

Industry and Democracy

By John Rogers, '14

Condensed From the Commencement Address June 5, 1939

TODAY is the twenty-fifth anniversary of my graduation from this University. Industrially speaking, I have been a producer, as well as a consumer for twenty-five years. By and large, you of the Class of 1939 are still consumers only, but after today many of you will take your places as producers. Instead of merely consuming wealth someone else has produced, you also will become creators of wealth.

In your effort to make your adjustment, do not make the mistake of concluding that there is no place for you in productive society. Do not imitate the graduate who, on graduation from the University of Indiana a year or two ago, looked out across the agricultural area in front of his eyes and remarked: "When my grandfather was my age this great area of undeveloped land was at his elbow; now it is no more; I do not have the opportunity my grandfather had." In fact the frontier which this graduate faced was limitless as compared with the frontier his grandfather faced. The difference was that the grandson's was a scientific frontier while the grandfather's was a land and agricultural frontier.

If, with your technical training, you have developed a sense of self-reliance, honesty of purpose, a determination to make something of yourself, a desire to be somebody, ability to work with people, and a willingness to work with others for the common good, you have a greater opportunity than any class that has preceded you, if you will

take advantage of it. This opportunity will not be presented to you on a silver platter but if you possess imagination, motive and energy you can create for yourselves productive jobs in our changing social order.

The tragedy of it all is that today we are placing over-emphasis on social security and under-emphasis on personal security. By social security I mean that which the family or society does for the individual. It comes from the outside of the individual and without any effort on his part. By personal security, I mean those habits and skills which the individual develops for himself and which enable him to be self-sufficient and independent. Personal security is that something which the individual does for himself. It comes from within.

Research today shows that children who receive allowances from their parents as a matter of course ultimately have weaker characters than children who receive allowances only for tasks well done; that children who sell papers and magazines, or work for some neighbor, or who earn some money doing work during the summer vacation, have stronger personalities than those who do not. The value of these activities is not in the rewards earned but the habits and attitudes developed. These are the habits which transform the individual from that of a mere consumer to that of a producer as well.

The decay of personality and character which is so noticeable in contemporary life

is due largely to subsidies whether they come from parents, government or welfare agencies.

By substituting social paternalism for personal responsibility, government funds for private initiative, and the principle of redistributing wealth for that of creating wealth, we have undermined the personalities of multitudes of people. This mistaken concept creates individuals who are dependent upon society rather than themselves. The inevitable result is spineless character and weak and negative personalities.

In a democracy, jobs do not exist as a matter of right; they exist only as effective personalities create them. Each of you must contribute to this process. With your training, equipment and vision, you should be able to make a distinct contribution to this creative process in a productive society.

You must make this transition from a mere consumer of wealth to a producer of wealth as well at a time when our country is faced with many economic problems, the most important of which are: (1) inducing the investment of enterprise capital; (2) getting 11,000,000 men back on the pay roll of private industry; (3) lifting our national real income; (4) adjusting the relations of employer and employee; and (5) getting millions of Americans off the public pay roll and thereby reducing the cost of government.

If we can preserve constitutional democracy and free enterprise in this country we can solve all these problems, but both constitutional democracy and free enterprise are being challenged severely today.

America's greatness is due largely to free worship, free speech, free press and free enterprise based on private initiative, all of which were guaranteed to the American people by a constitutional democracy.

Experience, as well as contemporary observation, show that when one of these fundamentals is attacked they are all threatened. Political rights, intellectual liberty and religious freedom are intimately bound up with the preservation of private enterprise and economic opportunity.

Our very existence as an independent nation can be traced to the spirit of individual enterprise. No combination of privileged interests, and no economic dictatorship by governmental authority, produced our past progress. It was achieved only through conditions which encouraged the individual to think, to work, to save, to invest, to invent, to take risks, and to carry on the rivalries of wholesome competition.

The record of achievement of free enter-

(PLEASE TURN TO PAGE 21)



View of Commencement exercises as more than a thousand seniors received degrees.

Industry and Democracy

(CONTINUED FROM PAGE 10)

prise in America cannot be duplicated anywhere in the history of man.

America's problem today is to take the political and economic principles that have made America great and apply them to present day society.

