CHAPTER XI

Owen D. Young - Industrial Leader

When a man emerges in this country, who when he is sure he has something to say is not afraid to say it, who has the courage to take responsibility, to see a thing through, the first result is that people begin to urge him into politics. Mr. Young has not been exempt.

Only a few months after he returned from the making of the Dawes Plan a group of gentlemen with whom he was lunching began begging him to consent to become candidate for mayor of New York city.

"Mr. Young listened patiently," says the editor of the Watertown Times who reported the incident, "and then with that wonderful smile of his said,

"'Gentlemen, it is very kind of you to suggest my name, but there is one obstacle which prevents the carrying out of your suggestion, and that is that I am not a voter in New York city. I was born on a farm in Herkimer County and that has always been my voting residence and I expect it will be as long as I live.'

"This was final and his friends realized that no inducement could make him change that residence. One gentleman, however, did remark that the fact of residence in Herkimer County

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"If you had had then the views and experience of today would you have voted for him?"

"I unhesitatingly say yes again, perhaps not because I was enthusiastic about all of the things which Bryan stood for, but because I was then opposed and am now to the things which McKinley stood for. In addition to this, Bryan was to me then a very dramatic and appealing figure personally. I well remember listening to him speak on Boston Common that Fall, and I would have voted for him on almost any platform because I believed in his sincerity and his honesty."

Early in 1925 Democrats in New York State began to talk quietly of running Mr. Young for governor with Governor Smith as candidate for the United States Senate, but he promptly squelched the suggestion:-

"To adminster public affairs effectively," he wrote his admirers, "requires political knowledge and political experience and I have neither. I have never undertaken a job to which my experience did not in some way qualify me."

244 A

But that did not end it. An effort to organize the interest developed - it came about in this way: in November of 1927 Mr. Young went to Alabama to speak at the opening of the Jordan Dam. In introducing him the chairman of the day facetiously nominated him for the presidency. Among the gentleman who were acting as an escort to Mr. Young that day was

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But ~~that did not end it~~. Rather
~~came~~ asked an
expression to some minds. The suggestion
talked, ~~free~~, ~~immediately~~ ~~trouble~~ spread during the summer of
1927 the N.Y. Times published ~~an~~ ~~editorial~~
editorial under the caption "Did to be
President" ~~It's Tough Man.~~ ~~Coolidge Has Said So~~ ~~The Hadley~~
~~Issue~~. The Hadley point of
view was Senator Gebert Glass of
Virginia. "A.S.P. would be the ideal
Democratic candidate for president in
1928." The Times urged Hadley of his
fitness:

"It is regretted etc. ed

My guy was in Europe attending ~~Democratic~~ meeting
of the (2.C.C.) at Stockholm in 1927.
When the editorial was brought him
by ~~an excited~~ Valley reporter. He at
once decided a ~~further~~ ~~another~~
answer ~~not~~ a candidacy ~~not~~ to
~~politics~~ - in answer a prepared a

stay there. But at his side was his old friend C. F. Weed- a friend from ~~the~~ his early Boston days in Tyler Texas. "Did you do it- dyed" he said "but you see what an immense advantage it will be to the A.A.C. if we have a perfect fellow president of the U.S. in addition as chairman. You can no right- it not use of discretion!" and so on and on until Mr. gave in. He used no such words in this case as he had in the A.C.C. & said he would preside provided candidates ~~he~~ ~~were~~ ~~any~~ He accepted his appointment

dec 24 4

Victor H. Hanson, the editor of the Birmingham News. Mr. Hanson had recently led in a courageous and successful campaign against the increasing and sinister power of the Ku Klux Klan in Alabama. He had thought much of the coming presidential campaign, seeking a candidate who could not be used to feed the Klan's religious intolerance. Before the day with Mr. Young was over he was sure he had found the one for whom he was looking. The man's force and ability, his modesty and friendliness, the distinction and magnetism of his personally, had completely won Mr. Hanson. He was taking the chairman's nomination seriously, but Mr. Young, when he broached the matter, refused to consider it as anything but a bit of jocularity. He was not a candidate; he was committed to Governor Smith he told Mr. Hanson.

But the editor of the Birmingham News could not get the idea out of his head. He found his associates on the paper felt as he did and as a result they launched two days later, "with the greatest enthusiasm we have ever felt for any candidate we have supported for any office - a Young-for-President movement."

Mr. Hanson not only nominated Mr. Young, he mailed his ringing and confident editorial to Democratic papers all over the country. A discussion was started which grew in spite of the fact that Owen Young himself did nothing more than laugh at it.

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His work at Paris in 1929 gave body and seriousness to the movement. Here was a wise, understanding, patient man - a great negotiator. And how politics needed that type of mind and spirit!

But Mr. Young only smiled when Mr. Hanson and those who had joined kept up their campaign.

"If you were betting at the races, would you put your money on a balky horse?" he wrote one of his most persistent boomers.

In the Spring of 1931, sitting in a circle of his intimates gathered on the verandah of his Arizona bungalow, I saw him smiling over a telegram. He read it and passed it around. It begged him "in the name of the good old party of Jefferson, Jackson, Cleveland and Wilson" to come to an important conference of a state committee - they needed his advice and guidance.

