullman is not quite 1-5 of the output of the works. Only 228 house tenants use gas, and of these only 122 are wage workers, out of over 1,000 tenant wage workers living in Pullman. The average revenue to the company from each wage worker using gas, including foremen, is approximately \$1.67 per month, so the question is not of interest to many people, and of slight consequence to those who have any interest in it.

The company's gas works were erected primarily for the use of the works, and could in any event have but a small clientage; and the price to be charged for gas by such a plant is not to be compared with the price at which a company having the population of the city of Chicago for a clientage can afford to furnish it. It should be compared with the gas rates of country towns, and it is believed that upon such comparison the Pullman rate will be found to be less than their rates. It can not be compared with Kensington or Roseland, for gas is not supplied there.

As a mention has been made of the library at Pullman, it is perhaps worth while to say that it is a circulating library, consisting of about 8,000 books, a gift to the association. A charge of 25 cents a month for adults and one-third that amount for young persons, is made for membership, not for profit, but to give subscribers a sense of ownership. The fund thus created is currently exhausted in buying the regular issues of about a hundred magazines and papers, and in partly repairing book binding. All other expenses are paid by the company.

It is quite true that building lots are not offered for sale in Pullman. The town is of restricted area, and designedly so,

in order that workmen can, if they wish, live outside of it, and still be near their work, and the buying by them of homes near by has been hoped for and always encouraged.

The purpose of the town was to give such employes as chose to live in it, dwellings of varying sizes and accommodations, well built and kept in good repair, and with perfect sanitary arrangements; with streets well paved and kept in perfect order as to repair and cleanliness; and proper open spaces, with trees and grass; with the other requisites of civilization, a church, a market, and an arcade for shops, schools and a library, and a place for amusement; all to be so arranged and built under the most competent architectural and engineering skill as to be not only comfortable and healthy, but to have as high a character for beauty as was practicable. This could only be accomplished under a single control of plan and expenditure, which would have failed if a single lot had been sold. Such a sale would also have opened the way to dram shops and other disreputable places, which are excluded from the town. No paternalism has ever been in the plan. Reasonable rents were fixed which were not increased in times of increased wages, nor have they been lowered to the level of those in unpleasant parts of Chicago, or to the level of those charged in the adjacent country for cheaply built houses without sewerage, and on streets unpaved and uncleaned.

It was the hope and belief of the management that the character of the buildings, and houses and streets at Pullman, and the order in which they are kept, would raise the standard of desire of working people for such surroundings; and that such surroundings would improve their character as citizens, and the quality of their work, and whatever has happened, there is gratification at so much of a result as was shown by the ease with which order was maintained there during the recent deplorable disturbances so violent in many other places.

THE STRIKE AT PULLMAN.

PUBLISHED STATEMENTS OF THE COMPANY
MADE DURING ITS CONTINUANCE.

[From the Chicago Herald, June 26, 1894.]

PULLMAN COMPANY'S STATEMENT.

In view of the proposed attempt of the American Railway Union to interfere with public travel on railway lines using Pullman cars, in consequence of a controversy as to the wages of employes of the manufacturing department of the company, the Pullman company requests the publication of the following statement of the facts, in face of which the attempt is to be made.

In the first week of May last, there were employed in the car manufacturing department at Pullman, Ill., about 3,100 persons. On May 7th, a committee of the workmen had an interview by arrangement with Mr. Wickes, vice-president, at which the principal subject of discussion related to wages, but minor grievances as to shop administration were also presented, and it was agreed that another meeting should be held on the 9th of May, at which all the grievances should be presented in writing. The second meeting was held. As to the complaints on all matters except wages, it was arranged that a formal and thorough investigation should be made by Mr. Wickes, to be begun the next day, and full redress was assured to the committee as to all complaints proved to be well founded.

The absolute necessity of the last reduction in wages, under the existing condition of the business of car manufacturing, had been explained to the committee, and they were insisting upon a restoration of the wage scale of the first half of 1893, when Mr. Pullman entered the room and addressed the committee, speaking in substance as follows:

"At the commencement of the very serious depression last year we were employing at Pullman 5,816 men and paying out in wages there \$305,000 a month. Negotiations with intending purchasers of railway equipment that were then pending for new work were stopped by them, orders already given by others were canceled, and we were obliged to lay off, as you are aware, a large number of men in every department, so that by No-

vember 1, 1893, there were only about 2,000 men in all departments, or about one-third of the normal number. I realized the necessity for the most strenuous exertions to procure work immediately, without which there would be great embarrassment, not only to the employes and their families at Pullman, but also to those living in the immediate vicinity, including between seven hundred and eight hundred employes who had purchased homes and to whom employment was actually necessary to enable them to complete their payments.

