# CHAPTER X

## Owen D. Young - Industrial Leader

When a man emerges in this country, is not afraid to speak when he is sure he has something to say, with courage to take responsibility, see a thing through, people begin at once to urge him into politics. Mr. Young has not been an exception.

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

"Mr. Young listened patiently," says his friend Mr. Harold Johnson, 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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would not be a bar against his being eligible to the presidency of the United States."

The talk went on. True some of those most enthusiastic about the drafting, whatever the office, had their ardor chilled by discovering he was a Democrat.

"I couldn't believe it," one of his heartiest admirers said. "He just naturally belongs to the Republicans. I never was more shocked politically than when he told me that, seemed to be proud of it. Still I would vote for him on any platform - you can trust him."

There were not a few of Mr. Young's admirers who felt like this friend. It was an attitude of the political mind that he was familiar with. He had been "born a Democrat."

# In 1892 at St. Lawrence he had worked for Grover Cleveland and the community had visited its scorn upon him. But the experience had only intensified his Liberal bent. He was in Boston in 1896 when Bryan was running for the presidency.

He had just been taken into the Tyler office and did not take up his residence in the city in time to register and vote that Fall due to some technicality of the statutes.

"But if you had voted would it have been for Bryan," I asked him once.

"Of course, because the alternative of voting for McKinley was unthinkable."

"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, Bryar 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."

But that did not end it! but rather acted as a spur to some minds. The suggestion gathered strength - spread - and in June of 1927 the New York Times published an editorial under the caption, "Fit to be President," its starting point a remark of Senator Carter Glass of Virginia - "Owen D. Young would be the ideal Democratic candidate for president in 1928." The Times wrote warmly of his fitness:-

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"It is objected that Mr. Young has had no practical experience in politics. .... A genius for politics may often be latent, waiting only for opportunity to call it forth. Time and again we have seen in this country how a fresh and vigorous mind brought to bear upon public affairs has made the old hands at the business look routine and dull. It would be strange if large mental powers exhibited in important fields of human activity, with a marked talent for executive work, could not easily be turned to public service."

Mr. Young was in Europe attending the annual meeting of the Inter-national Chamber of Commerce at Stockholm in 1927 when this editorial was brought him by a battery of excited reports. He at once dictated a positive answer - not a candidate - not in politics - in business and proposed to stay there. But at his side was his old friend, C. F. Weed, a friend from his early Boston days in the Tyler office.

"Don't do it," argued Mr. Weed. "Don't you see what an immense advantage it will be to the American Section of the International Chamber of Commerce to have a possible future president of the United States acting as chairman? You have no right to rob us of that glory."And so on and so on until Mr. Young gave in. Mr. Weed no doubt was speaking in their case one word for the International Chamber of Commerce and several for the possible presidential candidacy!

An effort to organise the interest developed - it

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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 gentlemen who were acting as an escort to Mr. Young that day was 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 personality, 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."

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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.

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.

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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."

"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 had 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:-

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"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 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 people were beginning to see in Owen Young, not what the politicians saw, what many admiring friends saw, a potential candidate for office, another political leader to intrigue and squabble over - but something which intuitively, if gropingly they felt was possibly at this juncture of even greater 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 who had had a long experience in handling these processes was unafraid to face and examine them for both their

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benefits and their errors, nor afraid to talk over with the public what he found. Here was a man who sought to secure results, not by attacks on individuals but by attacks on facts - all the facts.- one who was helping people better to understand why isolation was no longer possible for this country.

The sense that this leader had appeared when the country most needed him was intensified by his clarity and frankness in dealing with industrial problems of all sorts as they came up. By this time the public was pretty well acquainted with his broad and generous outlook on industrial relations. When he talked on this subject as he did in his address before the Harvard Business School men realized that this was not an idealist with no responsibility or experience with labor problems who was talking but one who had for years now been in a continuous struggle to work out what he talked. He had been backing the application of his notions, not merely preaching them.

Wherever he had faced a thorny and little understood industrial problem he helped to better understanding of its meaning. There was the holding company.

Back in 1918 at the request of Governor Whitman of New York State he had set down his judgment of this devise in utilities and what he wrote then is valuable reading today, particularly for the large number who have no conception of the functions of a holding company, or how its possible abuse can 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 depends on the business 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

and establish one large, efficient, 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."

As for possible abuses of the holding company he believed that they could be prevented by a soundly devised public service commission - a commission which permitted 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.

There is repeated proof in Mr. Young's business operations and in his public addresses that he considers it the duty of state and federal governments to devise and conduct regulating bodies which will safeguard all the interests involved in an industrial undertaking and that he regards it as the duty of business to co-operate with these regulating bodies.

