

Attitude of the Public Mind Toward Business

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A time of change and adjustment to new conditions is always one of peculiar interest, and the present hour forms no exception to the rule. It is a fact no one will question that in 1910 the public elected a majority in the lower branch of congress pledged to a reduction of tariff duties. Measures to this end were prepared and passed, receiving in some instances the approval of both houses, only to be vetoed by the president, himself a candidate for reelection. The issue was thus clearly joined, and the contest of 1912 was fought upon it. There can be no mistake about this. In the following election a house of representatives was returned with a majority of almost 200 pledged to tariff reduction, the former senate majority was reversed on the same issue, while executive authority fell into the hands of those similarly pledged.

Yet there are those who seem not to have known that this was so. Men have come to Washington to urge that the thing be left undone which the men in authority are by honor and by instructions bound to do, and have gone so far in some instances as even to suggest that it was hardly correct to really mean what one said. Yet it would not be fair to draw a picture wholly on these lines, for at least two large manufacturers coming hither to have the tariff maintained have admitted frankly to me that they did not need it for themselves, but sought it for those in their industry less efficient than they, and I have on my desk a statement from a committee representing 200 factories in one line doing a yearly business of about four hundred millions in which the first words are: "The makers of implements desire no tariff."

Meanwhile, a German expert has been explaining why American automobiles can be sold for less than those of German make. A market has arisen and is growing for American hosiery in Europe itself, and the exports of American manufactures of all kinds sold in open competition in the markets of the world have risen to an average of nearly five million dollars per diem for so much of the fiscal year as has elapsed. The gospel of self-respect and of American manhood is making its way, and the day of industrial fear is passing.

Yet there are those, and perhaps there are some of them here, that have not grasped the attitude of the public mind toward business, and I desire to discuss frankly before this company of business men what I conceive that attitude to be. It is proper perhaps to add the purely personal note that all I have invested in American manufactories. It is my hope, so far as I can, to aid, and not to hinder, American industry. I believe that for it a day of freedom has just begun and that we are shaking off the shackles of a real industrial slavery to enter upon the arena of free competition, strong, athletic, and vigorous, in which our business will be stronger and safer and in which we shall be happier than before.

The public mind no longer regards business as a matter chiefly the concern of him who, as it has long been put, "owns" that business. Once, I remember, when employed as a boy in a great factory I did not like something that was done, and my superior said to me, "Can not Mr. So-and-so do as he will with his own?" I could not answer him at once, but after a day or two I made up my mind he could not, and told him so. It is less so today than it was then. All sorts of restrictions are put by law and opinion upon business that were not known twenty-five years ago. The public mind no longer admits that the so-called owner of a business is the chief party in interest. It asserts many obligations contrary to that theory.

Perhaps the first among these is the duty owed to the operatives in the business. It is not too much to say that public opinion demands that operatives shall receive a living wage and, so far as possible, continuous employment; that they be freed from arbitrary reductions in the daily wage or of the piece-work rate. The pub-

lic conscience demands that they work under healthful conditions, with ample light, without overspeeding, and with the same provision for their safety at their work that the employer would desire for himself were he so employed. Furthermore, public opinion is becoming sensitive on the subject of overfatigue and recognizes that the demand for reasonable working hours has a sound physiological basis.

The greatest interest in our manufactures, however, is that of the people, without whose purchases the factories would close. They have more at stake than anyone else, and they are beginning to have very clear ideas respecting their interest in our factories and how to look after it. It is chiefly they who refuse to admit any longer that the head of a great business concern can do as he will with what he pleases to call his property. It is they who insist upon the treatment of the operatives as men and women with minds and souls and not as machines, and it is they who are insisting now in no uncertain way that the factory does not fulfill its proper function unless it supplies at a reasonable price and of proper quality the goods they desire to buy. For though the idea has been slow in growing it has become nearly full-grown at last that the user has a right to efficiency in the manufacture of the goods he uses. He knows now that inefficiency does him harm and he is reaching a point where he will have no more of it. He has been told so long that the rule for him is "caveat emptor," or in other words "let the buyer lookout," that he has at last taken the lesson to heart and is beginning to look out. Out of this springs the fixed will that there shall be no industrial monopoly. Out of it comes the resentment at special privileges in our industries; out of it comes the wrath that looks at poverty in the mill compared with prosperity in the office. We shall do ourselves injustice if we do not read clearly these signs of the times and if we do not recognize in them a moral purpose as sincere as it is mighty and based upon the definite convictions of men that their happiness and the comfort of their children is involved in the matter.

