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## CHALLENGE TO INDUSTRY

an address by

WALTER B. WELISENBURGER, Executive Vice President  
of the National Association of Manufacturers, before  
the Congress of American Industry Wednesday, Dec. 4, 1946.

I gather from Doctor Moley's remarks that the demise of the New Deal came from its own INTER-feriority complex, plus fatuous old age.

His was a challenging philosophical appraisal of our times and of the grave responsibilities it places -- particularly on men of business. It is one the Congress of American Industry should keep before it every minute of the next three days.

This is the most important annual meeting of all the 51 that the National Association has held. We've met in recent years under the excitement and patriotic demands of war. Now, without flags flying or trumpets sounding, we are here to work out a pattern for the successful restoration of a voluntary economy and for the resumption of progress in America.

That is no easy task.

✓ || || The United States is bucking a world trend of collectivism. Here we are turning to free enterprise while the rest of the world continues to go left. The tide of national thinking plainly throws the gauntlet to private hands to do the job better the voluntary way. It is upon our ability to cope with current problems that the survival of free enterprise and democracy as a world ideal depends.

The first world war was fought to make the world safe for democracy; we're fighting after this one to make democracy safer for the world.

What has brought all this about?

Two world wars and a depression have left the world overburdened with economic problems that the individual feels are away too big for him to solve.

In nations where the liberal tradition is not firmly entrenched, the people turn easily to the state for help. For that matter, even in England, where the respect for human liberty is traditional, the answer is sought through a greater degree of state-operated economy.

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In America, where the liberal tradition is firmly entrenched, the people have moved for more than a decade in the same collectivist direction, seeking correction from Government for the ailments of the depression.

But now there have been definite reactions at the ballot box against the continuance of governmental paternalism.

We must always remember the election signifies only that the people want to return to the spirit of constructive liberalism; in no sense was it intended to place the forces of reaction in power.

We must constantly remind ourselves, too, that this trend **|| X** is not necessarily a permanent one. The voter simply got enough of the futile manner in which our problems were being tackled. The public decided to seek some other method of handling these economic forces that seemed too big for them. It will gratefully and avidly attach itself to any group that provides the answers. But, the election is no assurance that the people will not turn again to Government if other means of leadership fail.

How can industry best compete for this responsibility of leadership?

Before you members of N.A.M., the best way to discuss this subject is to review some of the plans and some of the approaches your committees, officers and board are trying to establish as a pattern.

Primarily, they are trying to establish N.A.M. as an organization that is public in its character and outlook, believing that industry and the country's welfare must move forward together.

To describe how best to attain this ideal, and particularly to discuss the important part the membership must play in doing so, is the purpose of my remarks.

Nationally, this involves more than Association action. It is bigger than the N.A.M. It really comprehends the performance and attitude of all business.

What should that attitude be?

The attitude of the bleeding-heart "planners" is to serve suffering humanity. The strategy of the Socialists is production for use. The Commies' major bait is "I am my brother's keeper."

In its years as the champion of free enterprise, the N.A.M. has tried various over-all approaches. Each in its time was valuable and had a degree of success. While I do not believe any of them are strong enough for the exigencies of this day, I want to review them because each has had -- and still has -- some very ardent adherents within management.

One basic assumption is that we can best provide economic leadership by emphasizing past accomplishments of the system.

Will the endless recital of industry's record, impressive as it is, do the job? I think not. A study of practical politics shows that the electorate is always more interested in where it is going than where it has been. That's the reason why politics is such a "promising" profession.

A second recommendation comes from those who would give the general public a college education in the difference between good and bad economics.

It is a great temptation to want to correct such crackpot economic illusions as: "wages have absolutely nothing to do with prices"; "strikes help maintain employment"; "output can be doubled if people work half as long for twice as much." However, if we're going to wait until the average man gets enough economic understanding to work out his own answers, our goose is cooked - golden eggs and all.

Since every one is so burned up about Communism, a third suggestion is that we put our main strategic emphasis on the fact that collectivism requires the abandonment of freedom and free enterprise does not.

That's surely inviting - especially with the Commies fostering strikes and preaching discord over here so as to slow up our economy while Russia catches up a couple of hundred years. It's a situation that needs plenty of attention, but it's not the Number One job of you men of industry. You've got a competing product to sell, and in the commercial world you've learned beyond question that you can't sell your stuff by just knocking your competitor's product.

Well, how about a fourth strategy of waiting until business is attacked and then answering promptly.

Very good, and very necessary as a part of any program, because it reduces the attacks and helps keep your critics honest.

And when a theological group composed of most of our representative religions issues a pamphlet called "A Declaration of Economic Justice" in which they declare against competition and profits as the basis of the business system, their economic ignorance needs attention.

But, as the main dependency, "quick-answering" is not enough. It lacks the dash of positive leadership that the nation needs and its people so dearly love.

None of these four approaches will do today. All of them were conceived to preserve the status quo. The big problem of the moment for America is to recover the status "go."

To do that, here is the only strategy that can win:

Business can capture the leadership of public opinion only if it makes, and dramatizes, a conscientious and determined effort to solve the nation's legitimate economic problems when they exist.