"I canvassed the matter thoroughly with the manager of the works and instructed him to cause the men to be assured that the company would do everything in its power to meet the competition which was sure to occur because of the great number of large car manufacturers that were in the same condition, and that were exceedingly anxious to keep their men employed. I knew that if there was any work to be let, bids for it would be made upon a much lower basis than ever before.

(NOTE: The selling prices of passenger, baggage, box, refrigerator and street cars in the last two years have fallen by percentages, varying in the separate classes from 17 to 28, the average reduction taking the five classes together, being 24 per cent.)

"The result of this discussion was a revision in piece-work prices, which, in the absence of any information to the contrary I supposed to be acceptable to the men under the circumstances. Under these conditions, and with lower prices upon all materials, I personally undertook the work of the lettings of cars, and by making lower bids than other manufacturers, I secured work enough to gradually increase our force from 2,000 up to about 4,200, the number employed, according to the April pay-rolls, in all capacities at Pullman.

SAYS COMPANY BEARS ITS SHARE.

"This result has not been accomplished merely by reduction in wages, but the Company has borne its full share by eliminating from its estimates the use of capital and machinery, and in many cases going even below that and taking work at considerable loss, notably the fifty-five Long Island cars, which was the first large order of passenger cars let since the great depression and which was sought for by practically all the leading car-builders in the country. My anxiety to secure that order so as to put as many men at work as possible, was such that I put in a bid at more than \$300 per car less than the actual cost to the company. The three hundred stock cars built for the Northwestern Road and the two hundred and fifty refrigerator cars now under construction for the same company, will result in a loss of at least \$12 per car, and the twenty-five

cars just built for the Lake Street Elevated Road show a loss of \$79 per car. I mention these particulars so that you may understand what the company has done for the mutual interest and to secure for the people at Pullman and vicinity the benefit of the disbursement of the large sums of money involved in these and similar contracts, which can be kept up only by the procurement of new orders for cars, for, as you know, about three-fourths of the men must depend upon contract work for employment. I can only assure you that if this company now restores the wages of the first half of 1893, as you have asked, it would be a most unfortunate thing for the men, because there is less than sixty days of contract work in sight in the shops under all orders and there is absolutely no possibility, in the present condition of affairs throughout the country, of getting any more orders for work at prices measured by the wages of May, 1893. Under such a scale the works would necessarily close down and the great majority of the employes be put in idleness, a contingency I am using my best efforts to avoid.

"To further benefit the people of Pullman and vicinity, we concentrated all the work that we could command at that point, by closing our Detroit shops entirely, and laying off a large number of men at our other repair shops, and gave to Pullman the repair of all cars that could be taken care of there.

"Also, for the further benefit of our people at Pullman, we have carried on a large system of internal improvements, having expended nearly \$160,000 since August last in work, which, under normal conditions, would have been spread over one or two years. The policy would be to continue this class of work to as great an extent as possible, provided, of course, the Pullman men show a proper appreciation of the situation by doing whatever they can to help themselves to tide over the hard times which are so seriously felt in every part of the country.

"There has been some complaint made about rents. As to this, I would say that the return to this company on the capital invested in the Pullman tenements for the last year and the year before was $3\frac{8}{100}$ per cent. There are hundreds of tenements in Pullman renting for from \$6 to \$9 per month, and the tenants are relieved from the usual expenses of exterior cleaning and the removal of garbage, which is done by the company. The average amount collected from employes for gas consumed is about \$2 a month. To ascertain the exact amount of water used by tenants, separate from the amount consumed by the works, we have recently put in meters, by which we find that the water consumed by the tenants, if paid for at the rate of 4 cents per 1,000 gallons, in accordance with our original contract with the village of Hyde Park, would amount to about

\$1,000 a month, almost exactly the rate which we have charged the tenants, this Company assuming the expense of pumping. At the increased rate the city is now charging us for water, we are paying about \$500 a month in excess of the amount charged to the tenants. The present pay rolls at Pullman amount to about \$7,000 a day."

