

Czech Welfare Capitalism in Bat'a's Thought

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Introduction

It has been argued that the cause of the total collapse of East European Communism was not only the political structure, but also and mainly the economic model on which communist governments had been built.¹ It comes, therefore, as no surprise that the new "democratic" governments of Eastern Europe are seeking especially in the Western free-market economies an adequate economic model to follow in the process of social reconstruction.

In this respect, the post-communist Czechoslovakia could serve as a representative case in point. Yet, due to the high level of industrial development and to the prosperity which the Czech lands had experienced especially in the period between the two World Wars, it seems natural for the Czech economic pundits to search for new ideas and inspiration in their domestic economic models which had proved rather successful in the pre-war years. One of the economic models discussed frequently in recent Czech newspapers is that of Tomáš Bat'a (1876–1932). It was he who had introduced the idea of welfare capitalism to Czechoslovakia in the twenties.

The so-called "Velvet Revolution (něžná revoluce)" of 1989 has been initially interpreted by the Czech people as a sort of "return" to the moral and spiritual values advocated by the pre-war political leaders of the country. Among these, Czechoslovakia's first president, Tomáš G. Masaryk, and Tomáš Bat'a, have assumed a very special position of influence on the further course of political and economic development in post-communist Czechoslovakia.

It is understandable that, in spite of good intentions, the process of reforming the entire social and economic system of each East European country will require a specific and concrete approach which is best suited to the historical conditions of each respective nation. In case of the Czech people, the democratic traditions of the pre-war republic offer many examples to follow. There is no doubt that Bat'a's ideas concerning welfare capitalism have been recognized by the present Czech leaders of the reform movement as a viable model to study and emulate. That is why it is so important to examine basic concepts of Bat'a's paternalism, the task of which I propose to undertake in this paper.

Bat'a, a shoemaker by profession, managed through perseverance and self-education to expand his business to such an extent that by 1928 he became the leading shoe manufacturer in the world. The turning point in Bat'a's philosophical outlook was his first visit to the United States in 1904. He became, as expressed by his contemporaries, "the classic example of a pragmatist."²

Bat'a founded his own shoe company in 1894, at the age of 18, and turned it to a vertically organized production. He could only accomplish this by the implementation of technological innovations and mass production. Although the first attempt at mass production was occasioned by the onset of the First World War, the actual realization of mass production took place in the Bat'a Company after Bat'a's last visit to the United States in 1919. It was the Ford Motor Company which functioned as Bat'a's model of technological advancement, especially as to the application of conveyor system. Between 1923 and 1924, Bat'a carried out experimental studies based on Taylorite hypotheses³ and also installed the first conveyors in his company. The gradual intensification of production was accompanied by the gradual reduction of shoe prices. In 1924 the workshop-autonomy system was put into effect, which resulted in the decentralization of Bat'a's management. The profit-sharing incentive was also introduced to improve every employee's work performance. A team of experts headed by Bat'a tackled problems of standardization, especially the interchangeability of machine parts.

The international expansion of the Bat'a Company was too rapid, as a result, many countries erected tariff walls in order to protect their shoe industries against Bat'a's competition. The mounting criticism of Bat'a's production methods and management, as voiced by international labor unions, compelled the International Labor Office under the auspices of the League of Nations to undertake in 1929 an objective investigation of the Bat'a Company. The analysis was to determine the reason for the prosperity achieved in Zlín and the social consequences of the production method employed by Bat'a. The investigation was conducted by Paul Ernest Devinat, who summarized his observations in the 1930 study analyzing the Bat'a system of management.⁴ Although Devinat's objective was to criticize Bat'a's mismanagement, his actual report came out as a kind of propagation of Bat'a's management policy. Devinat's argument proceeded along the lines of welfare capitalist philosophy. It was not only the technological aspect of the Bat'a production method that he described, but also the ideals which made the system functional. Very much like other representatives of industrial paternalism, Bat'a subsidized a wide range of social services so as to attract a stable and efficient labor force to his firm in Zlín. Accordingly, the role the company management was supposed to assume was "to create a symbolic universe in which management was not the oppressor of the workers but the workers' natural intermediary in dealing with capital."⁵

In Pursuit of the American Model

Bat'a had seen the practical effect of the welfare capitalist ideology in 1919 at the Endicott Johnson Company, in the Susquehanna Valley, New York, before he began to implement some of its principles in his own factories. The welfare advocates' idea that "labor was not a mere commodity but a partner"⁶ found full support with Bat'a. The worker, as a partner, was said to be immanently interested in increasing production and sharing profit.⁷ Consequently, the position of workers, as viewed from the standpoint of capital, had to be improved in order to guarantee the optimal conditions for labor productivity; hence investment in health, education, and housing.⁸ Bat'a expressed his concern for labor's welfare in the following simile: "To make every employee of our company constantly wealthier is as important for the prosperity of the firm as the lubricating of our machines."⁹ Although this view appears to be rather mechanical, it does capture the nature of paternalism. The welfare program for the workers and their families was extended from fringe benefits and low-cost homes to recreation facilities.¹⁰ In the Susquehanna Valley, Bat'a found the paternalistic model of the Endicott Johnson Company as the one most efficient and flexible enough to be emulated in Zlín.¹¹ Like the Endicott Johnson Management, Bat'a showed a special interest in cultivating the social function of the family, which helped preserve the socio-political status quo. "The family connoted harmony, security, authority, and stability—all values the corporation sought to develop and exploit,"¹² hence the corporation's desire was to reconcile its social function with that of the family. The Endicott Johnson Company succeeded in fostering the bond between the individual self-interest of the worker and the collective interest, by means of instituting the profit-sharing system in 1919.¹³ Bat'a followed a very similar idea of financial incentives in Zlín, once the problem of technological innovations had been satisfactorily solved in his company.

