Chapter XIX

ACQUAINTANCE WITH PRESIDENTS

WHEN I was born, Ulysses S. Grant—who led the Union troops to victory in our Civil War—was President of the United States. When I was two years old, Rutherford B. Hayes, was inaugurated. I well remember the death of President James A. Garfield, on September 19, 1881, at the age of only forty-nine years. Although I was then but six years old, I can remember distinctly my father's coming home and telling mother about it. He draped the outside of his store in black, an example which most of the other stores followed. Our city of Gloucester, and most other cities in the North, went into mourning for thirty days, during which time few social events were held. Chester A. Arthur, who was Vice-President, succeeded to the Presidency. I was about ten years old when Grover Cleveland was elected for the first time, in 1884.

The first presidential campaign that I clearly remember was that of the fall of 1888, which resulted in the election of Benjamin Harrison. I was then thirteen years old, a very impressionable age. There were no radios or moving-picture theaters in those days. There was little political newspaper advertising, if any. Campaign managers depended upon public speeches—"rallies," so-called—and especially on torchlight processions. These torchlight processions took place, of course, in the evening. These parades would be composed of several companies. The fishing concerns made up one company; the Civil War veterans made up a second company; the professional people, including doctors, lawyers, ministers, and schoolteachers and college students, made a third company; while the merchants made a fourth company.

PRESIDENTIAL CAMPAIGNS IN THE 'EIGHTIES

Each marcher in a presidential campaign parade of those days would have an oil-lamp on the end of a pole, which he would hold on his shoulder. The lamp would be suspended on a swivel, so as always to be upright. These lamps had a wick nearly an inch in diameter and the flame, of course, was smoky. The different companies would have different styles of uniforms, made of cotton cloth. Some companies would be all white; others would be all blue; and perhaps the professional group might be dressed in silk hats and Prince Albert

coats. Each company would be headed by a group of men on horseback. My father was always on a horse at the head of the company of merchants. Those on horseback would wear broad-brimmed black hats, decorated with a gilt cord; and on the front of their hats would be a small lamp.

My father, I remember, had for his horse on such occasions a very fancy saddle and accounterments. These were given him by the family of Colonel David Allen, a Gloucester man who used them on dress parades during the Civil War. The Allen family farm adjoined my father's homestead. Houses were often decorated, and the homes which were sympathetic with the marchers were illuminated with candles in the windows. My emotions were tremendously aroused by these presidential campaigns. Whether my father really believed that the world would come to an end if his candidate had been defeated I do not know; but I, a thirteen-year-old boy, surely felt it.

History now shows that at the time of the next presidential campaign, in 1892, the United States was on the verge of the great panic of 1893. Naturally, Harrison went down in defeat at the end of his first term, and Cleveland was re-elected in November, 1892. The depression, however, was only about half over in Cleveland's time, and he, of course, was blamed for its continuation, and hence the Republicans had a good opportunity in 1896. Surely politics are as good now as in those days—in fact, in some respects they are better.

BRYAN VS. MCKINLEY

During the last years of Grover Cleveland's second administration the inflationists made a drive, as they always do in the last part of a business depression. This gave a fine opportunity to William Jennings Bryan, a popular orator, who developed a great following appealing for "more money," not realizing that it was a more rapid circulation of the money already existing which was really needed. Finally, the presidential campaign of 1896 simmered down to a struggle between the "sound money" interests, headed by William McKinley on the Republican ticket, and the "inflationists," headed by William Jennings Bryan on the Democratic ticket. This campaign took place while I was at the Massachusetts Institute of Technology. I was too busy with my school and highway work to take part in the campaign, but I attended several rallies. I well remember being invited by a friend to visit the Williams home in Dedham when William Jennings Bryan was a guest there during the campaign. I cast my first vote in 1896 and it was for the Republican Party.

Conditions were similar then to those existing during the presidential campaigns of 1932 and 1936. The conservatives and radicals were lined up in about the same way. There was much similarity in the campaign speeches. To the great satisfaction of the business interests of the country, William McKinley was elected President in 1900. Let me say, however, that if radio broadcasting

had existed in Bryan's time he would have been elected with a large plurality. Business was naturally ready to improve. With the Spanish War as a stimulant, the country soon swung back into a period of prosperity. While attending the Buffalo Exposition, William McKinley was shot. He died in Buffalo on September 14, 1901. As already explained, I was in Buffalo at that time and was keenly stirred emotionally. It probably had an indirect effect on my own illness, which started soon thereafter. The rapidity with which business improved after the collapse and extreme pessimism of the 'nineties should give heart when succeeding depressions come upon us.

THEODORE ROOSEVELT

Theodore Roosevelt, who was Vice-President under McKinley, immediately succeeded to the Presidency and completed McKinley's term. Theodore Roosevelt was re-elected in 1904 for a second term and I then voted for him and the Republican Party. He might have been President for a third term had he not made the fatal slip about "a cup of coffee." I was always fond of Theodore Roosevelt. He had character, judgment, and courage. Although a conservative, he endeavored to be fair to all parties, yet keep all within bounds. He used the "big stick" with both the industrialists and the labor leaders whenever either got out of line. I personally met him in connection with the peace efforts in which I was engaged at that time. He certainly talked to me like a father to a sick child, although, as I look back upon it, I am surprised that he bothered to see me or to write me. I was then only about thirty years old and wholly unknown. He was just the man needed for the country in those days.

If Franklin Roosevelt had possessed the characteristics of Theodore Roosevelt, the country would probably have snapped out of the depression of 1929-1935 much more quickly. I became acquainted with some of Theodore Roosevelt's sons and felt proud of my association with President Roosevelt himself. Whenever possible, I heard him speak. I especially remember a great gathering in Indianapolis which we attended together on a Fourth of July in the latter part of his reign. Among the accompanying illustrations is a letter which he wrote me after he retired from the Presidency. This summarizes the position that he had previously taken with me in interviews. Readers will especially be interested in his personal interlining. Handwriting experts say that his chirography is one of the best illustrations of character, energy, and determination.

WILLIAM HOWARD TAFT

As President Roosevelt had gotten himself into a position where he could not run for re-election, he did the next best thing by having his personal friend, William Howard Taft, who was then Secretary of War, elected in his stead. Mr. Taft was elected in 1908 and I voted for him and the Republican Party.

William Howard Taft was a fine man, but he did not possess the necessary characteristics to enable him to be a successful President of the United States. To give him a good independent start, Theodore Roosevelt left this country on his famous African hunting trip. While he was gone a group, who were antagonistic to Theodore Roosevelt, got control of President Taft. Upon Roosevelt's return, the fat was in the fire. I saw something of President Taft both in Washington and at the summer White House at Beverly, Massachusetts, which was only a few miles from my Annisquam summer house.

I remember once being called to Beverly by President Taft for an analysis of business conditions. By this time the Babsonchart had been worked back in an elementary way to the 'eighties. On this chart I had marked the presidential elections. They showed that when a presidential election came during a time of bad business like 1911, the incumbent was defeated and the opposition party came into control. President Taft immediately saw this and remarked: "Your charts apparently indicate that I will be defeated at the end of my first term. Are you employed by the Democratic National Committee?" I assured him that I was not, in any way, shape, or manner; and up to that time had always voted the Republican ticket. In fact, my father and grandfather were dyed-in-the-wool Republicans. Apparently this was not the advice desired, because the Republican leaders turned to other statisticians for consolation. Mr. Taft, however, needed consolation, both during his administration and after his defeat by Woodrow Wilson in 1912. I voted for Theodore Roosevelt in 1912.

After retiring from office in 1913, President Taft spent his summers in the St. Lawrence region near the New York-Canadian boundary. He changed his residence to New Haven, Connecticut, where he lectured at Yale University. On his first trip from his summer home to New Haven, he passed through Boston, coming into Boston at the North Station. That day I was coming to Boston from Gloucester. The train on which I was traveling pulled into North Station just about the same time as did the train upon which ex-President Taft was traveling. We met each other in the station. He was carrying two large leather bags, while I, fortunately, had no luggage. I thereupon turned to him and said: "Mr. President, let me give you a lift." He smiled and seemed grateful. (For some reason, up to that time there were no red-caps or porters at the North Station.) We both headed in the direction of the taxis. When we found one, he turned to me, with tears in his eyes, and said: "Babson, the last time I was walking through this station, the mounted police were necessary to protect me from the cheering crowds. The American people are lovable, but I fear are very fickle and forgetful." I later functioned with Mr. Taft in connection with the War Labor Board during the first World War. This was a work which he enjoyed. I was happy to see him later appointed to the United States Supreme Court, which filled his last years with real satisfaction.

WOODROW WILSON

The election of Woodrow Wilson in 1912 and his inauguration the following year came in accordance with the Babsonchart. I first became acquainted with Woodrow Wilson in connection with my economic and statistical writings. I was, however, so busy in those days that I did not mix in politics until he came up for re-election in 1916. Up to this time I had never voted the Democratic ticket; but, being especially sympathetic with President Wilson's attitude on the World War, I shifted my political affiliations and worked for his re-election. I spent a large portion of my time freely at the headquarters of the National Campaign Committee. I was at the conference in New York City with the Publicity Director, Robert W. Wooley, when we chose that famous slogan, "*He kept us out of war.*" Moreover, I am not ashamed now of that slogan.[1]

If it had not been for Senator Henry Cabot Lodge, of my own State of Massachusetts and my home county of Essex, President Wilson would have continued to keep us out of war. I go a step farther and say that the world would have been just as well off if we had never entered the World War at that time. My own idea was to let Germany make her peace with France when, as, and if she could; but for the United States to reserve its forces for the protection of England. It would have been fatal for us to have allowed the English people to be persecuted for their part in the conflict. There, however, was no danger of this, as Germany would have been content to make a peace treaty with France by taking over the French colonies. It is too late to pull off scabs, and I will not discuss the war further.

