

LABOR AND CAPITAL

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I NEED not tell you what a sense of gratification it gives me that you should come bearing this generous message which I have just heard from your chairman. There is a sense in which the business men of America represent America, because America has devoted herself time out of mind to the arts and achievements of peace, and business is the organization of the energies of peace.

No one who looks about upon the field of American business at the present moment can fail to realize that a new breath and spirit have come into the business of America. There have been times when it looked as if America were interested only in herself, but in these recent years American business men have lifted their eyes to more distant horizons and have seen how the markets of the world were waiting for their service, and as they have sought and obtained entrance into these markets a new vision has come to them of what the development of the resources of America means; of what the organization of American efficiency means; of why it was that American merchants and American manufacturers and American miners, and all the multitude

of men who have developed the peaceful industries of America were planted under this free polity in order that they might look out upon the service of mankind and perform it.

There never was a time when the pulse of energy and success beat so strongly in the veins of American business as it beats to-day. And yet I hope that all business men in America realize that we are only at the beginning of a new era. America has not played its proportionate part in the development of the trade of the world. I mean that it has not played a part proportionate to the gifts of Americans and the resources of America, and that in the times to come, partly because of the unhappy circumstances of recent years, but chiefly because America is now about to release her energies, the scope of American business will be what men have hitherto not dreamed of, if American men know how to take advantage of the opportunity.

The problems that are before American business are world problems rather than American, domestic problems. America must understand the world in order to subject it to its peaceful service. And yet, when we look upon the field of American business there are some things that disturb us. Some men think that the way to advance American business is to walk backward and to attempt again the provincial policies which have characterized an age when we shut our doors against the influences of the world. But the chief cloud that is upon the domestic horizon is the unsatisfactory relations of capital and labor. There is only one way, gentlemen, in which the rela-

tions of capital and labor can be rendered satisfactory. That is by, in the first place, regarding labor as a human relationship of men with men; and, in the second place, to regard labor as part of the general partnership of energy which is going to make for the success of business men and business enterprises in this country. So long as labor and capital stand antagonistic, the interests of both are injured and the prosperity of America is held back from the triumphs which are legitimately its own.

You know that we have been a legalistic people. I say with all due respect to some men for whom I have a high esteem that we have been too much under the guidance of the lawyers, and that the lawyer has always regarded the relations between the employer and the employee as merely a contractual relationship, whereas it is, while based upon contract, very much more than contractual relationship. It is a relationship between one set of men and another set of men with hearts under their jackets and with interests that they ought to serve in common and with persons whom they love and must support on the one side and on the other. Labor is not a commodity. It is a form of co-operation, and if I can make a man believe in me, know that I am just, know that I want to share the profits of success with him, I can get ten times as much out of him as if he thought I were his antagonist. And his labor is cheap at any price. That is the human side of it, and the human side extends to this conception, that that laboring man is a partner of his employer. If he is a mere tool of his employer, he is only as serviceable as the tool.

His enthusiasm does not go into it. He does not plan how the work shall be better done. He does not look upon the aspect of the business or enterprise as a whole and wish to co-operate the advantage of his brain and his invention to the success of it as a whole. Human relationships, my fellow-citizens, are governed by the heart, and if the heart is not in it nothing is in it.

I have recently been through an experience which distressed me. I tried to accommodate a difference between some of the employes of the American railways and the executives of the American railways, and the distressing thing I discovered was that on the one hand there was unlimited suspicion and distrust of the other side, and that that suspicion and distrust was returned by the other side in full measure. The executives did not believe in the sincerity of the men, and the men did not believe in the sincerity and fairness of the executives, and while arbitration was being discussed, I had this sad thought: Arbitration is a word associated with the dealings of hostile interests. It is an alternative of war. There ought to be no such thing as the contemplation of hostility between men whose interests are the same and who should co-operate together.

And, therefore, it came upon me with a force that it had never had before that the real problem of capital and labor was to bring the two sides to understand and believe in one another; that the problem of the next generation, if America were really to release her energy, was to be this real, genuine, fundamental reconciliation between capital and

labor. I did not realize until I held those conferences just how far apart they were in that particular and indispensable part of our national life, the transportation of the country, and when I did realize it, I saw that there was a great task that was worth any man's while ahead of us, to bring the minds of the country together, to see that men understood one another, to see that they had some assurance that they were speaking the truth to one another. I never had franker conferences in my life than I had with the representatives of the two sides.