The improvement of human relationships was not one of the strong points of the Ford Motor Company.¹⁴ In Bat'a's opinion, Ford actually failed to understand the importance of paternalism for mass production.¹⁵ A case in point was Ford's anti-Semitic bias which sharply contrasted with his idea concerning technological and social progress.¹⁶ On the contrary, Bat'a could see in Jewish business a number of positive features which he would consider even exemplary: "The Jews are much better. . . . Every minute in their company brings some benefit to one or the other, because they talk mostly about business . . ."¹⁷ On the whole, whatever Bat'a could learn from Ford had something to do with the centralization of production and the decentralization of marketing. However, there was nothing impressive in the Ford Motor Company when it came to the question of human resources.¹⁸ From this point of view, it appears as a mere exaggeration to refer to Bat'a as to Europe's Henry Ford, for it is precisely the attitude toward labor which markedly

differentiates Bat'a's management system from that of Ford. It would therefore be more appropriate to talk about certain affinities with the welfare system as developed at the Endicott Johnson Company. For the same reason, Bat'a's social background should also be considered as a valid stimulus for the creation of the paternalistic model followed in Zlín. The fact that he had grown up in the conservative atmosphere of the region known as Moravian Wallachia (Valašsko) could explain, to a certain degree, his proclivity to think in paternalistic terms. That is why Bat'a's thought could best be described as an amalgamation of various influences. There is, in fact, no single influence that could be pinpointed as dominant in Bat'a's approach to the problem of welfare.

In several respects, Bat'a was far from being merely a follower of the American concept of welfare. His ideas were formulated gradually and at different stages of his development. Perhaps the earliest evidence concerning Bat'a's thought on labor welfare is the note written at the now-gone Buecker's Hotel in London. Cekota dated it approximately within the span of Bat'a's three-year "isolation" following the death of his brother in 1908.¹⁹ The content of the note explains the motive behind the growth of the Bat'a's Company: "While expanding our firm, we had in mind the development and prosperity of the whole region."²⁰ Through the system of fringe benefits, the company offered its employees certain advantages which were to improve the general standard of living in the region. Bat'a considered it the company's duty "to free all fellow workers from economic dependence and suppression."²¹ This approach toward fundamental social issues had also been reflected in Bat'a's initial support of the Social Democratic labor union founded in Zlín in 1903.²² Although Bat'a's relationship with labor went through a series of qualitative adjustments, it remained essentially unchanged. For one reason, it was based on the set of moral principles Bat'a adhered to throughout his life. These were the "orientation points" on the way to perfection which he never ceased advocating. Some of them appeared in an abbreviated form as slogans which used to be posted all over the company grounds. They read like proverbs or mottoes containing the seed of truth tested through time and experience. For example, "He who finishes not, should not have begun," or "Brains for people, labor for machines."²³ These are some of the ideas that were supposed to make the worker think and act in a more effective way.

Inasmuch as Bat'a was opposed to the formation of trade unionist cells in his company, the 1922 law on factory committees compelled him to allow the first election to the factory workers' committee, held on May 4. Despite some sporadic demonstrations organized by more radical labor forces outside Bat'a's factories,²⁴ the "chief" kept working on the promotion of good relations with "fellow-workers", as he liked to call his employees. Nothing could hinder Bat'a's resolve to cultivate friendship with workers, because he considered it the highest personal reward.²⁵ And yet, the friendship he

dreamed of was more idealistic than real. The periodic reports of the trade inspector in Karoměř, Moravia, addressed to the Provincial Political Department in Brno, indicate that labor conditions in the Bat'a Company were occasionally strained, and far from being ideal. A case in point is the report, dated March 6, 1922, which says among other things: "Although the system of 'daily plans' offers indubitable advantages to the owner of the company, it is disadvantageous for labor. . . . The introduction of this kind of production method causes extreme exploitation of labor."²⁶ Complaints against Bat'a's treatment of workers also formed the content of the first Czech novel about the Bat'a Company.²⁷ It was written by Svatopluk Turek, one of the employees from the Bat'a advertising department in Zlín. The publication of the book in 1933 caused almost as much commotion at the company as did Rudolph Philipp's criticism of 1928.²⁸ After official intervention from Zlín, the distribution of *Botostroj*, as the title went, was halted. Since Turek was a member of the Communist Party of Czechoslovakia, his book was published in several editions after the Communist coup d'état of 1948, for propagandistic purposes.

Bat'a's mayoral victory of 1923 marked the beginning of the fundamental changes that would take place both in the Bat'a company and in the administration of Zlín. The symbiosis of the two heterogeneous interests produced a new unity called Greater Zlín. Industrial and urban life was to be complemented by the country spirit. This new unity was also demonstrated in 1924 when Bat'a organized and sponsored the May Day celebration, the first of its kind in the country.²⁹ He wished to present his role as one of the workers of the company. Like everybody else, he also punched the clock when he returned from his one-hour lunch break.³⁰ As one of his critics put it, "There is nothing he asks his workpeople to do that he cannot do himself."³¹ Indeed, Bat'a attended to all his responsibilities with a diligence that became both exemplary as well as legendary. In every respect, he tried to present himself as the prototype of the worker who could lead because he was aware of his goal, and mission.