On the question of rents, while, as stated above, they make a manifestly inadequate return upon the investment, so that it is clear they are not, in fact, at an arbitrarily high figure, it may be added that it would not be possible in a business sense so to deal with them. The renting of the dwellings and the employment of workmen at Pullman are in no way tied together. The dwellings and apartments are offered for rent in competition with those of the immediately adjacent towns of Kensington, Roseland and Gano. They are let alike to Pullman employes and to very many others in no way connected with the company, and, on the other hand, many Pullman employes rent or own their homes in those adjacent towns. The average rental at Pullman is at the rate of \$3 per room per month. There are 1,200 tenements of varying numbers of rooms, the average monthly rental of which is \$10; of these there are 600, the average monthly rental of which is \$8. In very many cases, men with families pay a rent seemingly large for a workman, but which is in fact reduced in part, and often wholly repaid, by the sub-rents paid by single men as lodgers.

WHY THE SHOPS SHUT DOWN.

On May 10th, the day after the second conference above mentioned, work went on at Pullman as usual, and the only incident of note was the beginning by Mr. Wickes, assisted by Mr. Brown, the general manager of the company, of the promised formal investigation at Pullman of the shop complaints. A large meeting of employes had been held the night before at Kensington, which, as was understood by the company, accepted the necessity of the situation preventing an increase of wages; but at a meeting of the local committee held during the night of May 10th, a strike was decided upon, and accordingly the next day about 2,500 of the employes quit their work, leaving about 600 at work, of whom very few were skilled workmen. As it was found impracticable to keep the shops in operation with a force thus diminished and disorganized, the next day those remaining were necessarily laid off, and no work has since been done in the shops.

The pay-rolls at the time amounted to about \$7,000 a day, and were reduced \$5,500 by the strike, so that during the period of a little more than six weeks which has elapsed, the

employes who quit their work have deprived themselves and their comrades of earnings of more than \$200,000.

It is an element of the whole situation worthy of note, that at the beginning of the strike the Pullman Savings Bank had on deposit in its savings department \$488,000, of which about nine-tenths belonged to employes at Pullman, and that this amount has since been reduced by the sum of \$32,000.

While deploring the possibility of annoyance to the public by the threats of irresponsible organizations to interrupt the orderly ministration to the comfort of travelers on railway lines aggregating 125,000 miles in length, the Pullman company can do no more than explain its situation to the public. It has two separate branches of business, essentially distinct from each other. One is to provide sleeping cars, which are delivered by it under contract to the various railway companies, to be run by them on their lines as a part of their trains for the carriage of their passengers, over the movements of which this company has no control. Contract arrangements provide for the making of all repairs to such cars by the railway companies using them—as to certain repairs absolutely, and as to all others upon the request of the Pullman company, which ordinarily finds it most convenient to use its own manufacturing facilities to make such repairs. The other, and a distinct branch of the business of the Pullman company, is the manufacture of sleeping cars for the above-mentioned use of railway companies, and the manufacture for sale to railway companies of freight cars and ordinary passenger cars, and of street cars, and this business is almost at a standstill throughout the United States.

The business of manufacturing cars for sale gives employment to about 70 per cent. of the shop employes. The manufacture of sleeping cars for use by railway companies under contract, and which, under normal conditions, gives employment to about 15 per cent. of the shop employes, cannot be resumed by the company to an important extent for a very long time, for out of the provision made for the abnormal travel last year the company now has about 400 sleeping cars in store ready for use, but for which there is no need in the existing conditions of public travel.

It is now threatened by the American Railway Union officials that railway companies using Pullman sleeping cars shall be compelled to deprive their passengers of sleeping-car accommodations, unless the Pullman company will agree to submit to arbitration the question as to whether or not it shall open its manufacturing shops at Pullman and operate them under a scale of wages which would cause a daily loss to it of one-fourth the wages paid.

WILL FIGHT THE PULLMAN BOYCOTT.

General Managers of all Chicago Terminal Lines Adopt Resolutions.

At a fully represented meeting of the General Managers' Association, held yesterday afternoon, the following resolutions were unanimously adopted :

Whereas, We learn through the public press that the American Railway Union will declare a boycott on all Pullman palace cars; and

Whereas, Said boycott is in relation to matters over which we have no control, and in which we have no interest whatever; and

Whereas, It is stated that the object and intent of the said boycott is to discommode the traveling public and embarrass the railroads, in the belief that the public and railroads affected will influence the settlement of the question as the American Railway Union desires; and

Whereas, It is necessary that these companies determine for themselves what cars they shall or shall not handle; and

Whereas, It is important that the traveling public should understand the position of the railroads in this matter; therefore, be it

Resolved, 1. That it is the sense of this meeting that the said proposed boycott, being confessedly not in the interest of any employes of said railroad companies, or on account of any grievance between said railroad companies and said employes, is unjustifiable and unwarranted.

