

WORK OF THE FEDERAL TRADE BOARD

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IT is a real pleasure to me to be here and to look this company in the face. I know how important the interests that you represent are. I know that they represent some of the chief channels through which the vigor and activity of the nation flow. I am also very glad, indeed, to have you come and look at some portion, at any rate, of the Government of the United States. Many things are reported and supposed about that Government and it is thoroughly worth your while to come out and see for yourselves.

I have always maintained that the only way in which men could understand one another was by meeting one another. If I believed all that I read in the newspapers I would not understand anybody. I have met many men whose horns dropped away the moment I was permitted to examine their character. For, after all, in a vast country like this the most difficult thing is a common understanding. We are constantly forming get-together conventions, and I sometimes think that we make the mistake of confining these associations in their membership to those who are interested only in some particular

group of the various industries of the country. The important thing is for the different enterprises of the country to understand one another; and the most important thing of all is for us to comprehend our life as a nation and understand each other as fellow-citizens.

It seems to me that I can say with a good deal of confidence that we are upon the eve of a new era of enterprise and of prosperity. Enterprise has been checked in this country for almost twenty years, because men were moving amongst a maze of interrogation points. They did not know what was going to happen to them. All sorts of regulation were proposed, and it was a matter of uncertainty what sort of regulation was going to be adopted. All sorts of charges were made against business, as if business were at default, when most men knew that the great majority of business men were honest, were public-spirited, were intending the right thing, and the many were made afraid because the few did not do what was right.

The most necessary thing, therefore, was for us to agree, as we did by slow stages agree, upon the main particulars of what ought not to be done and then to put our laws in such shape as to correspond with that general judgment. That, I say, was a necessary preliminary not only to a common understanding, but also to a universal co-operation. The great forces of a country like this can not pull separately; they have got to pull together. And except upon a basis of common understanding as to the law and as to the proprieties of conduct, it is impossible to pull

together. I, for one, have never doubted that all America was of one principle. I have never doubted that all America believed in doing what was fair and honorable and of good report. But the method, the method of control by law against the small minority that was recalcitrant against these principles, was a thing that it was difficult to determine upon; and it was a very great burden, let me say, to fall upon a particular administration of this Government to have to undertake practically the whole business of final definition. That is what has been attempted by the Congress now about to come to a close. It has attempted the definitions for which the country had been getting ready, or trying to get ready, for half a generation. It will require a period of test to determine whether they have successfully defined them or not; but no one needs to have it proved to him that it was necessary to define them and remove the uncertainties, and that, the uncertainties being removed, common understandings are possible and a universal co-operation.

You, gentlemen, representing these arteries of which I have spoken, that serve to release the forces of communities and serve, also, to bind community with community, are surely in a better position than the men perhaps of any other profession to understand how communities constitute units—how even a nation constitutes a unit; and that what is detrimental and hurtful to a part you, above all men, ought to know is detrimental to all. You can not demoralize some of the forces of a community without being in danger of demoralizing all the forces

of a community. Your interest is not in the congestion of life, but in the release of life. Your interest is not in isolation, but in union, the union of parts of this great country, so that every energy in those parts will flow freely and with full force from county to county throughout the whole nation.

What I have come to speak of this afternoon is this unity of our interest, and I want to make some—I will not say “predictions,” but to use a less dangerous though bigger word—prognostications. I understand that there is among the medical profession diagnosis and prognosis. I dare say the prognosis is more difficult than the diagnosis, since it has to come first; and not being a physician, I have all the greater courage in the prognosis. I have noticed all my life that I could speak with the greatest freedom about those things that I did not understand; but there are some things that a man is bound to try to think out whether he fully comprehends them or not. The thought of no single man can comprehend the life of a great Nation like this, and yet men in public life upon whom the burden of guidance is laid must attempt to comprehend as much of it as they can. Their strength will lie in common counsel; their strength will lie in taking counsel of as many informed persons as possible in each department with which they have to deal; but some time or other the point will come when they have to make a decision based upon a prognosis. We have had to do that in attempting the definitions of law which have been attempted by this Congress, and now it is necessary for us, in order to go forward with the con-

fidant spirit with which I believe we can go forward, to look ahead and see the things that are likely to happen.

