

## Your Stake In Capitalism

By Eric Johnston  
President U. S. Chamber of Commerce

The following appeared as the leading article in the February Reader's Digest. A great many people are subscribers to that monthly publication but with the idea that more Sentinel readers do not take the Digest than do, we present herewith Mr. Johnston's thought-provoking and very well written article in full. The conclusion is irrefutable that if the United States continues along the course it has followed for the past ten years that we are headed for the same sort of a fascism or Nazi condition in the United States which we are fighting to eliminate on all world war fronts. It is an article which everyone in this country should read and ponder:

As ex-Captain of Marines, Eric Johnston displayed considerable leatherneck alertness when he landed on the shores of the District of Columbia, as the new president of the Chamber of Commerce of the United States, and began getting the situation well in hand. He started his Chamber of Commerce Board of Directors by at once calling upon the President of the United States, who had never displayed anything but hostility toward the Chamber. He then started them even more by calling upon William Green and George Meany, of the AFL, and upon Philip Murray, and James Carey of the CIO. He soon knew his way about in government and labor circles better than any other business leader who has ever come to Washington.

He is a firm believer in the proposition that more can be done for business by personal acquaintance and conference than by charges and counter-charges in the press. He is now in frequent demand as a conciliator in Washington disputes between conflicting elements. He is a member (representing industry) of the citizens' committee assisting Economic Stabilization Board Chairman James F. Byrnes. He is active in the Committee for Economic Development through which many eminent industrialists are preparing for America's postwar business future under the chairmanship of Paul G. Hoffman, President of the Studebaker Corporation.

Mr. Johnston represents the youthful spirit of the West. He operates several successful businesses in Spokane, Washington; and he is only 46, which is practically juvenile for Washington, D. C.

I am for capitalism; and almost all labor leaders I know are really just as much for it as I am. They do not go along with the idea that "capitalism is dead." They know that either private business or government bureaucracy must save this country when the war is over; and they prefer private business.

They have a sound reason. You cannot strike against a government. You cannot even truly bargain with a government. Wages and hours in government employment are fixed by public law. No group of government employes can overturn public law enacted by the Congress and backed by the army and navy. In any knockdown contest between a government and a union, the union is beaten from the start.

A CIO leader in Washington had good sense when he remarked the other day: "I would rather bargain with any private employer than with any bureaucrat. The bureaucrat has jails."

Labor and business therefore can be firm allies in preventing the governmentalization of this country. I fear no direct effort by labor to destroy business in favor of government. What I fear is that people in general—including millions who are wage workers and millions who are not—may forget just what it is that makes business go.

For this I very considerably blame us businessmen. We are too mealy-mouthed about the basic principle of our economic system. We have been intimidated by all the tirades against "bloated capitalists" and "swollen profits." We fear that the word capitalism is unpopular. So we take refuge in a nebulous phrase and talk about the "Free Enterprise System." And we even run to cover in the folds of the flag and talk about the "American Way of Life."

Such language disastrously obscures the main issue. You cannot take a whiff of "free enterprise" or a stretch of a "way of life" and start a factory with it. To start a factory, and to start the jobs inside the factory, you have to have savings. You have to have money. You have to have capital.

It takes thousands of dollars of capital to equip a really modern factory with the machinery for one job for one wage worker. Freedom and Americanism are the atmosphere. But capital is the seed in the soil. Unless we produce that seed, and unless we plant it, there will be no new crops of private jobs for the Amer-

ican people when this war is over. Right there is the basic point, I think, in all planning for American postwar prosperity. And right there is the reason why I do not hesitate to say that the word upon which to fix the national mind at this time is simply, outrightly and frankly, capitalism.

Do I sound old-fashioned? In this age, which is prone to think about welfare without thinking about the wealth which is necessary to welfare, do I sound reactionary? I summon to my aid one of the wisest friends of labor and of business that this country has ever had: the late Mr. Justice Brandeis. Addressing a trade union audience in Boston, Justice Brandeis once said:

"It is absolutely essential that a business be profitable. I do not mean merely that the business should not run at a loss. I mean that the business should be run under such conditions that the owner is willing to risk his capital in the business."