SOMETHING TO REMEMBER

As I was in Washington during World War I, I saw considerable of President Wilson. He was a peculiar man. He had two distinct sides. One was the

[1] On March 5, 1917, Walter H. Page, American Ambassador in London sent a cablegram to President Wilson, which stated:

. . . "[England] cannot continue her present large purchases in the United States without shipments of gold to pay for them, and she cannot maintain large shipments of gold. . . . The almost immediate danger, therefore, is that Franco-American and Anglo-American exchange will be so disturbed that orders by all the Allied Governments will be reduced to the lowest minimum and there will be almost a cessation of Transatlantic trade. This will, of course, cause a panic in the United States. . . . If we should go to war with Germany . . . all the money would be kept in our country, trade would be continued and enlarged until the war ends, and after the war Europe would continue to buy food and would buy from us also an enormous supply of things to re-equip her peace industries. We should thus reap the profit of an uninterrupted, perhaps an enlarging, trade over a number of years, and we should hold their securities in payment. . . . Perhaps our going to war is the only way in which our present pre-eminent trade position can be maintained and a panic averted."

Did this argument influence President Wilson in his declaration of war a month and a day after receiving this cablegram? Were Page's high professions of idealism in his support of the Allied cause an insincere pretense covering real motives of promoting our entrance into the war from motives of material gain, or was he emphasizing what he thought would influence his fellow-countrymen?

hard, cold-blooded, self-satisfied side of the schoolmaster. He felt he was always right, and that everyone who disagreed with him was wrong. His other side was emotional and friendly, especially to those he considered the plain people. I was much impressed by his book, *The New Freedom*, and believed he was absolutely right in his formation of the League of Nations, although perhaps he was ahead of his time. The odds were against him from every direction. He truly was the world's greatest martyr for the cause of internationalism. He was not content to have the strong nations "enforce peace" along the lines suggested by ex-President Taft and his conservative friends. President Wilson saw clearly that neither armaments nor treaties would bring about world peace. He knew that only as the economic causes of war were eliminated would world peace follow. He understood that these economic causes could be eliminated only by an international League of Nations with teeth.

Let me tell just one story about President Wilson. Readers will remember that he made two trips to Paris during the peace negotiations. Between these trips he spent one week in the United States, trying to get the Republican United States Senators to do the decent thing. On the Sunday of that week, in the afternoon, he called me to the White House. When I got there, Senator Henry Cabot Lodge was just leaving, and I saw tears in President Wilson's eyes. He opened the conversation by saying: "Babson, my trouble is that the Democrats seem to be all heart and no brains; while the Republicans seem to be all brains and no heart. This country, during the duration of this emergency, certainly needs an unselfish coalition government." It was with this thought in mind that—in 1934—I began my work for a coalition government to end the depression.

WARREN G. HARDING

As Woodrow Wilson had served two terms and was a sick man, he was out of the running for re-election. The conflict in 1920 lay between Warren G. Harding and Governor James M. Cox of Ohio. I naturally would have returned to the Republican fold; but I knew Warren G. Harding as Senator, and had no respect for him. Later years clearly justified my position. I thereupon became actively interested in the election to the Presidency of Governor Cox, who had Franklin D. Roosevelt as a running-mate. I had the honor of writing the Life of Governor Cox, which was published in book form and used during the campaign. Cox was defeated; but he put up an honorable campaign, and I am proud of all that was then said and done. Harding and Coolidge were elected. However I voted for Cox and the Democratic Party in 1920.

The situation in 1920 was best expressed to me by Calvin Coolidge of Massachusetts, who was elected Vice-President in the Harding administration. I was boarding a Boston & Albany train one day at Springfield, Massachusetts, bound

for Wellesley. Vice-President Coolidge was sitting in a drawing-room of the train with a Secret Service man. The Vice-President chanced to see me, but I did not see him. I took a seat in one of the coaches. Soon a Secret Service man came through the train, paging me. He stated that the Vice-President desired to see me in his drawing-room, and I went back and rode to Framingham with him. He was especially interested in discussing the economic situation. He then referred to my work in the campaign for Governor Cox, and stated: "Babson, if President Harding and I had joined you in campaigning for Governor Cox, he still would have been defeated. The people were tired of the bureaucracy built up during the war; they knew that a Republican administration was needed to clean the slate and start over again."

CALVIN COOLIDGE

The story of the Harding débâcle climaxing in his death and the succession of Calvin Coolidge to the Presidency is too sad to discuss. I, however, saw considerable of President Coolidge. He had Mrs. Babson and me as his guests at the White House. His personal secretary was living at my Washington home, at 1115 Sixteenth Street. President Coolidge often came up to this little house to see his secretary, "Ted" Clark. One Sunday morning I remember the doorbell ringing several times. As Ted and his wife were late sleepers on Sundays, I finally went down to the door, assuming it was the paper boy. I went down in my nightshirt, with my face covered with lather, as I was shaving. To my great amusement, it was the President of the United States, who was out for an early Sunday morning walk!

President Coolidge sometimes came up to our little home for breakfast. Once I told him how honored we felt by his visits, and he replied: "Do not fool yourself, Babson; I do not come up for you, but for the condensed milk! I have great difficulty in getting condensed milk served at the White House; but at your house I not only get condensed milk, but also have the privilege of pouring it out of the can into my coffee. This is the only way it should be served."

Opinions greatly differ as to the ability of Calvin Coolidge; but he certainly knew politics, having been therein continuously from his boyhood days. Furthermore, he had character, common sense, and an uncanny "smell" enabling him to avoid pitfalls. Probably no man who had been in politics all his life, and finally reached a high office, ever made as few mistakes as did Calvin Coolidge. His opponents would retort by asking if he ever made anything else; but never mind—"Cal" Coolidge was a good President. I voted for Coolidge and the Republican Party in 1924.

HERBERT HOOVER

President Hoover, who was elected to succeed President Coolidge in 1928, lacked political training and acumen. He also lacked a sense of humor, which

is important to such a job. President Hoover had always been in an executive position, and most of the time at the head of his own business. He therefore was greatly irritated by being obliged to "waste time" discussing things in detail with so many Senators and Representatives, who, he felt, lacked his own knowledge of the situation. The Babsonchart, which I had shown to President Taft twenty years before, showed clearly that the Republicans were headed for defeat in 1932. The forecast was again correct. Herbert Hoover, however, possessed a fine character and a keen intelligence. He probably was better equipped, in many ways, for the Presidency than any president up to his time. It was on account of Herbert Hoover's character and stand on the liquor question that I voted for him in 1928 and again in 1932.

I did not see much of President Hoover, although I was well acquainted with his personal secretary, Theodore L. Joslin, who came with the Babson Organization in 1932, after the Hoover defeat. I always felt kindly toward Herbert Hoover, and my sympathy always went out to him. I cannot forget the wicked statements which were made by certain Democratic leaders, both during his administration and the campaign in which he was defeated. The Democrats could have won just as well, and perhaps better, if they had put up a more Christian and manly fight. The change of administration was inevitable. Whatever may be said, Herbert Hoover was a martyr to the cause of righteousness and sane economics. Some day his work will be appreciated.

FRANKLIN D. ROOSEVELT

The administration of Roosevelt II is too recent history for me now to discuss. I do, however, wish to say one thing—namely, that his interest in the under dog and his tendency to compromise were not new characteristics. During the war, when I was an Assistant to the Secretary of Labor, a meeting was held once a week of the Assistant Secretaries of the main departments. Franklin D. Roosevelt, a tall, fine-looking man, always attended these weekly meetings as representing the Navy Department, while I often had the honor of attending as representing the Labor Department. Mr. Felix Frankfurter, who later became an important factor in connection with the New Deal, was chairman of this committee. Often some violent arguments would develop, but Franklin Roosevelt would never let us adjourn until we had settled our disputes. Then he would go out of the building arm-in-arm with the two most bitter disputants. Furthermore, at these meetings he always took the part of the under dog, having an instinctive sense of social responsibility.

Franklin Roosevelt was naturally a conservative, and his whole bringing-up was among Tory friends; but he was always interested in the plain people, and, in his heart, anxious to do something for them. He felt that the New Deal was what the plain people needed; but if he had found something else, either more radical or less radical, which the people wanted, he might have shifted his

position. I always respected him for his attitude, even though I felt he unconsciously at times was doing the country a great deal of harm. He was right in his demand that opportunities be more equal and that burdens be removed from the backs of the less fortunate. But he was undermining character when attempting to set aside *rewards* for industry, thrift, and courage, and *punishments* for the lack of these qualities.

WHAT I HAVE LEARNED

I am a mere statistician and cannot in any way pose as a politician. I have never held an elective office, and my work in Washington during the war was purely administrative. I have learned, however, certain things; *and one of these is that three groups govern the American political situation.* The most important group is made up of petty politicians, who represent one of the two great parties in every community. This group has grown up through many years of breeding and feeding. There are several hundred thousand of them. They, directly or indirectly, get their living out of politics. At all times one half of this group is "in" and the other half is "out." The election is primarily a conflict within this group, between the "ins" and the "outs." The "ins" want to stay in and the "outs" want to get in.