Sound and profitable business is essential to the intellectual, spiritual, cultural and political life of America, as all of these elements are by-products of the profits of sound and successful business endeavor.

Healthy and successful business is not alone the interest of industry. It concerns every owner of a lot, a home, or a farm; it concerns millions of industrial workers; it concerns people who perform services; it concerns life insurance policy holders, savings depositors, stockholders and investors.

We think of business as any legitimate occupation or employment engaged in for livelihood or profit, but in this modern world, it is more than that. It is an activity so deep-rooted and all embracing that it has become almost a synonym for life itself. The forms that business takes are as various and complex as the men who engage in business. Some businesses are large and some are small, but they all have this in common; they are founded with private money or credit, and they are operated for private profit. All business functions within the great system of private enterprise.

This system is being challenged today. If private enterprise is destroyed, all business, big and little together, with all invested capital, as well as all the thrift, hope, industry and judgment that went into their accumulation and management, will go down in ruins.

But that is not all. Our traditional way of life—the very pattern of our existence, our morality, our education, yes our culture—will be radically altered.

I am aware of some of the excesses of private enterprise. No one, conscious of the changing world in which we live, will question either the desirability or the benefit of limiting unfair trade practices that lead to monopoly or safeguarding of securities. Most business men accept the right of labor to organize and bargain collectively. Business, in its own interest, and for its own protection, must expect and should welcome a certain amount of intelligent governmental regulation. Intelligent discipline placed around energy has never hurt an individual or an institution. The danger arises when the central government, originally intent upon discipline, begins to control business. It is one thing to correct abuses. It is quite a different thing to take control of the economic machinery. To tell business what it may do is one thing. To tell business what it must do is quite another thing. The first is legitimate regulation. The second is state socialism.

Under the American system the individual is the source of social energy and the whole of social achievement. Any good that

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comes to the state proceeds from the individual possession and exercise of the homely virtues of self-reliance, initiative, responsibility and tolerance. There is no substitute for these virtues. Any scheme of political control that discourages them cannot face the test laid down by the success of the American adventure or satisfy the soul of the American people.

Free enterprise, working in an atmosphere of liberty guaranteed by constitutional democracy, buoyed up by initiative, self-reliance and individual responsibility, has developed here in America the finest social order the world has yet experienced. In the preservation of the principle of free enterprise in America, which rests on the foundation of our normal competitive temperament, we must devise a program of action which will encourage the desirable acquisitive virtues, yet at the same time restrict their too savage operation.

Our first concern should be that of economic recovery. Only increased industrial activity can absorb the unemployed and raise the national income. To bring this about, our restrictive laws must be so amended as to encourage private enterprise.

Men are out of work today because enterprise capital is idle. It is idle because it will not take the risks involved in its employment. Almost one-half of the bank deposits today are in cash and still more are invested in government securities. New investments by private individuals seem to be drying up.

The problem of business recovery involves, therefore, the revival of private investment. Private investments must either absorb our savings or our government must continue to pour government funds into business, for otherwise the whole thing will bog down.

Private enterprise cannot and will not begin to function effectively until the constant encroachment of government competition with private enterprise is eliminated and government emphasis is placed on increased production.

Industry seeks the cooperation of all elements in our society in bringing about a return of confidence. If all these groups will work together in an atmosphere of mutual confidence, tolerance, and respect, and government return to its historic role of umpire, the misunderstandings and maladjustments which are present barriers to better living for millions of American families can be removed.

Government regulation of private enterprise is not going to be suspended. The wise leader of business will not ask that it be suspended. He is concerned only with the extent to which it is desirable. This is the most important question before the American people.

We cannot legislate prosperity. Neither can we legislate higher wages without violating basic economic principles. Even though we raise artificially, by legislation, the wage scale in a plant, we cannot, by legislation, create a proportionate increase in production to make the raise in the wage scale justified.

Industry approves the idea of improving the lot of the so-called submerged third. Industry would like to lift the standard of living for everyone. Everybody would benefit because a higher standard of living means prosperity all down the line. However, the standard of living cannot be raised by redistributing the wealth or by leveling off the upper third. This merely results in reducing the general standard of living. Prosperity must be promoted along the whole front from top to bottom. National wealth must be increased. This must be brought about by business and agriculture because they are the only creators of wealth we have. They should be encouraged to create more wealth.

