

HB 235

.U6G3



HB 235  
.U6 G3  
Copy 1

Remarks

by

Elbert H. Gary

at a

Meeting of Steel Manufacturers

Waldorf-Astoria Hotel

New York

December 9, 1918

By Transfer  
MAY 19 1919

21

HB 235  
.U6 G3



The General Committee of the American Iron & Steel Institute has been invited to appear before the War Industries Board in Washington on December 11th to consider the question of prices on and after January 1st, and perhaps for the discussion of other matters. Following the practice of the last year or more, this representative gathering of the Iron and Steel Industry has been assembled for consultation and instruction. The proposed meeting in Washington may be the last of its kind as it is rumored the War Industries Board and its sub-committees will soon be relieved and the fixing of prices discontinued. If so, then within a comparatively short time, perhaps sooner than we now suppose, the matters relating to production, deliveries and prices for our commodities will be left to us as individuals or firms or companies; and we will reassume responsibilities varied in character and important in results.

The General Committee was originally appointed by the President of the Institute at the request of Mr. B. M. Baruch, representing the Secretary of War and the Secretary of the Navy, to mobilize the Iron and Steel Industry of this country for the purpose of concentrating and co-ordinating its efforts in assisting the Government to provide the military necessities of the United States and others.

Several sub-committees were appointed to take immediate charge of different branches of the Iron and

Steel business. You are familiar with their efforts and results. I need not dwell on the work of the General Committee or the sub-committees. It has been arduous and often perplexing; but with the unanimous, unwavering and loyal support and effective aid of the entire industry there have been secured results which have been appreciated and praised by Government officials. As you know, the different departments of the Government at first, and later the War Industries Board, with anxious insistence, have asked for more and more steel of different kinds and qualities to supply the war necessities of the United States and associate countries, for use here or elsewhere; and with little, if any delay all demands have been met. Unlike many other lines of production or service the Iron and Steel Industry has been left entirely in the control and management of its owners, subject only to our voluntary agreements, which referred mainly to the full operation of plants for the production of war material and to priorities of deliveries so far as necessary. Therefore the responsibilities for results have been left to us and we have accepted and satisfactorily disposed of them, as demonstrated by our accomplishments. We have increased capacity, at the cost of millions upon millions, and we have diverted our facilities from ordinary uses whenever and wherever it appeared essential to keep supplies up to the demands made upon us. I do not refer to these things in a spirit of boasting. There is no ground for that. The little we could do was contributed to a great cause in which all of us were vitally concerned. I utter these words to emphasize the



further statement to all those present and to their associates in business, that the Iron and Steel Industry has clearly conceived and faithfully performed the obligations resting upon it in consequence of the war.

But our responsibilities as representatives of a great industry are not yet ended and they will be referred to later.

As suggested, it now seems probable there will be no occasion to again call a meeting of the iron and steel interests for the consideration of matters to be presented to the War Industries Board, and it is deemed appropriate, at this time, to refer to that body of men. You know who compose the Board and how extensive and important the business in its charge has been. I may be permitted to speak of the experience of the General Committee before the Board. Some of us have occasionally given expression to feelings of dissatisfaction with the agreements which have been reached relating to price fixing or distribution departments; but I would be less than sincere if I failed to state that all in all, from the time of our first appearance before the Board to the last, its members have exhibited great ability, careful study and deliberation, unusual patience, and above all, a disposition to be fair and considerate. In view of the variety and complexity of the questions presented to them by us and hundreds of others, the wonder is that an organization was formed which could so smoothly and efficiently comprehend and dispose of the stupendous and important transactions which, from necessity, were forced upon this Board. The difficulty of reaching conclusions which

would at the same time fully protect each and all of the different classes of our industry was apparent. The problem of the Board was to secure the largest possible production of steel required for military necessities by the fixing of prices which would permit the operation, with some profit, of the plants having the highest costs, and at the same time to fix prices and make adjustments which would not allow the low cost works to receive unreasonably large earnings. From beginning to end, the Board has been just and reasonable toward us and to the Government as well. After an experience of many months, which has given us a clear understanding of the reasons and motives which prompted the Board to act, and the President of the United States to approve, I think all of us are satisfied we have no valid reason for complaint.