Another thing I have learned about politics is that there is a second group made up of a few strong national leaders who have energy and can secure campaign funds. Such a group consists of certain Senators, a few House leaders, two or three governors, and some conscientious students of politics; but business men are a great factor. This is the group which operates the two major parties from the top; which has charge of the national conventions; and which usually determines the presidential candidates.

The third important group is made up of those "independent" American voters, of which there are five million more or less. There is the "regular" group who are always Republicans or always Democrats; but this smaller group of about five million swings the elections. These elections are determined primarily by business conditions. So long as business conditions are good, these five million people vote to continue the existing administration; but when business conditions are bad, they vote for a change. Hence business conditions are the cause of making Presidents, rather than Presidents being the cause of making business conditions. So long as American politics is set up with these three groups, there is no chance of a third party being successful. Third parties are always being talked about and are sometimes launched. They even succeed occasionally in getting the vote of a large portion of these five million independents, but thus far they have never elected their national candidates. For any party to succeed, it apparently must have thousands of petty politicians in the home towns. Thus far no third party has these. Whether such an organiza-

tion can be built up under the American system I do not know. These petty politicians of every community are also a great drawback to the formation, in emergencies, of a coalition government, which at times is much needed.

As to my personal political ambitions, I will say that I have been an independent since 1908, unaffiliated with any political party organization. I inherited and was trained in a conservative home. My father always voted the Republican ticket. Everything else being equal, I am naturally a conservative. History shows, however, that any party too long in power becomes careless. A change then seems absolutely essential for the good of the nation. At such times a conscientious independent will use his vote to bring such a change about.

Having known Franklin Roosevelt well during World War I, I was free to consult him from 1933 to 1945. Once during World War II he sent for me and offered me a very attractive position. I told him he should give the opportunity to a younger man especially as I then owed to my clients all my time and energy. *Babson's Reports* were performing most important war work; while the Babson Institute was training 2,000 naval officers in accounting and purchasing. President Roosevelt then said to me: "But, Roger, is there any job which would interest you?" I thought for a minute and then replied: "Yes, I would accept the position of being advisor to the world's boss." To this the President replied: "But, Roger, I have too many advisors now." To this I answered: "I do not mean you, but rather Mr. Stalin." That was in 1943. He abruptly changed the subject and never sent for me again.

Neither has any President since!

Chapter XX

LIFE IN WASHINGTON

I WAS at my summer home in Annisquam, Massachusetts, when World War I broke out in August, 1914. It would be unfair to say that I was sympathetic with Germany, but my studies in Europe had convinced me that the war was inevitable and that Germany was not wholly to blame. Although I could not approve the German character or methods, yet Kaiser Wilhelm was merely fighting for a new international deal, as Franklin Roosevelt later fought for a new social deal. Despite the fact that I was active in working to eliminate the economic causes of war, I was never a pacifist. This is not saying, that I may never become one. Certainly war should be unnecessary, and unnecessary wars are the world's greatest crime.

When our country entered the first World War, I had a certain background which I knew would be helpful to President Wilson. I felt that, with this background, I could bridge the chasm between captains of industry, who were making huge profits, and wage-workers who were engaged in the manufacture of munitions. Having no direct affiliation with any of these interests, I could use my knowledge of publicity methods to the mutual benefit of the nation. I thereupon went to the Hon. William B. Wilson, Secretary of Labor, and offered my services. He assigned me to aid in the formation of the United States Employment Service. This was then operating, however, not to secure jobs for the unemployed, but rather to secure workers for industries which were contributing to the war. For an office we took over an old brick hotel on Sixteenth Street, near K Street, and turned out a lot of work. For a home I bought a small house at 1115 Sixteenth Street, into which Mrs. Babson, her sister Miss Knight, and my daughter Edith, moved with me. Edith did her part at war work and now has her certificate as evidence.

WORKING WITH GEORGE CREEL

I had not been long in Washington before I became acquainted with George Creel, who was operating the Committee on Public Information at Jackson Place. He was a successful newspaper man who had helped President Wilson in his election. He was conscientious and was a terrific worker, although not much of an executive. He, Carl Beyers, and William McCormick Blair of

Chicago quickly built up a very efficient organization. Mr. Blair brought on with him from Chicago Ernest T. Gundlach, who wrote most of the four-minute speeches which were sent out and delivered by thousands of speakers all over the country. The Committee on Public Information had numerous divisions. I was put in charge of the Poster and Pay Envelope Division. I thereupon gave up my work with the Employment Service on Sixteenth Street and moved down to Jackson Place with George Creel.

From the beginning of my war work I served as a sort of liaison officer and contact man between the Committee on Public Information and the Department of Labor, which Department was unjustly looked down upon by Mr. Creel and his associates. The Department of Labor was made up of earnest people, although they had neither social connections nor money. Like the employes of other departments, they were much interested in holding their jobs. Later, while Herbert Hoover was Secretary of Commerce, I was the means of keeping the Department of Labor from being wrecked. As Herbert Hoover thought that I was not working for the best interests of the government, he at that time scratched me off his list of "friends." Frankly, this was the reason why I was never one of his confidants after he became President. I have always believed in the Department of Labor and shall always do what I can to help it.

With this country so poorly prepared and France on the verge of collapse, Congress finally became thoroughly frightened and hastily put through some war legislation. In connection with this World War legislative program, a Labor Administration was formed, one of the divisions being "Information and Education." Congress provided that a director of this work should be appointed. After a conference between President Woodrow Wilson and Secretary of Labor William B. Wilson, I was appointed Director-General of Information and Education. I was not, however, a "dollar-a-year man." I received a salary, under congressional direction, of five thousand dollars a year. It was at the time of this appointment that I purchased my home at 1115 Sixteenth Street and moved my family to Washington. My work primarily was to "sell the war" both to employers and to their wage-workers. Employers were urged to be reasonable as to profits, and wage-workers were urged to give the best they had in time and energy. We rented an entire bulding on G Street, near the Department of Labor building. Mr. Ernest T. Gundlach left Mr. Creel and became my close associate. Together, we determined on the following organization, consisting of five Divisions:

1. *Educational Division.* The purpose of this Division was to assemble all labor news in a central office which would serve as a clearing-house for presentation to the people. The news had to do with labor and its allied topics, cost of production, cost of living, current wages, working conditions, labor union activities, etc. Mrs. Clara Sears Taylor was acting director of this Di-

vision. Its purpose was to strengthen, by the printed word, the morale of both workers and employers. In securing this information, we clipped newspapers and magazines, covered labor meetings of all kinds, contacted foreign information bureaus, and studied economic reports. Our material was sent out by telegraph and mail, with the full cooperation of the Associated Press, the United Press, the Western Newspaper Union, and about five thousand American newspapers. Our stories reached a total circulation of over twelve million readers a day.

2. *Information Division.* While the Educational Division collected and produced material, it disseminated it only to newspapers and magazines. The work of the Information Division was to present these data orally, and in other ways, to the people themselves. I remember Mr. Felix Frankfurter, then chairman of the Labor Policies Board, saying to me: "Production is vital to the winning of the present battle and for the winning of the war—uninterrupted maximum production. Production means supplies for the fighting forces, and production is wholly dependent on labor. There must be an adequate labor supply, wisely distributed, to meet the needs of war industries. There must be sound and just conditions under which labor is employed." This Division was under the operation of Mr. George W. Coleman. We operated a very efficient speakers' bureau through the cooperation of about four hundred active volunteer speakers. A motion-picture bureau was organized under Mr. David Niles, and films were sent out weekly carrying our message. Most of the leading moving-picture houses cooperated with us, so that we reached about twenty million people a week along these lines. We also developed close relations with luncheon and other clubs of all kinds. This enabled us to reach some eight thousand different organizations, with a total membership reaching to the millions.

3. *Industrial Plants Division.* This Division was to work directly in the plants among employes engaged in war work. We especially combated pro-German influences among war workers in this country. This Division was under the direction of Mr. F. T. Hawley. Committees of loyal workers were formed in each plant where plant meetings were held. This Division was also useful in assisting the Conciliation Bureau of the Department of Labor in connection with adjusting labor disputes. I believe that this Division was a very important factor in increasing production through reducing absenteeism and speeding up manual labor. We also worked closely with the Public Health Service, to prevent such epidemics as influenza. It was in connection with this work that my attention was first called to the importance of cleanliness and the use of sanitary equipment such as paper towels, paper cups, etc.

4. *Poster Division.* This Division devised posters which were first used to hang in factories to explain simply to wage-workers why the United States was in the war, and what wage-workers must do to bring the war quickly to a

close. We started by issuing 100,000 posters a month, and this finally reached a monthly figure of 647,624 the month that the Armistice was declared. In addition to having general charge of all the Divisions, I also personally directed this Poster Division. Besides getting these posters in factories, on railways, steamships, etc., I made arrangements with nineteen systems of chain stores for displaying them in their windows. When the Armistice came, we were having these posters regularly displayed in the windows of thousands of stores from the Atlantic to the Pacific. Anyone interested in seeing samples of these posters should send to the Government Printing Office for the report of the Information and Education Service for the year ended June 30, 1919.

