

THE RELATION OF THE CHURCH TO LABOR AND CAPITAL

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The subject of this evening's meeting, in the discussion of which I am invited to take part, is one which has been a matter of grave concern to me for a number of years. As a Christian, brought up in a Christian home by parents who lived truly Christian lives, my ideals and some of my impulses have been fashioned on the moral principles of the Bible.

On the other hand, first as a wage earner, and in the end as an employer of labor, I have found myself controlled by certain responsibilities which do not completely parallel the moral influences which surrounded my youth. This does not mean that in any large measure the early training and the mature responsibilities are at swords' points, though they may be in some few particulars. The difficulty lies rather in the seeming discovery that Christian ethics are not concerned with some of the important moral responsibilities of modern life.

In no area of business activity is this lack of consonance more clearly defined than in labor relations. It therefore seems very much worthwhile to discuss with you this evening some of the problems involved, to see whether they cannot be brought into sharper focus and thus have their solution assisted.

Such is the plan of this talk. In carrying it out it is my intention to present the case of the businessman as forcibly as possible, rather than to carefully balance the statement pro and con as between the labor and management points of view.

First let us have a few words setting the historical background of labor relations since the beginning of the industrial revolution. For a hundred years or more the relations between

employer and employee were typically conducted on the basis of the laissez faire economic philosophy. The industrial revolution did greatly increase the productivity of Great Britain so that a higher standard of living was possible, but its immediate result was to permit an increase in the population which kept pace with the increase of productivity and, by the competition of numbers in the working class, set limits to the share of the total production which they enjoyed. It was not until after the population increase had come under purposeful control in the latter half of the 19th Century that this mass competition of the working population with each other permitted, under laissez faire conditions, any marked improvement in the lot of the working people. Since that change the standard of living among British workmen has advanced somewhat irregularly but still continuously. Their present problems center around the population expansion inherited from the early industrial area, the inability to raise food in the British Isles sufficient to feed this population, and the consequent necessity for a large export trade to pay for the needed imports of food and raw materials.

It may be mentioned in passing that there is grave doubt whether any political changes in India can do of themselves very much to improve the lot of the common people of that country, until population growth ceases to press insistently upon productivity.

This is an introductory example which illustrates the subject of this talk - that a problem ordinarily discussed as one of morals between governing and subject races may have material considerations underlying them which are more fundamental.

In this country conditions are somewhat different. Instead of having to wait until population growth was under control before workers could get an increasing share of production, their interests

were to a considerable extent preserved by the opportunities offered by the public lands available on our frontiers. The new generations had an alternative to seeking work as employees in a business. They could go West, and they did go West. The process of population growth therefore did not hold them down as it did in England in the early years. At the same time the expansive development of the frontier offered new business opportunities as well, so that there was a continued increase of opportunity for the ordinary man both inside and outside of business.

As a result of these influences in the United States, the rise in living standards has had an almost uninterrupted history in this country without long periods of stagnation. In fact the longest period of marking time took place during the great depression of the 1930's, and then at a higher general standard of living than is to be found in any other country at any other time although, of course, the period involved a great many individuals and families in serious privation.

It was more than a generation ago that the frontier was fully occupied. What has kept up our expansion since that time? The improvement in living conditions in this century has come from the occupation and development of frontiers that are not geographical; they are frontiers of science, engineering and industry. Not merely new inventions like the automobile and the radio, and numerous items of household equipment, but also new business management ideas and techniques have constituted a frontier, which like the old geographical one, has offered us new opportunities for production, employment, and raised standards of living.

There is no evidence that this frontier has yet been fully occupied or that its stimulating effects on our economy is wearing away.

So far as we can see into the immediate future, its beneficial effects should continue.

There are, however, differences in the effects of the geographical and scientific frontiers. The geographical frontier was much more directly effective on the individual employee in connection with work opportunities and the wages which could be gained from work. It was also more nearly automatic in its action and was thus more effective in a laissez faire economy. That the situation on the whole was favorable is evidenced by the continued rise in the standard of living while its influence was paramount.