2. That the employes of said railroad companies cannot, nor can any of them, with propriety, embarrass said companies or discommode the traveling public because of their sympathy with the supposed wrongs of employes engaged in a wholly different class of labor.

3. That we hereby declare it to be the lawful right and duty of the said railway companies to protest against said proposed boycott; to resist the same in the interest of their existing contracts and for the benefit of the traveling public, and that we will act unitedly to that end.

Every railway system in Chicago was represented at the meeting which adopted the foregoing resolutions without a dissenting vote; not only the general managers, but presidents, vice-presidents and other general officers attested the importance of the occasion by their presence.

Sitting in the assembly, by direct invitation, was Thomas H. Wickes, the second vice-president of the Pullman company, who was throughout an interested listener. Mr. Wickes said afterwards that he viewed the result obtained by the meeting as affording the only possible solution of the difficulty, which threatened not the Pullman company so much as the right of the railroads to govern themselves.

[From the *New York Sun*, July 5, 1894.]

Mr. PULLMAN TALKS FREELY.

The Efforts He Made To Keep The Shops Running.

ORDERS TAKEN AT A LOSS IN THE INTEREST OF HIS WORKMEN.—
 THE PRESENT SITUATION ENTIRELY OUTSIDE OF HIS CON-
 TROL.—HIS RELATIONSHIP TO THE WORKMEN AT
 PULLMAN DESCRIBED IN A LETTER WRITTEN
 TO A FRIEND.

A *Sun* reporter visited Mr. George M. Pullman at his Long Branch cottage yesterday. When he was seen by the same reporter on Tuesday evening Mr. Pullman was not disposed to talk at all for publication, but yesterday he talked freely about the strike. Only on one point did he decline to speak. That was the social and political meaning of such a situation as has been developed in so short a time in Chicago.

"Of course," said Mr. Pullman, "this frightful state of affairs is portentous with meaning to the social and political philosopher, and must come to be considered from that point of view by all, sooner or later. But I have been so engrossed with the details of the affair that I have not had time to philosophize about it yet. The *Sun* must excuse me on that point. Those who are watching this with no personal interest, or with much less personal interest than I have in it, are better able to discuss what the big meaning of it is."

But Mr. Pullman has, at least in one instance, given a calm and well-considered opinion on some of the questions involved in this controversy. During the course of his talk with the writer he referred to a letter he wrote to a prominent resident of Chicago in answer to a letter concerning the strike at Pullman. The reporter saw a copy of Mr. Pullman's reply, and persuaded Mr. Pullman to permit it to be published, as in it he plainly gives his views of the situation as it is affected by his relation to Pullman workmen as employer and landlord. He also logically discussed in it some other important matters involved which were referred to by his correspondent. The Pullman strike began on May 11th, and Mr. Pullman's letter was written after the strike had been on six weeks. Mr. Pullman declined permission to have the name of the correspondent published, as he had not obtained the correspondent's

consent, but the name, it can be stated, is well known throughout the United States. The reply was as follows:

"PULLMAN'S PALACE CAR COMPANY,
"OFFICE OF THE PRESIDENT,
CHICAGO, June 22, 1894. }

"MY DEAR —: Your note of the 20th instant reaches me only this morning. I have read it with interest, and of course concur with you in wishing a termination of the present condition of affairs at Pullman, but I must frankly say to you that the solution suggested by you is not practicable.

"You are perhaps not aware that the renting of houses at Pullman has no relation to the work in the shops. Employes may, and very many do, own or rent their houses outside of the town; and the buildings and business places in the town are rented to employes or to others, in competition with neighboring property. In short, the renting business of the Pullman company is governed by the same conditions which govern you, for instance, or any other large owner of real estate, except that the company itself does directly some things which in Chicago are assumed by the city. If, therefore, it is not admitted that the rents of any landlord are to be fixed by arbitration, and that those of the adjoining towns of Kensington and Roseland should also be so fixed, it can hardly be asked that the Pullman company alone should abandon the ordinary rules which govern persons in that relation.