In the first place, I feel that the mists and miasmatic airs of suspicion that have filled the business world have now been blown away. I believe that we have passed the era of suspicion and have come into the era of confidence. Knowing the elements we have to deal with, we can deal with them; and with that confidence of knowledge we can have confidence of enterprise. That enterprise is going to mean this: Nobody is henceforth going to be afraid of or suspicious of any business merely because it is big. If my judgment is correct, nobody has been suspicious of any business merely because it was big; but they have been suspicious whenever they thought that the bigness was being used to take an unfair advantage. We all have to admit that it is easier for a big fellow to take advantage of you than for a little fellow to take advantage of you; therefore, we instinctively watch the big fellow with a little closer scrutiny than we watch the little fellow. But, bond having been given for the big fellow, we can sleep o' nights. Bond having been given that he will keep the peace, we do not have to spend our time and waste our energy watching him. The conditions of confidence being established, nobody need think that if he is taller than the rest anybody is going to throw a stone at him simply because he is a favorable target—always provided there is fair dealing and real service.

Because the characteristic of modern business,

gentlemen, is this: The number of cases in which men do business on their own individual, private capital is relatively small in our day. Almost all the greater enterprises are done on what is, so far as the managers of that business are concerned, other people's money. That is what a joint-stock company means. It means, "Won't you lend us your resources to conduct this business and trust us, a little group of managers, to see that you get honest and proper returns for your money?" and no man who manages a joint-stock company can know for many days together, without fresh inquiry, who his partners are, because the stock is constantly changing hands, and the partners are seldom the same people for long periods together. Which amounts to saying that, inasmuch as you are using the money of everybody who chooses to come in, your responsibility is to everybody who has come in or who may come in. That is simply another way of saying that your business is, so far forth, a public business, and you owe it to the public to take them into your confidence in regard to the way in which it is conducted.

The era of private business in the sense of business conducted with the money of the partners—I mean of the managing partners—is practically passed, not only in this country, but almost everywhere. Therefore, almost all business has this direct responsibility to the public in general: We owe a constant report to the public, whose money we are constantly asking for in order to conduct the business itself. Therefore, we have got to trade not only on our efficiency, not only on the service that we

render, but on the confidence that we cultivate. There is a new atmosphere for business. The oxygen that the lungs of modern business takes in is the oxygen of the public confidence, and if you have not got that, your business is essentially paralyzed and asphyxiated.

I take it that we are in a position now to come to a common understanding, knowing that only a common understanding will be the stable basis of business, and that what we want for business hereafter is the same kind of liberty that we want for the individual. The liberty of the individual is limited with the greatest sharpness where his actions come into collision with the interests of the community he lives in. My liberty consists in a sort of parole. Society says to me, "You may do what you please until you do something that is in violation of the common understanding, of the public interest; then your parole is forfeited. We will take you into custody. We will limit your activities. We will penalize you if you use this thing that you call your liberty against our interest." Business does not want, and ought not to ask for, more liberty than the individual has; and I have always in my own thought summed up individual liberty, and business liberty, and every other kind of liberty, in the phrase that is common in the sporting world, "A free field and no favor."

There have been times—I will not specify them, but there have been times—when the field looked free, but when there were favors received from the managers of the course; when there were advantages given; inside tracks accorded; practices which would

block the other runners; rules which would exclude the amateur who wanted to get in. That may be a free field, but there is favor, there is partiality, there is preference, there is covert advantage taken of somebody, and while it looks very well from the grandstand, there are men whom you can find who were not allowed to get in to the track and test their powers against the other men who were racing for the honors of the day.

I think it is a serviceable figure. It means this: That you are not going to be barred from the contest because you are big and strong, and you are not going to be penalized because you are big and strong, but you are going to be made to observe the rules of the track and not get in anybody's way except as you can keep ahead of him by having more vigor and skill than he has. When we get that understanding, that we are all sports, and that we are not going to ask for, not only, but we are not going to condescend to take, advantage of anything that does not belong to us, then the atmosphere will clear so that it will seem as if the sun had never shone as it does that day. It is the spirit of true sportsmanship that ought to get into everything, and men who, when they get beaten that way, squeal, do not deserve our pity.