The modern non-geographical frontiers, however effective they may be, have certain difficulties attending them. They are nowhere near so automatic, and their effects are subject to wide and sometimes violent fluctuations. Only the weather can seriously disturb the rate of consumption of people living in a simple agricultural economy, or in a more elaborate one based on agriculture. On the other hand, a highly industrial economy is subject to a number of influences which are difficult to control. Among them are speculation in inventories, real estate and securities, the expansion and contraction of credit, forced liquidation and deflation, large volumes of funds hoarded rather than spent for consumption or investment, etc.

Progress is no longer automatically assured. A high level of profitable productive employment is no longer automatically assured. Life has become complicated. We have concluded that we have to grab the handles of this complicated mechanism and thus apply controls to it. It is exceedingly dangerous to work these handles without knowing what they do, and knowing what the secondary and tertiary effects may be. To discuss this general problem of controls is no

' part of the purpose of this talk. Let it only be said that it is probably true that the technique of grabbing and turning of tens of thousands of little handles is beyond the ability of the human mind to master. The best we can do is to study the effects of, and to wisely operate, a few of the major valve handles, the inter-relations of whose effects we have some hope of comprehending.

One of these areas of control, however, does relate to the subject under discussion. Wage rates and working conditions are no longer left to laissez faire for automatic determination. They are instead determined by negotiation in which political pressure and the threat of strikes and lockouts are major determining factors. As already indicated, it is my purpose to suggest some of the difficulties and dangers of this process from the employer's standpoint. In the first place, the tremendous amount of time and nervous and mental energy which has to be given to the subject of labor relations, comes as a disconcerting discovery to us industrialists of an older generation. It is only matched by the like expenditure of time and energy required for carrying on our relations with the Federal government. There is some hope that the end of the war and the eventual liquidation of our war production will greatly diminish our Government relations. It is difficult to have the same optimism in the labor area.

We older businessmen were brought up to concern ourselves to the full limit of our time and powers with such subjects as purchasing, production, transportation, sales and financing. Close reasoning and wise action in these fields resulted in business success and business expansion and was the raw material out of which the wage earner's increased standards of living were made. His part in it was on the whole not too unjustly determined by competitive

forces still acting in the early decades of this century.

The first World War, the great depression, and the second World War, brought labor problems which had to be met and solved as factors of major importance in business. They are at the present moment major factors in business success and failure, and there is nothing to lead us to believe that their importance is likely to diminish. We therefore have to hire specialists to handle labor relations as well as to manage our purchases, our production and our sales. Periodically, however, problems get to be so great that hired help cannot reach the solutions and the major executives have to give themselves over to this new group of problems.

As already said this is unpalatable. It is discouraging and disturbing. We had been taught to make and to sell, and to think instead about getting along with our employees, and nearly neglecting the problems of manufacturing and selling as now on occasion has to be done, is something which the new generation of businessmen may become acclimated to, but for us older men it comes as an unexpected and embarrassing necessity. We had better accustom ourselves to it, however, for it has become a permanent element in business responsibilities.

Now for a few words as to the business point of view in this new area of discussion and conflict. Let me add that these words come from one whose employees have chosen to deal collectively with management and who is endeavoring to live up to the letter and spirit of the situation. The unfavorable aspects to date in my own experience have been principally the heavy drain on the time and energy of responsible officials.

In the first place it appears from the business side of the fence that many situations are developing which will not be solved

by discussion, but may have to pass on into conflict. The strike is a weapon. It is a weapon of conflict, not a tool of discussion. The lockout belongs to the same category. It used to be that the threat of a strike was the last resort when negotiations came to an impasse. In too many instances in the present situation the vote to strike is the first step, not the last. Combat is assumed, not avoided. This is not a situation easily amenable to a real meeting of minds on the merits of the questions at issue. The appeal is made to another tribunal than that of justice and fair judgment.

