

HOW TO HELP BUSINESS

PAPER BY

MR. JAMES J. HILL

READ AT

The Annual Dinner of the Traffic Club of Chicago,
Chicago, Ill

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What productive activity in this country needs most, what it has needed and what must be given to it soon if it is not to suffer under accumulating troubles, is simply a period of freedom from uncertainty resulting from constant political attacks. Business needs a rest cure.

Within the last two years new laws more important in their bearing upon commercial and financial affairs and upon national prosperity than the legislation of any period of equal length since the civil war have been enacted. Neither the best informed legislator nor the ablest lawyer can give more than a hint or a guess at what the effects of these new regulations upon business will be.

The legislation of these last two years alone is almost equivalent to requiring business to fit itself to the conditions of a new era. From this point of view it is the same whether their provisions are good or

bad. If it were true that all of them will eventually prove helpful, it would still remain true that the adaptation of the country's business to entirely new conditions, the application of rules rigorous and unprecedented, will produce a trial period extremely critical for every kind of activity.

Any revision of the tariff usually requires two years or upwards before manufactures and commerce have accommodated themselves to the new schedules. The country is making that adjustment now: but, so much less important and uncertain in effect is it than other changes in progress, that business men almost forget the tariff in trying to forecast and prepare for the future. It is the smallest of their problems.

The next new element is the federal banking and currency system. This is the first attempt in the nation's history to deal with this subject as a whole and in the light of economic principles. The effect must be profound. There is nothing which affects more vitally the industry and prosperity of a country than its system of money and credit. The public as a whole, though not overlooking some faults of the new system, believes that it will work out well as a preventive of panics and a national clearing house of credits. Yet, without precedent as many of its features are, only experience can bring out in practice its merits and its faults. Home uncertainty remains; and uncertainty, almost as much as actual disaster, slows down business operations everywhere.

If these two measures stood alone as innovations, they would compel business to proceed for some time cautiously and experimentally. But they are far from covering the situation. There are two others of more doubtful propriety and more questionable results.

A commission of five members has been created, having jurisdiction over corporations and associations organized to carry on business at a profit and not now under federal control. Its office, in the first instance, is supervisory, and this does not seem radical at a first glance. But it embodies a fundamental principle that carries everything else along with it. It asserts the right of the federal government to control and regulate business as a whole; not merely that affected with some public use, not that which offends in some way against the law, but the peaceful and legitimate conduct of ordinary affairs. No session of congress will pass without actual or attempted legislation to extend its powers and make its control more absolute and more arbitrary. Before the possibility of a future where it may ultimately be necessary for them to fight for their very lives, the business interests of the country naturally hesitate and are little inclined to extend their operations.

Finally, to enumerate only measures of first importance, there is the so-called Clayton bill, recently enacted. It is impossible to speak of this with authority, for it will probably be a generation before all of its provisions have been finally passed upon by the courts. But it is a sweeping affair. Some of its provisions are crude and almost ridiculous, like the limitation on interlocking directorates. That can produce nothing but a crop of dummy directors. The man with property interests in two corporations will not abandon one of them because he can no longer be a director of both. He will send instead a clerk or other representative who will obey his orders. The public will gain nothing; the business concerned will merely substitute a second-class man for a first-class. Other provisions

of the law are plainly iniquitous. Such is the first formal piece of class legislation in this country, by which the same act, done in the same way and for the same purpose, is made illegal when committed by a manufacturing or trading concern and legal when done by a labor or agricultural organization. Even though this perversion of equal rights should be set aside by the courts, until it has been passed upon every business man will remember that the law explicitly authorizes formidable conspiracies against him and forbids him a remedy under heavy penalties.

The language of those sections of this law intended to prevent monopolies and to restore competition is necessarily so indefinite that no man can do more than guess at the interpretation the courts are likely to put upon it. Twenty years has been proved too short a time to settle the practical working effect of phrases like "reasonable rates", "substantially similar circumstances and conditions", and "competition in restraint of trade". It will be at least twenty more before the vague expressions of the Clayton bill—vague because the ideas of those who framed it and those who voted for it were formless and unpractical except as part of the political game—shall have been crystallized into legal clearness. Meantime, even an innocent error of judgment may carry with it disastrous consequences. Every business man must take that possibility into consideration.

No specific facts and no statistics are needed to prove a condition of business in this country far from satisfactory and not rapidly improving. It is written in the daily record of most establishments and nearly all families, and the great army of unemployed labor still feels its iron grasp. Undoubtedly the European

war has affected this country in some cases favorably and in others unfavorably, and it would have left its mark on us no matter what our domestic conditions were. But without doubt that war is not the only influence at the present time in making business recovery slow and its progress weak and hesitating. It is not the cannon of Krupp, but guns forged in American political foundries and trained from Washington upon the business of the country that have given it pause. For years this form of civil war has grown in favor and in destructive power. It has now reached a point where men already at work, where capital already invested, move only with torpedo nets spread and engines at slow speed; where the man who is thinking of commencing or extending a business will wait before venturing on a sea so thickly sown with mines that there is danger everywhere.

For many years the business interests of the United States have been under fire, have felt the cords of political authority tighten, have seen the field of legitimate activity restricted, have been a target for hostile legislation. If these laws, whose details are still of undetermined meaning and effect, are to be amended, added to, and the circle of danger or prohibition continually enlarged, then business will retire as far within itself as it can without suffocation, and either wait for more favorable conditions or cease entirely.

Not more money or more credit or foreign markets or a merchant marine or any other accessory advocated is so necessary to the country at this time as a period of rest from legislative interference with and arbitrary control of the country's business. Even if this be granted, revival must, for reasons already stated, be slow and halting. But if it be not granted, the country must

expect long-continued commercial embarrassment, dragging business, general depression, unemployed labor, and loss of the opportunities which were never more numerous or promising than they are today. A breathing spell in which to learn the extent and meaning of new requirements and prohibitions, the things still permitted, the limits within which business and capital may still act without technical illegality, does not seem an unreasonable demand. Exemption from further legislative attack, from interference and change for a considerable period, is what the business interests of the country are now fairly entitled to.

Those in authority, having completed part of their program, can now show themselves equally faithful to the other part, which is the conservation of the business of the country and its prosperity. Business men are ready to do their share. In mutual understanding without prejudice lies the hope of the future. For some years after the close of the present war in Europe, the opportunities of the United States should be great and its responsibilities will also be great. Its soil products, its mineral products, its manufactures and its capital will all be in demand to restore the waste places of countries partially depopulated and industrially destroyed. What we need is a clear field, no favors, and a full restoration of confidence. Division, hostility, working at cross purposes have gone far enough.

The whole country wants prosperity. This is most important and most necessary to the man who lives by his labor and who must work to live. With many establishments closed, large concerns working with reduced forces, and the great army of unemployed growing, the empty promise and the "glad hand" of

the professional politician will be to him a poor substitute for want of work and bread. The main conditions favorable to a happy change exist. It calls only for understanding, co-operation and harmony between all those elements that unite to make us both economically and politically one. To urge this hearty and lasting co-operation, in good faith and good feeling, is now the first duty and interest of all our people. Thus and not otherwise, the next generation may be able to look back upon the period following the greatest war that the world has ever seen as one of the greatest prosperity that the United States has ever known.

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