Investigations seem to have little terror for him. He refuses to get in their way, hamper them. Indeed he has a quite unusual sense of what is proper - good taste - when an investigation of something to which he is directly or indirectly related is on foot.

In June of 1930 Mr. Young spoke on short notice before the Fifty Third Annual Convention of the National Electric Light Association held in San Francisco, California - a speech probably as significant and far-reaching as any he has ever made - a discussion of, "our American surplus." It is probable that the Convention expected him to talk on the controversies then as now raging in the public utility field. But at the start he told them he had nothing to say on these matters:-

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"It is not," he said, "because I have no views on such controversial questions, or because I am unwilling to express them at the proper time either to the members of this industry or to the people as a whole. I prefer not to state them now for two reasons. First of all, most of these controversies are in process of investigation by public bodies especially authorized to deal with them. The evidence is not in and findings have not been made. Under such circumstances, it would be an unwarranted presumption on my part to volunteer testimony, opinion, or advice. Then, too, there is another reason. It is because a wide radio chain has been set up for the purpose of broadcasting the speech of the Secretary of Commerce. Because of my intimate relationship to the radio art and industry, and particularly to broadcasting, I do not feel that I should discuss controversial problems of the utilities on the air."

It looks as if here was the beginning at least of a code of Good Manners in Industry. Let that be accepted and along with it a code of Good Manners for Politicians and Reformers dealing with Industry and the public will stand a much better chance of protection.

Along with the above remarks at San Francisco should be quoted the statement Mr. Young made in May of 1930 anent the radio suit which the Government had recently brought:-

"The Radio Corporation of America welcomes the suit of the government of the United States to test the validity of its

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organization, which has now existed for more than ten years, and in every step of which the government has been advised.

"In 1919, when the company was organized, no one concern in the country had the necessary patents to enable it to develop the radio art and create a business. Each of several had some, and each could block the other. The purpose of the organization of the Radio Corporation was to release the art by grouping patents enough in one place so as to enable sending stations to be created and receiving sets to be built. That this was accomplished is shown by the rapid development of the radio business.

"In order to promote competition in the art and in the business, and to avoid patent litigation which would have prevented development, licenses have been issued to thirty-four concerns to make ~~radio receiving sets and to four concerns to make~~ radio tubes. Between them, as the public knows, competition is severe.

"These licenses provide a royalty payment, which was intended to represent the fair contribution of the licenses to the expenses of the research and the cost of the original patents. It was intended to be less than the royalty payment would have been had the patents remained in scattered hands. All these licenses are licensed under all new inventions, and have the benefits of all existing research of the Radio Corporation and its associated companies in the field which the licenses cover.

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"This arrangement seemed wise. As a result an industry was born, thousands of people were employed, and millions were enabled to listen, without charge for programs. There can be no question of benefit to the public. There is apparently now, looking backward, and because of a recent court decision in another industry, some question in the mind of the Department of Justice of a technical violation of the law.

"Certainly, if there be anything illegal in the set-up of the Radio Corporation, its officers, directors and stockholders are more deeply interested in that question than either the government or any other group can possibly be. It is very glad, therefore, that a test case has been brought. It prefers very much to have such a question out of politics."

It is more effective regulation by the government rather than less that he has repeatedly asked - less in the interest of the party or the thing - more in the interest of the public served by industry - and he probably sees that in the regulating body as within industry itself the chief trouble is not lack of law but the lack of men. Something of this sort was perhaps in his mind when some months ago he appeared before the Senate Committee on Interstate Commerce busy with proposed amalgamations in the field of communications - national and international.

Mr. Young seems to have quite assure a sense of what it is about an industry in which he is interested which causes public suspicion as he has of the weaknesses of regulating bodies

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and he is quite as frank and tactful in calling attention to it. In his talks to associations of utility men he is continually proding them to study problems of service, problems more important he insists to their stability than the problems of profit which is to be feared is all some of them see.

He never tires of crying the extension of electricity into out-of-the-way places, wants it particularly for the farm. Electricity not only multiplies many times the farmer's resources, frees him from drudgery, leaves him with the vitality to use his brain as under the old conditions he could not do, but it makes 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, has insisted that it was the duty of electricity to bring back the reputation of the farm as a home. He, himself, believes that if the farm can be freed of its old handicaps it has social advantages that the city can never give. But he knew that modern men and women fled from farm life under the old conditions. Particularly did he want farm women helped out. He wants to see washing machines, in place of wash tubs and wash boards. Monday morning in the farm house is a bitter memory to him. He hates it economically and he hates it socially. And through these years, since he became the head of the General Electric he has kept up his pleading for electricity in out-of-the-way places, in every farm house in New York State.