Another unfortunate tendency is that toward industry-wide or nation-wide wage and hours policy in spite of wide variations in conditions. It is assumed, for instance, that an increase that can be given by an industry whose labor costs are small compared with its capital costs can be transferred without price adjustment to industries whose labor costs are high with reference to their capital or other non-labor costs. There is also the threat of applying the wage rates which can be paid by the most successful and best managed firm in an industry to others which for various reasons cannot so easily carry the load, without a price adjustment which may be either unwise or impossible. Another danger is that of interfering with the plowing back of earnings into a company to expand employment which is permitted, although to an inadequate degree, by the 1946 tax laws. This policy, favorable to labor, can be destroyed by the determination to transfer an undue percentage of the profits to the payroll.

Not enough attention has been given by tax law legislators, Federal administrators, labor leaders, or even by business itself, to removing some of the tax burdens now laid upon the job maker as distinguished from the job holder. How many of us realize that in

the great era of industrial expansion in this country, business firms paid no Federal taxes and put in any amount of their profits to build up production and employment; and that likewise investors could put money into growing businesses with some expectation of personal profit, instead of having to have almost the whole amount paid in to the Federal government? Partly by the necessities of war taxation, partly by the imbecilities of the immediate prewar taxation, we as a nation expressed our determination that we would make it so hard as to be well nigh impossible for private enterprise to expand employment and the standard of living.

Organized labor in its negotiations can if it is similarly unwise demand that profits be so largely diverted into payrolls that the expansion on which labor's future progress depends will be stifled.

In the face of these imminent possibilities for harm and the throwing of the negotiations at the start in too many cases into the area of combat rather than judicial determination, employers would be less than human if they did not threaten with the lockout as the only weapon of defense against the brandished weapon of the strike.

There is another factor which supports a stiffened resistance or even a combative attitude on the part of the employer. It is, I believe, generally considered among businessmen that in some instances the unions have a very poor record of cooperation with employers who have gone out of their way to cooperate with them. I believe this to be true in the Detroit district. It has availed nothing to the manufacturer, beaten in the union election, who abandons his position and goes out wholeheartedly for cooperation. It avails nothing that the head of an automobile industry should be temperamentally disposed to cooperate on a reasonable basis with

his employees and, through union machinery, should make every effort to do so. In too many instances such attitudes have been interpreted as evidences of weakness, and organized labor has been correspondingly unjust and outrageous in its actions particularly in the day to day contacts in labor-management relations, which to me make up the most burdensome of the problems which the businessman faces today.

I am not saying that business has not deserved some of the difficulties which now face it. As a whole we carried over too far into the new period our assumptions that labor relations would take care of themselves. We neglected them in the recent years when they had become a primary responsibility of business management. All this is true, but it is also true that there is no way out along the road which some elements of labor are at this moment following.

Should this discourse be quoted at all, it may happen that it is so quoted, by using separate passages out of their context so as to indicate that your speaker holds a hostile anti-worker point of view. This is not the case. This is an ex parte presentation and a much needed one, since on occasions of this sort it is the custom to gloss over difficulties and conflicts, and to give expression to lofty platitudes instead of facing unpleasant realities. We will find the solutions to these problems more quickly if we describe them realistically than will be the case if we avoid the realities. That is the reason for the turn this address has taken.

The situation is indeed capable of solution. Perhaps a better way to put it is to say that ten thousand situations of this sort are capable of ten thousand solutions. They are capable of solution when honest and just men meet across the table and through honest discussion come to just conclusions. They are not capable of solution on a nation-wide or an industry-wide basis. In that way it

is difficult to find solutions other than by conflict, and social justice is seldom attained by that route. It is fortunate for New England employers and employees that we have not often or deeply been drawn into national labor disputes. We have tended to settle them man to man.

