

The Economic Club of New York  
Fourth Dinner of the Season 1911-1912  
Fifth Year Anniversary Dinner

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Politics and Business

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Thursday Evening, May 23, 1912

Hotel Astor  
New York City

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Introduction

President John G. Milburn

Gentlemen, there is a little business to be transacted tonight; there are to be elected a President and two Vice Presidents of the Club, and 5 members of the Executive Committee. In accordance with the custom which has prevailed, the President appointed a Nominating Committee of which professor John Bates Clarke is Chairman. I now call upon Professor Clarke to submit the report of his committee.

PROFESSOR JOHN BATES CLARK: On behalf of the Nominating Committee I have the honor to present the following list of officers for the ensuing year: For President, James Speyer (Applause); for Vice Presidents, Frank A. Vanderlip and Thomas R. Slicer. (Applause) For members of the Executive Committee, James G. Cannon, Walker T. Hines, Wm. G McAdoo, John G. Milburn and Henry Morgenthau.

MR. SELIGMAN: Mr. President, I move you that the report of the Committee be adopted and that the Secretary be empowered to cast a ballot for the ticket named.

PRESIDENT MILBURN: Gentlemen, you have heard the motion that the report be adopted and that the Secretary be authorized to cast one ballot in favor of the various men nominated for

these offices. Are you ready for the question? All in favor of the motion will say aye, those opposed no. (Motion carried)

The Secretary having cast the vote, the gentlemen are duly elected to the various offices.

Not having been subjected, I am glad to say, to the latest devices of the recall, and having been allowed to terminate honorably my career as President of this distinguished Club, I wish, as this is my last occasion, to thank you for the courtesy which has been extended to me in the discharge of the duties of my office. The first dinner of this Club was held on the 5<sup>th</sup> day of June, 1907.

This, therefore, is our fifth anniversary, and the attendance at the dinners has grown to such an extent that I suppose I am within the bounds of truth when I say we give the largest dinners which are held in the city of New York.

The object of the Club as stated in the constitution is to aid in the creation and expression of an enlightened public opinion on the important economic and social questions of the day. I believe that the Club has fulfilled its mission during the 5 years of its existence. As I have said before, the Club conducts no propaganda and it does not stand for any particular solution of the great problems of modern life. What it does, is to come together to hear able men speak on different sides of those problems to the end that when we separate and reflect upon what is said, we may be aided in forming correct opinions to guide our action in the affairs of life.

The Club has been an extraordinary success and there is no reason that I can see why it should not look forward to an equally successful career in future; it certainly has my best wishes in that regard.

This being a birthday occasion I am glad to say that we have with us the President of a sister Club in Boston, another successful institution of the same kind and with the same object and mission, so I will not delay the proceeding any longer but take great pleasure in introducing to you Mr. William H. Lincoln, the President of the Boston Economic Club, whom I know you will be glad to hear.

William H. Lincoln

President of the Boston Economic Club

Mr. President and Gentlemen of the Economic Club I feel overwhelmed by the distinguished honor paid to me this evening by this brilliant assembly; I did not expect it and was not prepared for it, and will therefore occupy but a very few moments of your time. It gave me great pleasure to accept the kind invitation of your Secretary to attend this upon the 5<sup>th</sup> successful year that you have enjoyed, and especially that this Club was founded on the same principles, with similar objects in view, and particularly through the efforts and instrumentality of our own efficient and energetic Secretary. A few months ago we celebrated our 10<sup>th</sup> anniversary. Perhaps you have been more fortunate in one respect in that your tenure of office of President has been short and

you have thus been enabled to secure the services of distinguished men in various walks of life, whereas in Boston, there has been no change in that respect (Laughter) and we have been deprived of that advantage which you have enjoyed. Boston, you know, is slow as compared with New York. I am sure there has never been a time when the serious and intelligent discussion of important social and economic questions was more necessary than now, questions affecting the welfare of society and the progress and development of the nation. (Applause) How important, then, that these questions should be considered in a calm and resolute manner, free from prejudice or any party animosity. This is a time of social unrest; there is a feeling of disquietude in the minds of many as to what the future will bring forth and develop. The rising tide of socialism, the relations that should exist between capital and labor, the increased cost of living affecting seriously the masses of the people, the so-called money trust, the regulation and dissolution of great corporations, the tariff, the wisest and best form to be adopted for municipal government, the rights of the people, closer participation in government as illustrated in the recall and referendum are all questions of vital importance, and they are before the people of this country today for solution. The mere enumeration of these subjects is sufficient to awaken our minds to a sense of the danger that threatens the stability of our free institutions; hence, the great importance of the work of the Economic Clubs providing a Forum for a free and impartial discussion in many of the great cities of this country and in smaller communities, extending from the Atlantic to the Pacific. At meetings of these Clubs all of these various subjects are discussed. I realize that this is a distinguished assembly, composed of men who exercise a controlling influence in affairs of business, in realms of finance, and in shaping the politics of this country.

What is needed at the present time is a broad and comprehensive statesmanship, men who can become great leaders to instruct and inform the people, and lead them into paths of safety and wisdom. (Applause)

Out of all these conflicting opinions, out of all this seeming chaos, may we not indulge the hope and belief that the intelligence and good sense of the American people will bring order and true progress, and that peace and justice will go hand in hand to promote the welfare and prosperity of all classes of the people, and thus be effectual in bringing about a new era of content and good feeling, and thus by these means and these instrumentalities help to swell the tide of national glory and national prosperity. (Applause)

PRESIDENT MILBURN: Gentlemen, we have with us one of the founders of the club, a man who has always given a great deal of time and attention to its affairs because of the interest he has felt in it. I am sure you will be glad to hear a few words from Mr. Henry Clews.