You know that when the public began to notice this controversy it had already been going on for some time. I had been watching it with great anxiety, and when it became evident that an accommodation was not going to be reached I thought it my duty to try my hand at the difficult task of accommodation, because I knew how much was involved, not only in the immediate effects of a great strike such as was threatened, but also in the ultimate effects, the soreness left, the resentment that would remain, the feelings of hostility that would be accentuated; and so I asked the privilege of consulting with them. Before I consulted with them, I, of course, made myself acquainted with the points at controversy, and I learned that they were very simple indeed; that the men demanded an eight-hour day, and that, in order to make the eight-hour day work they demanded that the railroads pay them one-half more for overtime than they paid them for the time in the regular day, the men alleging that that was the only way in which they could obtain a

genuine eight-hour day, by making the railroads pay more for the time beyond the eight hours than they paid for the time within the eight hours. I saw at once that there was one part of this that was arbitrable, but that in my opinion there was another part that was not arbitrable. I do not regard the question of the principle of the eight-hour day as arbitrable.

The first thing I told both sides before I requested their opinion was that I stood for the eight-hour day. I received no suggestion of any kind from either side as to what the basis of settlement was to be, except that the railroad executives did suggest that Congress give them some sort of assurance that if the eight-hour day went into operation, they would get increased rates for the carriage of their freight. I pointed out to them that it was impossible to tell whether they would need increased rates for the carriage of their freights. We believe in the eight-hour day because a man does better work within eight hours than he does within a more extended day, and that the whole theory of it, a theory which is sustained now by abundant experience, is that his efficiency is increased, his spirit in his work is improved, and the whole moral and physical vigor of the man is added to. This is no longer conjectural. Where it has been tried, it has been demonstrated. The judgment of society, the vote of every legislature in America that has voted upon it is a verdict in favor of the eight-hour day. And, therefore, I said to these gentlemen on both sides at the very beginning, "The eight-hour day ought to be conceded." But

they said, "It will cost us an immense sum of money."

"How do you know how much it will cost you?" You remember there was a case decided by the Supreme Court of the United States. It was known as the "Eighty-Cent Gas Case," where, by legislation in the State of New York, 80 cents was established as the charge for the unit of the supply of gas, and the law was contested upon the ground that it was confiscatory, and therefore unconstitutional. And when the appeal reached the Supreme Court of the United States it said: "Nobody can tell until you try to manufacture gas at 80 cents whether it is confiscatory or not. Go ahead and manufacture gas and sell it for 80 cents, and then, if it proves impossible to conduct your business upon that charge, come back and discuss with us the confiscatory character of this act." And it may be remarked in passing that the company never went back to discuss it.

I said to the railroad executives, "You are asking that the results of the eight-hour day be predicted and the prediction be arbitrated. You are asking for the arbitration of a conjecture, of an opinion, of a forecast of the figures of experts based upon an entirely different experience, and if you were to ask me personally to arbitrate such a question, I would say I am not competent to arbitrate it. The reasonable thing to do is to grant the eight-hour day, not because the men demand it, but because it is right, and let me get authority from Congress to appoint a commission of as impartial nature as I can choose to observe the results and report upon

the results in order that justice may in the event be done the railroads in respect of the cost of the experiment." That was the proposal which they rejected and which Congress put into law, a proposal which I made to them before I conferred with it which I urged upon them at every conference, and which, when the one side rejected and the other side accepted, I went to Congress and asked Congress to enact. I did not ask neither side whether it suited them, and I requested my friends in Congress not to ask either side whether it suited them. I learned before the controversy began, so far as I was concerned in it, that the whole temper of the legislative body of the United States was in favor of the eight-hour day.

