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PAINTS NEW INDUSTRIAL WORLD NOW

Steinmetz' Latest Invention, a New Organization of Industry.

CAPITALIST AND SOCIALIST SAME

Famous Inventor Paints a Picture of the New Industrial World in Babson Institute.

WELLESLEY HILLS, Mass., Feb. 3.—There may not seem to be any direct connection between alternating electric currents and human emotions. That the two are governed by the same basic laws, however, is again evidenced by the fact that Dr. Charles P. Steinmetz, has turned his genius from these electrical to the problem of human relations.

This "little giant of Schenectady" has forsaken an apparatus just completed that generates an electric current of one million volts, actually manufactures real lightning to the working out of a new industrial system. His plan is outlined in a statement to Babson Institute, at Wellesley Hills, where the leading thinkers of the country are pooling their energies that the disastrous booms and panics—periods of wild prosperity and then periods of bread lines may be lessened if not neutralized in American economic life.

"True capitalism and true socialism are one and the same," begins Dr. Steinmetz and that is a startling statement from a man who has been a political fugitive because of his socialist and supposedly anti-capitalist beliefs.

"Originally capitalism meant individual control," continued Dr. Steinmetz. "With each for himself and the Devil take the hindmost. Originally socialism meant communistic control with property under common ownership. Changed conditions have, however, changed the aims of both capitalism and socialism. Both of these apparently opposite groups have actually been coming together. Where formerly they disagreed both as to aims and methods, they now are agreed as to aims and differing only as to the best method of bringing about this mutually desired result. We make the mistake of thinking that capitalism and socialism have existed a generation or more ago and not as they are working today. Capitalism once was synonymous with individualism and hence the capitalist hated the socialist. Now conditions have changed, and capital is as keen for centralization as the most advanced socialist leader."

"The representatives of both capitalism and socialism are today seeking the same things, namely a unified control of industry by a small group who make such work their life's specialty. The only parties who do not agree are the conservative union labormen led by Mr. Gompers and the radical politicians led by Mr. LaFollette. The orthodox union labor leaders are merely traders thinking primarily of their own immediate interests, unmindful of the public's welfare or the nation's welfare in the long run. They think in terms of wages and bonus rather than in terms of production and commodities. They depend for their gain on bargaining and striking rather than on efficiency and usefulness. Their politics may be necessary 'war' measures, but no real property can be built upon such a flimsy foundation. I believe in labor unions but not in the purposes underlying these unions."

"The typical radical is just as bad. He calls himself a 'progressive.' Scientist Steinmetz clearly shows him to be one generation behind the times. He is attempting to set back the hands of the clock and stem the tides of progress. Why? Because progress demands consolidations, because efficiency in production and distribution requires co-operation rather than competition. Wasteful competition is the basic reason for high costs. Cost in production has been reduced by the developing of large units and cutting out wasteful competition. One reason why the cost of distribution is today so great is because this co-operation is just beginning through the chain stores—to be applied to distribution. The radicals are trying through legislation to break up these large and efficient organizations. They are as blind as the union laborers who are trying to get richer by producing less. Mind you—I'm not criticizing labor unions per se. Labor has as much right to unite in unions as have investors to unite in corporations; but both should be subject to the same laws and have for their purposes production and distribution. Wage workers should not give up their organizations but they should justify the existence of such organizations."

"Only the capitalists and the socialists are working along same lines and these two groups are coming more closely together every year. In fact they are joining hands today in a desire for organized pro-

duction and distribution compared with merely a desire for more of the spoils of industry. The real fight today is not between employees and employers, but rather between those who want to produce and those who want to get something for nothing or at least to give in return for living as little in effort as they can get away with. It is true that this latter group includes both rich and poor, but it is a large group and a very menacing one today.

"Personally I do not worry about either the capitalists or the socialists. Only the orthodox union leaders and the radical politicians worry me. Both capitalists and the socialists are interested in increasing production and facilitating distribution. Both systems depend for their authority on the consent of the governed. Both can continue to retain control of industry only as they truly serve the producer. Hence—when examined under the microscope there is found to be only very little difference today between capitalism and socialism. Both are aiming at the same thing, although both are attacking the problem from different angles. Only the future can tell which angle is the soundest. It cannot be now determined by argument, by force or by votes. The wise man will respect both the leaders of the capitalists and the leaders of the socialists."

Co-operation to Replace

Turning from political theory to practical business organization, Dr. Steinmetz outlines a new way based on production rather than profit. "There can be no permanent prosperity," he says, "with industries competing with one another and with a half dozen little shops in every block as at present. To eliminate the hills and valleys of the Babson chart there must be more co-operation and less competition. When industry is properly organized and controlled then we are in a position to eliminate unemployment and business depressions. The trend of capitalism is to bring such a condition about. It also should be remembered that the leaders in either a capitalist or socialist form of government must work in the interests of society at large in order to hold their positions. Unlike the politician they hold their positions only as they make a success of their work. This is why the ablest men of both camps are working for a living wage for both those who perform the labor and those who supply the capital."

