

Blossom's suggestion

THE LAWYER'S INVASION OF BIG BUSINESS

THE CASE OF OWEN D. YOUNG

The law gave us the greatest industrial leader of the first quarter of this century - Judge Elbert Gary - organizer and director of the United States Steel Corporation. And it has given us one of the most far-sighted and challenging leaders of our day - Owen D. Young - head of the General Electric Company. The success of these two men is largely responsible for what business speaks of today as "The Lawyer's Invasion."

For Gary and Young the path from law to business was direct and logical. The former did so well in the '90's for his first Chicago clients in iron and steel that others sought him, tried him out on small, then large matters. It was a new field largely uncharted. Gary liked it - became an authority on its intricacies - walked straight up to the biggest business undertaking of his time.

Owen Young's early experience parallels Gary's. In the mass of routine legal matters with which the law firm where he began his career in 1898 dealt:- leases, deeds, wills, bankruptcies, collections, torts, claims, he found an activity still in its childhood, one which invention was changing over night - one with which the law had not caught up - the public utility. Mr. Young's office was dealing with electric power plants scattered from New England to Texas, from Minneapolis to Seattle. A natural pioneer this work spelt opportunity. His success in it led him straight to the legal department of the General Electric; the head of the legal department and Vice-president in charge of policy was his new position.

And that might still have been Owen Young's position if the United States had not gone into the Great War in 1917. The Government had

drawn into its service most of the experienced executives of the General Electric Company, and he had to take over many of their duties, assume new responsibilities, boldly venture into new channels of effort. As a result when the war was over he knew the business of the General Electric from top to bottom and the General Electric knew that it had found a leader.

It was still some time before the public at large knew this however, not until the Spring of 1922, when it was announced that Charles A. Coffin, for thirty years Chairman of the Board, had retired and one, Owen D. Young, was replacing him. Newspapers and magazines began to tell and retell his story -- explain him.

How did he arrive at forty two after a training and a long sub-merging in legal work? Probably the first reason was that he could make decisions, and having made them take the responsibility of carrying them out. In those fevered days of the war the man that could say, "Do this, do that" was a tower of strength. Young was such a man.

His decisions were strong because they anticipated objections. He had learned that in the law. You could not serve a client by knowing only his side of the case -- you must consider the facts, the claims, the theory of your opponent. He startled his colleagues by the attention he gave to the other side -- his insistence that it, too, had a case, that the only wise as well as just way was to begin by seeing what was on that other side, what ought to be conceded, what they must have.

This method, habitual with him whatever the matter he handles, whether it be legal or business problems, whatever the field in which he functions -- private industry -- public relations -- international affairs -- is sometimes challenged -- "Our side is the one that concerns us, not the other side." He answered such a criticism once by what he called a "crude illustration."

"Suppose," he said, "that a man comes home at night and is informed by his wife that she has accepted an invitation out to dinner. 'Well,' he tells her, 'the facts are that I am tired, there is wood in the grate, there is food on the table, there is a pipe at hand and tobacco in my pouch, and in the light of these

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facts I decide that I stay at home and smoke before the fire."

"I venture the statement that before the evening is over he will find that there are other facts in the problem of which he has not taken account. And rightly so. There can be no peace which takes accounts of the facts on one side only. I do not care whether it is in the simplest human relations, or whether it relates to the settlement of problems between nations, the principles are all the same. If anything, it is more important that we understand the facts affecting the other fellow and his point of view than it is that we understand our own."

This way of looking at things leads him frequently to unconventional practices -- counsels. There is the way to handle one who has proved himself a crook but who must be dealt with. An assistant came to him one day boasting that he had worsted one of this type.