5. *Economic Division.* With all the various departments and services in operation in Washington, I found that there was both duplication and contradiction. Therefore, I organized an Economic Division, under the direction of Professor Davis R. Dewey, of the Massachusetts Institute of Technology. This Division was largely of an advisory character, and was concerned particularly with assembling information in regard to the labor policy of the various government departments. It checked the output of all the other four Divisions, to see that our messages were economically sound and in harmony with the messages of the other departments. Where we found conflicts, we immediately arranged interviews and decided on a common policy. This is one division of the work which certainly should have been continued. There has never been a time when it has not been needed in Washington. Our first duty was to maintain interdepartmental contacts with the State Department, the War Department, the Navy Department, the Department of the Interior, the Department of Agriculture, the Department of Commerce, the Department of Justice, the Treasury Department, and the Post Office Department. Inter-Divisional contacts were maintained with National War Labor Policies Board, Children's Bureau, Bureau of Immigration, Bureau of Labor Statistics, Bureau of Naturalization, Labor Adjustment Service, U. S. Employment Service, Woman in Industry Service, Training and Direction Service, Working Conditions Service, Investigation and Inspection Service, and Bureau of Industrial Housing and Transportation.

Perhaps I may be forgiven for quoting at this point from a letter once written to a mutual friend by Mr. Ernest T. Gundlach, reminiscent of those busy Washington days:

> Mr. Roger Babson came to Washington early in 1918, and we had many talks. I had always been a careful analyst; I had, in fact, some reputation for my closeness of analysis. Now I met a man of my own age who did not sit back and merely take lessons from me; instead, he contributed to my fundamental development. At first, when he started to talk, it seemed to me he was just "moseying around," but later I realized that while I was analyzing the details, he was looking at the picture as a

whole, somewhat like a man who is standing on a mountain top. Many details might escape him; but as to the direction in which we must go, his contribution was far more important than mine. In other words, while I had always been engaged in working out tactics, he was thinking about strategy.

I have sometimes said of Babson that he reminds me of a man running around with a gang of men in a fog, all of them more or less confused as to where they should go and what they should do; all of them scrambling around in the dim light of an early dawn, hunting for a certain mountain. And the one who could stub his toe the most often and get his feet wet higher up the ankle than any of the others, was Roger Babson. That was because he could not see things right in front of his nose. Yes, his eyes seemed a little defective.

But by and by the gang saw that this man with the defective eyes could see farther than the rest of us through the fog. While the rest of the crowd were running hither and thither, Roger was stumbling around, waving his arms here and there, falling over a tree stump, slipping into the quicksand; but then he said "Over that way is the mountain." And when we asked him how he could see a mountain, he pointed out that the fog was darker that way, and that meant that a mountain was back of the fog. Anyway, he pointed out the direction, and the rest of us had to follow in that direction, even if we had to carry him over some of the bad places where he alone would have broken his leg. He automatically became the leader because he knew the all-important fact—the direction!

After Babson had floundered around Washington for a few months, he hit on the one direction for additional governmental activities most required at that time. It was no longer necessary to inspire the American people to fight the war. When another man is punching you in the nose, you do not need any bystander to tell you that you should get mad at him. But there at home were the laboring-men. There was unrest among them. They wanted more wages. They wanted shorter hours. Some of them wanted to saw off entirely. Some were pro-German, others were pacifists, others were I. W. W., and so on.

To inspire labor to go out and cooperate—that was the big problem of the government; not merely to have divisions of conciliation and bureaus for labor statistics, but to put a vital spark into the hearts of the great masses of American workingmen. That was the objective that Babson outlined. When he suggested this kind of bureau, Secretary Wilson said "Babson is right and he is the man to head that bureau." Mr. Wilson said that to me later while Mr. Babson was sick.

Mr. Babson later had an operation, and it was owing to this accident that I, as the Associate Director-General, happened to take charge from that time on until November 1, 1918, when Mr. Babson returned. It did not take many weeks for me to realize that he had struck the keynote of the needs of further government activities after the activities to develop material resources had been fully established. Important government officials said this to me right and left, including even one of the head men in the War Department. I have had many peeves with Roger W. Babson, but I have always admitted that I owe the change in my fundamentals of thinking to my contact with him during the war.

At the close of the Armistice, we immediate shifted our efforts to getting the soldiers back to work. We helped manufacturers switch from war supplies to peace goods, and especially in getting home building again started. We

accomplished these things through the stimulation of interest in buffer employment, the development of national industrial cooperation, helping in the sale of factory sites, and in the stabilization of radical thought. In this connection, I sent a commission to Great Britain, under the chairmanship of Ernest T. Gundlach, to ascertain what methods England was using to adopt in quickly adjusting affairs to the new conditions. A report of this Commission may be secured from the Government Printing Office. In connection therewith I should acknowledge my indebtedness to Professor Harry W. Tyler and my secretary Helen Lyon.

WHITE HOUSE CONFERENCE

I arranged with President Woodrow Wilson to invite to the White House, for a "Back-to-Normal Business Conference," the governors of the forty-eight states and the mayors of the leading cities of these states. All were invited by Secretary of Labor Wilson, the message being delivered personally by one of my assistants, Mr. Henry N. Teague. This conference was held in the East Room of the White House on March 3, 4, and 5, 1919. The Hon. W. B. Wilson, Secretary of Labor, was chairman, and I had the honor of being secretary. This was the first gathering of its kind, to my knowledge, ever held at the White House. The latter was practically turned over to me by President Wilson for those three days. The President personally greeted the delegates, and on the first day a luncheon was served in the White House dining-room, with the President and Mrs. Wilson as host and hostess.

Among the first items of business was the discussion of government contracts and their methods of cancellation and payment, the return of the railroads to private control, the development of highway building to absorb unemployed labor, the question of pensions for veterans, the problem of government aid, and especially the need of getting new building resumed. At this conference, with aid of Mr. Franklin T. Miller, was started the movement which ultimately developed into the Home Loan Bank and other aids to legitimate building which have since evolved. It is also interesting to know that it was this gathering which recommended the revival of the War Finance Corporation, and laid the foundation for the Reconstruction Finance Corporation which was later organized by President Hoover.

ACQUAINTANCE WITH GOVERNORS AND MAYORS

During this time I had direct personal contacts with the governors of nearly all the states and with the mayors of most of the large cities. They were a most interesting group of men, and I certainly learned much from them. All the addresses and proceedings were printed by the government, and may be secured from the Government Printing Office or read at the Library of Con-

gress. As an illustration of a new "trick" that I learned, let me relate the following: At the first session the Secretary of Labor was presiding and I was sitting by his side at the speakers' table, serving as secretary. Calvin Coolidge, who was then governor of Massachusetts, happened to be sitting directly in front of me. Soon after the conference got well under way, word came of the death of James Withycombe, Governor of Oregon; whereupon an intimate friend of his arose and suggested that the conference adjourn "out of respect to Governor Withycombe."

These governors and mayors had come from all parts of the country for this important conference. They were all assembled and had just got under way. Secretary Wilson, who was presiding, was flabbergasted and did not know what to do. He was of a very kindly nature, and did not want to offend the two Oregon Senators who were present. I thereupon immediately appealed to Governor Coolidge in a whisper to help me out. He at once calmly arose and said: "Mr. Chairman, I move that when this conference adjourns it will adjourn in the honor of the Honorable James Withycombe, that worthy Governor of Oregon to whom we all desire to pay our respects." The motion was immediately seconded, presented to the conference by the presiding officer, and unanimously passed. Surely Calvin Coolidge took a load from my shoulders that day and taught me something.

LESSONS LEARNED

Whether or not my two years in Washington were of much use to the government, I leave for others to say; but those two years taught me some great lessons. One was that politics is just as much of a profession and a business as engineering, surgery, or merchandising. Politics has a technique which must be studied and followed in order to get results. Business men say: "What's the use of going into politics; politics offers no opportunity for an honest man." That is a mistaken way of viewing the problem. The business man's difficulty is that he is attempting suddenly to enter a line of work for which he has no training. Even at its worst, the business man gets on in politics better than he would if he had suddenly switched to surgery or law, or even to painting or music.

During those two years in Washington I learned that the government, like most businesses, is run by a few people. These usually consist of the President of the United States, one or two members of his Cabinet, a couple of Senators, and three or four leaders of the House of Representatives. In those war days, President Woodrow Wilson, when he was in good health, was actually President of the United States, Samuel Gompers, president of the American Federation of Labor, and William G. McAdoo, Secretary of the Treasury, were perhaps the actual Vice-Presidents. Certainly they both held keys to the back

door of the White House. Vice-President Thomas R. Marshall was a nonenity, and was said to be interested chiefly in giving the people a good five-cent cigar! When President Wilson became ill, Joe Tumulty, with the assistance of Mrs. Wilson, became President, while Colonel House continued in charge of all foreign relations. The President and his affairs were then guarded, as during so many other administrations, by that most efficient and loyal secretary, Rudolph Forster. But how that good soul "lied" to me, and in fact to all of us, to protect his chief!

OUTLOOK FOR SOCIALISM

Certainly "large bodies move slowly." Private interests, who efficiently and honestly operate their business, have little to fear from government ownership in the long run, *if their industries are fairly capitalized.* My Washington experiences taught me that socialism is most impractical, with people as ignorant and fearful as at present. When I see any experienced government official, Senator or Representative, arguing for government operation, I feel that in his heart he cannot be sincere. His experiences in Washington must have shown him that such operation is clumsy, wasteful, and inefficient. If the entire world could suddenly be organized on a socialistic system and kept thereon by an iron dictator, then socialism might stumble along. Any nation, however, *which now attempts to operate under a socialistic system in competition with nations operating under private control and initiative* would be licked to a frazzle. The people of a nation may steal the property which has been accumulated by generations under the present system, and operate thereon so long as this capital lasts, but when it is gone they will reach the end of their rope. Remember that the Communists of Russia did not start from scratch; but for a foundation confiscated the capital which private interests had been accumulating for hundreds of years.