To the waiting secretary, he dictated an answer - the gist of which - amenities aside - was that he had never attended a political meeting in his life. They certainly did not want him to guide and advise them.

The secretary turned away only to be called back, "Change "political meeting" to "a political managers meeting," and then to the listening circle he explained.

"I did go to a political meeting once, the year I was eighteen. It was in the campaign of 1892 - I made a speech for Grover Cleveland."

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"And a good speech it was too," broke in one of the circle, "I heard it."

That was all! In his inside circle of business and legal associates, while everyone agrees that he would make a "great president", there is a feeling that he is too valuable a public servant where he is, to be, as one man put it to me, "spoiled by the presidency."

He has other admirers that intimate as much:- Will Rogers who wants to keep him "to point to with pride" - Dr. Nicholas Murray Butler, who in introducing him in the Fall of 1930 at a complimentary dinner said: "Our guest of honor is a public servant, although he holds no office. Whether the public servant receives office or not is accidental, and if this public servant by accident does assume office, as likely as not it is apt to reduce a great deal of the public servant's public service."

Mr. Young's only recognition of the sally was to throw back his head and laugh heartily.

Whether he has put an end to the talk by the following letter widely published in November of 1931 remains to be seen:-

"Time and again during the last few months, I have said that I would not favor any movement through clubs or otherwise to promote my nomination for President. I have said that I had no desire or thought of entering politics under any circumstances, and my disappointment is that people who seem to think that I am

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qualified for the Presidency still persist in disbelieving my statement. I should think that one of the first qualifications for the Presidency would be not only to tell the truth, but to have all people believe that you told the truth.

"Of course, however logical that may be, one can, humanly speaking, easily forgive the inconsistency which contains the compliment that they believe you able to hold the greatest office in the land. So I thank you for the compliment and beg you to do nothing."

While the political talk went on in these years the people were beginning to see in Owen Young, not what the politicians saw, what many admiring friends saw, a candidate for office, another political leader to intrigue and squabble over - but something which intuitively, if gropingly it felt was of more importance to the country - a new type of industrial leader, one who brought an acute, trained and well stored mind to the confusing and mysterious financial and organizing processes of what is called Big Business, one unafraid to face, examine, these processes for both their benefits and their errors and to talk them over with the public, one who sought to secure results not by attacks on individuals but by attacks on facts all the facts.

This sense that leader had appeared at a point when the country most needed one was intensified by his clarity and

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frankness in dealing with two problems which were disturbing its peace of mind - water power and the proposed new consolidation in the field of national and international communication.

If water power was a new question to many it was an old one to Mr. Young and he had repeatedly made his position clear to those entitled to know what he thought.

"For ten years now," he wrote a inquirer, "in season and out, I have been urging some development. Our water powers are our most valuable natural resource, and up until now, with the exception of Niagara, we have let our greatest powers run to waste. Meanwhile, we have debated interminably and endlessly the question of who should do the job of development, and this debate has ranged all the way from those who urge that the State should take over the entire business of generation and distribution of electricity to those who believe that private interests should do it, even without State regulation and control. The debate has been carried on with energy, but our water power has run to waste."

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— By this time the public was pretty well acquainted with the general fact that the Standard Oil Co. was engaged in a business which was different from that of the ordinary refiner. Even before the Standard Oil Co. was formed Rockefeller was not an idealist. He was essentially a practical business man. He was not talking for years now [illegible] in a continuous struggle to make out what he talked. He had been [illegible] not merely preaching sermons.

Therefore the Standard Oil Co. was not a theory but a fact and understood industrial purposes can be helped to better understanding of its meaning. There was the evening conference —

See A. p 252

Such waste of water was profoundly irritating to him. As he saw it the industries of New York State were being kept back by the failure to release the power possibly by unified development.

He wanted power for industries and particularly he wanted it for the farm. Electricity not only multiplied many times the farmer's resources, freed him from drudgery, left him with the vitality to use his brain as under the old conditions he could not do, but it made the home a better place to live in. Again and again Mr. Young in his talks before groups interested in the development of electricity, before farmers associations, insisted that it was the duty of electricity to bring back the reputation of the farm as a home. He, himself, believed that if

A. He never tired of saying the opinion of electricity without it we may please it and particularly

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the farm can it could be free of its old handicaps it had social advantages that the city could never give. But under the old conditions, he knew that farm life was a thing from which modern men and women fled. Particularly did he want farm women helped out. He wanted to see washing machines, in place of wash tubs and wash boards. Monday morning in the farm house was a bitter memory to him. He hated it economically and he hated it socially. And through these years, after he became the head of the General Electric, he kept up his pleading for electricity in out-of-the-way places, in every farm house in New York State.

In discussing what might be done by this complete electrification of out-of-the-way places he made a point which deserves more attention than it has ever received:- that electricity would make possible a re-distribution of population. He pointed to the many country villages from which the young have gone, but where there was still a considerable population of people who did not want to move away or for one reason could not move away. These communities had the scantiest means of livlihood. Power would make it possible to establish in them small industries, which would give employment, self-support to intelligent people who loved the American small town, knew its opportunities and its joys.

As Mr. Young saw it water power and steam power concentrated activities, enforced the congestion of large numbers of

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people in small districts, with all the social injuries that bred where there is over-crowding.