Not for Government Operation

"Business men make a great mistake," continues Dr. Steinmetz, "in thinking that socialism means government operation. Only the labor leaders and the radical politicians are talking government operation. Neither the intelligent capitalist nor

the intelligent socialist wants government operation. Nor do the labor leaders and politicians want government operation for the benefit of the community but rather for their own selfish purposes. Ask any ten men whether private or government operation is more efficient, and nine will at once answer that private operation is most economical. Apparently everything favors public operation—low interest charges, no dividends to pay, no legislation to fear—and yet government, state and municipal operation is a failure. Successful government operation of industries, railroads or public utilities is inherently impossible under a democratic form of government."

A New Form of Government

Turning from business to political theory, Dr. Steinmetz fuses the two and produces a picture of the ultimate government, a government with all the efficiency of the modern business organization, yet a government that will satisfy the broad social demands of the most exacting humanitarian. "Our present democratic form of government," says Dr. Steinmetz, "is probably only a transition stage between a monarchy and the ultimate system. It has been apparently successful in the United States, largely because America is so rich in natural resources that it can afford to be extravagant and wasteful. We have been successful here in spite of our form of government, rather than because of it. Democracy is a tremendous improvement over the absolute monarchy of the old days. It does not necessarily represent the highest organization. It has its decided weaknesses when studied from an unprejudiced scientific point of view.

"It cannot help but be wasteful and inefficient," brings out Dr. Steinmetz, "as long as positions are filled through election rather than through promotion. In a business corporation there is no change of officers so long as they perform their work well. This insures a continuity of service, specialized ability and the filling of vacancies through the promotion of merit. These extremely valuable features are lacking in our democratic form of government. You may or may not admire Lenin and the Soviet organization of Russia. His motive may be right or wrong, but this much is at least clear. He has organized and maintained a government in Russia through one of the most trying periods that any nation has ever experienced and he has been able to do it because he is using the same system of control that is being used by the best managed corporations in this country. He considers all his followers as stockholders and appoints and promotes the officials of his government on the basis of their efficiency and fitness to perform the task re-

quired of the office."

Revolution Not Necessary

All this talk about changing the government suggests the possibility of political revolution, but Dr. Steinmetz takes no stock in the idea. "I fear no revolution in the United States," he says, "for there can be no revolution where there is something worth keeping. Instead there is only evolution. If we may go back to Russia once more we find there was a revolution there, because there was nothing worth keeping in the old system. Kerensky tried to evolve something good from it but failed. It was necessary to tear it down and start all over again. In our form of government, there is much worth keeping and our people are sensible enough to see it. There will be no revolution in this country, even the old possibility of the clash between capitalists and socialists past. If we have any trouble it will come from misled labor leaders or selfish politicians who call themselves radicals and form 'blobs' for the obstruction of progress. These men, either through their ignorance of economic law or through their selfish egotism, present the only source of danger in our country today."

The President to Manage

Continuing his discussion of the new organization of government, Dr. Steinmetz outlines briefly several of the features he expects to see adopted in it. "Congress," he says, "will continue to evolve into a tribunal, with prohibitive powers only. Demands that the administration will be wholly in the hands of the president and his ministers who will hold positions for long periods and will be non-political in nature like a city manager. Congress, acting as the board of directors, will, however, have the power to curb them when it so desires even as the board of directors may not approve of all that the president of the corporation proposes, yet such a board does not think of 'fixing' the president because he proposes one plan that they do not like.

"Certain questions of policy will be referred to all the people to vote upon a referendum. A question such as prohibition for instance, would come under this heading. Its enforcement is the problem for the administration to handle, but its determination is a question for popular vote. The majority of people are capable of voting 'yes' or 'no' when the question is honestly and plainly asked, and that is the chief purpose of ballots. All this voting for and against men we know nothing about is little short of ridiculous. Our judiciary may be continued much in its present form. Our courts need to be reformed and vitalized. We must always have a supreme court to interpret law and the present system of appointing judges for life during good behav-

ior is a step in the right direction and should be applied to the executive and administrative offices as well.

"We are a wonderful people and have a wonderful country," concluded Dr. Steinmetz. "No other nation in the world, for instance, would have taken me in a cripple box—and given me the chance that it has. This statement made to Babson Institute is not made in the spirit of criticism or complaint but is made only because I want to see this country forever grow stronger and not be wrecked by people who complain and agitate without thinking the matter through to its final solution."