"I notice that you lay much stress on the fact that there has been no violence or destruction of property at Pullman. I should be sorry to think that such things could in any event be the outcome of all that has been done there since the establishment of the town, thirteen years ago, the welfare of which in every aspect has always been, as I think you know, the most constant object of my solicitude as president of this company. If the fact you note is really to be deemed remarkable, may not, perhaps, some credit be given to the administration of the company, which prohibits drinking saloons, and provides various sources of elevation of character?

"I regret very much that the employes of the company have permitted themselves, under the instigation of persons almost unknown to them, and wholly ignoring essential facts in their desire to make their places of seeming importance, to be subjected to the distress and loss of wages (now amounting to about a quarter of a million dollars) which have occurred; and I am especially sorry for those, who, themselves willing to continue in their useful work, are compelled to be idle by the inaction of their comrades.

"I am afraid that I cannot encourage you to look for any solution except as a result of those who wish to be employed at the Pullman shops realizing and acting upon the rule of business that the aggregate cost of a piece of work must not exceed its selling price. A continuous violation of that rule must wreck the Pullman shops, or any other shop, and permanently stop all work of its employes. This company cannot control the selling price of cars, and it cannot pay more for making them than it can contract to sell them for. It is impossible to submit to arbitration whether or not it shall do so, and that it shall do so is the only demand made upon the company.

"This consideration must govern the opening of the shops for the manufacturing of cars for sale to other companies, employing normally about four-fifths of the employes. Believe me, very sincerely yours,
"GEORGE M. PULLMAN.

"P. S.—I enclose the *Tribune's* report of the facts I gave to the employes two days before they quit work, and which you may not have seen."
[This report was reprinted in the *Sun* on July 3d.]

The reporter then said to Mr. Pullman :

"This morning's dispatches report that Mr. Stuebaker will be present at the proposed compromise conference, representing the Pullman company; is that so?"

"Mr. Stuebaker's action in this matter is entirely unauthorized by any one connected with the Pullman company," replied Mr. Pullman. "The Pullman company has not been asked by any railway manager or other person to participate in any conference."

"Would the Pullman company send a representative to such a conference?"

To this question Mr. Pullman replied :

"The original cause of the boycott bears no relation to the principles involved in the state of affairs as they have now been developed. The questions to be considered by any conference are now entirely under the control of the railway companies, and could not be influenced by the action of the Pullman company in any way."

The reporter next asked : "Has there been any suggestion from any of the railway companies concerning a suspension or modification of their contracts with your company pending the settlement of the strike?"

"No request or suggestion of such a nature has been received by us," said Mr. Pullman. "Our contracts are not the question involved now, either, for the American Railway Union not only seeks to dictate to the railway systems of this country what cars they shall use, or rather what kind of cars they shall not use, but they have even gone beyond that, and stopped the operations of railway companies which have no contract with the Pullman company, and no business relations with us of any nature."

"It has been repeatedly charged that you refused to receive a committee of Pullman workmen at their request."

"That is not true," said Mr. Pullman. "These are the facts: At the time of the American Railway Union convention we were asked to receive a joint committee of members of the union and of our workmen. We declined to receive any committee from the American Railway Union, but said we would, of course, receive a committee composed of our workmen. We did, in fact, then receive a committee of our workmen, and the manner of their resuming relations with us was discussed and fully understood."

"What was the result of your refusal to arbitrate with a committee from the American Railway Union?"

"We were notified that unless we consented to arbitrate with the American Railway Union they would boycott railways using our cars."

"What had the American Railway Union to arbitrate with the Pullman company?"

Mr. Pullman replied laconically : "Nothing that I am aware of."

Concerning the events preceding the strike Mr. Pullman said: "There were two causes which combined to suddenly and greatly reduce the amount of work at the Pullman shops. A great many railways placed extra orders with us for rolling stock to accommodate their World's Fair business, and consequently, with those orders filled, we could not expect more orders from those roads soon, as they were well stocked, and then came the financial panic, and I realized that even those roads which had not recently contracted for new rolling stock, and in the natural order of events would soon place new orders, would not under the existing financial conditions do so. They simply could not pay for new stock. I knew that here and there throughout the United States there would be roads which would place small orders for absolutely necessary stock, and that those orders, small in each case, but aggregating a considerable amount, might, if we could secure them, enable us to keep our shops running. I said to our managers: 'We will make a strong effort to secure this scattered work. Our bids will be based on the lowest possible estimates, eliminating the

question of profit and the interest on investment, and if the workmen will contribute some help in the way of accepting some reduction of wages while the conditions remain in the state described, we can hope to keep running.'