The most colossal, destructive and costly of all wars has terminated. Right has prevailed. The overthrow of civilization has been prevented. The principles of liberty and freedom and equal opportunity have been re-established. We need not permit to go unchallenged the statements which have been made and widely published as to who won the war. So far as human effort is concerned victory was achieved by a combination of circumstances. In the sense that the expression has been used, though improperly, the war was won at Liege and Namur by the brave soldiers of Belgium, who fought an enemy far superior in numbers, equipment, organization and training, and delayed the passing of the German Army for a few vital days. It was won at the Marne in September,

1914, when the French, undismayed and assisted by a comparatively few English, made their splendid defense and later succeeded in their counter-offensive. It was won at Verdun, after it seemed apparent, to us at least, the Allies would certainly be overcome. It was won at Ypres where a whole brigade of Canadian soldiers, which was practically destroyed within a few minutes, made their brilliant fight. It was won at the Piave by the Italians, who assisted by their allies, re-established their lines and forever interrupted the further progress of what had seemed an irresistible foe. It was won in the Balkans by the Serbians and French when the Bulgarians were finally destroyed. It was won in Palestine when the Turks were overcome by the English. It was won at Chateau-Thierry when the American soldiers for the first time in the history of this war not only stopped the onward and continuing rush of an apparently invincible army, but actually turned an orderly and successful offensive by the Germans into a confused and disorderly retreat. The commanding French General, who had directed the American forces to hold that part of the defensive line, when informed that the Americans had not only held the line but had assumed the offensive and were succeeding, remarked the men were too brave, even reckless. Nevertheless, he immediately ordered an attack by the French armies on the right and left flanks of the German army on the Soissons and Rheims sectors respectively. The result you know. The Prussians never did and never could re-establish their battle lines. They were pushed back and still further back, from day to

day, until they collapsed and surrendered. Many, many places and times might be mentioned as proof that the war was won at that particular place or time. The war was won by the magnificent English Navy which kept open the seas so that men and materials could be transported from country to country, and which smashed the German ships at Jutland and other places whenever they could be reached. It was won by the enormous supplies of money and credit and material which the United States furnished to the Allies. And the American army, two millions strong in Europe, and thirteen millions strong in the United States, preparing for transportation and for service at the front, added very materially to the power and to the morale of the whole military forces of the Allies. *This* won the war.

Let no individual, let no separate country, claim the sole credit for winning the war. History will discredit the assertion. Coming generations will fairly consider and justly determine the demands for recognition in the bestowal of praise. Even Russia, betrayed and demoralized as the result of intrigue and corruption, will sometime be accredited with faithful and valuable service towards the cause of justice and right during the earlier stages of the war. Poor Russia! We may hope, and expect for her, better conditions than those which now exist.

The throngs of men and women of all countries who have contributed labor and money to the cause which is won are entitled to and will be given due credit for their part in winning the war.

The soldiers and sailors, including officers, who offered their lives that justice might prevail, will forever have a place on the rolls of honor and glory.

But new problems confront us. They are numerous, complex, difficult. We may not be idle. We must be thoughtful, studious, diligent.

First of all in significance are the questions to be considered by the Peace Commissioners who will represent at Versailles the different nations of the world. Selfishness is certain to appear because it is human. Unfairness and unreason will be indulged. Aggressiveness, obstinancy, even cupidity, are to be feared. There is some danger in the situation. A wise and final determination will depend on the ability, discretion, patience, persistence, courage and absolute honesty of purpose of those who participate.