So there is growing up the thought finding expression in many ways that the manufacturer whose methods are ineffective commits three wrongs: One toward himself, another toward his workman, a third toward the public. The consumer today feels that he has a right to efficiency, and he looks with small patience upon those who would disguise inefficiency or who would condone it. The duty rests upon every manager of a factory to run an efficient shop. Ah, but you say, competition looks after this. There is no need for your urging the matter, you say, because the necessity for living and earning makes men work out this problem for themselves. But the facts are not so. The inquiries made by the defunct tariff board into the woolen, the cotton, and the paper industries showed extraordinary variation in the effectiveness of factories. Every man who has had to do with the industrial world knows that the number of highly efficient establishments is relatively small. It can not be successfully denied that under the shelter of the tariff wall have cowered many whose methods were archaic, whose equipment was poor, whose management was bad, but who have managed to eke out a living at the public cost, because they were secure against foreign competition and could pick up enough amid the interstices of trade at home to get along.

The definite wrath against monopoly, the flood tide of opinion against special privilege, the stern demand for efficiency as a duty which our industries owe to the public, these are all parts of awakened American manhood.

Some days ago a gentleman called upon me to insist that certain tariff changes would make it difficult for him to continue his business profitably. I said to him that of course I could not speak for his industry, but that as a manufacturer one thing did not seem clear to me. It was this: That I could not see why my desire to be prosperous myself gave me the right to tax him that I might become so. Certainly it is true that that right does not exist at all until I, by searching study and painstaking effort, by keenest self-criticism, have so conducted business as to have done the best possible to serve the public well and cheaply. For in its final analysis business has a right to exist only as

it serves people well and cheaply. The public has a right to such service and knows it and intends to get it, and will look with stern disapproval upon him who claims the right to tax it in order that he may serve it less well than others can do.

Just at this point arises a matter of some current interest on which a few candid words may not be out of place. An investigation has recently been undertaken by the department of commerce of an industry in this country which has strenuously objected to the proposed reduction of the tariff upon imported products of the same kind. Statements have appeared in the press to the effect that the inquiry arose because some fear existed in executive quarters as to whether the proposed revision would do harm to the industry.

This alleged reason exists only in the imagination of certain versatile editors skilled in the art of coloring. The fact is that the industry into which inquiry is now being made invited examination to be made of it on behalf of the committee on ways and means of the house of representatives. Furthermore, statements are said to have been made in that industry to the effect that a reduction of wages would be the result of the change in the tariff. If I grasp the public mind at all clearly, it holds unfavorable views toward reduction of wages except under the direst necessity. It would not, for example, approve them for the sake of maintaining profits, least of all as a means of political menace. Furthermore, there is in existence a belief that the reduction of wages is the easy resort of the inefficient and that it is the hall-mark of poor management. I believe this to be so. As, therefore, the reduction of wages has direct social effects and as the public has the right to efficiency in their factory servants, the department has undertaken to find out whether the facts do or do not justify the threatened reduction. Observe that in saying the "facts" one does not mean merely the facts as they are but also the facts as they ought to be. Operating with bad equipment, with unscientific treatment of material, with antiquated methods, in poor locations, with insufficient capital and generally ineffective management, will not be esteemed a satisfactory reason for reducing wages. The public looks for better things to its producers and for things that accompany efficiency. The investigation will not be carried on in a trust-bursting spirit. There is no desire to destroy anything. On the contrary, while it will be searching and thorough, beginning where some inquiries have left off, content with no superficial facts, it will be directed to the development of the industry and will be carried out in a spirit of helpfulness. Possibly, few people realize how efficient machinery the department of commerce has for making such an investigation. For example, on the scientific side of such an inquiry the great bureau of standards is of prime use. In the present inquiry the clay products section of this bureau located at Pittsburgh will take an active part, and if and when other industries come under investigation well-trained scientific men and good equipment are ready in chemistry and mechanics and many other lines to do similar work. The bureau of foreign and domestic commerce, under whose direct auspices the present inquiry proceeds, has broad powers of inquiry into the cost of production, wages, general factory conditions, and the like. The bureau of corporations has also broad scope in studying accounting and cost-keeping methods with the right of subpoena, which it has in times past found some need to exercise. If these three are not enough, the bureau of labor statistics, in our sister department of labor, has powers of inquiry on the labor side which can be made effective. The department of commerce exists for the purpose of promoting American industry and commerce at home and abroad. It intends to do its work as well as it can with the force and funds provided. As the head of that department I feel that while its scope in aiding commerce is broad and has many phases, one of these phases which is important is that of turning light upon inefficiencies wherever they can be found. It is an old maxim, "Faithful are the wounds of a friend," and if he is a benefactor who made two blades of grass grow where but one grew before, so also is he who helps ten units of product to come where but five were before, or who points the way to the same production at less expense. The inspiration of this work is that in its results it should be pleasant to all the three parties of interest in our manufactures. It should help the manufacturer, for out of his greater product at a lower cost his profit