"On one order for 250 refrigerator cars we had prepared a bid which was figured down to actual cost, and then I told the manager before sending in the bid to cut off \$10 on the price of each car, as I was willing to contribute \$2,500 to get the work and keep the shops running. As the manager was leaving the room I said: 'Make that cut \$15 on each car.' Then we secured the order, and were only \$1 below the next highest bidder. We had to meet competition at points which had a great advantage over us in the matter of the cost of transportation to the point where the cars were to be delivered. For instance, on the order for fifty-five cars for the Long Island Railroad it cost us \$90 a car to deliver them, and our bid was \$24 lower than the next highest bidder, who could deliver at much less cost. I mention these things to show the effort the company was making to secure work, and it was just about the time these orders were completed, and we were eagerly searching the whole country for more work, even under such conditions, that the strike occurred."

[From the *New York Tribune*, July 14, 1894.]

MR. PULLMAN'S STATEMENT.

He Explains the Position of His Company.

THERE WAS NOTHING TO ARBITRATE—DEMANDS MADE BY
THE WORKMEN WERE UNREASONABLE—CHARGES
AGAINST THE COMPANY ANSWERED.

There is hardly anything new to be said as to the position of the Pullman company, but I have so many indications of the facility with which my expressions and those authorized by me have become distorted, and thus misleading to the public, and of an entire forgetting of my earnest efforts to prevent the strike, that perhaps it is well that I should again make a public assurance that the deplorable events of the last few weeks have not been caused by the Pullman company taking an obstinate stand in a debatable matter and refusing to listen to reason. The leaders of disorder have not hesitated to harass the public by all means in their power, because, as they say, the Pullman company would not submit to arbitration, and now that disorder seems to be quelled, they are reinforced in their clamor for arbitration by some prominent newspapers, but, so far as I know, by very few, if any, business men in the country.

WHY WAGES WERE REDUCED.

What is the demand concealed under the innocently sounding word arbitration? A little more than a year ago the car shops at Pullman were in a most prosperous condition, work was plenty, wages were high and the condition of the employes was indicated by the fact, that the local savings bank had of savings deposits nearly \$700,000, of which nearly all was the property of the employes. Our pay rolls for that year show an average earning of over \$600 per annum for every person—man, woman or youth—on the roll. Then came the great panic and depression of last summer. Many customers stopped negotiations and canceled orders, and our working force had to be diminished from nearly 6,000 to about 2,000 in November, 1893. The great business depression existing throughout the country had naturally resulted in a wage depression, and the only hope of getting orders was by bidding for work at prices as low as, or lower than could be made by other shops, and this, of course, necessitated a reduction in the wages of the employes at Pullman. This was arranged satisfactorily, as I supposed, and in close competitions, disregarding all account of capital and machinery, I secured enough work to gradually increase our force to 4,200, the number on the rolls last April. Nine weeks ago the car shops at Pullman were working with car-building contracts on hand enough to keep them going for about sixty days, and with all business forecasts leading to the belief that no considerable new orders could soon be had. The most important of the work in hand had been taken by me in competition at prices which were less than the actual cost to the company of delivering the cars, without any reckoning for the use of capital and plant. This work was taken to keep the large force of men employed and to postpone, and with the hope of avoiding, the numberless embarrassments to all classes of people at Pullman and its vicinity of a closing down of the works, to prevent which the company considered it a wise policy to operate the shops temporarily at an actual loss.

In this condition of things came the agitation seeking to create a labor organization embracing all railway employes and apparently other industries. It is my belief that the controversy excited at Pullman was merely a move in the greater scheme, those shops being selected, not on account of discontent in them, but because of their prominence in various ways, and because of the chance of justification for a simultaneous and causeless attack upon the railways of the country, for the use under long-time contracts, by three-fourths of them, of the Pullman sleeping-car system, a branch of the company's business totally distinct from its manufacturing of cars for sale,

AFFAIRS EXPLAINED TO THE EMPLOYEES.