The immediate goal Bat'a wanted to reach in 1924 was the complete restructuring of shoe production, which was based on the principles of industrial rationalization. In July of the same year, the first International Management Congress took place in Prague. It was expected to inaugurate the new era of "Scientific Management" in Europe.³² Bat'a realized that he had to discard the obsolete system of production in order to get ahead of others. He came up with the idea of workshop autonomy. The whole theory of this unique approach to production management was based on the concept of "spiritual rebirth." The worker's consciousness was seen as a sort of pliable matter that could be molded into a more profitable formation. The worker was supposed to assume the new role of the would-be owner. Bat'a did not tire of stressing the primary importance of moral value over com-

modity value. As he remarked: "Only a perfect man can produce a perfect machine."³³ In Bat'a's opinion, perfection was related to more specific moral issues. Therefore, the above statement could be paraphrased as saying that only a moral man could produce a perfect machine.³⁴

Bat'a's belief in the spiritual change of every human being can be viewed as an integral part of the philosophy underlying the movement of mass production. Among the advocates of the new manufacturing method, Edward Albert Filene (1860–1937) of Boston, Massachusetts, expressed it in the most characteristic way:

But mass production means more than security and more than material abundance. It means, first, freedom from the sordid struggle for mere existence. It means security in human life, and a security founded not upon individual thrift nor individual excellence, but upon the co-operation of the whole human family in the ways of truth.³⁵

The cooperation which Filene talks about would be impossible to achieve without going first through "the inner reform of every individual," as Bat'a argued.³⁶ The change was the real prerequisite of development. That is why Bat'a considered it essential to teach his employees not only how to work in a more efficient way but also how to live a meaningful life. Some of his ideas were presented in the form of an essay entitled "Teaching Prosperity". The basic tenet of Bat'a's thesis is the idea of mutual cooperation and self-discipline.³⁷ The moral implications of self-discipline were especially prominent with regard to workshop autonomy, introduced in the Bat'a Company in 1924. Bat'a maintained that the members of the same workshop ought to live near one another "in order to help one another not only in the workshop, but also in everyday life."³⁸ In other words, Bat'a suggested that a certain degree of communal coexistence would be beneficial both to each member of the workshop as well as to company production. The thought of communal living and sharing profit curiously resembles the concept of the communal peasant life as it had been mentioned in Tolstoy's teachings.³⁹ In view of the fact that Bat'a strove to abrogate the differences between urban and country ways of living, blending them in one idea of the garden city, it may be possible to consider at least some aspects of the workshop-autonomy idea as the remnants of Bat'a's past preoccupation with Tolstoy's philosophy.⁴⁰

The Practical Example of the Ideal

Bat'a seems to have shared with Filene more than the mere interest in mass production. Both businessmen were also self-educated, which might explain the reason why they were so much preoccupied with the problem of education.⁴¹ In his memoirs, Bat'a referred to the initial embarrassment he had felt when confronted for the first time with the world of the educated businessman.⁴² This is why he believed in education as an essential tool of business.

He demanded practical instruction and preferred facts to theorizing and speculation.⁴³ This was a radical departure from the traditional school syllabus, as hitherto used. Bat'a as well as Filene had in mind a substantially different kind of education, namely the one based on empirical knowledge. "The industrialism that production and mass distribution will give us will march down the road hand in hand with the new education," proclaimed Filene.⁴⁴

In Czechoslovakia, the new trend in education was set in Zlín. At first, the Bat'a's School of Work (Bat'ova škola práce) was founded on the premises of the company. It had the same function basically as any vocational school. Apprentices, age fourteen or older, were required to attend classes of mathematics, foreign languages, economics, and other subjects.⁴⁵ Although the school was established in 1925, it was not without precedence in the business world. Already in 1912, William S. Clark had opened the so-called Strode Day Continuation School where both boys and girls could improve their knowledge.⁴⁶ Yet there was a fundamental difference between the Bat'a's School of Work and other institutions of its kind. As Bat'a saw it, the purpose of his school was not only to provide instruction but also to search for talented young people who would be further trained and assigned some of the leading positions in management.

Following his second election as mayor in 1927, Bat'a put through his proposal to build a new experimental school in Zlín. The official opening took place in 1928 in the presence of President Masaryk, after whom the school was named. Stanislav Vrána became the director of the school. He had stayed in the United States for one year and a half studying different educational methods. It was Bat'a's intention "to create the first and finest example of American school methods in Czechoslovakia."⁴⁷ In the annual report of Zlín's Masaryk Experimental School (Masarykova zvláštní škola),⁴⁸ issued in 1932, Bat'a said about the teaching method: "Let us get rid of all the negative notions! . . . Let us speak about things in a positive way!"⁴⁹ Consequently, he demanded that teachers educate their students according to positive principles, as he delineated them. Some of them included such advice as, "Praise publicly. Criticize privately. Be calm. Do not jump into conclusions. Pay no attention to flattery. Try to distinguish it [flattery] from a sincere opinion. Learn about people; what they want, what they know, what they can do, and what they are fit to do."⁵⁰

Complementary to spiritual growth was physical education, in Bat'a's opinion. By extension that meant taking care of one's health. Every new employee was required to take a medical examination in the company. Bat'a also believed that people should be able to avoid becoming ill, provided they took preventive measures and lived in moderation.⁵¹ Bat'a's concept of moderation excluded in principle the consuming of alcohol not only in the company but also in the worker's home. Like Ford, Bat'a thought of alcohol as of "one of the chief foes of industrial efficiency."⁵²

As for apprentices, their daily routine began with gymnastic exercises at 5:30 in the morning. In addition to general and technical education, everybody was urged to take part in various sport activities and competitions.⁵³ Bat'a's emphasis on physical fitness notwithstanding, the company also employed more than 200 disabled people.⁵⁴ Bat'a believed that the handicapped needed work, and not charity. In his opinion, they should be told that "they are useful to the world and that they will get nothing free of charge."⁵⁵

The notion of usefulness, as Bat'a understood it, applied not only to the product of physical labor but also to the arts. Among them, literature occupied a special position, in Bat'a's view, because it could influence thought. He therefore expected of literature to be functional, to be socially committed. Otherwise, from Bat'a's practical standpoint, it had no value. As a rule, Bat'a preferred literary works "written in lucid style, expressed in an economical manner, and abounding in facts and information."⁵⁶ The arts were to serve as a positive example. Drawing upon his own experiences, Bat'a subscribed especially to the educational function of the arts. His progressive outlook concerning technological innovations sharply contrasted with his conservative attitude toward the arts. This was also apparent in the design of Zlín as a garden city.