INDIANS HAVE ASSOCIATION

LAPWAL, Idaho, Feb. 3.—The Nez Perce Indian Home and Farm Association has been organized by more than 200 adult male Indians of this vicinity. The organization took place at a tribal council called at the suggestion of the Interior Department in a desire to work out a plan for improving the home life of the Indians.

The object of the association is to encourage the Indian for industrial pursuits, to better farm homes, to better living conditions and to carry out a health, educational and law and order program among the Indians.

The general association will be supplemented by 15 chapters organized in communities on the reservation, these to assume work similar to that of community improvement societies. A women's auxiliary for the women of the tribe will be formed next year.

A similar organization, believed to be the first of its kind, was organized two years ago on the Blackfoot reservation in Montana.

TO VACCINATE DOGS

HANFORD, Cal., Feb. 3.—All dogs in Kings county must be vaccinated against rabies by the new injection method, or else confined upon the premises of the owner, according to the terms of an ordinance passed recently by the county board of supervisors. More than 250 dogs have been vaccinated under the new law, and approximately 100 stray dogs have been killed.

Old Fellows of Astoria will begin at once the erection of a new temple to replace the one destroyed in the conflagration of December 5.

INCREASING ENROLLMENT DISCUSSED

President Campbell of the University of Oregon, Addresses Students and State Solons.

EUGENE, Feb. 3. (By Mail)—The University of Oregon's contribution to the state and the problems of the institution in the fact of a rapidly increasing enrollment were discussed by President P. L. Campbell at an assembly held in the woman's building today in honor of the members of the state legislature. The university student body and staff gave a hearty welcome to the visitors. Responses to the greetings were made by Jay H. Upton, president of the senate, and C. C. Brownell, acting speaker of the house. Other speakers included Mrs. George T. Gerlinger, university regent; Mrs. C. H. Simmons, representative from Multnomah county, was presented.

In the course of his address, Senator Upton declared: "As long as I have a voice to raise, nor worthy student striving to get an education will ever be deprived of the right to enter our higher institutions of learning."

Mr. Brownell, in the course of his remarks, commended an endorsement campaign of the university which aims to augment state support with private benefactions. The acting speaker regards this campaign as a far-sighted one.

President Campbell enumerated the research contributions made to the state by the university. The school of education, for example, is engaged in public school surveys to determine the cost of education. The result of this research may be a recommendation which will lead to further economies in education. Eighteen million dollars was lost through disease which might have been prevented. The school of medicine is engaged in researches in preventative medicine to cut down this great loss. The speaker called attention to Prof. O. P. Stafford's process of converting mill waste into valuable by-products and a high grade commercial charcoal.

"The university has consistently lived within its millage allowance," said President Campbell. "It has further absorbed all the new cost of its growth without going to the state for more millage funds, although there has been a 27 per cent increase in enrollment in the past two years. It is absorbing a millage loss from decreased valuations this year and it is endeavoring to finance part of a loss from last summer's fire which destroyed two of its buildings."

He said that the school of medicine which is on a separate maintenance from the millage is making for \$54,000 less for 1923-24 than for 1922-23. Salaries paid to the faculty at the universities are less than the average salaries paid in state institutions and the per capita cost per student at Oregon is only \$243 as contrasted with from \$300 to \$500 at other institutions. President Campbell asked for support which would enable the university to continue its work on a satisfactory basis, without sacrificing its high scholastic standards.

GRID PLAYER HONORED

SPOKANE, Wash., Feb. 3.—Phillip Sweeney, diminutive quarterback of the Gonzaga university football team during the 1922 season, has been named by Coach Charles Borah of Building team to receive the official football "M" and a gold football watch charm for his work during the past season.

The name of Sweeney, who was substitute quarterback, was left off the list of players who received awards at the close of the season, through a mistake, according to Coach Borah.

Arrested

About 600,000 persons are arrested in England and Wales annually. The proportion in comparison with arrests in American large cities is small.

BABSON SEES EARLY DAWN FOR EUROPE

Statistician Summarizes the Plans for Making Germany Pay.

EUROPE'S TROUBLE IS ALL SPIRITUAL

Roger Babson Sees Present European Condition as the "Darkness Before the Dawn."

WELLESLEY HILLS, Mass., Feb. 3.—Roger W. Babson's statement last week on "What the Matter with France" has aroused widespread comment and criticism.

"It is alright for Babson to preach," writes a high French official, "but it is another thing to collect the money that France must get, and get it once. Every week we are going further into debt. Our financial condition forced us into Essen. It was a case of sink or swim. We swam."

Mr. Babson again reiterated his statement that the trouble with Europe was primarily spiritual rather than financial. He still contends that the French tactics in the Ruhr are fundamentally wrong and will complicate the problem rather than simplify it. Discussing the actual payment of the reparations, Mr. Babson continues: "Several ways of collecting the \$2,000,000,000 that Germany owes as reparations, has been suggested."