After the Armistice, the Democrats themselves saw that this great bureauracy which had developed in Washington during the war must be curtailed. They thereupon arranged for the House Committee on Appropriations to hold a series of extensive hearings. It might even be said that these hearings began some months before the Armistice was signed. I personally was first called on the carpet on Friday, May 31, 1918. I shall never forget that day at the Capitol when I was grilled unmercifully both by Chairman Byrnes of that committee and by the hot weather of that year. The real slaughtering came after the Armistice. Although I put up a fight for those in my employ who were dependent on the work for their bread and butter, yet my sympathies were with the Democratic leaders working for economy. They found that it is difficult to "trim," and that it is much easier to abolish a department or bureau altogether than to determine who shall stay and who shall go. Therefore, speaking frankly, we were all "thrown out the window" with the close of 1919. This

was entirely proper. I went back to Wellesley to attend to my own business, and my associates went to their respective homes. We all were satisfied with having a part in "winning the war."

A BOOMERANG

I thought on December 31, 1919, that I was saying good-by to Washington, but I was mistaken. The Republicans began to get busy. The Republican National Committee put a force of men at work to dig up every foolish, extravagant, or questionable thing that was done during the Democratic administration. Different political leaders were appointed to institute specific investigations. Senator Smoot of Utah was assigned the task of investigating the government printing expenses, and he certainly did a good job. Among his star witnesses was your humble servant who is writing this book. When a man was putting out millions of printed words a month, as I was during the war, he naturally said a good many things which looked foolish after the war was over. All of these Senator Smoot dug out in his campaign to curb the government printing bureau and restrict the use of same by government departments. I agreed fully with what Senator Smoot was trying to accomplish, although I naturally disliked being used as the leading horrible example. However, this was all a part of my education.

I always think of my experience with Senator Smoot when seeing the advertisement of the florists, "Say It With Flowers." When I went to Governor Coolidge for sympathy and advice, he replied: "Babson, you should learn always to save the letters of others, but never to write letters yourself." This investigation gave me considerable unfavorable publicity. I was not disturbed by its effect on my reputation, as I have always been subject to keen criticism and my hide has become thick and hardened. I was worried, however, as to what my good father would think who lived in Gloucester, Massachusetts, and had not been to Washington for over forty years. I was greatly relieved, when, going down there to see him, to have him smile and point to that motto hanging up in the back of his desk which read:

> REMEMBER THAT CODFISH WOULD NEVER
> HAVE BEEN CAUGHT IF IT HAD NOT
> OPENED ITS MOUTH

Considering that my father was living in the largest fishing-port in the world, the principal business of which was catching codfish, the thought is admirable. At any rate, it allayed all my fears, although, unfortunately, I have not learned as yet the importance of letting the other fellows do the talking.

UNITED STATES BULLETIN

Although I severed all connection with the government on December 31, 1919, I did take over, at the request of certain Cabinet members, the publication of the *United States Bulletin*. This was started by the Committee on Public Information as a daily, but I continued it as a weekly. This weekly I put on a subscription basis, and published it from 10 Jackson Place throughout the reconstruction period. Later, the name was changed to *United Business Service* and it was transferred to Boston. Our interests in this were afterward purchased by my cousin, Paul T. Babson, who developed it into a splendid service. Its character has, of course, changed since I operated it in Washington. It now is devoted to commodity and investment information. My cousin puts out his Washington news through the Kiplinger Service, of which he is a part owner.

Although my family had moved back to Wellesley, I still kept an old negro as housekeeper at 1115 Sixteenth Street so long as I operated the *United States Bulletin* from Washington. After the election of Warren G. Harding as President and Calvin Coolidge as Vice-President, I learned that Edward T. Clark, who was with Stone & Webster in Boston and who served as secretary of a company in which I was interested, had become the personal secretary of Vice-President Coolidge. Mr. Clark had excellent training, having served a long number of years as private secretary for Henry Cabot Lodge. Mr. Frank W. Stearns, who was handling the Coolidge campaign, suggested that I might like to have Mr. and Mrs. Clark live in my house at Washington. I was delighted, of course, to have them do so, and I learned to love and respect them. At that time Vice-President Coolidge was living at the New Willard Hotel, and Mr. Clark had his office at the Capitol.

WASHINGTON FRIENDS

When Calvin Coolidge succeeded to the Presidency, Mr. Clark moved his office to the White House. He was a wise man, and I surely learned a great deal from him, under both Republican and Democratic administrations. Usually I took his advice. Once, however, I failed to do so, and I have always regretted it. Let me tell of this. Directly after the Roosevelt inauguration I went to Mr. Clark and said: "Ted, what would you do if you had your money in utility stocks?" He replied at once: "I would sell them today and invest the money in gold stocks." Let me add that within two years these public-utility stocks went down almost to nothing, while gold stocks multiplied in value tremendously. Ted Clark seemed inconsistent at times, but I have learned that inconsistency often means trying countless different methods to accomplish a steady purpose. In doing this he was truly consistent.

Like a general directing the movements of an army in storming a position, a

successful politician will first attack in front, then from the flank, then from the rear, then from beneath by sapping, and finally overhead from the air. Many politicians who are criticised for inconsistency are really remarkably stable. They are consistent as to the fundamental purposes they desire to accomplish. I left Washington with a really solid respect for politicians; *also with the knowledge that no layman should try to compete with them.* To succeed in politics one should, by inheritance, training, experience, and "digestion," be prepared for the task.

Although while in Washington I did continue to have my daily rest after luncheon, I failed in other respects to give my health the care that it required. This neglect, together with my working indoors, broke me physically, and culminated in an appendicitis operation at the Massachusetts General Hospital in Boston on September 9, 1918. Before this collapse, however, I had the privilege of getting acquainted with Mr. George J. Babson and family, who had a beautiful estate at Leesburg, Virginia. He was a real friend, and it was a pleasure to spend a week-end with him and his family. Visiting him was about the only recreation which Mrs. Babson and I took during those two hectic years. As I look back on those war years, it is evident that I made two major mistakes; first, I took the foreign war propaganda too seriously; and second, I neglected both my own health and that of others. It is a great thing to be able, under all conditions, to avoid getting excited or getting sick. Perhaps the two go together.

At any rate I left Washington with a determination to devote my entire time to the clients of *Babson's Reports.* There have been periods—as explained in the latter chapters of this book—when I gave much energy to what may appear as outside affairs, but these really were not. They were *fundamentals* upon which all business and investments depend. Whatever I do, I have in mind both my clients' immediate welfare and insuring the future of *Babson's Reports* after my demise.

I was never intimate with President Truman.

Chapter XXI

MY LABOR EXPERIENCES

DURING my boyhood days there were no such things as labor unions or labor troubles in Gloucester, Massachusetts. All the industries of the city were locally owned. The employers called their wage-workers by their first names; and in many instances the wage-workers likewise called their employers by their first names. I never heard of a labor union until 1894—at the time of the "Haymarket" troubles in Chicago and the great Pullman strike. This was the year when I entered the Massachusetts Institute of Technology. The fishing business—which was the main industry of my home city—was operated "on shares." When a vessel had a good trip, the owners and the crew both made money; but when the trip was a failure, neither got anything. The fishermen received no wages, although they were fed aboard ship by the owners.

Labor troubles in Gloucester and other cities seem to start when either the second generation comes along to operate a business, or when it is sold to absentee stockholders. This has especially been true of the woolen, the cotton, and the shoe industries of New England. I had no labor troubles in connection with the highway work in which I was engaged during my four summers at the Massachusetts Institute of Technology. I have thus far had no labor troubles of any kind in my own business, or, in fact, in any of the other lines of business with which I am connected. Therefore, when I went to Washington as a war worker in 1917 and was assigned to the Labor Department, I began and continued as an impartial worker.

LABOR HISTORY

My first task was to get acquainted with the history of the Department. The Department of Labor really started with the Bureau of Labor Statistics, which was a part of the Department of Commerce. I found, however, that between 1864 and 1902 over one hundred separate bills had been introduced into Congress providing for a Department of Labor. The story of the organization of this Department is given in detail in Chapter XV of my biography of William B. Wilson, the first Secretary of Labor.[1] It is interesting to note that the formation of such a Department was constantly and desperately fought by employers.

[1] Published by Brentano, New York, 1919.

Not until March 4, 1913, was the Labor Bureau separated from the Department of Commerce, thus bringing a new member into the President's Cabinet. This new member was William B. Wilson.

The arguments of the "brain trust" of those days are exceedingly interesting in the light of what has since happened. They believed that production had reached its maximum by 1912; that further new inventions were probably unlikely; and that no new industries could be expected. Therefore, they felt it vitally necessary to have some department "devoted exclusively to the protection and stabilization of labor." Is it any more reasonable to believe that employers, labor leaders, and welfare workers may not be as mistaken today as they have been so many times before? However, I cannot take more space in discussing labor history, but must hasten to tell what I learned during my work in Washington. Briefly, I learned that there are five vital questions in connection with labor relations. It happens that these are best illustrated by different Secretaries of Labor. Let me explain them to you as they appear to me.