That does not mean that there are not nation-wide and industry-wide things to be done. It does not even mean that the Federal Government should not do them. Much depends on Federal administration and administrative policy in maintaining conditions of business health under which it is possible for employers and employees to meet across the table and justly devise a payment for joint services of all parties concerned, which is drawn from large enough production so that it serves an increasing standard of living. These Government measures to be effective must, as indicated earlier, be of the large scale sort and in fields which are properly governmental. The Murray Bill offers the opportunity for developing such policies and in putting them into effective use. Let us hope that the opportunity will not be missed.

When speaking to a Christian audience and in the presence of Christian leaders, I am quite aware of the fact that what I have been saying up to this point has little reference to Christian ethics and ideals. Once or twice the word "justice" has been used, but for the most part I have been concerned with the mechanisms of production and distribution, the material rewards of labor, management and capital and with other earthly things. That this has been so is to me at least a matter of great interest and importance. As I indicated in the beginning of this talk, it has become plain to me as I grow older that the man in active business life finds himself concerned with a set of values which may be in some cases contradictory to the religious

values which he has been taught, but in many more cases seem to be off to one side of those values, which in their turn seem to be inapplicable.

Perhaps this business responsibility keenly felt by businessmen can best be expressed as the responsibility for keeping things going. This is no light responsibility. It is a responsibility infinitely heavier than anything of its kind which has devolved upon men since the collapse of the Roman Empire - which, by the way, was not kept going. "Bread and circuses" did not solve their problem.

That responsibility is now very great. Civilization is so complex and delicately poised, that of itself it tends to get out of gear, if groups of people, whether as consumers, manufacturers, workers, merchants or speculators behave unwisely or within certain types of shortsighted selfishness.

Not merely must its instabilities be recognized and compensated for, but the maintenance of its structure as a whole is exceedingly important. The very lives of those who live under it are dependent upon the maintenance of its operations. A few thousands of Indians was all that this State could support in a barbarian economy. A few tens or a very few hundreds of thousands was all that it could support in the simple agricultural economy of our forefathers. This delicately poised industrial economy permits millions to live in this State with far more of material blessings than had their pioneering ancestors, or their original predecessors, the Red Man. It is not a matter of purely academic concern that this complicated machinery should be kept in good working order. It is really a matter of life or death, for if it does not operate, a goodly percentage of those whose lives are dependent upon it will perish. Keeping it going is a grave responsibility. Expanding and improving its operations as an instrument of

wellbeing is a still greater responsibility and an even more difficult one. This is the area in which the modern businessman finds his responsibilities.

This being the case, I think it should be clear to those of you concerned primarily with religion that some sort of a bridge needs to be built over to us materially-minded businessmen to span the gulf which now lies between us. Are our responsibilities real? What has Christian ethics to say about the mechanism by which these intricate operations are carried out? Does our field of responsibility relate to a natural order, while you are concerned with a spiritual order? What are the relationships between such a natural order and a spiritual order?

Years ago I read a little book entitled, "The Foundations of Ethics", written by a young disciple of William James. The idea he developed is that selfishness, if sufficiently far-sighted, becomes identical with wisdom and virtue. This is an approach to the problem of morality from the direction of the material order rather than from divine revelation. Does it arrive at the same ends?

These questions as to the moral responsibilities of modern man have long interested me. I believe they have interested some other men actively engaged in business. It may be that they account in part for the loss of vital contact between businessmen and the churches. I have found no definite recognition of the existence of these problems on the part of religious teachers. I leave them with you.

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After the meeting we had an informal discussion in which I gave a specific example of the direct inapplicability of a Christian principle to a modern problem. If we "turn the other cheek" or "go th

second mile" in a labor controversy, we may find ourselves not only diminishing stockholders' profits but decreasing job opportunities. Whether in the case of our plant or of our national economy, the interests of the wage earner may on occasion be best served by a stiff backbone behind the shirt front of management.