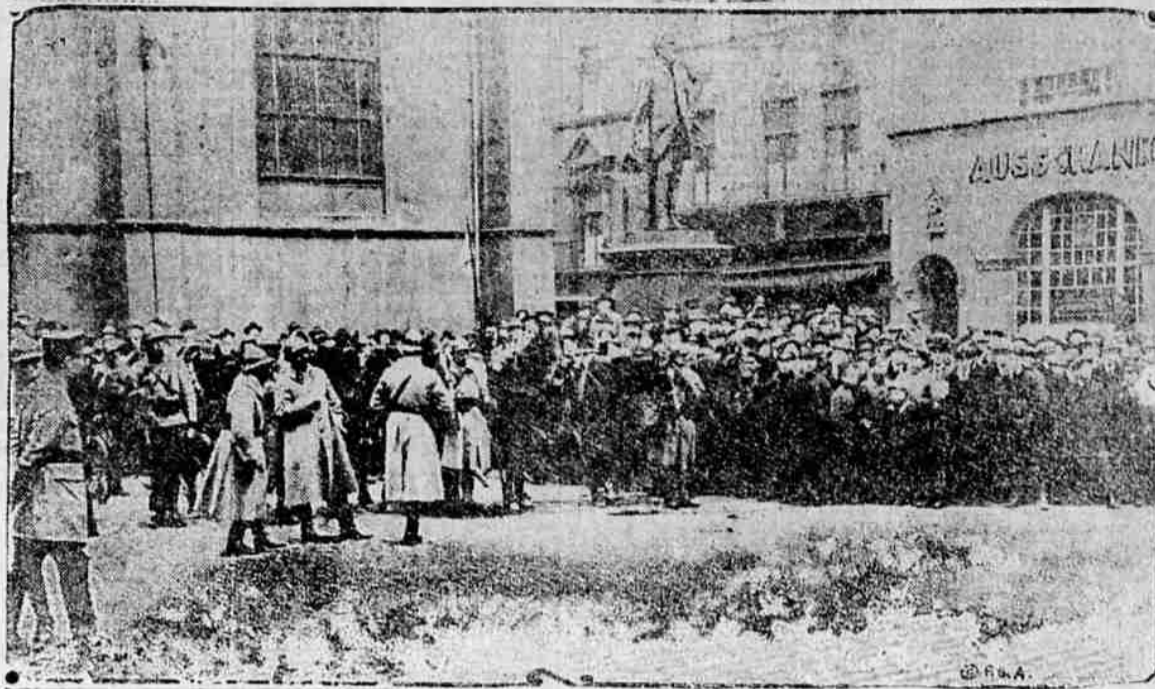
"The French plan is being tried out at present. It promises little in the way of tangible returns. Regardless of how much the French are able to collect at the point of the gun in the Ruhr district, the methods they are employing, if continued, are bound to increase hard feelings between France and Germany. They are sowing the seeds for another war."

"The English view, approaches the problem from another angle, but Mr. Balfour's suggestion that we cancel one another's debts, and thus reduce greatly the German reparations, is to my mind absolutely unfair. All nations involved, except the United States, are borrowers as well as lenders. The person who is borrowing as much as he is lending can enter into the agreement that all should cancel his debts. He forgives a million dollars and likewise has a million dollars forgiven him. The United States, however, is at the end of the line. These nations owe us \$10,000,000,000, and we owe them practically nothing. The mutual cancellation of debts is not a solution to the problem. I believe that an effort toward reason, rather than force, however, is a step in the right direction."

"One of the most feasible solutions suggested so far is that proposed by C. W. Barron, owner of the Wall Street Journal, and Boston and Philadelphia News Bureau. He suggests that a receiver be appointed for Germany and that the matter be handled exactly as that of any other great bankrupt. Secretary Hughes' idea to have a commission of practical bankers, rather than a commission of diplomats and politicians, is a similar step in the right direction."

"If we look at the matter," continued Mr. Babson, "from either of these receivership points of view, we face the real problem. If Germany had \$2,000,000,000 in gold it might be a simple matter to collect it, but she has no such amount on hand. Germany has only about \$50,000,000 in gold. This means that some method must be devised by which Germany can get the gold with which to pay the reparations. France says that if she cannot pay in gold, she can pay in machinery, coal and other property. But taking away these tools does not help her earning power. It simply makes it harder for her to

(Continued on page four)



The vanguard of the French Army of Occupation is shown here passing the Essen railroad station on their way to the center of the town. Note the French Army scoutplanes flying over the troops.

Snapshots of Legislators Taken by Murray Wade in the Capitol Lobby