"Electricity," he argued, "has within itself the possibility of giving all of the service that steam and water power can give and it can give it anywhere. It could be so managed that it distributed industries and so distributed men and women."

— See 259 A

B — He was continually proding the Public Utility Corporations to study these problems of service, problems more important he insisted to their stability than the problems of profit which is to be feared is all some of them saw. See 250 A

In his correspondence, in his speeches and letters through '26 and '27 particularly, he met one or another of the criticisms against the Public Service Corporation as it was developing, explaining clearly and frankly his point of view - defending it but not shying at criticism.

A Back in 1918 he had taken up at the request of Governor Whitman, the holding company in utilities, and what he wrote then in the communication to the Committee is valuable reading today particularly for the large number who have no conception of the functions of a holding company, or how the possible abuses could in Mr. Young's judgment be avoided.

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"For many years," he wrote Governor Whitman, "I have had rather unusual opportunity to observe the development of public utilities through the United States by the so-called holding companies, and while in some cases there have been abuses, I think it may be stated without fear of contradiction that the abuses have existed in regard to the financing of the holding company, rather than in connection with the development and operation of the utility company. It is almost universally true, certainly in the country districts as distinguished from the larger cities, that the development and operation of the utilities has been greatly benefited by the holding company. I desire to make the following points:

"First - The financing of public utilities through holding companies is sound in principle. This is true, because it enables investors to spread their risk through diversification. For example, if a holding company owns public utilities in the State of New York, in the cotton growing section of Texas, in the wheat growing section of Minnesota, in the timber section of the Northwest, and in the mining or fruit growing sections of California, the securities of the holding company, if honestly issued, will be much a safer investment than the securities of any one of the utility companies; The success or failure of the public utility business depends on the conditions of the territory in which it operates.

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If the cotton crop is good and Texas is prosperous, that utility will be prosperous. If the cotton crop is bad and Texas is not prosperous, that utility will not be prosperous. If the wheat fields are effected by drought, the Minnesota utility will not be prosperous. There is in every sense a diversification of risk both of business conditions, such as I have indicated, of physical conditions, such as floods, disasters, storms, explosions and the like, any one of which might cripple a particular utility, but all of which would not come to all of the utilities of a holding company at the same time. This diversification of risk is the same thing that makes a bank sound by having many depositors, that makes a life insurance company safe by having many outstanding policies. I feel sure that financing public utilities, which are local monopolies, through a holding company is sound.

"Second - The operation of public utilities through a holding company organization is benefited, especially to the smaller utilities in the country districts. The holding company, because of its size, can afford to have competant engineers, accountants and operating men. The small utility always fails here. The holding company can buy in large quantities at advantageous prices, where as small individual properties can buy only in small quantities at the higher prices. The holding company can take the distributing systems in several communities

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and establish one large, officient, operating plant and generate its own power at much less cost than each little community could do by a small and inefficient plant. The tendency of the holding company, having a large plant, is always to spread its lines throughout the country districts which it serves in order to get a diversified load. The small utility, operating in a little community, restricts its lines as nearly as possible to the center of the town. It is very largely for this reason that the country districts of the West are so much better developed electrically than the corresponding districts in the State of New York. In northern Texas, for example, practically every farm along the main highways has electrical service for heating, lighting and for power. This same fact is strikingly true in the State of Utah, where a single company practically supplies the power and lighting service of the entire state. Those communities are much more thinly settled than ours, and yet it so happens that the farmer in fairly remote districts in Texas is getting better and more efficient electrical service than the residents of many of the cities and towns of considerable size in the State of New York. The Texas farmer is also getting it cheaper because of this unified operation and diversification of load."

Whatever ~~the~~ abuses of the holding company he believed that they could be prevented by a soundly devised public service commission - a commission which permitted ~~the~~ utilities to be acquired by a holding company only with its approval, which did not

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permit acquisition for exploitation, but only as a part of a program of development, which it could prove would benefit the public. He argued that the public service commission could and should state the claims and conditions in such a way that the public would always be safeguarded - securing the advantages of the holding company without its disadvantages. 256 A. A

Of course the question of the rates for utilities bothered people. "I have been trying for some years," he wrote one of his correspondents, "to develop a program by which the utility companies would put into operation a scale of rates sliding down as the interest return on the investment slides up. For example, if you start with a given physical valuation and fix a rate of return, say 7% then as the demand enables an increased return to be earned, the household rates should come down say one cent a kilowatt hour for each increase in the return. This leaves the intervening field of rates to large consumers to be taken care of by competition. A concern big enough to put in its own plant will not take the service unless the rate is lower than they can produce the power for themselves. The small consumers, however, who are on the household schedule, will automatically share in the profits."

When in 1926 the water power situation in New York State was acute and Governor Smith pushing a program he wanted to know what Mr. Young thought and asked him to come to Albany for a talk.

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23rd A. 1.

There is repealed part in the former criminal section 2 in the public addresses titled "Concerning the duty of the State-2 federal government to defend 2 conduct regulatory codes which will 2 safeguard [illegible] ~~interests~~ [illegible] ~~in all~~ [illegible] ~~all that~~ [illegible] ~~are able to that duty~~ [illegible] ~~with the~~ [illegible] ~~exercise of protecting the public~~ [illegible] ~~2 do not use such power for personal purposes.~~ and that he regards it as the duty of business to co-operate with these regulatory codes.