Note: Risk his capital. Mr. Brandeis, the sociological and judicial innovator and pioneer, was for capitalism; and, under his great shadow, I am, too, without apology.

Experienced labor leaders generally quite agree with Mr. Brandeis. William Green, President of the American Federation of Labor, recently said:

"If this country ever gets a system of governmental regimentation, labor will suffer most. Labor, therefore, is deeply interested in the preservation of private business; and labor should everlastingly maintain that the owners and managers of business are entitled to a fair and just return upon their investments."

Mr. Green, I hope, will everlastingly try to teach that truth to all his followers. Business can get nowhere by starving labor. When it starves labor, it is starving the purchasers of its own products. But labor, similarly, cannot get anywhere by starving capital. When it makes demands which starve capital of all profits and savings, it is preventing the creation of new and better jobs. It is starving its own future.

People will never understand this point unless we say capitalism. The same remark can be made on the point of taxes.

Just because we have not said capitalism, a great many people—in polling booths and in legislative bodies—have thought that you can tax business just as much as you like and still have "Free Enterprise" and "the American Way of Life." You cannot. Because: Just suppose that you taxed all new savings and all new profits and all new capital out of private hands into the public treasury. What would you have left to be the creator of new jobs? Only the government. Only the totalitarian state.

Hardly anybody in America deliberately wants totalitarianism. What threatens us is unintentional totalitarianism. Unless we use our heads, we can slip into it absentmindedly.

On the subject of taxes, some meetings have been started in Washington between economic experts representing the Chamber of Commerce of the United States, the National Association of Manufacturers, the American Federation of Labor and the Congress of Industrial Organizations. Labor today has its thinkers. I am hoping that these thinkers may arrive at many points of agreement as to future taxes.

Everybody now is willing to be taxed right down to his last crust of bread rather than let the Axis win. But what about the day after victory? How do we resume and continue and expand and improve our economic freedom as we have known it?

Business leaders are putting much thought upon this problem. They sometimes do not realize that labor leaders are, too. I think it extremely significant and hopeful that the American Federation of Labor has made recommendations to the Congress as follows:

"Provisions should be made for the return, in cash, after the war, of a part of the present high taxes. We can well be guided by the English policy which proposes to return a high percentage of the taxes now assessed against low-income workers. Corporations also need a postwar reserve in order to convert their facilities from war use to peace use and in order to maintain employment. We think that any corporation called on to pay more than 75 per cent of its total net income under the war taxation laws should be eligible to receive a refund of such excess when the war is over."

Here is a frank recognition of the proposition that for postwar prosperity we need not only freedom but freedom plus capital. Our taxes after the war must permit both employers and employees to stand on their own feet and not become wards of the government. This objective was admirably stated the other day by Robert Watt, a labor leader of great prominence in government wartime agencies. He said:

"After this war I want no gigantic governmental Reconstruction Fi-

nance Corporation to finance business and dominate it; and I want no gigantic governmental Works Progress Administration to employ labor and dominate it."

Business and labor should be able to unite toward that end with good will. We should have a closer cooperation between business and labor in the future than we have ever had in the past. By cooperation I do not mean surrender, either by business to labor or by labor to business. By co-operation I mean that both sides should jointly bring forth better fruits of efficiency and productivity.

Labor should drop all "make-work" devices. It should drop all devices for getting paid for work not necessary or for work not done. It should drop all merely negative resistance to improvements of machines and methods. It should universally adopt the positive policy which some outstanding unions have already adopted. That is, it should help management to improve processes and to reduce costs. More than 1500 labor-management committees are doing this now in the course of the "War Production Drive" to win the war. They should keep on doing it after the war to make the peace also a victory. They should master and memorize one other remark once made by Justice Brandeis. He said:

"The one final way in which we can improve the condition of the worker is to produce more, in order that there may be more to divide." Capitalism has been the greatest force that the world has ever known for increased production. Labor in the future could greatly help to make that force even more successful. But business also must open its eyes to newer and better performance. The President recently abolished the WPA. Why did he ever establish it? Because business was not giving

full employment. If business again fails to give full employment, there will be another WPA. This will be under any president. The first president ever to do anything of any importance for the relief of the unemployed during a depression was a republican, Herbert Hoover. He set the precedent. The precedent has grown. Public indignation against unemployment, against its misery of body, against its misery of mind, has grown. No American president will ever again permit American citizens to be unemployed. They will be employed by business or they will be employed by the government.