Amid the confusion and controversy that mark the economic thinking of today, we are in agreement at one point; American opinion seems to be almost unanimous that the chief hope for a lasting solution of our major social difficulties lies in the vigorous expansion of industry into new fields.

All sides are looking to industry and to industrial science to create millions of new jobs and end unemployment for all who can and will work.

Granting that the purchasing power of a part of our population is too low, it is industry alone that can produce the additional national income necessary to a measurable improvement of this condition.

ALL forward looking industrial activity is planned. It is based on what is believed will be the needs five, ten or twenty years in the future. Obviously, when the future is uncertain, business is uncertain. Today industry is largely blanketed with a fog of uncertainty.

If industry is to be given a fair opportunity to work, it should be given a reasonable degree of certainty upon which it can count in planning current and future operations.

This would include assurances (1) against an ascending tax scale, (2) against government deficits, (3) of the stabilization of labor, and (4) of the stabilization of the rules and regulations affecting industry.

Good industrial relations, which involve the re-establishment of confidence between management and labor, should concern each of us, as its satisfactory solution is imperative if the benefits of our modern economy are to be continued on the basis of a system of free enterprise.

One of the chief problems in labor relations is the constantly deepening wedge of Communism in the industrial life of America.

Organized labor in certain sections of this country is fused with Communism. Investigations in this country disclose that the Communist Party: (1) seeks ultimately the overthrow of the American form of government; (2) rests upon violence; (3) aims at complete confiscation of private property as the means of production; (4) hides behind civil liberties in pursuing ends which will destroy civil liberties for all but the small

ruling class; (5) is the enemy of all forms of religion and looks upon faith in God as superstition; (6) is basically a philosophy of hatred which seeks to promote class war; (7) promotes violence in labor disputes as the groundwork for economic revolution and the overthrow of capitalism; and (8) is basically and fundamentally opposed to our form of constitutional democracy.

Is it any wonder that management fears a leadership in labor which advocates the destruction of both capitalism and constitutional democracy which are the foundation stones of private enterprise.

A belief that the interests of labor are opposed to the interests of the employer is as fundamentally and socially disastrous a fallacy as ever cursed humna society. It gained currency largely through the influence of Karl Marx. Marx merely assumed that the interests of labor and capital were opposed and became the great preacher and exciter of the class war. This philosophy ignores the mutuality of interest between those who contribute their labor, their capital and their services of management to make a success of a business venture.

We know now through careful statistical studies covering the past 100 years, as Dr. Robert A. Milliken, the great physicist, says: "The standard of living of a country and the whole economic well being of a people rises in just the proportion in which capital is used to provide the worker with tools which increase the total amount of goods and services which he produces.

"Destroying capital means simply destroying the tools by which labor lives and supplies its own ever increasing wants. That the interests of labor and capital in the United States are one and inseparable is both a scientific and economic fundamental which should not be even debated any longer by those who are intelligent and informed in this field. And yet, it is the subject which is being debated in high places and in low, the misunderstanding of which is at this very moment reducing the standard of living of the people of the United States, diminishing our well being and even threatening to destroy our American system."

Another problem in labor relations is that of collective bargaining. At best it is a form of price fixing—a way of fixing the price for labor. With the number of men in trade unions at the present time, it represents price fixing on a very large scale—a scale so large that the results may affect profoundly the general business situation. The success of collective bargaining will depend in the last analysis on whether employers and trade unions do a good job of keeping the price of labor adjusted properly to other prices. There is a tendency for the union, if it has sufficient strength as a pressure group, to force management to fix the price of labor at a point so high that it will require a cost price to the consumer that he will not pay.

If labor forces a minimum wage without regard to its effect on the general business situation or the ability of management to pay, it may require a cost price to the con-

sumer he will not pay, thereby causing business collapse with increased unemployment.

If labor should force a shorter work week without wage reduction and without regard to increased production through increased efficiency, it would result in unemployment, *for intelligent management knows that you cannot have more by producing less.*

As long as our industrial life is geared to machine production on a large scale, labor in such units of production will organize for its mutual advantage and protection. Both management and labor, however, should refrain from becoming militant instruments of the economic struggle. They should cooperate in a common purpose.