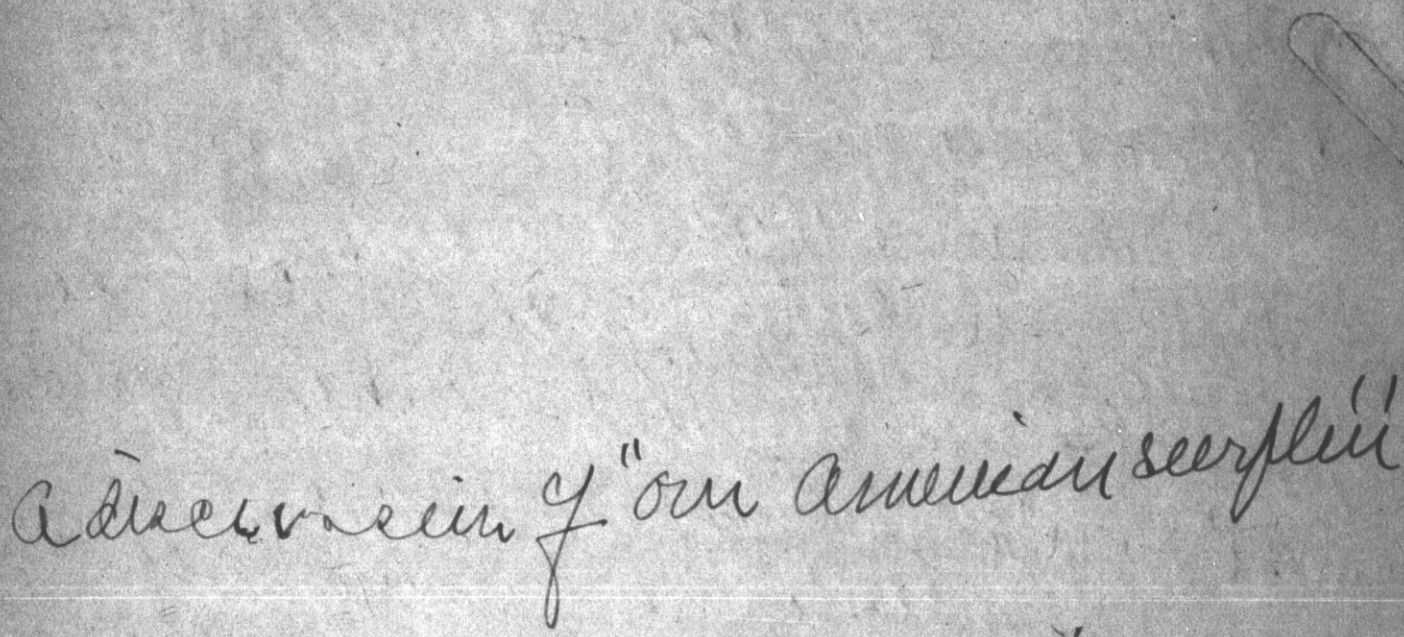
Lincoln does seem to have called her to him. He refuses it yet in that day, campaign term. Indeed

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264 A-2

Set in type may be sent to me
indeed the best way to get immediate
secrecy what is proper & good taste - I think it would be wise
to wire me if something is in type & immediately
immediately elated

In June 4 1938 Mr Jay
Stobe in sight notice before the
annual Convention of the (3d)
Hall of Electric Light Association
in San Francisco California - a
speech probably as significant & pro-
found as any he has ever made
It is probable that Convention will
select Chicago for 1940 meeting
Now is the time to get
Best of the start to work
and write it very well
It is will be said: - See
speech p. 1, 1879 - V.E.



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25 E. A - 3

It looks as if there has been a beginning at least - of a code of Good Manners in Industry - ~~that~~ Let that - be accepted & duly ratified: a code of Good Manners in ~~Public~~ Publication, & Reputation dealing with Industry and perhaps the press will be ~~protected~~, stand a much better chance of protection.

Many riffs - the term remains at San Francisco should be quoted the statement - the panel made in ~~May just before~~ in May of 1930 ~~and~~ avant the ~~Radio set~~ soit la the Radio and much the Germans had recently brought! -

Levels ~~2 & 4~~ see attached

25-E-A.4

It is more effective applied by the permanent rather than temporary - But can repealed or altered - The law in the interest of the party or the many - but in the interest of the public should be uniform - and the penalty does not in the penalty body pas uniform - does not the penalty therefore is not - each & law but in each case of men. Sometimes a act - which in his mind when some minutes ago he appeared before the committee

See 25-E-A.

Tuberculosis commission - many bills proposed amalgamations in the Dept of correctional - national & international.

See 25-A

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2 2 6. A. 5.

~~As a matter of fact~~ - In fact very seem to
~~quite~~ a ~~pretty~~ sure ~~a~~ sense of what ~~is wrong~~
~~with it~~ it is about an indecency
in which he is interested - which
carries with it a suspicion on the part
of the Government of unlawful conduct
and he is quite ~~so~~ fearful and
doubtful in taking advantage of it.
2d Next letter ~~to~~ [illegible] of
utility: Men ~~are~~ ~~nearly~~ always
~~carried~~ ~~with~~ ~~letters~~ to [illegible] suspicion
2 women at a ~~middle~~ in
decency [illegible] -
he is (see 25-2 B.)