WILLIAM B. WILSON

The first Secretary of Labor, William B. Wilson, had a most romantic life. As we would sit together in his office, after all the employes had left, I loved to hear him tell of his experiences. He was born during a labor strike in Scotland, in 1868. His mother and father were evicted from their little two-room brick house the day before he was born. His schooling ended when he was nine years old, at which time his family emigrated to this country, where he was put to work in the coal mines at Arnot, Pennsylvania. For some twenty years he toiled underground, going to work before sunrise and not leaving the mine until after the sun had set. Yet there was never a speck of bitterness in the life of William B. Wilson. His whole philosophy was that only intangible things, rather than material things, stand between labor and capital. He continually stressed that labor troubles could be eliminated only through the development of love, hope, sympathy, understanding, and recognition. Almost every labor difficulty, he believed, hung about these words. He was a very emotional man and believed that labor troubles were largely emotional. We together attended many conferences where employers and labor leaders were so bitter that they would not speak one to another. Yet I never knew an instance where Secretary Wilson would not unite them in common agreement.

The attorneys and experts representing either employers or wage-workers would come armed with tables of figures and volumes of facts. These papers they would lay before Secretary Wilson. But would he look at them? No. The Secretary knew that men are reached only through their hearts and not through their heads; and that few people can be convinced by statistics. He realized that both wage-workers and employers are actuated by sentiments and not by

facts. Hence he would appeal to both sides as trustees of a community or industry and as fathers and brothers of a family. He would appeal to the patriotism, to the hope, and to the sympathy of both sides, realizing that both employers and wage-workers are honest from their own points of view. He would often say to me: "Babson, every side has some good points; let's try to bring them out. Both sides can agree on a few facts; let's talk about those few upon which they are agreed. Wage-workers are not fighting for more wages or shorter hours so much as for recognition. Although they insist on recognition of their labor union, they are primarily interested in the recognition of themselves as individuals." Secretary Wilson was always poor in worldly goods, but much beloved and respected by both employers and wage-workers.

JAMES J. DAVIS

The second Secretary of Labor with whom I worked was the Hon. James J. Davis. He was born in Wales in 1873, his father being an ironworker. In 1880, the family emigrated to this country, and Jim began work at Sharon, Pennsylvania. In temperament, James J. Davis was entirely different from Secretary Wilson. Secretary Davis was a born optimist of the salesman's type, rather than of the philosopher's type. Although he was always proud to tell me that he still carried a union card, yet he did not long remain an iron-puddler. When a young man he became interested in the Loyal Order of Moose, and finally became its head. He was a good business man and a shrewd investor. I assume he was quite wealthy when he was chosen by President Harding as the second Secretary of Labor.

Secretary Davis always preached the necessity of increasing production. He would urge me to inspire the workers to produce more, and would insist that only through new inventions and increased production would labor make real headway. He would tell labor leaders that unless production increased, increased wages would result only in increased prices. In his talks with me he would especially emphasize the importance of building up foreign trade as well as trade in this country. Once he sent me a personal memorandum on this subject, which read:

> Labor's welfare depends upon *improving the quality and increasing the quantity of its output.* We are in competition with the workers of every other part of the world. If we propose to go into the world markets—as we certainly must do if we are to do business on any large scale—then we must push this national slogan "Increase the quantity and improve the quality! Better work, and more of it!"
>
> We American workers who put confidence in a full day's work for an honest day's pay, and are accurate, earnest, and enthusiastic in our work, must see to it that no shirkers disgrace us. They not only disgrace us, but land themselves on our backs. Instead of finding fault with our employer, let us all find some way of helping him to put the products of our own country into the markets of the world.

There are some who must give up the old fallacy that restricting output helps to keep wages high, by keeping prices high. It does nothing of the sort. The one great economic law we all need to learn is that the more we make the more we have. The more goods we turn out, the more wealth we create. We cannot have wealth unless we make it. By cutting down output we make ourselves poor, as certain as fate. The truth of this will come home to every worker, and hit him squarely in the pocketbook.

I was a happy worker in a tin-mill. In those days I was inclined to fall in with restricting output. It did not take me long to learn that if I restricted my output of tin, I had to pay higher for the tin pans in my house and for the tin roof on top of it. The ironworker who restricts his output only forces himself to pay much higher prices for everything of iron. Another thing: All workmen have not the same ability or skill to produce alike, and the tendency in some places has been to regulate production by the output of the poorest workman; but this also creates high prices. We should remember that the workman himself has to buy the goods which he makes.

We must produce if we want to prosper. Each man must produce his utmost according to his skill and ability. The one guarantee of the best wages and the ability to buy goods at the right prices comes back to this—we must all raise the quantity and the quality of our output. But let the business man and employer remember that human strength has its limits and that the man who toils with his hands cannot do more work at top bent every day of the year than the professional or business man. Allowance must be made for human frailty in the day laborer who needs a vacation as much as the business man. The utmost that a man can do, if he does it conscientiously, is all that can be asked. If we do produce to our utmost, then for this generous production we have a right to demand a generous wage, so that when old age approaches and the time comes for the final lay-off, that lay-off is what it should be—the well-earned vacation.

WILLIAM N. DOAK

The third Secretary of Labor, with whom I was also acquainted, was the Hon. William N. Doak. Mr. Doak was born in 1882, in Wythe County, Virginia. After elementary schooling, he went to work for the Norfolk & Western Railroad Company as a yardman, and soon joined the Brotherhood of Railroad Trainmen. He seemed to have a natural turn of mind toward legislative matters, and shortly was employed by the union to give his entire time to such problems. He therefore became thoroughly trained in the technique of labor legislation. Hence, when he was appointed Secretary of Labor by President Hoover on December 9, 1930, he brought to the Department a point of view different from that of either of his predecessors.

Secretary Doak was not an adept in settling labor disputes as was Secretary Wilson. Neither could he make an inspiring speech like Secretary Davis. His great interest was to preserve freedom for the wage-workers of the country. Compulsory arbitration was anathema to him. I was inclined to believe that only through compulsory arbitration would labor troubles be solved. I felt this

especially applied to disputes affecting the railroads and other industries vitally bearing on economic life. Secretary Doak assured me that I was wrong and that compulsory arbitration would be suicidal to all parties. If William N. Doak had lived, he certainly would have disapproved of the various New Deal experiments under the Roosevelt administration. One of the last things he said to me before he died was:

> In times of great prosperity, such as we enjoyed in the years 1928 and 1929, the claim is made that the functions of government in human and economic affairs are limited in character. The reverse, however, is preached as a sure cure-all in times of depression. Certainly such a change of position does not square with the rules of consistency. If, during periods of prosperity, the strong hand of government should be withheld from interference with the financial and business world, it seems surely to follow that when financial and business conditions are depressed the hand of government likewise should be restrained from interference. Or, presented in another way, if governments should be restrained from collecting large sums from industry when industry is best able to contribute, why should governments be expected to assume burdens to meet reverses of industry in periods of depression? If the law of supply and demand is an infallible rule for the proper conducting of business, then this rule should be able to stand the acid test just as well in times of depression as in times of prosperity.

FRANCES PERKINS

The fourth Secretary of Labor was Miss Frances Perkins (legal name, Mrs. Paul C. Wilson). She was appointed Secretary of Labor by President Roosevelt on March 4, 1933. She emphasized security as the great thing that labor desires. She traveled from the Atlantic to the Pacific, urging unemployment insurance, sickness insurance, maternity insurance, and old age insurance. She was a graduate of Mount Holyoke College, and brought to the Department the best educational background of any Secretary of Labor. But she seemed imbued with the idea that everything could be straightened out with proper legislation. Even in her personal relations she appeared best before congressional committees. She always appealed for the under dog, yet personally she seemed hard-boiled and void of the sentiments and sympathies which make life worth while.

Frances Perkins would attack labor problems as a surgeon would operate on a sick patient. Her sympathy was intellectual rather than from the heart—at least this is the way it seemed to most of the employes of the Department of Labor. However, her addresses and writings have presented this feature of security in a way never before emphasized by other Secretaries. She had a distinct "program" which the Department of Labor never seemed to have before, although it is to be questioned whether her *programs* accomplished as much as the *heart throbs* of former administrators. Her program included old

age pensions, unemployment reserves, public-work expenditures, free employment exchanges, stabilization of employment by industries, and an industrial agricultural policy. She stated this as follows:

Let us take the question of provision for old age. Elderly people who are past the years when they are expected to work hard should have some sort of security. They should not be competing with young workers and those of middle years in a market for the relatively few jobs. Certainly every state should have legislation providing for persons who are no longer able, on account of advanced age, to earn for themselves or, on account of meager pay and heavy responsibilities, have been unable to save for the future.

This question of the older worker brings up another aspect. The age at which men and women have been considered undesirable for many types of work has been creeping lower and lower. This trend has been working considerable hardship and injustice. With the increase in automatic machines and labor-saving devices, cutting down the number of required workers, it is imperative to formulate a program to safeguard the interests of these workers.

With proper functioning of adequate government employment agencies, greater effort can be made to adjust and retain many of the so-called older workers who are still capable and for whom there should be a foothold in the occupational scheme of things, with proper value upon their experience and mature judgment.

Let me now take up another innovation—the matter of establishing unemployment reserves. I believe that some form of compulsory reserves against unemployment should be built up by employers when business is good again. They build up surplus funds for payments of dividends in an industry over lean years. It is to be expected that they will provide for supplemental compensation to be paid people out of work through no fault of their own in the future.