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In discussing what might be done by this complete electrification of out-of-the-way places he has made a point which deserves more attention than it has ever received:- that electricity would make possible a re-distribution of population. He points 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 can not move away. These communities have 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 love the American small town, know its opportunities and its joys.

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

A significant feature of his talk to his associates is the advice to give more attention to the fresh financial and political questions arising in connection with their business than they had ever done before. Most of them started as he had,

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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 franchises and contracts from the local government; its only social duty was to supply the needs of the community.

Now it is a different matter. Transmission systems have carried power across the country; it has become interstate. Their financing is complex; they must face state regulations - national regulation. It is their business he tells them to study these questions, to understand them and frankly to speak their minds, educate themselves and educate those they serve.

It is the inaccurate information, the half-knowledge, of those inside as well as outside of the industry which is today 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 community 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

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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 outside attacks became justified by what had been allowed to happen inside.

Mr. Young's experience with the business of the world at large has made his thinking on the trend of international industrial growth of special importance. He knows that our industry is as surely running beyond natural boundaries as in the past it has run beyond state boundaries, that nothing but the complete collapse of the industrial world which certainly is not now in sight can stop it. Economic laws are forcing it. The following paragraphs written in October of 1925 to Joseph Tummulty are as good for today as they were seven years ago and much less revolutionary. The situation he saw then is clearer now to more people.

"When the United States was a debtor nation its principal obligation to the international economic situation was to develop its own resources to pay its foreign debts. Now, circumstances have changed, and we are the creditor nation of the world, and have a large share of the gold supply which is needed as reserves for the currencies of the world. We must extend still further our foreign loans. In other words, we can no longer now act solely for ourselves, but our every act involves something in

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the nature of a trusteeship for others. In the old days, we could consider such subjects as our tariff, our fiscal policy, our agricultural problem, as separate problems of our domestic welfare. We have grown into the habit of keeping these problems in separate compartments, carefully insulated from each other. Now we have to have an international policy as well as a domestic one. Our Federal Reserve Bank no longer functions alone as the reserve agent for our domestic banks, but it holds a large part of the gold of the world. It must respond to the responsibility which that imposes. Our tariff is no longer merely a protective policy for American industry. It must affect the world's movements of goods, and the capacity of debtor nations to pay their debts to us. Our agricultural situation and the redemption of additional land is all intimately related to the question of whether, from a domestic and international standpoint combined, we can advantageously export a considerable quantity of food supplies. Whether the United States will join the League of Nations or the International Court, that is these man made institutions, is a question which the people, acting through no wise Senate, may decide, but whether the United States will sit in the court of great economic movements throughout the world is not a question which the Senate, or even all of our people combined can decide. We are there, and being there, inescapably there, we must meet our problems and responsibilities with wisdom, courage and conscience."

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Certainly all these utterances are difficult in their quality, their freedom and in a certain daring from what we are accustomed to hearing from responsible industrial leaders. That their frank radicalism disturbs often, disturbs the industrial world is true. "Young is rocking the boat," even his friends say at times but as he looks at it the boat needs rocking, that daring in meeting criticism, in looking ahead and preparing for the changes on the is a duty of the responsible leader.

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.

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"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 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 should 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 pocketf

The Swope-~~Teing~~ 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 necessary to 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 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

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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 these organizations protected their members in unfair practices.

The next time the Electrical Manufacturers Club met Mr. Young told them about that sermon. Here is an abridgement of his reflection on it.

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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. Swope 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."

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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 is willing to believe that the Judges of the Supreme Court will make a right rendering about his undertaking to the courts. He is on the firing line and he must go ahead, else his business will lag behind the advancing line which natural economic laws are forcing ~~forward~~, for Mr. Young knows that there are certain natural laws governing things, laws older than any statute ever written by man.

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"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. The mere bigness of the businesses in which he is a leader disturbs them. Power goes with size and power is always threatening to those who do not understand how it is employed or can be employed wisely. In industry it may destroy the small unit even when sound and useful, create monopolies, defy the public. But abuse of industrial power sooner or later brings its punishment. That has been proved time and again in the last fifty years. A big business to live and grow today must watch its steps, never allow itself to become calloused to public opinion or contemptuous of a law even if that law seems to have outlived its usefulness.

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That is, industry is learning that as power increases so does responsibility and that continued healthful life is in proportion to its acceptance of responsibility.

While Mr. Young preaches responsibility and practices it, preaches regulation and accepts it, he goes boldly ahead in his undertaking meeting the pressure of events, preparing for the changes faced on industry by a changing and growing world.

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

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everybody concerned in it, to the public which it must serve satisfactorily if it is to exist, to the 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; the Cornell professor asked his opinion as to the position of the engineer in the next generation, wishing to quote it 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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