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There was much speculation in the press about what had been said and considerable uneasiness in certain utility circles where there were not a few able men whose rule was to say nothing. It made them unhappy to know that one of their number had been talking with a Governor, especially one of so open a mind as Owen Young, with a Governor of such liberal tendencies as Albert Smith.

So Mr. Young set down his position in a letter to the Governor, for the purpose of preventing misunderstanding between them. And here is what he wrote:-

"1st. I am in favor of the operation of the power business of the State of New York by private persons as distinguished from public officials, not on the ground of incapacity of personnel, but because I am satisfied that the same persons who now run our power business successfully would fail under the restraints and rigidity of a Government bureau acting under limiting laws and in the face of political controversies.

"2nd. The cost of energy developed from falling water is determined very largely by the cost of the capital employed in the development. A public corporation such as you propose whose securities would be exempt from taxation under the Federal Law and under the State Law should produce, if properly set up, the required money substantially cheaper than a private corporation could obtain it.

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"3rd. I am opposed to use of State or Municipal credit for power development, transmission, or distribution in any form or at any time, and therefore, I should be opposed to the use by the public corporation above mentioned of State or Municipal credit.

"4th. I see no objection, but on the contrary, I can see some advantages to the development of the great water powers on the St. Lawrence and in the gorge of Niagara by a public corporation rather than by a private corporation, and to the ownership of all lands, water rights, flowage, dams, power houses and structures by such a public corporation.

"5th. The Public corporation, in order to float its securities and to obtain distribution of such power, should make a contract with the private transmission and distributing companies of the State to undertake that distribution on terms that will yield them a fair return on the private capital employed in the business of that transmission and distribution. The question of amortizing the bonds of the public corporation and of amortizing the capital investment in the transmission and distribution systems through a period of years is one of policy. If this amortization takes place rapidly, it will result in increasing the cost of power. If spread over a long period, it will not be a heavy burden on power users. If not amortized at all, but only maintenance, obsolescence and depreciation are covered, power can be had for our existing generation at the lowest possible cost.

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"6th. This I did not say to you, but I intended to. As to the small powers on our interior rivers, each water shed is a unit and should be dealt with as such, so as to get the maximum use of the water of that particular water shed in the public interest. A water shed, like the Hudson, for example, has in it the questions of flood prevention and navigation as well as the use of water for power. It is possible, and indeed I think probably, that the present public corporations known as River Regulating Districts supply all the machinery that is necessary to protect the public. If not, then there should be close co-operation, or possibly even unification of the river regulating district idea with your Water Power Authority."

A significant feature of his talking on the question of public utilities at this time was his counsel to his associates to give more attention to financial and political questions that were arising in connection with their business than they had ever done before. Most of them started as he had, at a time when the utility was a local affair financed by individuals who had faith in the enterprise. Its only political obligation was securing the proper franchies and contracts from the local government; its only social duty was to supply the needs of the community.

Now it was a different matter. Transmission systems carried power across the country; it had become inter-state.

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Their financing is complex; they must face state regulation - national regulation. It is their business to study these questions, to understand them and frankly to speak their minds, educate themselves and educate those they served.

It is the inaccurate information, the half-knowledge of those inside as well as outside of the industry which is lodged the basic trouble .

"It would be well if we would step outside the industries ," he said once, "and look at it as a whole from the standpoint of the outsider, for the purpose of seeing whether or not from the social and communities point of view we are doing all we can."

This looking at the industry from the outside included a thorough examination of the financial set-up from the point of view of the critics of that set-up. He would have the managers of the industry their own financial critics, at least have them able to explain - justify - what they were doing and why they were doing it. This critical examination of themselves, by themselves, might mean changes in the set-up, but how much better to make the changes because they saw they had not been fair or at least were creating suspicion in the public mind than to let things slide until the attacks from the outside became justified by what had been allowed to happen inside.

See 260A-1-3

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260-A.

My own experience with the various of tea used at Cape Cod made the finding on the part of individuals individual purchase of special importance, ~~the~~ ~~has~~ ~~he~~ shows that - ~~the~~ ~~the~~ ~~that - he~~ our individuals - as ~~above~~ ~~becoming a used~~ ~~matter~~ ~~over~~ running beyond normal normal on the part of - normal or the part of - normal can run beyond state - normal - ~~ratio~~ but the complete collapse of the individual used ~~which~~ efficiency is not - very ~~di~~ sight can ~~verify~~ it - ~~because~~ can ~~verify~~ it - because ~~can~~ verify it - on the following pages ~~fuller~~ in ~~at~~ 1925 - ~~in~~ ~~proper~~ ~~turnover~~ are ~~at~~ a good ~~in~~ proper turnover are a good ~~for~~ ~~to~~ day on any ~~other~~ 7 year ~~ex~~ - ~~and~~ ~~which~~ ~~cost~~ ~~new~~ ~~cost~~ ~~new~~ ~~cost~~ ~~new

260-A.