We have reason to believe the actions and conclusions of the convention will not be disappointing; that they will be injurious to none and beneficial to all; for every delegate will realize that in order to be effective and permanent the international settlement and compact must recognize all the rights and interests of each and every nation and must secure for them in future equal safety, privilege and opportunity. There must not be included anything to prevent any nation from the adoption of laws or regulations which will result in placing it, in regard to all economic matters, on a parity with all others. It is believed there will be firmly established a permanent, impartial and competent international tribunal which are calculated to prevent future prolonged wars between nations.

The discussion and references thus far lead us to a consideration of the attitude we are to assume and the part we are to take in the business matters under our charge or influence at this time. How shall we conduct our affairs? What, if anything, shall we recommend to the War Industries Board next Wednesday concerning maximum prices? And what of the future? Can and will the management of our industry exercise any stabilizing and beneficial influence upon the economic interests of the country?

Necessarily we must consider of paramount importance the labor situation. During the war the wage rates have been increased materially and frequently. They are now much higher than ever before so far as I am informed; it is claimed in some respects they are out of proportion. For one, I believe we have not been paying more than was proper and just. The necessary costs of living have been growing and unless and until they are reduced it would seem that, on the average, the present wages cannot be reduced.

It is urged that on the basis of the present scale of wages the employers cannot afford to make reductions in the prices of their commodities, and many insist they are entitled to higher rates. As we, in this country at least, are operating and living on a basis of general prices that are abnormal, we might consider the propriety of making reductions at the same time in every direction; but this would be impracticable. Therefore, if there are to be reductions they must be gradual and considered in individual cases. We must commence at some point or place.



Judging from the past all of us believe we should not commence to make reductions at the point of wage rates; sacrifices must previously be made by employers. Our employes must continue to be treated liberally with respect to their compensation and general welfare. We will continue to show to them that it is our intention to consider their merits, and to treat them as associates and valuable assistants in our work. We should give no cause for reasonable complaint or unfavorable criticism. There is no ground for believing, as sometimes hinted, that the workmen of this country are desirous of controlling the methods of production or distribution. They know they could not be successful in the experiment. They understand as well as we that all lines of human activity must succeed or fail together; that every individual must consider and recognize the rights of all others if we are to have prosperity, comfort and happiness; that he who agitates for anything else is disloyal to his country, his friends and his home; that the average leader who tries to disturb the friendly relations between neighbors or associates is acting from selfish motives; for pecuniary profit or individual power or position.

If the workmen generally are treated fairly and liberally they will stand and contend for fair treatment of the employer. I refer now to the wage earners. But who are workmen? You and I, as well as the man who works by the day. Most of us, if not every one of us, started on the farms or in the shops or mills, for very low compensation, and we are proud of it. We are still workmen, with long hours and laborious tasks. No man wishes to remain

at the bottom of any ladder. All wish to climb and to prosper. All desire to occupy positions of independence and they want to secure this by hard work. Let us use our influence in assisting our employes to progress and succeed. Let us retain their confidence and loyal support by our action. They will meet us half way if they are permitted to exercise their own judgment and spirit of fairness. Conditions now are good and you who are listening to me have been a potential factor in bringing this about.

I am assuming you will not favor reductions in the wage rates unless and until it shall become absolutely necessary, notwithstanding it is possible the War Industries Board may decide there ought to be conservative reductions in the prices of our commodities after January 1st. Our prices have been high during the last year, and in the cases of a few companies the profits have been large. In order to maintain production up to full capacity of all manufacturing works, so as to meet the military necessities of this country and its associates in the war, it has been necessary to fix prices larger than normal, because of increasing costs of production, by reason of wage increases and higher prices for everything the producer has been obliged to buy or pay for. However, the war is ended and producing and selling conditions are changing. Furnaces and mills will be returned to ante-war uses and methods. The law of supply and demand will again control. There will soon be no restrictions in prices nor anything to prevent their settling down to a lower basis, depending upon circumstances. Costs of



production probably will, in the course of time, be decreased, though not to former levels. It is to be hoped no seller of our products will feel inclined to make prices too high simply because he may be able to secure them, nor to make them too low simply because there is need of ready cash. Everything depends upon the individual producer. If we are fair and reasonable toward our employes, our customers, our competitors and those who own our properties, we shall not become demoralized nor foolish and we will be entitled to the approval of all other lines of business and to the people generally. No one in the long run is benefited by unreasonably high or low prices. This has been tested over and over again. The general public, as in 1907, expects the steel industry, called the barometer of trade, to exercise moderation and skill, and, so far as legitimate and right to lend its efforts in aiding the stabilization of business. For our past attitude we have been commended. In the future we may expect to receive our just deserts.