Some men are going to get beaten because they have not the brains, they have not the initiative, they have not the skill, they have not the knowledge, they have not the same capacity that other men have. They will have to be employees, they will have to be used where they can be used. We do not need

to conceal from ourselves that there are varieties of capacities in the world. Some men have heads, but they are not particularly furnished. I overheard two men one day talking about a third man, and one of them referred to his head. "Head," the other said, "head, that isn't a head, that's just a knot. The Almighty put there there to keep him from raveling out." And we have to admit that there are such persons.

Now, liberty does not consist in framing laws to put such men at the front and say they have got to be allowed to keep pace with the rest, because that would hold the whole process of civilization back. But it does consist in saying no matter how featherweight the other man is you must not arbitrarily interfere with him; that there must be an absolutely free field and no favor to anybody. There are, therefore, I suppose, certain rules of the game. I will mention what seems to me some of them. I have already mentioned one of them by way of illustration. First of all, is the rule of publicity, not doing anything under cover, letting the public know what you are doing and judge of it according as it is. There are a great many businesses in this country that have fallen under suspicion because they were so secretive when there was nothing to secrete that was dishonorable. The minute I keep everything in my pocket and will not show anybody what is there, they conjecture what may be in my pocket; whereas if I turn my pockets inside out, the conjecture is, at any rate, dissipated.

There is no use inviting suspicion by secretive-

ness. If a business is being honorably done and successfully done, you ought to be pleased to turn it inside out and let the people whom you are inviting to invest in it see exactly how it is done and with what results. Publicity, which is required in sports, is required in business. Let's see how you are running the game.

Then, in the second place, there is a full equivalent for the money you receive, the full equivalent in service; not trying to skimp in the service in order to increase profits above a reasonable return, but trying to make the profits proportioned to the satisfaction of the people that you serve. There isn't any more solid foundation for business than that. If you thoroughly satisfy the people you are serving, you are welcome to their money. They are not going to grudge it, because they will feel that they are getting a quid pro quo—they are getting something such as was promised them when their money was asked of them.

Then, in the third place, this game requires something more than ordinary sports. It requires a certain kind of conscience in business, a certain feeling that we are, after all, in this world because we are expected to make good according to the standards of the people we live with. That, after all, is the chief compulsion that is laid on all of us. I am not aware of being afraid of jail; I do not feel uneasy when I pass a penitentiary, but I would feel extremely uneasy if I knew I had done something which some fine, honorable friend of mine would condemn if I passed before him. I would look care-

fully at his eyes to see if he suspected anything, and I would feel unhappy until I had made a clean breast of it with him. That is what we are afraid of, and that is what we ought to be afraid of.

We are sustained by the moral judgment of honorable men, and there isn't anything else in this world that I know of that is worth while. How honors must hurt a man if he feels that they have been achieved dishonorably. They are an arrow in his heart, not a quickening or tonic to his spirit in any respect.

If he feels that he has cheated the people that trusted him, then, no matter what fortune he piles up, they never can contribute to his peace of mind for a moment. So I say that the conscience in business is the motive spring of the whole thing; the pride of doing the thing as it ought to be done.

I ask every man in this room who employs other men if he would not pay the best salary he has if he could be assured that the man he employed was of that quality. You know that is the sort of men that you want, the men who will take a pride in doing the thing right and have a clean conscience towards you who employ them. Now, all of us are employees of the public; it doesn't make any difference what our business is or how small it is, we are, so far as we get money for it, employees of the public and our clear, clean consciences toward our employers are the basis of our success and, it goes without saying, the basis of our happiness.

Then, the fourth rule, as it seems to me, is the rule of having the spirit of service. I know a lot of

cant is talked about that, and I get very sick of the cant, as I dare say you do, but when I talk about the spirit of service I am not meaning a sentiment; I am not meaning a state of mind; I am meaning something very concrete, that you want to see to it that the thing that you do for the public and get money for is the best thing of that kind that can be done. This is what I mean by the spirit of service.