Some kind of fund—unemployment insurance or whatever it might be called—that would compel employers to sharpen their wits and prevent these valleys and peaks of activity, is highly desirable. We Americans are an ingenious people, as proof of which witness our mechanical inventions and system of mass production. Surely a people that can point to such achievement could evolve satisfactory schemes to take care of the other side of the problem—the human equation—to guarantee steady employment and an adequate system of mass consumption through a maintained purchasing power.

FIVE GREAT PROBLEMS

From these four personalities I learned about the four outstanding problems in the relations of employers and wage-workers. These are: (1) The question of recognition; (2) the results of increased production; (3) the inadvisability of compulsory arbitration; and (4) the desirability of legislative pensions, insurance, etc. Since "graduating" from the Department of Labor, I have functioned with labor only directly in connection with my own affairs. My business interests have continually broadened, and naturally labor problems have come up. I am no labor expert and may be all wrong, but my reactions are that the first Secretary of Labor was far sounder than any of his successors. I remember once

being asked to speak on labor problems before a Washington audience and going to the Hon. William B. Wilson for some suggestions. He replied: "You might begin by telling them that one hundred years from tonight someone will be speaking on the same subject on the same spot. You can close your address by telling them that labor problems will never be settled by legislation, but only as more of the spirit of Jesus Christ gets into the hearts of all groups." Surely the only security which any group ever gets comes through integrity, industry, and intelligence. Congress may legislate pension and insurance benefits of all kinds, but what good will such legislation do unless the money is available to pay these obligations? What good is the money unless it has a value to purchase food, clothing, and shelter? How can these things be purchased unless they are first produced?

I said early in this chapter that there are five questions in connection with labor troubles. I have just referred to four of them. Let me now comment on the fifth, which no Secretary of Labor has yet had the courage to emphasize. I refer to the need of better labor leaders—labor leaders of integrity, intelligence, and courage. Every labor union has started from just causes and has grown from real needs. Too many of these labor unions, however, have ultimately got into the hands of officers who are interested primarily in their own incomes. When they see that it benefits them personally to favor employers, they favor employers; but when they see that it benefits them most to stir up trouble, they stir up trouble. Labor unionism, like capitalism, is based on the fundamental law of self-preservation, but both have too often developed into rackets. Hence I say that the fifth problem is the question of leadership—leadership among both wage-workers and employers.

COOPERATION PLUS STRUGGLE

All labor problems, as I see them, will be solved only through cooperation. I remember a little skit at a Gridiron Club dinner which I attended in Washington, the night of December 8, 1934. At the time there was great discussion about the famous Section 7-A of the National Recovery Act, which section referred to collective bargaining. At this dinner a Pullman car was set up on the stage, with the berths made up and the green curtains down. Both Henry Ford, who had fought Section 7-A, and William Green, president of the American Federation of Labor, came into the car, each with a Pullman ticket entitling them to Section 7. A row immediately developed, and the poor porter did not know what to do. Finally, the conductor came in dressed up as Uncle Sam He called both Henry Ford and William Green to him and whispered some thing in their ears. They then both shook hands, undressed, and climbed into Section 7 together.

Another story which was commonly related in the Department of Labor to

aid in settling disputes in this. The officers and crew of a vessel were wrecked on a South Sea island. When the natives put them into captivity, they strapped long iron spoons on their arms, so that they could not bend their arms. One group they threw into one camp, and another group into another camp. In both camps they set each day a pot full of soup. One group starved and the other group fattened. The reason was very simple. The group which starved thought only of feeding themselves, and, being unable to bend their arms, could not do so; while the other group developed the cooperative plan of feeding one another. As it was not necessary to bend their arms to get the spoon up to the mouth of another chap, these all got fat and prospered.

Another illustration which we used was in connection with the catching of birds by nets, as is common in some tropical lands. The net works because each bird, thinking only of itself, starts to fly away in a different direction. Hence the birds get all mixed up and the net catches them. Some flocks of birds, however, seem to follow a leader and all fly in the same direction, carrying the net with them. Then when they and the net are in the air, the birds reverse their flying and become free from the net. I really am not an authority on labor and should not attempt to advise on the subject, but I firmly believe that cooperation, rather than strikes, legislation, or any other plan devised by man, is the solution of the labor problem. This solution, moreover, must be depended upon *whatever the form of social organization we are to work under in the years to come*. On the other hand, no group should understimate the importance of struggle and competition.

LABOR LEADER'S SECRET

The fact that both employers and wage-workers seem for the most part to lack this spirit of cooperation makes me rather bearish on the securities of highly-organized industries. For instance, it became very evident during my association with the Department of Labor that there is very little hope for stockholders in most railroad companies. As fast as cream would rise to the top, the railroad employes would make a demand for increased wages and the cream would be taken by labor. Hence I endeavor to keep clients' money invested in the stocks of industries which are not highly organized. As soon as an industry is operated under a closed shop, we find it is usually well for stockholders to liquidate. This does not necessarily apply to bondholders, as labor leaders do not like receiverships.

In the last analysis, ninety per cent of the strength of organized labor is political. Samuel Gompers, the greatest president that the American Federation of Labor ever had, knew this very well. He realized that without political interference, the law of supply and demand would settle every labor difficulty, irrespective of the desires either of employers or wage-workers. Hence this policy

was to threaten a great strike and get the public all stirred up, so that government officials would be obliged to intercede. Samuel Gompers never wanted great strikes. He knew that such strikes would be useless and only bring hardship to all parties concerned, including the public. He further realized that the public themselves would ultimately become impatient and put an end to these conflicts. Samuel Gompers, however, figured that it was necessary to threaten strikes, and perhaps start them, with the idea of bringing the government into the picture and forcing arbitration. In this way the wage-workers always got something, although in the long run the law of supply and demand should determine who will finally win.

As an employer, I have never tolerated indifferent work, but I have tried to be fair, friendly, and appreciative. If I have worked my people too hard, it is because I became too enthusiastic at times. It has been like working with a jig-saw puzzle, and becoming so absorbed in fitting in one more piece that one is soon working into the small hours of the morning. I have never asked persons, however, to do anything that I was not ready to do myself; and, furthermore, I have tried to share the glory or blame with them. I have been sorry for losing my temper at times, but even my "temperament" has always been followed by repentance and shame. Business has taught me that success comes not through a drafting-board or stop-watch organization, but through the spirit of cooperation, whereby all pull together under a common leader. The most important step in connection with employment problems is determining who is to be employed in the first place.

Experiences with Henry Ford

I sometimes think I have spent too much time in conferences and powwows. I remember once a man entered my office at Babson Park and went to the switchboard operator, saying he would like to talk to me. The switchboard operator replied: "I am sorry, but Mr. Babson is at an important conference." The man asked the telephone operator to phone in to me, "Conferences are a waste of time." In the course of five minutes, hearing nothing, the man again went to the switchboard and asked the operator if she had sent the message in to me. She had the presence of mind to say: "No, I have not; but who shall I say sends in this message?" The man meekly replied: "Henry Ford." She then got busy and relayed to me the message. Of course, the conference immediately broke up and I did some important business with Mr. Henry Ford. This man has been pictured as austere, remote, and mechanical. The Roosevelt administration looked upon him as an impossible Bourbon. The fact is, however, that Henry Ford turned statistics into dynamics; dynamics he enlarged into humanics. Actions and reactions again!

The Law of Action and Reaction, as applied to human relations, was the

cornerstone of Henry Ford's success. He was a veritable wellspring of humanity. Although a natural dictator, he always believed, like Burns, that "a man's a man for a' that." Nevertheless, Henry Ford, like most self-made men whom I have known, was sorely tempted "to worship his creator." Labor troubles, like bankers' tips, have taught me that we cannot take things for granted and cannot believe even what our friends tell us. The only safe way is to find out for oneself, rather than blindly to take the advice of others. It is important to develop the habit of making decisions rather quickly and of standing by them until they have been proved wrong. The real question is not whether we are ever wrong, but what percentage of the time we are right. Certainly labor problems emphasize the great importance of common sense. After Miss Perkins' resignation the Labor Department became too much involved in politics for me to follow it further. Besides, the clientele of *Babson's Reports* were learning to look elsewhere.

IMPORTANT PERSONAL LETTERS

In closing this chapter, permit me to present three letters from my files of those Labor Department days. The first is a letter which I wrote to a prominent manufacturer; the second is a letter which I wrote to a prominent labor leader; and the third is a letter which I wrote to Dr. Charles W. Eliot, then president of Harvard University. President Eliot had written me, appealing for the *laissez-faire* doctrine "under all circumstances." Although I have always fought for those fundamental laws concerning supply and demand, rewards and punishments, and the survival of the fittest, yet I did feel compelled to write the president of Harvard College as stated in this letter.

A LETTER TO A PROMINENT MANUFACTURER

November 9, 1918.

DEAR MR. JONES:

After you left last night, I could not get out of my mind your statement: "To hell with dividends or profits. I will shut up the plant and let the machinery rust before I'll ever give in to those workmen. It isn't a question, Babson, of wages or hours; it is a question of self-respect. I have always run my business, and I am always going to."

Of course I understand why you feel this way. The indomitable energy and determination which you are now displaying in this labor conflict has been doubtless a great factor in your success. When your associates have been discouraged about the condition of business, you not only kept up your own courage, but you kept your whole industry from going to pieces. Your disposition "to fight it out whatever the cost" has been of great service to your community and to the whole country. Therefore, I feel toward you now as I do toward my daughter when I see a schoolteacher trying to knock the individuality and will-power out of her. Your general attitude should be encouraged rather than discouraged.