If the War Industries Board shall fix prices, or if its members shall counsel us as to the future in accordance with the opinions I have expressed, it is to be hoped we will not dissent nor fail to adopt.

I have intimated that values or prices generally throughout this country are abnormal. We ought to get back to a peace basis so soon and as speedily as possible. It should be accomplished in an orderly and methodical manner and with the least disturbance to general business and without injustice to any. This is peculiarly a time for constructive thought and action; for cool heads,

for courage, for the exercise of a spirit of fairness; even for sacrifice when necessary. There should be no danger in this country of serious business depression. We are so rich and prosperous and our resources are so large that the indulgence of feelings of fear or doubt as to our financial, commercial or industrial safety and progress would be wholly unjustified. Our prospects are bright, our opportunities for success are greater than ever before. Even if there should be some decreases in volume we may look forward with confidence. I predict the next five years, in this country, will be the most progressive, prosperous and successful of any like period in our history; the results will astonish even the most optimistic of today. We need to be conservative, thoughtful, persistent, fair-minded and wise up to the limit of our understanding.

And now, gentlemen, I am going to surprise and perhaps disappoint some of you, and no doubt you will have justification on account of your own business situations; but I beg of you do not hastily reach a final conclusion in regard to the suggestion that is to be made.

After a painstaking and exhaustive consideration and discussion, covering the larger part of two days, the General Committee, or at least a majority of its members, perhaps all of them, have reached the conclusion that at the meeting to be held in Washington next Wednesday there should be recommended to the War Industries Board a moderate reduction in the scale of maximum prices for our commodities, commencing January first, the reductions and adjustments to be made on an

equitable basis, in consideration of all the circumstances, and after careful study. If all present would assent to reductions and are now prepared to systematically make a new schedule, it should be done at this meeting, but I think that all interests would be subserved if these matters, as heretofore, are referred with power by this meeting to the General Committee, for submission and consultation with the War Industries Board. The proposed schedule would be completed prior to the meeting in Washington, though its preparation necessarily involves much study and labor.

I presume many of you, at first blush, taking into account your costs of production, will present arguments against the adoption of the proposal. Still, I hope you will give due consideration to the thoughts which have been expressed by your chairman.

We have a chance to do something valuable towards sustaining the business equilibrium of the country. While some might suffer losses at present, perhaps it would prevent greater losses in the future. We would be leaders in a movement calculated to methodically readjust conditions in an orderly way. We might have some influence in steadying business generally; and remember, the workmen are more interested in this question than any others, for labor constitutes the greater part of the cost of production from the raw material down to the finished product and its use by the consumer.

It seems to me the unanimous consent of the members of the Iron and Steel Industry to a recommendation to the War Industries Board for a reduction in prices is

called for at this time, especially after a long period of united effort, on the invitation of the War Industries Board, to agree upon prices.

If reductions are made now and manufacturers accept them willingly, even though sacrifices have to be made, we may be consoled by the fact that we are approaching better times, lower costs, a more natural and substantial basis, and that we are probably doing the right thing. I feel reasonably confident the Iron and Steel men will, as heretofore, especially during the war, be willing to do their part in promoting the welfare of all who are interested. Those who buy our products will correspondingly reduce their prices and thus do their part in the direction mentioned, and so on down the line; and this may extend to others.

The Iron and Steel men have been broadminded, liberal and big in every way, and I appeal to you at this time with confidence.













LIBRARY OF CONGRESS



0 013 715 258 7 ●