The modernistic preference of the straight line, as opposed to the sinuous and undulating line of Art Nouveau, was in essence characteristic of Bat'a's creative imagination.⁵⁷ It reflected above all the linear flow of mass production and the speed accelerated by assembly lines. From the factory, the linear movement of mechanical production was extended to roads and highways, as Bat'a had seen them in America. He revered the straight line, and believed that "he who shortened roads, prolonged life."⁵⁸ Bat'a was therefore much interested in developing the modern road network in Zlín, and in Moravia as a whole. He argued that one of the urgent issues to take care of in the country was "the straightening of our roads."⁵⁹ This would save the country the most precious resource: time. The idea of the straight line, as realized in the form of the highway, and the concept of time related to speed were all seen by Bat'a as causal relationships. These were ultimately symbolized by the image of the car. Bat'a advocated the use of all modern means of transportation for business, including airplanes. The car was an important vehicle of the marketing process, inasmuch as the train played the leading role in the system of distribution of the Bat'a shoes. In 1930, he went so far as to "foot the bill" for all the automobile road signs in Czechoslovakia.⁶⁰ His desire to bring the rule of law into automobile traffic merely reinforced the image of Bat'a as the creator. He himself talked about his work in terms of creation. "I created men, more productive and better able to serve the customers," said Bat'a of his life activities.⁶¹

There is a clear consensus among all the critics of Bat'a that it is especially greater Zlín which symbolizes the monumental achievement of Bat'a's

zeal to create. The prototype of this Moravian garden city originated in the English garden-city movement at the end of the nineteenth century. Such English cities as Letchworth (founded in 1903), and Welwyn Garden City (founded in 1920) might have been the models followed by Zlín. It should come as no surprise that Bat'a's design of his native town could stir Europe's imagination. President Masaryk called it the "realization of the ideal."⁶² In the opinion of Charles Edouard Jeanneret Le Corbusier (1887–1965), who arrived in Zlín in 1930 to see for himself the Garden City of Zlín, "this was the most interesting construction of an industrial city in Europe."⁶³ Indeed, by 1930 Zlín was called "the greatest shoe-manufacturing town to be found in all Europe."⁶⁴ Even if a bit monotonous because of its predominant red-brick look, Zlín was located amidst fields and woods and hardly resembled the traditional industrial environment stripped of greenery. The Bat'a Company provided the town both with work and entertainment. It also built up the town, of which it had been at first only a small part. Bat'a had his own construction company that did all the work in the area.⁶⁵ He also owned brick-works, and construction machines imported from the United States.⁶⁶ As in the case of shoe production, Bat'a searched for simplicity of design while constructing Zlín. This was yet another example of the practical application of standardization to which Bat'a devoted so much time and effort.

The Bat'a Company together with the entire city of Zlín represented in effect one single idea of business, as conceived by Bat'a in the years following the 1924 introduction of workshop autonomy. One of the salient features of Bat'a's business idea was honesty. He refused "to work in business with people who looked on business as a means of robbing."⁶⁷ The profession of the businessman had to remain impeccable. Only then it would be possible to refer to the businessman in the Biblical terms, as to "the salt of the earth," as Bat'a did.⁶⁸ Indeed, one of Bat'a's main concerns appears to have been the new function that the businessman would be expected to assume in modern society. According to Filene, "the real revolutionists of the next twenty-five years will not be Bolsheviks, but the business men [*sic*]."⁶⁹ That Bat'a shared Filene's faith in the progressive role of business became apparent from the interview published in the Prague German daily, *Prager Tagblatt*, in 1931. Bat'a was asked to comment on economic and political development in the Soviet Union. His answer showed to what extent he believed in the supremacy of business as practised in a democratic society as represented by Zlín:

Both our systems strive for the welfare of the community in its widest sense. . . . Moscow seeks to eradicate human envy; Zlín turns it to useful purpose as motive force in the achievement of greater prosperity. In Russia nobody may be a "gentleman"; at Zlín everyone ought to be. . . . I think Zlín will reach its goal sooner than Moscow.⁷⁰

In other words, the competition between welfare capitalism and Soviet socialism had been decided at the moment of its conception, as far as Bat'a was concerned. What the Soviet system lacked was the spirit of democracy which would allow personal initiative to develop and function. On the whole, Bat'a had no use for Communism.⁷¹ And yet, he maintained that one of the great advantages of the Soviet system was the immense market integration. This was not true of Europe, divided up into dozens of economic units, each of them being protected by tariff walls.⁷² In Bat'a's opinion, Europe still had much to learn.