Trade unions must realize that *high* wages are the result of prosperity and not the *cause* of it. It is not an easy lesson to learn, but it is a simple fact and must be learned. Painful experience, if nothing else, will teach it to all of us.

There is a growing philosophy in this country that our government debt, in view of the fact that it is owned internally, need not be paid. Public spending has become firmly entrenched in every nook and corner of America. Government extravagance has become habitual. The nation faces the danger of greater and larger spending.

Our government must be conducted within the ability of the people to pay and on the theory that balanced budgets supported by reasonable taxation is one of the best assurances for business prosperity.

In this connection I quote from a recent article of Arthur A. Ballentine: "To get to talking about the national debt as if it does not need to be paid is certainly a danger signal. Any process of repudiating the debt, whether by inflation or otherwise, would destroy the results of individual thrift and prudence and weaken the springs of all economic effort."

Only through economy, savings, investments and increased production can prosperity be restored to the American people. Any student of history will discover that national income has been the highest when government was being operated economically, when taxes were being reduced and payment being made on the national debt.

One of the real threats to the solution of the problem of unemployment is the constantly increasing burden of taxation which has meant decreasing employment. Increased taxation has made less money available for investment.

The constantly increasing burden of taxation is to a very large degree responsible for the mass of unemployment which we have today. Taxation has increased faster than business and industry have been able to increase wages and lower prices. In 1900 taxation took only 6.7% of the national income. In 1938 it took approximately 22%. Taxation has increased so rapidly in the last five years that it has decreased the purchasing power and decreased employment. Because of taxation, millions of workers have empty hands and empty pockets, but fertile minds. Punitive taxation prevents business from

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employing as many workers as it once did. Taxation today is taking, either directly or indirectly, approximately 30% out of every dollar that is earned. No wonder our purchasing power is too weak to pull us up the economic hill.

Business has done more than any other force to create a new concept of civilization, in creating jobs, in increasing wages, lowering prices and increasing production.

Sixty years ago the average wage in this country was \$347. The average is now about \$900. There has been a tremendous increase in the average wage but the benefit accruing to the worker by virtue of this increase has been destroyed by the still greater increase in the tax burden that has taken place in the same period of time.

Taxes are paid in the sweat of every man who labors. High taxes mean high living costs. High taxes retard business expansion and prevent the employment of the unemployed. There is a definite limit to the percentage of the nation's productivity that can be taken for taxes.

Industry has changed. It is in the process of change at the present time. It must still further expand its horizon of thinking and action. It must assume the role of an enlightened industrial statesmanship. It must broaden its responsibilities to the degree necessary to assure to the American people the maintenance of private enterprise and, with it, the exercise of free initiative.

In the past the average business man has wanted to be let alone. He has felt that his job is to manage his business successfully and return a profit. But in the future he will not be let alone, and, unless he takes more seriously his personal part in the re-sale of American industry to the American people, there will not be any profits for anybody in private enterprise.

If private enterprise and democratic government are to be preserved in America, those charged with the management of business must discharge their responsibility to society.

Management must demonstrate its assumption of social responsibility. It must provide and dispense goods and services in a way so as to win public approval, and it must provide them in a way so as to promote social and economic progress.

Management's every policy must be formed and carried out in relation to its effect on workers, customers, investors, supplies, neighbors, competitors and government.

Managers of business today give too much attention to the success or failure of current management and current results and do not give enough attention to the ultimate effect of current tendencies and current measures upon the whole institution of private property and private business. They have felt that public policy is associated with politics, and they did not want to take their business into politics.

The time has come, however, when the managers of business institutions, if they are to save the institutions for the benefit of those to come, those to whom they be-

long, for whom they exist, must give attention to current drifts in public policy, which may not be dangerous for the day, but which will interfere with their future performance.

The managers of business must participate in the formation of public opinion and public policy. There must be close collaboration between government and business, each working along its own course, to the common end that men have work to do in private enterprise and a right to dictate their own destiny.

The United States still has a great future. The doctrine that there must be in America a permanent army of unemployed is absolutely false. Prosperity and full employment can be achieved in America if we will inaugurate a sane policy of economy in government, lower taxes, a reduction in national debt, scientific research, new industries and an expanding economy.