Under my pay & indented Leadership
the thinking of these men
been

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260-A. 2
is clever to write to me papa

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Not many people were

Certainly are their reflections are different - in every, their pleasures in a certain daily pursuit we are accustomed to learn from responsible individual leaders. Had their pack radio [illegible] their individual thread is true. "I is rocking the boat" even children say at times but as he looks at it - the boat needs rocking - Had - there is danger in meeting criticism in looking ahead & preparing for always for the [illegible] of responsible leaders

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While the ~~power industrial Army~~
~~Lacking~~ got in ~~strikes~~ ~~strikes~~
~~the~~

A

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Mr. Young's open advocacy of further consolidation in the telegraph, telephone and radio services of the country took away the breath of a public educated to believe that no one sought consolidation save for selfish reasons, and that he always carefully concealed his intentions as had been proved so often in the past to be the fact.

Called before the Committee in Inter-State Commerce of the United Senate, busy investigating the relations between telegraph, telephone and radio communications the obvious trend towards closer amicable relations, Mr. Young gave them freely of his mind.

If their purpose was as he supposed to frame a policy which would give the people of the United States the best communications at the lowest cost he regarded it as a privilege to co-operate.

He reviewed the growth of the various instruments of communication and posed the question - How can we so organize the services of these instruments that the whole people will profit? How is such an organization to be operated - by private concerns or by the government? There was no reason or principle why the government should not own and operate if that was the best way, but obviously the present policy of the country was against the government going into any business.

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If that was the country's opinion then how are we to get the best communication at the least cost through private concerns? He reviewed what we have got by competitive service - it was not satisfactory, he claimed.

"Our own telegraph services are about the only ones left in the world which continue that expensive and archaic method. When we think that in order to establish two competitive telegraph systems we must duplicate poles and wires overhand and cables undersea, we must duplicate offices, equipment, and personnel from messenger boys to president, it is obvious that both the capital cost and the labor cost is vastly more than it would be were such duplication avoided. Even granted that competition develops more effective management - and I think there is something to be said for that view - it is hopeless, under such circumstances, to expect the savings of management to be enough to off-set such tremendous waste as results from duplication. If, now, we are to add the duplicate services not only of one radio concern, but two or more, to the wire services which exist in telegraphy, and we establish four sets of offices and personnel, the competition will inevitably become ruinous, wages will be inadequate, capital will be lost, and ultimately services will be demoralized, all to the disadvantage of the people who really want the best communications at the lowest cost.

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Under the competitive system our bill for communications, viewed from the standpoint of society, is bound to be disasterously large. Therefore, Mr. Chairman, both on the ground of quality of service, on the ground of research and development for service and on the ground of ultimate cost to the community of service, I am forced to the conclusion that a single company, under adequate government regulation, can do our record communication service better and more cheaply than under the competitive system."

But whether he was right or wrong about the wisdom of unifying domestic communication service he was sure he was right in believing that all international services should be unified, made a monopoly either regulated by the government or owned by the government.

"If you have any hesitation," he told the committee, "about unifying our external communications in the hands of a private company under government control, then I beg of you, in the national interest, to unify them under government ownership in order that America may not be left, in the external communication field, subject to the dictation and control of foreign companies of governments.

"Whether we look east or west we find cables and radio united in all the great nations of the world as a protection to their national interest. In the field of international communications Great Britain has not only permitted but compelled such unification. France has done the same. Germany is in the process of doing it. Italy has unified control. Japan has both

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services unified under government control. How can our competitive companies in America, three of them or more, meet, from the standpoint of national interest, these consolidated units in other countries? Any one of our three companies may be obliged, to save itself from ruin in the international field, to accept such terms as the unified interests may dictate to us. This may affect not only rates of service, but character of service. It may indeed affect quality of service. I beg of you not to put the communication services of the United States, which are essential to the development and extension of our business in times of peace, and always essential to the national defense, in a position where others may dictate to us here and we are powerless to protect ourselves.

"It was with this in mind, Mr. Chairman, and as a first step, that I was instrumental in arranging for unification of the radio telegraph services with those of the International Telephone & Telegraph Company, if and when the laws of the United States permit. I should like to see a similar arrangement made between the International Company and the Western Union, so that Congress may know that the moment enabling acts are passed unification of these services could be had, under the control of the government of the United States. I made no apology for that arrangement. Insofar as I am concerned I have done my part towards what I conceive to be the protection of the interests of my country. If Congress does not pass the necessary enabling acts it must take

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the responsibility of weakening, perhaps irretrivably, the position of the United States in the field of international communications. Parity, gentlemen, is important to the United States in more fields than war ships; in none more so than communications.

"You will note, Mr. Chairman, that whenever I have spoken about unifying communication services, either in the domestic or in the international field, I have always attached to it the proviso that adequate regulation and control shall be put into the government of such services and the rates to be charged therefor. I have no doubt but what effective regulation can be established, fair alike to the people rendering the services and to the people served. In fact, I may say that we must learn how to regulate adequately our public service in private hands, or there will be no alternative but the government ownership of such services."

The point is that here was a man who was not afraid to advocate a monopoly in communication in the interests of the public, to say that he believed that private handling under government control would be more effective than public ownership and operation could be, but that if it was not to be the one, it would in time of necessity be the other. The point was not missed by the people "listening in". Owen Young is not afraid - not afraid of his associates, else he would not talk so freely of government regulation, government ownership, not afraid of the

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politician else he would not advocate monopoly in so many words.