If problems exist, answers are needed; and providing the answers is one inescapable responsibility of leaders.

This is far more productive than simply pointing out what's wrong and letting the bureaucrats fumble with it so we can raise hell with their answers.

Such is the challenge to industry, the challenge to develop a high degree of business statesmanship devoted to the economic welfare of the whole nation. Clear, unmistakable solutions must be laid right on the public's doorstep. No double talk, no weasel-wording, no ducking the tough ones. What they want to know is how to fix things up. They want answers.

Opposition has been exciting - and extremely effective, too. But how successful has business been, in past years, in providing the answers?

Admitting that hindsight is a rare gift of critics, but granting that experience, however costly, is valuable if it teaches us something - anything - let's take a look at the record.

A decade ago we opposed, - and did so most capably - the Wagner Act that was to bring labor peace "in our time." But we did not offer an agreed upon business program to cure what the public regarded as the unbalanced collective bargaining relationship between labor and management.

So we didn't stop the Wagner Act. We got it, as you perhaps have found out; a law that is bringing America dangerously close to open revolution.

Because there was no concerted pattern offered by business toward recovery from the depression, we got the old blue bird of disaster - the NRA - and successive New Deal experiments. Now the public, after 14 years, realizes these experiments are wrecking our free economy.

Again, the public could not see in any proposals by business an understandable way out of the oppressively low wages and sweatshop conditions they wanted corrected. So, trading on high humanitarianism as usual, the New Deal gave us a law which is not a minimum wage law at all, but a wage-fixing law for many of the workers of the land. Additionally, it now has led to a liability for retroactive portal-to-portal pay that threatens the whole capital structure of industry.

Also, because the public could not sense in any recommendations of business a way out of the depression, the New Deal, applauded by the people and returned to power again and again and again, began to spend our way out of depression. The consequence is deficit spending and the piling up of the most tremendous debt in history to threaten our entire national solvency.

I'll admit management was new at the job of public participation then, and did not grasp what was happening to it, nor were they alive to the technique best suited to stop it.

But looking backward, how much better if business had met these problems head on and stuck its neck out with practical leadership, instead of simply protesting and opposing to end up only with the doubtful satisfaction of saying "We told you so."

I'm aware that this is a case of "easy to say, but hard to do." It is hard to be specific. The trouble that business had in arriving at voluntary directness back in the Thirties is what gave the wrecking crew of bureaucrats their opportunity. But businessmen have learned. Management has made great strides in developing teamwork that pays off.

Businessmen, who didn't win the name of "rugged individuals" performing in a chorus, or depending on their competitors' support, are learning that there's a vast difference between being manager of an enterprise and being managers of the enterprise system.

In regarding themselves as a part of a national society, I believe management has made greater advancement than any other segment of our society.

Your Association, too, has grown in vision, purpose and prestige since you elected men holding such broad ideals to represent you in its affairs.

You will find in the expressions of the chairmen of your standing committees at these sessions a deep awareness of this necessity.

You will see it in the constructive recommendations that will be offered for the attainment of labor peace.

Our program makes no effort to take advantage of current public indignation. True, the people are getting damned tired of having to tune in on John Lewis every morning to see whether or not to leave for work. The voter turned thumbs down on the Government's coddling of labor and the arrogant excesses of union leaders. They did not vote to destroy unions or to do away with collective bargaining; to deny labor the right to strike or to wipe out its legitimate social gains. Their vote demanded an intelligent and equitable formula for industrial peace. This they aim to have. This our convention must help provide.

Similarly, our proposals in the field of Government spending and Federal taxation are not designed to take advantage of the public mood to gain a selfish benefit for business.

We believe that inflation can be nipped in the bud. We will present to you recommendations which will have for their chief purpose the protection of the nation's solvency and the easing of fiscal burdens on the public rather than upon business.

Many other problems which will be discussed at these sessions have been tackled in a similarly realistic vein. Nor do we intend to confine this pattern to this three-day meeting alone. The same high purpose must dominate N.A.M.'s day-to-day program in the year ahead. It also must become an increasing part of individual management.

There is a lot of the job which starts with you individually.

If industry is to acquire its rightful recognition, each of you must continue to do an increasingly better job, in your plants and in your home-town relationships.

Among the most necessary of these jobs is to identify yourselves, individually, with the good objectives of the people.

Let the public feel your warmth, your humaneness. Don't be afraid to show them you're a real guy. I know from experience that businessmen are rich in social sympathy. But, you keep too much of that side of you hidden from the public. The dramatization of that good symbolism is usually left to the labor unions, the Government or the social worker. Spending your dollars, they acquire reputations as great humanitarians. From the height of this popularity, they devote themselves to denouncing the erstwhile business backers of their benevolence as cold-blooded, anti-social money grabbers who need controlling.

Why let someone else cash in on your good objectives?

Business is a publicity, as well as an economic, game. We've learned to contact the moon, but we still have trouble contacting the public. Don't keep the candlelight of your good objectives under a bushel of inhibitions.