In the early part of May a committee of the employes demanded a restoration of the wages of a year ago. I explained to this committee minutely and laboriously the facts, showing that the company was already paying them more than it was receiving for their contract work, and I offered them, for complete assurance, and to end all question, an inspection of our books and contracts in hand. This, and the beginning at once at Pullman of a promised careful investigation of a number of shop complaints, seemed to end all trouble, but a day later, under the excitement of their recruiting into the new organization, the workmen closed the shops by abandoning their work, thus themselves doing what I was strenuously trying to prevent being done by the depression of the car-building business, and the employes who quit their work have deprived themselves and their comrades of earnings of more than \$300,000 up to this time.

The demand made before quitting work was that the wages should be restored to the scale of last year, or, in effect, that the actual outgoing money losses then being daily incurred by the company in car-building should be deliberately increased to an amount equal to about one-fourth of the wages of the employes. It must be clear to every business man, and to every thinking workman, that no prudent employer could submit to arbitration the question whether he should commit such a piece of business folly. Arbitration always implies acquiescence in the decision of the arbitrator, whether favorable or adverse. How could I, as president of the Pullman company, consent to agree that if any body of men not concerned with the interests of the company's shareholders should, as arbitrators, for any reason seeming good to them so decree, I would open the shops, employ workmen at wages greater than their work could be sold for, and continue this ruinous policy indefinitely; or be accused of a breach of faith? Who will deny that such a question is plainly not a subject of arbitration? Is it not then unreasonable that the company should be asked to arbitrate whether or not it should submit such a question to arbitration? Removing the original and fundamental question one stage does not help the matter; the question would still remain: Can I, as a business man, knowing the truth of the facts which I have stated, bind myself that I will, in any contingency, open and operate the Pullman car shops at whatever loss, if it should happen to be the opinion of some third party that I should do so? The answer seems to be plain.

The public should not permit the real question which has

been before it to be obscured. That question was as to the possibility of the creation and duration of a dictatorship which could make all the industries of the United States and the daily comfort of the millions dependent upon them, hostages for the granting of any fantastic whim of such a dictator. Any submission to him would have been a long step in that direction, and in the interest of every law-abiding citizen of the United States was not to be considered for a moment.

CHARGES MET AND ANSWERED.

A few words are pertinent as to some industriously spread charges against the company.

One of these charges is that rents are exorbitant, and it is implied that the Pullman employes have no choice but to submit. The answer is simple. The average rental of tenements at Pullman is at the rate of \$3 a room a month, and the renting of houses at Pullman has no relation to the work in the shops. Employes may, and very many do, own or rent their homes outside of the town; and the buildings and business places in the town are rented to employes or to others in competition with neighboring properties. In short the renting business of the Pullman company is governed by the same conditions which govern any other large owner of real estate, except that the company itself does directly some things which in Chicago are assumed by the city. If, therefore, it is not admitted that the rents of any landlord are to be fixed by arbitration, and that those of the adjoining towns of Kensington and Roseland should also be so fixed, it can hardly be asked that the Pullman company alone should abandon the ordinary rules which govern persons in that relation.

As to the charges for water, the company until lately had a contract with the village of Hyde Park, under which it paid 4 cents a 1,000 gallons, and pumped the water itself. The gross amount paid the village monthly for the water consumed by the tenants was almost exactly the gross sum paid by the tenants therefor. Since the inclusion of Hyde Park and Pullman within the city of Chicago the company pays the city about 7 cents a 1,000 gallons, and not having increased the charge to the tenants, is paying for the water consumed by them about \$500 a month more than is charged to them. The company has made repeated efforts to dissociate itself from the supplying of water to tenants, but the city of Chicago has as yet failed to apply the ordinary frontage rates to the houses and shops in Pullman, although it is done in the adjacent towns.

The Pullman company was organized twenty-seven years ago with a capital of \$1,000,000, of which two-thirds represented

the appraised value of its cars, then held by three owners, and one-third represented the appraised value of its franchises and existing contracts. The company has grown until its sleeping-car service covers 125,000 miles of railway, or about three-fourths of the railway system of the country, and that increase of service has necessitated increase of its capital from time to time until it is now \$95,000,000. There are over 4,000 stockholders of the company, of whom more than one-half are women and trustees of estates, and the average holding of each stockholder is now eighty-six shares, one-fifth of them holding less than six shares each.

[Notice posted on the gates of the Pullman shops, at Pullman, July 18, 1894.]

"These shops will be opened as soon as the number of operatives taken on is sufficient to make a working force in all departments."