

the fruit of productivity, but rather as the opportunity for extravagance, for ease, luxury and leisure.

We must provide for something in our economic scheme more than the mere support of the present generation. We must provide a surplus for future generations. Just as you and I seek to save for the benefit of our children and to leave them something that will make them more comfortable in life, so we as a nation and a people must earn something in excess of what is required for our present day maintenance, in order that the increased population of future generations may have a surplus upon which to live and be comfortable.

And so we have a duty to produce that goes beyond our own immediate needs. I am told that the capital per industrial worker in 1899 was \$1,800, and the capital per industrial worker in 1914 was \$2,800, an increase of about 50 per cent. And so we must go on increasing capital so that it may be in proportion to the increased population if we are to carry forward into future generations the comforts that we now enjoy.

I believe sometimes it appears as the argument of labor that this increase in capitalization belongs to labor who produced it, and sometimes capital claims that this increased capitalization belongs to capital who produced it. It seems to me that it does not belong to either labor or capital; it belongs to, and is the just due of, future generations. President Eliot says that poverty results from ignorance, stupidity, laziness, sickness, premature death, disability, vice and extravagance. I have not quoted his exact words, but I have quoted words which express his thought.

During a period of high wages it seems to me it is the obligation of society to discharge its debts and to increase its savings accounts. And yet, because of our peculiar American temperament, the reverse is true. During a period of high wages we are more inclined to extravagance and less inclined to thrift. In seeking the remedy for this economic situation we must look to four parties at interest, namely capital, labor, management and the public. And each I think has a duty in this respect. Capital has a duty to place some sort of reasonable limitations on its profits so as to make a fair return and create a safe reserve for the future. It has an obligation to use capital more productively than it has heretofore. Labor has an obligation to increase its productivity. Organized labor has a responsibility and a duty to so counsel and instruct labor as to put it in the frame of mind where

it is sympathetic with the suggestion of increased efficiency and productivity. I believe that organized labor, broadly speaking, recognizes this today, and that organized labor is teaching to labor generally and individually more accurately the economic truths of industry. Management has an obligation for you and me to discharge. Management, like labor and capital, should be made more efficient and more productive. The industry which pays for an elaborate system of management should do it only on the basis of productivity, increased productivity and efficiency, and the management that costs more and is more elaborate should produce more. If it fails to produce more it is not so justified in modern industry today. The public has a duty to discharge to see that proper laws are passed for the regulation and encouragement of industry in order that it may progress and thrive and prosper, and for maintaining that attitude of public mind that is favorable to the success of our American industries. I believe that the public today is getting into a more rational and intelligent state of mind with reference to economic questions. It is also the duty of the public, through a system of personal thrift, to draw away from our practices of extravagance, and to take this period of prosperity as an opportunity to discharge our personal debts and increase our savings accounts.

Let me take up now the third cause of industrial unrest, which is perhaps the most important, and certainly the one which we have discussed most at our meeting today, namely, the social cause of industrial unrest. Those who think about and are concerned with social problems appear today to have divided themselves into three classes varying in the degree of their conservatism or radicalism. The first we may call constructionists, the second reconstructionists, and the third I prefer to call destructionists. If we choose to relate these three classes to politics I think we have the conservatives, the progressives and the radicals.

The constructionists are conservatives. They believe in a program of construction; they have faith in our present-day industrial, political and social order, and believe only in its evolutionary development, in its gradual and quiet progress. The reconstructionists, or progressives, believe that we need to rebuild to some extent. They would maintain the present order during the process of reconstruction. You will note that they have in common with the constructionists their program of construction. The destructionists, or radicals, on the other hand, have no faith in

the present order, and would prefer to destroy it entirely and build something new and experimental. These radicals, or destructionists, I think, are in the very small minority. The only way in which they can hope to become the majority is through combination with one of the other classes, and of course their hope is through combination with the class of reconstructionists. It seems to me that the reconstructionists have more in common with the constructionists than they have with the destructionists; and it is our obligation, and should be our effort, to see that the combination, the affiliation, is brought about between the constructionists and the reconstructionists rather than between the reconstructionists and the radicals. That can be done, I think, if we follow a course of sane, rational thinking and action.

We have come in our American life to use the word "democracy" rather loosely. Sometimes it is used to designate some very radical and extreme, at least some very advanced, thoughts. I do not believe that our forefathers in framing the Constitution contemplated a democracy in the pure sense as it was understood by the Greeks. I believe that the original significance of the word "democracy" with the Greeks was "rule by the people," and it seems to me that our forefathers contemplated a republic rather than a democracy, and they contemplated rule by elected representatives rather than direct rule by the people. But progressive politicians, seeking political advantages, have offered and promised the people further steps in democracy through each political generation, until today the word is synonymous in some minds with a radical system of government and industry. If we accept the Greek definition of a democracy, then the purest democracy in the world today is Russia.

Mr. Harry Atwood of Chicago, who is a student of the Constitution and of constitutional government, has said that the antidote to Bolshevism is a return to our Constitution. He advocates that we drop this word "democracy" from our language for the time being because of its misuse, or at least that we clearly define it so that its real meaning be understood, and that it may not be confused with the plan of Bolshevism or radicalism. He points out that Abraham Lincoln in all of his public utterances that have been recorded uses the word "democracy" but once.

During the war our industries were turned over to the purposes of the Government and to the purposes of the general public, and so there came into industrial life certain political considerations; and these

problems as related to politics have related themselves to a certain extent to industry. The Government, in its control of industry, where it had complete control and supplanted the private management, I think came to realize, and the people came to realize, that Government control of industry in any large national sense was not possible; that it must break down through inefficiency. I believe that the strong popular will today is for the return of industry to private management. It does not seem possible under a system of democratic politics to run an industry efficiently.

And so we are led to ask the question, whether it is possible under a system of industrial democracy to operate industry efficiently? The industrial constructionists contemplate a continuation of the present industrial order and its evolutionary development. The reconstructionists contemplate democratization of industry; and the radicals—and I prefer to call them destructionists—contemplate the socialization and the syndicalization of industry.

It is a question in my mind, if we bring about a pure industrial democracy where the employees of an institution have a voice in the management and can dictate the affairs of the management and determine the answers to the problems of the management, and the representatives of the employees in the democracy are the freely elected representatives of the industry, whether organized labor will approve of that kind of industrial democracy. My impression is, and I believe there are already examples to support it, that organized labor will resist such a system of industrial democracy unless the representatives of the employees can be also representatives of the union. I believe that any system of industrial democracy that through purpose or practice eliminates unions from the control of a particular industry, will be resisted by those unions regardless of whether it gives the employees a voice in the management or not.¹

I leave to you the question whether unions should modify their position in that respect in the interest of progress in this industrial democracy movement. Personally, in the industry which I am connected with, I should rather dread at this time, a time when we are going through serious reconstruction and readjustment, any industrial democracy that goes so far as to propose anything like an industrial referendum. I should fear greatly to refer some of the complex problems of management to the democratically elected representatives of the men in the shops, or to those men as a

¹Mr. Gompers has since this address was delivered stated organized labor's opposition to shop organizations.