As a quick example, management is prone to ignore and abhor the desire of the worker for an annual wage as an impractical theory that will ruin business. It will, the way the unions talk about it. Just the same, if management does not give heed to the objective, it sooner or later will get the full, bitter, impractical dose of annual wage, a la unions and Government.

Management cannot deal successfully with the public's objectives simply by denouncing them. You can't cast their ambitions lightly aside, especially when they're both customer and voter.



An annual wage, as such, is impossible. But it is not impossible for management, as many have already done, to study every possible process of adding more regularity to employment.

That's the reason for the N.A.M.'s program of education on stabilizing employment; to encourage management to every possible activity that will help the worker achieve some part of his natural desire for more continuity in employment.

Next, this public-be-served strategy must not be confused with the argument that "what helps business helps you." The public sees only self-interest in that. The justification of individualism is not in selfishness but in service. We should change our concept to "business will help itself by helping you."

The man in the street sees himself in that equation.

A third "must" in business psychology is this:

Never for a minute take the position that private enterprise is as good as we can make it.

No institution born of man is perfect. People know this and allow for it.

Americans like the free enterprise design. They're sure it portends more for them than any other. But, their big doubt is whether you managers of the system practice what you preach.

Management must demonstrate that it is running a competitive economy in which prices, wages and interest rates compete to make more and better goods at lower prices which leads to more jobs, better wages and a rising standard of living. And then it must really compete.

N.A.M.'s stand on monopolies and cartels - both Government and private - has done much to convince the people that we're not short-cutting our ideals.

N.A.M.'s 1947 program will help dramatize management's desire to correct any remaining shortcomings in the way our system operates.

One of the important committees of the new year will be on Management Practices, which will constantly hold up to all enterprisers the pattern of good business performance.



Walter B. Weisenburger

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This pattern must become equally well entrenched in the individual thinking of management if it is to become an honest guide for business generalship in the battle for public understanding.

From all this you can see that in our Association plans we are proposing more than just a front of public leadership and public service.

The need for concerted action in 1947 is paramount.

Stay close to the public in 1947. For the consumer is certainly coming back in style, the sirloin speakeasies are closed, the bartenders have quit selling nylons; they're putting fish in fish cakes and meat in meat balls; clerks seem to get less pleasure out of their insolence, traveling salesmen are being dusted off and the dotted line is on its way back.

This is, therefore, an especially good time to keep in step with rank and file Americans.

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The turn of events has placed an inescapable obligation upon business for real leadership; a leadership that is humble, not cocky; sympathetic, not arrogant; above all, explicit, conclusive and fully developed. A minority has reached its majority, and it's got to act that way.

So, during these sessions if we drift from purpose; if we grow weary of the effort to reach accord; if platitudes come easier than clarity; if misleading generalities seem more expedient than positive leadership, let's remember this duty. One hundred and forty million people will be thumbing their radios, scanning the newspapers this week to see what positive leadership is coming out of this meeting.

That's the reason that these sessions are more appropriately a prayer meeting than a jubilee. We ought, literally, to be down on our knees seeking divine guidance in the solemn task of giving this nation a voluntary economy that clicks.

This country needs all the intelligent help that this convention can provide -- help in solving the labor question, in disposing intelligently of the remainder of unneeded Government controls, in putting the nation's fiscal policy in order, and generally in getting the economic machinery rolling again after 12 years of devastating experimentation.

With these three roadblocks -- controls, fiscal policy and labor strife -- out of the way, America is set for the new golden era of prosperity.

Don't let the depression-mongers tell you otherwise. Only blundering can bring a depression.

Every one is working, total wages are at the highest level, unsatisfied needs are still pressing for goods produced at reasonable prices. Inventories are rising, but not excessively, and commercial credits are not in a situation to repeat the set-back of 1919-20.

The international situation is disturbing, but there is not going to be a war.

There are only two serious obstacles to sustained prosperity. One is the constant change in wage rates without regard to productivity. This causes uncertainty in the price structure. The other is that our country cannot be fully prosperous when almost one-third of national income is drained off for federal, state and local expenditures. //

So the prospects ahead are good!

A look behind confirms our faith in our industrial society as the means of going ahead.

Despite the fact that America has only 6 percent of the earth's area and 7 percent of the population, under private enterprise it has accumulated over 40 percent of the world's known wealth and has more purchasing power than all of Europe or all of Asia.

This is the dirty capitalistic economy that sent 51 billion dollars worth of lend-lease to other lands, pays 75 percent of UNRRA, and is expected to bear 50 percent of the cost of the United Nations.

Where on the face of the earth is there another economy that has survived two world wars and a major depression without financial and moral bankruptcy?

Yet this is the system over which the radicals have been invoking the Requiem Mass for years; but the old corpse of business always sits up and sings the Te Deum.

Everybody's tired of this chronic defeatism. This nation is not decadent. The future that beckons is far greater than any fulfillment of the past. It's a future so promising and means so much to us, our children, and our children's children, that only a spinster could have any legitimate reason for not being interested.

You men of business, drawing your powers from within, and your faith from on high, can offer a stirring leadership of practical idealism that will rouse the hearts and minds of Americans with a new spirit of cooperation to achieve the final peace with prosperity.