I say that business can employ all American citizens except those needed for absolutely necessary governmental functions. It can do it if it plans for it.

There are two unpopular words. One is capitalism, which is hated in certain quarters. I am nevertheless for it. The other is planning, which is hated in certain other quarters. I am nevertheless for it. I say that business, if it wants to escape from being taxed for another and larger WPA, must plan; and it must plan on a scale of which it has never before even dreamed.

It has always planned for its own individual enterprises. It must now plan for nation-wide projects by whole industries.

It must look, for instance, at the horrible houses and at the vast wretched, unwholesome, substandard residential areas in which millions of American citizens still live; and it must say:

"To change all this squalor and ugliness into decency and sightliness is a job meaning billions of dollars of business. It cannot be done small. It has to be done big. It has to be done through cooperation among a lot of different elements. There are the

manufacturers of standard building materials. There are the laboratory designers of new and more economical building materials. There are the wholesale and retail dealers in building materials. There are the architects. There are the engineers, contractors, building-trade unions, financing agencies, savings banks, building and loan associations. We have been putting at this job, everybody by himself, and not getting it done. Now we will make organizations which will include representatives of all elements of housing production and we will produce housing at a private cooperative consolidated cost that will baffle all the public planners in the whole of Washington. Some of them would like to do all this building. We will do it first—and better. We will stop railing at the government. We will start outthinking it and outdoing it and outstripping it."

And there are quite a few other big national-scale jobs for business to plan. Consider our railroads. To give this country a really modern railroad system, a system as good in all its parts as it now is in its best parts, would mean at least ten billion dollars of business contracts.

To modernize everything in this country would mean so many billions of dollars that business could not get through earning them and spending them in 20 years. We need again the spirit of the pioneers. Only this time it must be a planned and organized spirit. I say to businessmen: Do the planning and the organizing that is worthy of your freedom or there will be no more freedom and no more businessmen. But I also say on behalf of businessmen: They cannot plan, they cannot organize, they cannot maintain a free system, unless they get one definite concession from labor and from

government. It is this: Business must be allowed to keep enough savings, enough profits, enough new capital, to be able to go ahead into new investments, new adventures, new services.

Free private business is like a motorcycle. It must move. If it stops, for lack of gasoline, it topples. And then, I repeat, there is only totalitarian governmentalism.

We stand at a solemn parting of the ways. Our business leaders and our labor leaders want freedom. No American wants slavery. But what is the price of freedom? I say it is the capital with which to operate capitalism. The word is capitalism.

### NOTICE OF FINAL SETTLEMENT

Notice is hereby given that the undersigned, on the 26th day of February, 1943, filed in the Court for Coos County, Oregon, his final account in the matter of the administration of the Estate of Margarte Detlefsen, deceased; and that said Court has made an order fixing Tuesday, April 6, 1943, at 10:00 o'clock A. M., at the County Court room in Coquille, Oregon, as the time and place for hearing objections thereto, and for the final settlement and distribution of said estate. Dated and published first time March 4, 1943.

Edward L. Detlefsen, Administrator.

### NOTICE TO CREDITORS

Notice is hereby given that the undersigned was on February 8, 1943, duly appointed Administrator of the estate of Judd M. Doering, Deceased, by the County Court of Coos County, Oregon, and all persons having claims against said estate are hereby required to present them to me with proper vouchers attached and duly verified at the Office of F. E. McCracken, Attorney, in Coquille, Oregon, within six months from the date of this notice. Dated and published first time February 11, 1943.

Raymond Doering, Administrator of said Estate.

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