On the other hand, there has been an additional factor in your success in the past—namely, you have been fighting a fight which you thoroughly understood. You know steel, you know the transportation game, and you are thoroughly acquainted with your industry. Hence, being headed in the right direction, your energy and determination make you invincible.

But when it comes to labor problems, you are dealing with something very different—namely, human nature. Not only are you not an expert on human nature, but you know little about the lives, aspirations, and temptations of the special human nature which you are up against at the present time. It is all right to drive ahead when you are sure you are right; but, if you are not right, the driving ahead means disaster. When one is running a locomotive on the right track in the right direction, he can open the throttle wide; but, if he gets on the wrong track, and another locomotive is coming toward him on that same track, then beware!

However, I am not going to lecture you on human nature. I do not know much about it myself, except what I have learned from a few masters. But I want to remind you of this fact, *that the same fundamental motives of self-respect, self-preservation, and self-propagation which today are actuating you, are likewise actuating your employes.* It is not a question of wages and hours with them; it is likewise with them a question of self-respect. If you have any doubts about this, read the history of the nation's great strikes. No body of men, women, and children would, for any direct economic advantage, go through what some of these groups have voluntarily gone through. The slightly higher wage could never offset the loss and privation which they have suffered. They realized this all the time they were fighting the battle.

The real question before you is not whether ultimately you are going to win or they are going to win; but rather, whether, in this first conflict, you will both win or will both lose. If you and your associates insist on damming the stream, sooner or later the dam is going to break. Then this country will witness a reign of bolshevism such as exists in Russia and is spreading to other nations. On the other hand, if you would only realize that these people are not trying to get your property, but are simply striving for an opportunity to develop the qualities of self-respect, self-preservation, and self-propagation which are the basis of your own life, then you both will cooperate together to the benefit of all concerned.

These people want a new heaven and a new earth; but, really, you want the same thing. Your motive is just as high as theirs. But you think that you must be the father of that new heaven and that new earth. You forget that it must be worked out through cooperation. You remember when you were in your teens and finally broke with your father because you wanted to develop your own individuality, you thought the old man did not understand you and was hard-hearted. So you left him. Now, these workers of yours feel the same about you. Give them some rope. Do not insist on their being tied longer to your apron strings. Recognize that they have some self-respect, as well as you, and are willing to suffer for it as much as you are. They are as interested in self-preservation as you are, and are as much entitled to it as you are. They love their wives and children and want to perpetuate their family name just as much as you love your family and want to perpetuate your name.

Of course, the risk is that you will not agree to this. If so, there may some day be a clash of property rights and you may lose all; but this is unnecessary. If you would only meet your employes on the fundamental issue, we could easily show them that

there is not property enough in existence to make a new heaven and a new earth, and that better conditions cannot be brought about by redividing what already exists. If you would only help Secretary Wilson, he could show these people that the only way truly better conditions can come is by all of us getting together and cooperating. But before they will listen to him, I must convince them that you are willing, that you do recognize that they are entitled to self-respect, self-preservation, and self-propagation.

You have built up a great industry, so that you now have power and wealth and every physical thing that you want. You have no possible selfish motive for acquiring more. If I had your opportunity, do you know what I would do? I would just try to feel toward these people working in the plant as you feel toward your family, or as a good army officer feels toward his men. Now that you have acquired all that your blood relations can possibly spend, why not, with the same energy and determination, fight the game for these workers in the plant? Why stop until they have at least the opportunity to have what your own children have? Why would it not be just as big a thing to do this, as to try to beat the other fellow in putting out a little more steel? Surely there would be lots more fun in it.

Very truly,
ROGER W. BABSON.

A LETTER TO A PROMINENT LABOR LEADER

November 22, 1918.

DEAR MR. GOMPERS:

During the war I patiently sat at your feet and shaped my course largely in accordance with your suggestions. We all had the whip of patriotism to use in those days. You could use it to whip the wage-workers into line, and I could use it to whip employers into line. Those days, however, are now over.

From now on, instead of the danger of a common enemy holding us united, the scramble for the general booty will send us all in different directions. Not only has the rope been cut which, during the war, has been keeping different interests together, but there is bound to be a general stampede for the spoils. Capital will try to get back anything it has lost during the conflict; labor will try to hold what it has secured during the conflict; while the general public will wail for lower prices. I have this morning written a letter to some of my wealthy friends, advising them very strongly not to attempt to sit on the safety valve. I have explained to them that in their attempt to return to pre-war economic conditions, they will run the risk of losing everything. Bolshevism is simply the reaction from Bourbonism. I am, therefore, urging my friends to loosen up, to give up some of their special privileges and try to make opportunities more equal for everyone.

Let me, however, suggest that labor has its evils which it must correct. You must teach your men, for instance, that they can get richer only by producing more. As the Secretary of Labor has so often said: "If nothing is produced, there is nothing to divide." Hence, before we discuss distribution, we must have production at a maximum commensurate with decent hours and conditions. As you, yourself, know, labor has not bettered itself, and never will better itself in the long run, by restricting production. On the other hand, it may be folly to preach economics to the men. Possibly, they can learn only from sad experience. But I wish that you might discover some way to revive in them the real desire to produce.

Man, by nature, loves to make things—to hunt and fish, to build huts and to raise

a family. Physically, the masses are still anxious to propagate; but economically they are eunuchs. The factory system has, from an economic point of view, castrated the working-people. The hope of the nation lies in reviving that desire to produce in the hearts of these people. Cannot you get your associates to recognize this truth and devise some plan which will again revive in the working-people of America a desire to produce and a joy in production?

I have just been talking with a boy who voluntarily is regulating his diet at home, putting himself through a most ardent course of training, to help his school win a footrace. He has paid absolutely no attention during the past year to the advice which his parents have given him regarding taking care of his stomach; and, when his mother used to ask him to run an errand, he thought he was killed. Yet now he voluntarily is training himself. It's not work to which people object. It's not short hours that your people need. The real thing for which they are hungering is joy in their work. When one gets joy from his work, it ceases to be work; it is a pleasure. We talk about ambition, initiative, enterprise, and such things, as lacking in the masses. The real truth is that these qualities are simply the reactions of loving your work, that's all.

Just one thing more in closing. Employers do not object to high wages. Every successful employer will tell you that the man to whom he pays the most is his cheapest man, even if the salary is $24,000 a year. It's not hours in which employers are primarily interested. They realize that one man working an hour a day, one day a week, could easily produce an idea which would be worth to them a thousand times what the average man produces working eight hours a day six days a week. Cannot you get this fact across with your unions? In other words, cannot you show the unions that all they have got to do to have their unions generally recognized, and to have collective bargaining become a permanent part of business machinery, is to "sell" these ideas to the employers? Instead of *arguing* that the union, and collective bargaining, etc., are better, *just demonstrate that plants operating under such ideal labor conditions produce the most goods.* This is the way every big movement has ultimately been put across. Of course, this is just a suggestion which I pass along for what it is worth; but please think it over.

:ry truly,
ROGER W. BABSON.

January 29, 1919.

DR. CHARLES W. ELIOT,
Cambridge, Massachusetts.

DEAR MR. ELIOT:

I am very much interested in your letter of January 27, defending the *laissez-faire* system. As usual, you have gone to the heart of the matter, and it is well that you should. Our points of view, however, are radically opposite, and, in the interest of the truth the matter should be thrashed out. You say:

> "Employment is a waste when the unemployed are incapable of earning the current wages, or are unwilling to. . . . To pay them more than they can possibly earn is also a waste. . . . Secretary Wilson's advice to towns and cities that they build as much as possible immediately at present prices of labor and materials seems to me unbusinesslike, and indeed immoral. . . ."

I am frank to say that this statement is in accordance with the economics which I was taught at the Massachusetts Institute of Technology. Assuming that human relations are similar to property relations, such teaching may be correct. I, however, do not apply such economic teaching to relations with my children. In my relations with my children, I put the development of the child first, and the productivity of the child second. I realize that the child must be made self-sustaining; but keep in mind that the ultimate purpose is to develop the child as a human soul rather than simply to add another producing piece of machinery to the world's manufacturing capacity. When it comes, however, to dealing with somebody else's child, we all consider, not the good of the individual, but simply the product of the individual. It is not my place to tell a man of your wider experience and knowledge which is the proper method. You, however, must admit that there is no reason why we should treat our children in accordance with one system, and our neighbors' children in accordance with another. If the economics which you preach—and which I was taught—are sound, then we should apply them to our children and the other members of our family, even if they crushed those finer sentiments of sympathy, love, hope, and understanding. On the other hand, if we insist on putting the human welfare of our families ahead of their productivity, then we should apply the same humane principle to the working-classes as a whole. They, in many ways, are children not having had the advantages with which so many of us have been blessed.

Very truly,

ROGER W. BABSON.

President Eliot's criticism especially is interesting because leading Harvard professors, only fifteen years later in 1934, stated "there is nothing in the *laissez-faire* doctrine and never was." Probably this debate will go on for centuries. In the meantime six colleges have graciously awarded me honorary degrees of Doctor of Laws. These are as follows:

University of Florida	1927
Elon College	1937
Hendrix College	1938
American Theological Seminary	1939
Lebanon Valley College	1940
Stetson University	1940