I have known many a man who gave up profit for mental satisfaction. I know men in this city—there are men in the Scientific Bureau of this government whom I could cite—who could make very big salaries, but who prefer the satisfaction of doing things that will serve the whole community, and doing them just as well as they possibly can be done.

I for one am proud of the scientific bureaus of this Government. There are men in it of the most self-sacrificing spirit and of the highest scientific efficiency, who do things on a petty salary which some other man would not do at all, because if you have to pay a man a salary to produce the best product of his brain, then he scales the product down to the salary.

Here are men who scale the product up to the highest standards of scientific ideals. They have hitched their wagons to a star, and the star is apt to lift their names above the names of the rest of us. So I say that if your earning capacity is the capacity to earn the public confidence you can go about your business like free men. Nobody is going to molest you, and everybody is going to say, "If you earn big profits; if you have treated the people

from whom you are making your profits as they ought to be treated; if you treat the employees whom you use in earning these profits as they ought to be treated; if your methods of competition are clear and above reproach, why, then, you can pile those profits as high as the Rockies and nobody will be jealous of it." Because you will have earned them in a sense that is the handsomest sense of all.

It is in this spirit that we all ought to regard the laws, that we all ought to criticize the laws, and that we all ought to co-operate in the enforcement of the laws. Government is merely an attempt to express the conscience of everybody, the average conscience of the nation, in the rules that everybody is commanded to obey. That is all it is. If the Government is going faster than the public conscience, it will presently have to pull up; if it is not going as fast as the public conscience, it will presently have to be whipped up. Because the public conscience is going to say, "We want our laws to express our character," and our character must have this kind of solidity underneath it, the moral judgment of right and wrong.

The only reason we quarrel with reformers sometimes is because they are, or suppose that they are, a little more enlightened than the rest of us and they want us all of a sudden to be just as enlightened as they are, and we cannot stand the pace. That is all that makes us uneasy about reformers. If we could get our second wind, if we could keep the pace as long as they do we might be able to run as fast as they do, but we are more heavily weighted

with clay than they are. We cannot go as fast. And we like companionship. We want to wait for the rest of them. We do not want to be in a lonely advance climbing some heights of perfection where there is no good inn to stop at over-night.

That is the homely, and, I dare say, obvious lesson, which I have meant to give utterance to this afternoon. I think that I understand what you are after. I hope that you understand what we are after. All I ask is that if anything is being done that ought not to be done, the fault in it be conclusively pointed out and the way to correct the mistake be explicitly shown. There is an old rule that ought to obtain in politics as in everything else, and it is expressed in a very homely way. It is the rule of "Put up or shut up." Someone said, "If you wish me to consider you witty I must really trouble you to make a joke." If you wish me to consider you wise, I must really trouble you to show the goods; to show how the thing can be done; to show how it can be better done. Because nobody is fool enough to suppose that the way he has determined that the thing ought to be done, is necessarily the best way to do it, but it is the best way to do it until you show a better way. That is a perfectly obvious rule.

So again I say it is the rule of "Put up or shut up." And I do not mean that in any sort of disrespect. The market for ideas is a highly competitive market, and the rules of competition are necessarily fair. There is only one test for an idea and that is "Is it good?" You may for the time being dress it with such rhetoric that it will look good,

and the best thing that is characteristic of countries like our own is that every man who has an idea is constantly invited to the platform. And there is nothing better for an idea by way of test than exposure to the atmosphere. If you let enough people hear it stated often enough, it will certainly seek its proper level.

That is the reason I believe in free speech. I have been subjected to free speech myself, and it is hard to endure sometimes, because the office of the President seems to be a clearing-house for original ideas. I am brought more original ideas per diem, I dare say, than any other person in the country, and therefore, pay the penalty of freedom of speech. Perhaps my mind does not register original ideas readily enough, because some of them do not register at all. I am perfectly willing to admit that that is the fault of the register and not the fault of the idea. All I have to say is that if you have ideas the register is entirely at your service.