A more recent example of his daring as an industrial leader is the part he has taken in presenting to the electrical industry, as well as to the public, what is known as the Swope Plan. If we run back to the development of the labor policy of the General Electric, beginning with the system of employers representation in 1922 and on to the adoption in 1930 by vote of the employers of the scheme for Unemployment Insurance, first offered them in 1924, you find Mr. Swope as soon as that bridge was crossed announcing a new slogan - "A job for every man." By which he meant, such stability in industry that there would always be work for him who would work.

"The world does not owe a man a living," Mr. Young told the Harvard Business School, "but business if it is to fulfill its ideal owes men an opportunity to earn a living."

How was it to be realized - this job for every man? All through this long period of depression Gerard Swope and Owen D. Young have been thinking and talking of some form of stabilization which would take care of the entire electrical industry - keep it steady whatever the conditions. Taking care of the General Electric was not enough for [illegible] in the long run it must rise or fall with the entire industry.

When once a problem is planted in Owen Young's mind he never forgets it. He lets it grow, examining it now and then to see how it is doing, watering it with meditation, fertilizing it

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by talk, discussion. Those with him in leisure hours in these years of the depression have often heard him, t"thinking aloud," as is his custom, building up a plan which would keep an industry on its feet whatever shocks of fortune shook the country.

Mr. Swope was busy as well, and out of the hard thinking of the two came the plan which ... rather stunned industry, when announced in the fall of 1931, and temporarily at least silenced a great body of active-minded talkers, writers and politicians, who have been throwing out plans much as the French Revolutionists threw out constitutions in the early days of that exciting movement, every Revolutionist going about with a constitution in his pocket!

The Swope-Young Plan for stabilizing the electrical industry has its revolutionary features, the most startling being the proposition that the industry no longer operate in independent units, but as a whole, according to rules laid out by a trade association of which every unit employing over fifty men is a member - the whole supervised by some Federal agency like the Federal Trade Commission. A uniform system of accounting, a free exchange of information, a balancing of production and consumption, the insurance of workers in accident, sickness and unemployment, are required of each concern in the association.

After Mr. Swope had read his plan to the assembled representatives of the electrical industry last September Mr. Young

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gave it severe criticism - criticism which was really exposition. He warned business and the country that if they were serious in their call for a plan which would stabilize industry they must be prepared for sacrifices, the most difficult for an American to contemplate being that surrender of liberty ~~of action~~ necessary to ~~carry on a plan~~ team work in carrying out a plan

"Too many people think," said Mr. Young, "that we can have an effective plan without paying anything for it. They are all for the advantages of a plan, but they refuse to pay the price."

He might have quoted John Heywood;

"Would yee both eat your cake and have your cake?"

Many people trying to understand what Mr. Swope and Mr. Young have worked out in their attempt to realize their slogan, "a job for every man" will balk at the start at the idea of a trade association actually ruling an entire industry, even though it be supervised by a federal agency. The popular notion of a trade association is ~~that it is~~ an organization to keep up prices and protect members whatever their practices. Mr. Young believes the trade association to be the most effective agent we have today for keeping men upright and honest in their business practices.

Listening in one night on the radio, he heard a preacher complaining that trade associations were keeping the men away from the church, and that ~~was bad because~~ these organizations protected their members in unfair practices, ~~He was suspicious of them.~~

The next time the Electrical Manufacturers Club met Mr. Young told them about that sermon.

Gerard Swope & Owen D. Young

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"It occurred to me in thinking it over that in the earlier days in this country, when the church was more largely attended than it is today, the church itself performed the function, not only of the church, but of the trade association. When practically the whole business of the community was local business, even its manufactures, there was created in the church itself that acquaintance between men doing business, and that public opinion regarding business in the community, which safeguarded their business methods. That man only stood high who carried his professions to church and to his daily life.

"In that day a man who habitually sold in his own community a bucking or kicking horse for a gentle and willing one, was soon found out and soon had his reputation fixed for him. Then there came a change. Business no longer was local, but the church remained local. If a man sold a "spavined" motor to somebody in a town one hundred miles away, especially to a non-technical buyer, it was hard even for the buyer to know that his motor was inferior, and it was easy for the man at home to continue his professions in church on Sunday and retain his position in the community on the basis of his professions rather than his acts.

"I suspect the trade association has primarily grown up to take the place of that restraint which the church exercised in the older communities. If a business were technical, and you wanted a public opinion which men engaged in the business would respect, it could only be had by an association of men engaged

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in that particular industry. They were the only ones who knew, or could know with certainty, whether an inferior product was being put out, whether false representations were being made, whether unfair practices were being resorted to. So men conceived the nation that in these particular industries - in fact in our own - it was necessary for them to get together, to become acquainted with each other, and create within the industry a sound public opinion as to proper business practices.

"I am inclined to think that that is the reason for the Electrical Manufacturers Club. I am inclined to think that through it we create a public opinion in the industry which appraises every member of the industry. Men value that appraisal, especially when their associates in the industry are their friends. After all, every man, I think, values more the good opinion of his friends and acquaintances than any money he can make unfairly."