At the International Congress for Scientific Management held in Prague on August 2, 1924, Bat'a delivered a speech in which he said, among other things: "The progress in production has no direct enemies, but has many impediments. The biggest obstacles are discord and individualism."⁷³ Through his management of workshop autonomy, Bat'a tried to curb the negative influence of individualism and replace it with the idea of cooperation. The spirit of cooperation permeated every level of production as well as the private lives of many employees. There were only few exemptions to the system of workshop autonomy. By and large, every department was obliged to participate in it and earn its own profit.⁷⁴ Despite the limit imposed on the number of workers taking part in the sharing of the profits, the whole system was by its nature open. This meant that there was not only a real possibility of a constant growth in the share, but also a free access to information. As noticed by occasional visitors to the company: "Each one knows how much his or her neighbor earns—fixed salary as well as his or her share in the general profit-sharing plan of the company."⁷⁵ All agreements and accounts ought to be clearly expressed so as to be easily understood by everybody. This was one of the principles which Bat'a included in his essay, "Prosperity for All."⁷⁶ Secrecy was seen as contradictory to the ideal of cooperation and personal closeness. Bat'a tried to formulate his attitude toward labor in a number of speeches and articles in which he never addressed his workers in any other way than "fellow-workers."⁷⁷ He wanted to indicate in this way how much he cared about keeping the good relationship between the employer and the employed. Needless to say, Bat'a's approach to the labor-management problems had some features common to other paternalistic firms. For instance, the mere fact that the worker's status as employee was placed above that of citizen indicated the degree of dependence of labor on the benefactor. The emerging political implication was then that "by controlling the local government, paternalist companies tried to present politics as subsidiary to company life."⁷⁸

Bat'a's policy of protecting his workers against the influence of organized labor was successful in that it supplanted the idea of political activism by the more attractive idea of economic prosperity. In the letter dated October 12, 1931, to Václav Johanis, the President of the Leather Worker's Union in

Table 1 Weekly Wage and Selling Price between 1922 and 1928

Year	Average weekly wage of adult workers + profit share (koruna)	Average selling price per pair (koruna)
1922	166	220
1923	180	119
1924	205 + 50	99
1925	220 + 60	79
1926	240 + 80	69
1927	380 + 90	59
1928	480 + 90	55

Source: Paul Ernest Devinat, "Working Conditions in a Rationalised Undertaking: The Bata System and its Social Consequences," *International Labor Review* 21 (January and February, 1930): 175.

Prague, Bat'a pointed out that he was familiar with the ramifications of the ideological plot the trade union tried to implant in the Bat'a factories: "You still seem to support the idea that the most important object of Worker's Organization or Union is to create bad feeling between employees and employer, to make each disbelieve the other."⁷⁹ Bat'a's response to unionist agitation was the policy of increasing wages and decreasing prices. The table 1 shows the gradual rise of the average weekly wage of adult workers from 1922 until 1928. Since 1924, the ratio of profit sharing is also included. At the same time, the average selling price per pair of shoes is presented in a chronological fashion to indicate its declining trend. How high the salary at the Bat'a Company really was in comparison with the average salary paid elsewhere in the country could be rather instructive. In 1927, the average daily salary amounted to 28.10 Kč in Bohemia, 26.50 Kč in Moravia and Silesia, and 24.30 Kč in Slovakia and Ruthenia, whereas at the Bat'a Company, the salary was 39 Kč.⁸⁰ Filene clearly defined the causal agent of the wage rise: "Mass production is doing more than making prices low. It is making wages high."⁸¹

Before Bat'a definitely embarked on the profit-sharing system, he had experimented, among other things, with the Ford system of minimum basic wage. In Bat'a's opinion, the Detroit system did not work in Zlín and was consequently abandoned.⁸² Bat'a wanted a more differentiated scale of wages than that of the Ford Company. Finally, the labor in the Bat'a Company was divided into five classes according to gender, skill, and marital status. To the first class belonged skilled adult men. Their minimum weekly wage stood at 450 Kč. Next came adult male helpers with the weekly wage of 360 Kč. The third class was formed by skilled adult women and young men 18–20 years; their weekly wage reached 280 Kč. Adult female helpers and young men, age

16-18, made 180 Kč a week. The lowest class consisted of other young people and girls under 20; their weekly wage was 150 Kč.⁸³ Bat'a defended his wage system by pointing to the fact that the company would always pay the highest wage affordable at the given moment, and that was why a certain degree of fluctuation could occur.⁸⁴

Although the Bat'a wage scale could appear low in comparison with American standards at that time, the earnings at the Bat'a Company were "very high one from the standpoint of a Moravian peasant."⁸⁵ Moreover, since all the workers of the company were protected against accidents and illness by insurance provided by the Bat'a firm, the expenses were limited to daily necessities, housing, entertainment, and schooling. In this case too, the company provided low-rent housing, subsidized food, and entertainment affordable by all workers.⁸⁶ The major financial source of all the welfare projects carried out at the Bat'a Company was the so-called Bat'a Relief Fund. It was supported primarily by donations, membership fees, disciplinary fines, and by a variety of gifts.⁸⁷ The use of the Relief Fund was rather manifold. It could be applied to the purchase of real estate that was supposed to bring further benefits to the employees in the form of foodstuffs, recreation facilities, or family housing.⁸⁸ It also covered expenses related to child delivery in the Bat'a hospital, illness and the period of recuperation, death in the family, rent exemptions for widows and widowers, and for disabled people, child care, education, and unemployment.⁸⁹ On the whole, Bat'a's employees enjoyed more existential security than workers of other firms.