"Don't be so sure of that," Mr. Young told him. "You are laughing at him, but probably you will find later that he is laughing at you. Crooks are the hardest men in the world to match. An honest man cannot beat a crook; he does not know the game. He has no tricks. If you must deal with a crook there is only one possible way of getting the better of him -- treat him as if he were an honorable gentleman, act as if he were on the level. Possibly he will be so flattered by such unusual treatment that he will respond to it, be proud that someone has trusted him. You will have made him your friend and possibly you can depend upon him forever."

Owen Young's legal training which taught him the value of looking at both sides led directly to the most constructive, as well as provocative, plan for Industrial Stabilization of all the many recently offered as -- the Swope Plan.

The seed of the Swope Plan was planted at the close of the war when Mr. Young, faced with general labor disturbances in the plants of the Company, insisted in getting the points of view of men. His first inquiry was, "What is the matter with the men? Why did they feel as they do?"

Management told him that the men were unreasonable, that you couldn't argue with them, that you had to take what was called a firm stand and fight it out if necessary.

"I knew this could not be so in the plant at Schenectady," he told me once, "however it might be in our other plants for there were numbers of men there that I had known back in Herkimer Country. I had grown up with them in my own town of Van Hornesville.

"If I had not decided to study law when I did I realized I might have been there myself filling a position like this. The wages these men made were a matter of great pride in Van Hornesville. When I came on to Schenectady they used to sit around in the grocery store and wondered what it was that Owen did -- whether he had as good a position as Jim's -- whether he earned as good wages.

"Now I knew that Jim and men like him were reasonable people and if they were making trouble it was because they felt they had a genuine grievance. I was convinced their grievance at bottom was the fact that they had no chance either through their representatives or as individuals to "talk things over." They had all their lives been accustomed to that. It was a precious right as well as one of their chief pleasures -- this sitting down with the boss and "thrashing it out." It both humiliated and irritated the men and it made labor militant, suspicious. I decided then that we must establish and keep open a free channel of communication between men and management."

You may call this ~~ix~~ a simple minded approach to a complicated problem, but it was by th~~is~~ approach born of his legal training that Owen Young worked his way to a solution of the difficulties in the General Electric in those years. It has been with the help of the system of employer's representation then established that the full labor program -- stock owning -- accident and sickness and unemployment insurance has been worked out and is carried on.

At more than one point in his career Mr. Young's legal training has given

him the understanding with which to challenge existing laws. Take the Swope plan, an outgrowth of his policies, for example. The Swope Plan challenges the Sherman Act. Mr. Young recognizes this, ^{But} ~~but after~~ ^{examining} the interpretations of the Sherman Act made by the Supreme Court in the last ten years, ^{2 one can} believes that if the Swope plan should be tried as a laboratory experiment, under Federal supervision ^{- Mr Swope & my own suggestions -} ~~corrected as dangers and weaknesses are discovered,~~ ^{that the Supreme Court would} ~~sustain it.~~ ^{might}

Mr. Young knows too much about the law and its history to be afraid of a 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. He is convinced 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 ideas. 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 minds say is contrary to the law, ^{he believes} if it is necessary and wise, he puts his faith in the Judges ^{of the} ~~Supreme Court~~ ^{he must go} believing that they will support his undertaking. ^{me} ~~He must go~~ ahead else his business will lag behind the advancing line natural economic laws are forcing ^{Mr.} Mr. Young knows 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 got 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 trace the evolution~~ of Owen Young^A from the days when as a young lawyer he spent his days and nights in study to the point where Mr. Young stands today and you cannot escape the conclusion that there has gone into his development something more than the mastery of the law, something more than a mastery of the principles of industry. He himself gives the key to this in a letter written five years ago to a member of the Engineering faculty of Cornell University who asked Mr. Young's opinion of the position of the engineer in the next generation. *to use in a text-book*

"What I have to say," wrote Mr. Young, "about the position of the engineer in the next generation 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 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 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."

In that letter we have the ^{fund} reason why Owen Young has taken the place he holds in the industrial life of the nation and of the world. He has not allowed his superior knowledge of the law to paralyze the broader activities of a man.

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