The Swope Plan challenges the Sherman Act. Mr. Young recognizes this, though if we examine the interpretations of the Sherman Act made by the Supreme Court in the last ten years, there is good reason to believe that if the plan should be tried as a laboratory experiment - by the electrical industry - under Federal supervision of course and corrected as dangers and weaknesses are discovered - which is practically what Mr. Young suggests, the Supreme Court would sustain it. It would have to prove itself a

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"good trust" to be sure, for trust it is, so "good" that it would be strong enough to withstand even that possible "bad" leadership which is the menace of all big institutions.

Mr. Young knows too much about the law and its history to be afraid of the law. He knows the intention of the law is to foster, protect, not hamper, destroy, and that when it ceases to serve adequately the thing it seeks to foster, protect, it must be re-moulded.

Thirty years experience with public utilities - experience that began back at the end of the Nineteenth Century - has convinced him that the law does not keep up with the advance of business, since it has to be made after the fact, to control the fact.

"Business," says Mr. Young, "is constantly on the firing line, looking forward to new situations, adopting new methods and exploring new areas. Old methods appear over night - new ones come in. Old areas of activity are enlarged, new ones like the automobile, the radio, flying machines, have been discovered."

When he wants to do something which the literal mind says is contrary to an existing law, if he has convinced himself that it is a necessary and wise thing, he ~~has faith~~ is willing to believe that the Judges of the Supreme Court will make a right rendering about his undertaking. He is on the firing line and he must go ahead, else his business will lag behind the advancing line which ~~he knows~~ natural economic laws are forcing forward, for Mr. Young knows

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that there are certain natural laws governing things, laws older than any statute ever written by man.

"The lawyer," he says, "knows the difference between the law of gravity and an excise tax on coal."

He illustrates from Mutt and Jeff (Mutt and Jeff are friends of his - as are Amos and Andy!):

"Do you know the world is round?" Mutt asks Jeff.

"No, is it?"

"Yes, right on the other side of this world are four hundred million Chinese people right now."

"What keeps them on?" asked Jeff.

"The law of gravity."

Jeff was puzzled. "What did they do before the law was passed?"

There are plenty of people like Jeff, that see no foundations under our industrial life but the statutes on our books. And how in the world we are where we are without those statutes troubles them as much as Jeff was puzzled, by the fact that men stayed on the globe before the law of gravity was passed!

But is not such boldness in an industrial leader a menace? It certainly would be if the leader was considering only his own unit. But a Big Business in Owen Young's mind is not and cannot be a private business if it is to grow - endure. It is an institution; its leaders are trustees, trustees who have obligations to

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everybody concerned in it, to the public which it must serve satisfactorily if it is to exist, to workers from top to bottom who keep the institution not only going but growing, as well as to stockholders.

"The old notion," says Mr. Young, "that the heads of business are the paid attorneys of stockholders to exploit labor and the public in the stockholders interest, is gone - I hope for ever."

But such a conception of leadership requires that a man be more than a great business expert, more than a great attorney. Mr. Young has made himself clear on that point in a letter written five years ago to a member of the Engineering faculty of Cornell University who asked his opinion on the position of the engineer in the next generation, to be used in a book he was preparing.

"What I have to say about the position of the engineer in the next generation," Mr. Young answered, "may not be the kind of thing which you would wish to insert in your book. The position of the engineer depends, in my judgment, upon the engineer himself, and back of him, upon the spirit which pervades engineering training. If the engineer is to take the place to which he aspires and to which perhaps he rightfully belongs, he must add to his technical training certain things which both he and the technical schools have heretofore not emphasized; in fact, things which they have heretofore affirmatively depreciated. The technique

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of pure science or pure engineering, like any highly specialized technique, withdraws itself automatically by reason of its specialization from participation in broader movements.

"The lawyer becomes important in public affairs, generally speaking, only when he becomes less of a lawyer. And so in a sense, the engineer will become influential in public affairs when he becomes less of an engineer. That does not mean quite what it says, because our greatest lawyers, like Mr. Root and Mr. Hughes and Mr. Choate of the generation before, did not let their superior knowledge of the law paralyze their broader activities as men. That is the thing which the engineer and the engineering schools by and large have not yet learned. They think it is enough to be a great engineer. In a sense, it is, but it does not qualify them to take a leading part in society. They must add to their great engineering qualifications something more. The engineering schools have been deficient, in my judgment, in training their men for that something more. They have not emphasized sufficiently either the art of spoken or written speech. They have not emphasized the importance of social and political relationships, and not until they do create great engineers with the overlay of these commanding social qualities will the engineer take the place which it is his ambition to do, and in a sense, it is his right to do! Engineering, like all the other professions, is not a self-sufficient, God-given art in itself. It only deals with

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tools. Over and above the technique of the skilled craftsman, in any art, you must educate and develop a man. When you do, whether he be lawyer, or engineer, or preacher, or merchant, or painter, or author, he will take his place in the major activities of life."

How to produce these men for our future industrial life, who are not only skilled in their arts and crafts, but are also educated and developed, has been one of Owen Young's grave concerns for many years. That is, here is an industrial leader who regards education as one of his functions, though that is something the public is only just beginning to understand.

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