One of the main issues of controversy between Bat'a and the trade unions was the violation of the eight-hour working day. The labor law of 1919 clearly specified that, in Czechoslovakia, the working day would not exceed eight hours.⁹⁰ However, Bat'a was in principle opposed to the law because, as he put it, "after the war much work was needed for the restoration of destroyed values, and for the increase of wages."⁹¹ For the same reason, he insisted on working even on some holidays, arguing: "With honest work, no saint's or revered man's memory could be profaned or abused."⁹² Bat'a's violations of the eight-hour working day were periodically criticized both by the office of the trade inspector in Kroměříž and by the Provincial Labor Office in Brno. On September 6, 1922, the Bat'a Company was exemplarily fined by the Provincial Political Department because of the constant disobedience of official warnings not to violate the labor law. According to various complaints, 30 to 40 percent of the employees of the Bat'a Company had to work two or more hours overtime without official permission in order to fulfill the quota set by the daily plan. As a result, Bat'a asked the Provincial Labor Office in Brno to grant him one-hour-overtime permission for the period between February 9 and April 6, 1925. The one-hour overtime was allowed.⁹³ Yet another permission to work overtime for two hours was given to Bat'a in 1925. However, after September of the same year, all further requests Bat'a

made were denied.⁹⁴

Beginning in 1929, the calendar of the Bat'a Company had 301 working days, for which there were 300 daily plans prepared. Sixty-five days were free, including a one-week paid vacation.⁹⁵ On October 13, 1930, the Bat'a Company instituted a five-day week of forty-five hours for all employees. According to the *Business Week*, this was "the first example of a large European industry reducing hours of labor on its own initiative."⁹⁶ Although it was reported in the United States that no change would be made in wages or in shoe price,⁹⁷ the data cited in Lehár's study would indicate that wages had in fact been lowered in some instances.⁹⁸ Nonetheless, in the business world, Bat'a's five-day working week was heralded as a great achievement.⁹⁹ And a great achievement it was, regardless of the fact that it might have been conditioned to a considerable extent by the worsening economic situation in the world. What the five-day week brought to the worker was more leisure. As far as the wage reduction was concerned, it did not exceed the ten-percent mark.¹⁰⁰ What the worker ultimately gained was more free time which, in many cases, could be translated as more freedom.

As remarked in the September, 1932 issue of *Current History*, Bat'a was "one of the most enlightened and influential industrial leaders of his time."

Conclusion

The second half of the nineteenth century was marked not only by the rapid acceleration of European industrialization, but also by its concomitant factor of pauperism, which is acknowledged by historians as the "social disease of the century."¹⁰¹ The circumstances in the Czech lands (Bohemia and Moravia) were not significantly different. The upper classes mostly benefited from the introduction of revolutionary technological innovations whereas the working masses continued to live in poverty. No sooner had Bat'a started his own shoe workshop than he realized the social and economic implications of the harmful conditions under which his countrymen had lived. The gradually expanding production motivated Bat'a to seek a more effective management system as well as an ideational basis on which he could place his business activities. At first, Bat'a turned to a non-radical version of socialism by means of which he hoped to elevate the social injustice of his time. At the later stage of his "philosophical" development, Bat'a embraced the idea of a more pragmatic approach to life, as symbolized by the United States.

It is characteristic of Bat'a that whenever he encountered major technological and production obstacles, he would as a rule travel to the United States in order to discover a solution to his problem. From his own practical experiences in America, Bat'a could soon discern the two models of the typical American management. On the one hand, it was the Ford system which was based on the latest technology of mass production and which provided a lucrative salary to the worker. However, Bat'a was reluctant to accept Fordism

as a practicable alternative to the human relations he wished to promote in his shoe company. According to Bat'a's idea, the famous "five-dollar day"¹⁰² scheme of Ford—introduced in 1914 in order to keep skilled workers who had wanted to leave the company because of the difficulties in coping with the very fast assembly speed—was just to provide a lucrative salary to the worker without bothering about comprehensive welfare. On the other hand it was the Endicott Johnson Shoe Corporation whose welfare model Bat'a regarded as effective and exemplary. He noticed especially the company's well-known "labor loyalty."¹⁰³ Yet, he also realized that the Endicott Johnson company did not pay enough attention to the latest innovations in the production technique.

Upon returning to Europe, Bat'a was in principle against following the two American management models. Instead, he carefully selected from both Ford's mass production and Endicott Johnson's welfare system the features most appropriate to his own conception of management. Bat'a thus became one of the few European industrialists who introduced to Europe not only the American way of mass production, but also and chiefly the American way of welfare.

It would be erroneous to consider Bat'a's welfare policy as a mere synonym for philanthropy. Similarly, the derogatory reference to Bat'a as a "dictator" could distort the very nature of Bat'a's success in promoting welfare capitalism in Czechoslovakia. As to philanthropy, Bat'a did support a number of welfare programs such as monthly financial assistance for elderly shoemakers and the comprehensive Bat'a Relief Fund. However, he did not fail to repudiate the idea of charity.

In Bat'a's thought, anybody who can work should earn his or her own living; as he put it, "We must teach them [people] to depend only upon themselves and to help themselves."¹⁰⁴ In practical terms this meant that, by 1924, the Bat'a Company also employed 206 handicapped workers representing 5 percent of the entire work force. Their weekly wages varied from 130 K (koruna) to 500 K, while the average salary of adult was 205 K.¹⁰⁵ Measured by the wage standard of the time, this was no small amount.

In spite of the fact that Bat'a in his youth pondered the idea of socialism, he was in later years much opposed to the socialist-oriented labor movement. In Bat'a's opinion, the socialist politicians desired only to promote hatred between the worker and the industrialist. As a result, he introduced some preventive measures in his factories aimed against socialist agitation and labor strikes. For Bat'a, industrial harmony, i.e., the paternalistic relationship between the factory management and the labor, was of utmost importance. In many of his frequent speeches, Bat'a encouraged individual initiative, but not extreme individualism; he did not tire of pointing out that the team work was the surest way to the company's success.