We must see to it, however, that this larger national income, when it becomes a reality, is more justly distributed than it was in 1929. I feel sure that this will be accomplished, for business, through some rather difficult and trying experiences during the past ten years, has learned many lessons. It has a much keener sense of its social responsibility and a much deeper realization that the success of business in the future will be measured not alone by profits but also by the contribution it makes to human life.

The best way to assure the future security of free enterprise in America is in the preservation and enhancement of constitutional democracy. Challenges which cannot be ignored have arisen in recent years to shock all of us out of our complacent acceptance of our heritage which was won under such difficulty by our forefathers.

The major need today is leadership. I congratulate each of you on the successful completion of the requirements for the degree you are to receive today. Each of you, with your background of training and equipment, as you take your place in productive society, should show your gratitude to the State for what it has done for you by assuming the responsibility of leadership in a program designed to cause the American people to recapture an enthusiasm for true Americanism, repudiating false prophets and giving themselves to a broad and intelligent service in the national interest.



The Reunions

(CONTINUED FROM PAGE 11)

union classes divided into groups for five separate reunion dinners which were held in the ballroom, the Woodruff room, the English room, the Blue room and the Pine room of the Union.

Each class had its own informal program. Some had musical numbers. The general plan was to call on as many members of the class as possible to find out what they had been doing since leaving the University.

The Class of '14 far surpassed the other reunion groups in attendance. In fact, it had almost as many present as the other four reunion classes put together.

The dinner attendance by classes: '14 had 67; '19 had 21; '24 had 15; '29 had 23; and '34 had 15.

The Class of '14 led all others in number of Life Memberships for many years and has a long list of members who have been outstanding in their various professions and occupations.

Particularly noticeable about the reunions was the large number of alumni present from other states—as far away as California, New York, Ohio and Minnesota.

The out-of-state group included Fritz Aurin, '14, '15ma, president of the Southland Royalty Company, Fort Worth, Texas; William A. Buttram, '14, geologist, Puente, California; Florence Van Buskirk Graham, '14, housewife, Montebello, California; Frank B. Parsons, '14ex, and Mrs. Parsons, Wichita Falls, Texas; Mrs. Walter Cralle (Marian Stuart Brooks, '15, '17ma), Springfield, Missouri; Ruth Tolbert, '17, Amarillo, Texas; Elaine Boylan, '19, librarian for the *Dallas News*, Dallas, Texas; Dr. Claude B. Norris, '19, '21med, physician at Youngstown, Ohio, and Mrs. Norris (Fannie Inez Bell, '19); C. D. Reasor, '19eng, manager of the Consolidated Gas Utilities Corporation, Wichita, Kansas; Harvey A. Andruss, '24, dean of instruction at State Teachers College, Bloomsburg, Pennsylvania; H. P. McCrimmon, '25med, Minneapolis, Minnesota, and Mrs. McCrimmon (Adelaide Paxton, '24); Mrs. Clara Smith Reynolds, '29, Carbondale, Illinois; Vernon Rice, '31, newspaperman, New York City; J. B. Bender, '34, electrical engineer, Lenexa, Kansas; Luman T. Cockerill, '32, minister at Ithaca, New York, and Mrs. Cockerill (Geraldine Speyers, '34); and Mrs. Earle E. Garrison (Mary Tappan, '34, '35ma), Corpus Christi, Texas.

A crowd of about one hundred persons including many alumni attended the annual Phi Beta Kappa breakfast Monday morning, June 5, in the Woodruff room of the Union.

The speaker was Dr. H. H. Lane, former O. U. faculty member now at the University of Kansas. He is a charter member of the Oklahoma chapter of Phi Beta Kappa.

Speaking briefly, he urged members of Phi Beta Kappa to fight the forces in the world that are threatening the civilization of today.

Commencement exercises were held at 10 a.m. in the Fieldhouse, a proposal for changing it to an evening hour having been abandoned, at least until next year. The principal address, by John Rogers, '14, of Tulsa, is reported in detail elsewhere in this issue of *Sooner Magazine*.

A total of 1,084 degrees were presented to the graduating class by President Bizzell—the largest graduating class in University history. This program brought the total number of degrees granted by O. U. to more than 20,000.

After the commencement exercises, a