When I carried it to Congress some very interesting things happened. In the House of Representatives the plan was passed, was sanctioned by a vote which included, I am told, about seventy Republicans, as against fifty-four Republicans, and in the Senate, I am informed that the Republican members of the Senate held a conference in which they determined to put no obstacle in the way of the passage of the bill. Now this was because the proposal was reasonable and was based upon right. But, ladies and gentlemen, that is not the end of the story. This thing ought to have been done, and it had to be done at the time that it was done, so as to bring about a reasonable trial of the eight-hour day and a careful examination of the results of the eight-hour day. But that does not finish the matter. Let me call your attention to what I believe we ought all to be thinking

about so as to set the stage for this and all similar cases.

There are some things in which society is so profoundly interested that its interests take precedence of the interests of any group of men whatever. One of these things is the supply of the absolute necessities of life. It would be intolerable if at any time any group of men by any process should be suffered to cut society off from the necessary supplies which sustain life. But those supplies are of no use unless they can be distributed, and in the matter of the distribution of goods, particularly of the goods that sustain life and industry, the interest of society is paramount to every other interest; and the difficulty about all situations like that which we have passed through is this—that the main partner is left out of the reckoning. These men were dealing with one another as if the only thing to settle was between themselves, whereas, the real thing to settle was what rights had the hundred million people of the United States. The business of government is to see that no other organization is as strong as itself; to see that no body or group of men, no matter what their private interest is, may come into competition with the authority of society, and the problem which Congress, because of the lateness of the session, has for a few months postponed, is this problem: By what means are we going to oblige persons who come to a controversy like this to admit the public into the partnership by which the thing is discussed and decided? That is not an easy problem. A great many different methods have been proposed, and one of

the reasons why Congress thought it necessary to postpone the decision for a few months was that there were so many honest differences of opinion, not as to the object, but as to the method.

I want to suggest to you a method of testing your fellow-men, as to whether they know what they are talking about or not. It is not necessary for a man to come and argue with me an obvious moral principle, but I am very much interested when he comes and argues with me how he is going to make it work. And when men say, "We must not permit any organization to neglect the interests of society," I say "Amen!" but what I want to sit down and discuss with you is, how are we going to prevent it?

The only thing worth talking about in politics or any other sphere is the constructive idea. "How are you going to do it?" We all know, or, at any rate, we pretend to know, what we ought to do, but we do not all know how to do it, and the very difficult question which the American people is now face to face with, and which they are going to settle, is this: "How are we going to organize our participation as a partner in the settlement of disputes between capital and labor which interrupt the life of the nation?" Invite all subscribers to suggest a method!

The question is apt to be obscured in some quarters, as if we were saying that it was the right of the Government or of organized society, which is another term for the same thing, to say to a man: "You must work whether you want to or not." America is never going to say to any individual, "You must work whether you want to or not," but it is privi-

leged to say to an organization of persons: "You must not interrupt the national life without consulting us." It is not a question of obliging individuals; it is a question of enforcing a partnership and seeing to it that no organization is stronger than that organization which we all belong to and support and call and love by the name of our own government.

So I laid a program before Congress by which, at any rate, a beginning might be made in that direction, and that program is going to be proceeded with. It is no fun in talking unless you can expect to do something. The only zest that ever comes into affairs for a man with red blood in his veins is the zest that comes when he is put to it to think out a difficult thing and do it; and I for my part congratulate the business men of America that some of their difficulties have been removed by legislation, that they have been fortified against certain forms of control which must have been intolerable to them, and that they have had their real commercial strength put at their service by such acts as the Federal Reserve act, for example, and that now, if they think they can conquer the world, it is up to them to do it; and that nobody is going to assist them, because it is a thing in which they cannot be assisted by anything but their own brain. We are now out in the open, competitors for the confidence of the world, and there is only one way to get it and that is to earn it.

I cannot imagine anything more inspiring than to be put on your mettle after legislation has taken the shackles off you and apprised you that you are no

man's servant. Reaction in this matter would shut us up like a province. To turn back upon any portion of the road we have traveled would be craven. To pretend that we are able to compete with the world and then cringe at the opportunity would not be worthy of any of the traditions of America, and so for my part I am particularly proud to be supported by the business opinion of American men because I know myself to have a very great enthusiasm for the triumphant development of American enterprise throughout the world.