Notes

1. Daniel Chirot argues, "There is no question that the most visible, though certainly not the only, reason for the collapse of Eastern European Communism has been economic. . . . As the efficiencies of socialist economies became evident, it proved impossible to reformat them largely because the managers were so closely tied to the ruling political machinery." Daniel Chirot, "What happened in Eastern Europe in 1989?" *Praxis International* 10 (October 1990–January 1991): 279.
2. Antonín Cekota, ed., *Bat'a: Men and Work* (Zlín: Publishing-department of the Bat'a Company, 1935), 15.
3. The invention of mechanized industry that complemented the idea of Scientific Management, as propagated by Frederick Winslow Taylor (1856–1915) in his *Principles of Scientific Management* (1911) served as a major stimulus to Bat'a's ambition to put his factory production on a modern, scientific basis. Taylor's dictum is expressed in the phrase, "Development of every branch of business to its highest state of excellence; the development of man to the state of maximum efficiency." See Frederick Winslow Taylor, *The Principles of Scientific Management* (n.p., 1911; reprint, New York: W. W. Norton, 1967), 9 (page reference is to reprint edition).
4. Paul Ernest Devinat, "Working Conditions in a Rationalised Undertaking: The Bata System and its Social Consequences," *International Labor Review* 21 (January and February, 1930): 44–69, 163–186. The conclusion of Devinat's investigation was formulated in positive terms and, in fact, exonerated the Bat'a Company of all the charges which had been made against Bat'a by trade unions and competitors.
5. Donald Reid, "Industrial Paternalism: Discourse and Practice in Nineteenth-Century French Mining and Metallurgy," *Comparative Studies in Society and History* 27 (October 1985): 584.
6. Gerald Zahavi, "Negotiated Loyalty: Welfare Capitalism and the Shoeworkers of Endicott Johnson, 1920–1940," *Journal of American History* 71 (December 1983): 602.
7. Ibid.
8. Gaston V. Rimlinger, "Welfare Policy and Economic Development: A Comparative Historical Perspective," *Journal of Economic History* 26 (December 1966): 556–7.
9. Tomáš Bat'a, *Úvahy a projevy* [Thoughts and Speeches] (Zlín: Mé začátky, 1932; reprint, Toronto: Studijní Ústav Tomáše Batě, 1986), 69.
10. Zahavi, "Negotiated Loyalty," 603.
11. Antonín Cekota, *Entrepreneur Extraordinary: The Biography of Tomas Bata* (Rome: E.I.S., 1968), 149.
12. Gerald Zahavi, *Workers, Managers, and Welfare Capitalism: The Shoeworkers and Tanners of Endicott Johnson, 1890–1950* (Urbana: University of Illinois Press, 1988), 46.
13. Zahavi, "Negotiated Loyalty," 606.
14. Antonín Cekota, *Geniální podnikatel Tomáš Bat'a* [The Ingenious Entrepreneur Tomáš Bat'a] (Toronto, Ontario: Sixty-Eight Publishers, 1981), 270.
15. Ibid.
16. James Brough, *The Ford Dynasty: An American Story* (Garden City, N.Y.: Doubleday & Company, 1977), 117.
17. Tomáš Bat'a, *How I began* (Batanager, India: Club for Graduates of Bat'a School, 1942), 138–39.
18. Cekota, *Geniální podnikatel*, 319.
19. Bat'a stopped socializing with people when his brother died of tuberculosis.
20. Cekota, *Geniální podnikatel*, 98.
21. Bat'a, *Úvahy a projevy*, 261.
22. Cekota, *Entrepreneur Extraordinary*, 42.
23. Bert Zenaty, "Bat'a's House of Service," *Rotarian*, October 1934, 30.
24. Bohumil Lehár, *Dějiny Bat'ova koncernu 1894–1945* [History of Bat'a's Company 1894–1945] (Prague: Státní nakladatelství politické literatury, 1960), 77.
25. Bat'a, *How I Began*, 309.

26. Lehár, *Dějiny Bat'ova koncernu*, 72.
27. Svatopluk Turek, *Botostroj* [Novel about the Bat'a Company in Zlín], with a Afterword by Jiří Hájek (Prague: Mladá fronta, 1955).
28. Rudolph Philipp, *Der unbekannte Diktator Thomas Bata* (The Unknown Dictator Tomáš Bat'a) (Vienna: Agis-Verlag, 1928).
29. Cekota, *Entrepreneur Extraordinary*, 298–99.
30. "In—P.M.," *Business Week*, 18 March 1931, 9.
31. Evelyn Wrench, "Persons and Personages: Thomas Bata" *Living Age* 342 (July 1932): 416. Wrench paraphrased Bat'a's statement after visiting Zlín.
32. Bohumil Lehár and Milan Myška, "The Study of the History of Industrial Enterprises in Czechoslovakia since 1945," *Business History Review* 40 (Autumn 1966): 336.
33. Bat'a, *Úvahy a projevy*, 86.
34. *Ibid.*, 87.
35. Edward Albert Filene, *Speaking of Change: A Selection of Speeches and Articles* (New York: Former Associates of Edward A. Filene, 1939), 206.
36. Cekota, *Geniální podnikatel*, 296.
37. *Ibid.*, 203.
38. *Ibid.*
39. Richard F. Gustafson, *Leo Tolstoy: Resident and Stranger* (Princeton, N.J.: Princeton University Press, 1986), 40, 452.
40. The authors who influenced young Bat'a most at the time of seeking the meaning of life were Lev Nikolaevich Tolstoy (1828–1910) and Svatopluk Čech (1846–1908). Moreover, the writings of the Bohemian Brethren also had a significant effect on his thinking. See Bat'a *Úvahy a projevy*, 25, and Cekota, *Geniální podnikatel*, 57. See also Koji Chikugo, "Bat'a's Life and Achievements," chap. in *Tomáš Bat'a: The Czech Example of Welfare Capitalism* (Ann Arbor, Mich.: UMI, 1991), 4–49.
41. Edward Albert Filene, *The Way Out: A Business-Man Looks at the World* (London: George Routledge & Sons, 1925), 5.
42. Bat'a, *How I Began*, 12.
43. Bat'a, *Úvahy a projevy*, 133.
44. Fileně, *The Way Out*, 172.
45. Antonín Cekota, *Bat'a: Myšlenky, činy, život a práce* [Bat'a: Thoughts, Deeds, Life, and Work] (Prague: Průmyslová tiskárna, 1929), 160.
46. Kenneth Hudson, *Towards Precision Shoemaking: C. & J. Clark Limited and the Development of the British Shoe Industry* (New York: Augustus M. Kelley, 1968), 32–33.
47. John Palmer Gavit, "Bat'a: the Shoe-Maker Who Stitched Mass Production onto the Uppers of Feudalism," *Survey*, 1 March 1930, 625.
48. In the present educational system in Czechoslovakia, the expression "zvláštní škola" conveys the meaning "special school for the handicapped." This was not, however, the meaning used by Bat'a.
49. Bat'a, *Úvahy a projevy*, 133.
50. Cekota, *Myšlenky, činy, život a práce*, 131.
51. *Ibid.*, 138.
52. Wrench, "Persons and Personages," 417.
53. "M. Thomas Bata: A Great Industrial Figure," *Times* (London), 13 July 1932, 16.
54. Devinat, "Working Conditions in a Rationalised Undertaking," 177.
55. Cekota, *Myšlenky, činy, život a práce*, 170.
56. Cekota, *Geniální podnikatel*, 306.
57. *Ibid.*, 232.
58. *Ibid.*
59. Bat'a, *Úvahy a projevy*, 120.
60. Gavit, "Bat'a: the Shoe-Maker," 676.
61. Bat'a, *How I Began*, 133.
62. Cekota, *Geniální podnikatel*, 212.
63. *Ibid.*, 232.

64. "Batá's [sic] 5-Day Week Is Test of Ford Methods in Europe: If He can Maintain Present Prices and Standards On 45-Hour Schedule, Others May Follow Example," *Business Week*, 29 October 1930, 8.
65. Wrench, "Persons and Personages," 417.
66. Cekota, *Geniální podnikatel*, 233.
67. Bat'a, *How I Began*, 109.
68. Bat'a *Úvahy a projevy*, 106.
69. Filene, *The Way Out*, 147.
70. J. E. Šrom, "Bat'a and the Russians," in Cekota, *Men and Work*, 143.
71. Gavit, "Bat'a: the Shoe-Maker," 676.
72. Norman Hapgood, "Europe's Henry Ford—Shoemaker Bata: Using New Ideas in Mass Production, He Cuts Prices, Captures Markets, and Is Both Abused and Praised," *New York Times Magazine*, 8 March 1931, 23.
73. Bat'a, *How I Began*, 121.
74. Wrench, "Persons and Personages," 416.
75. Ženatý, "Bat'a's House of Service," 56.
76. Cited in Cekota, *Myšlenky, činy, život a práce*, 20–26.
77. Ženatý, "Bat'a's House of Service," 56.
78. Reid, "Industrial Paternalism," 585.
79. Bat'a, *How I Began*, 309.
80. Lehár, *Dějiny Bat'ova koncernu*, 118. "Kč" stands for the Czechoslovak monetary unit, crown, called *koruna*, and it was changed to "Kčs" in 1945.
81. Filene, *Speaking of Change*, 205.
82. Cekota, *Myšlenky, činy, život a práce*, 57.
83. Gavit, "Bat'a: the Shoe-Maker," 673.
84. Cekota, *Myšlenky, činy, život a práce*, 54.
85. Hapgood, "Europe's Henry Ford," 10.
86. "Test of Ford Methods in Europe," *Business Week*, 9.
87. Cekota, *Myšlenky, činy, život a práce*, 179–80.
88. Lehár, *Dějiny Bat'ova koncernu*, 118.
89. Cekota, *Myšlenky, činy, život a práce*, 179–80.
90. Kamil Krofta, *Dějiny Československé* [History of Czechoslovakia] (Prague: Sfinx, 1946), 733.
91. Bat'a, *Úvahy a projevy*, 300.
92. Ibid., 57.
93. Lehár, *Dějiny Bat'ova koncernu*, 105.
94. Ibid.
95. Cekota, *Myšlenky, činy, život a práce*, 74.
96. "Test of Ford Methods in Europe," *Business Week*, 8.
97. Ibid.
98. Lehár, *Dějiny Bat'ova koncernu*, 165.
99. Wrench, "Persons and Personages," 416.
100. Lehár, *Dějiny Bat'ova koncernu*, 165.
101. Mortimer Chambers, Raymond Grew, David Herlihy, Theodore K. Rabb, and Isser Woloch, *The Western Experience*, 4th ed. (New York: Alfred A. Knopf, 1987), vol. 2, Since 1600, 849.
102. See David A. Hounshell, *From the American System to Mass Production, 1800–1932: The Development of Manufacturing Technology in the United States* (Baltimore: Johns Hopkins University Press, 1984), 252–59.
103. See Zahavi, *Workers, Managers, and Welfare Capitalism*, 46–47.
104. Bat'a, *How I Began*, 111.
105. Devinat, "Working Conditions in a Rationalised Undertaking," 177.