Henry Clews

A Founder of the Economic Club of New York

Mr. President and members of the Economic Club of New York: As one of the founders of this very successful organization, I congratulate my fellow members on the great work that has resulted from our efforts, in which so many, in fact all, of our members have taken part in a spirit

of loyalty, good faith, and earnestness, thereby contributing to its marvelous success. We can view the result of our efforts with pride and we have the satisfaction of knowing that this Club has proved its right to live \*\*\*\*\* (MISSING INFO)\*\*\*\*\* Milburn. (Applause) during his capable administration he has been heartily supported by our efficient Secretary, Mr. Robert E. Ely (applause) and Professor Johnson, our Treasurer. (Applause) As a member of the executive committee and as chairman of the finance committee, I can testify to their worth and bear witness to the fact of their having done their work in such a way as to reflect credit on themselves and our organization. Both Mr. Hepburn and Mr. Stetson are likewise equally entitled to our applause and sincere gratitude, as each planted good seed during their term of office that is still germinating and which cannot fail to continue to produce a rich harvest.

I think, gentlemen, you will all excuse my feeling of pride in this organization. When I was invited to deliver an address before the Economic Club of Boston a few years ago, I was deeply impressed with the character of my audience, and recognized at once the force that could be exerted in the right direction by the establishment in this city of such a representative body of men. It was at that meeting that I had the pleasure of making the acquaintance of Judge Gaynor, now Mayor of our city, (Applause) Charles Francis Adams and Josiah Quincy, former Mayor of Boston, who were the other speakers on that occasion. The brilliant success of that meeting suggested to me that New York should have a similar organization and with that end in view I asked Mr. Bateson, the Secretary of the Boston Economic Club, to come to New York as soon as he could and join me in starting an Economic Club here. Mr. Bateson, therefore, is entitled to

commendation for his efforts put forth in our behalf (Applause) and for his continued connection with us and his devoted interest in our work. I am glad to say that a ready response was forthcoming from all who were invited to cooperate with us and this organization is the outcome. Since that time a great many similar clubs have been formed in other large cities and in time they will become numerous enough \*\*\*\*\*(MISSING INFO) \*\*\*\*\* point as may be determined by vote each year at conventions, to discuss the leading and most important questions of the day for the general good of all sections of our country and for the general good of all the people of our nations.

Our national House of Representative is composed largely of lawyers and the percentage of businessmen in that body is small. The yearly congress of the Economic Clubs would be composed principally of businessmen who would meet to discuss important matters from purely a business standpoint and their views would have great influence in shaping legislation, as the national Congress would welcome a word from men of business, without regard to their political affiliations. This country is facing momentous problems, problems of mighty potentiality; they are those chiefly connected with the rising spirit of democracy, those at the bottom of the social scale are demanding better conditions of livings, and they are securing them chiefly by self-help through demands for higher wages. This readjustment is accompanied by much friction which shows itself in political unrest and apprehension; how long it will last and what effect the new ideas accompanying the movement will have upon the present social and industrial system, remains to be seen. We have already started upon a new road involving complex and untried

methods; there are many tangles and ugly questions cropping out in this country which will require delicate treatment in the coming years to prevent a serious crisis. Besides the tariff and the currency questions, there may be mentioned the combinations of capital, so-called trusts, and combinations of labor which are the largest and most despotic of all trusts. Men of business training with the additional knowledge that they are now deriving from discussions by organizations like ours, will hereafter be better qualified to cope with these situations and devise means to adjust conditions that can and should be settled without disrupting business interests of the country. (Applause) \*\*\*\*\* (MISSING INFO) \*\*\*\*\* lines. Indeed it is becoming imperative for the good of the nations that the judgment of businessmen should be consulted and heeded by the law-making powers. (Applause) We should welcome well-timed, judicious changes, but must choose carefully with reverent regard for what has proved sound and true and with a spirit of critical open-mindedness to respect what is new. Mr. Beecher once said, when discussing theology, - "Do not take away an old shingle until you have found a better one to take its place," a truism that applies to social and economic problems quite as sharply as theology.

Gentlemen, I am sure that the work of our organization cannot fail to exert a wide, lasting and beneficial influence in every direction and that the Economic Club of New York is destined to become an essential and permanent institution productive of great public good both in our time and in time to come. (Applause)

PRESIDENT MILBURN: Gentlemen, the theme of the evening, which is one of vast and growing importance, is “Government in Relation to Business. The chief speaker of the evening needs not introduction to you. It would be distasteful to him for me to praise him to his face or to give an account of his services in his various spheres of activity, and it is not necessary because you know him perfectly well, you know what he has accomplished, and you have your ideas, too, of what there may be yet for him to do and to accomplish. (Applause) Therefore, without further remarks, I now call upon Governor Woodrow Wilson. (Applause)

Woodrow Wilson

Governor of New Jersey

Every discussion of modern politics must first or last be a discussion of the relation between politics and business. The material welfare of every community lies at the basis of all its plans and hopes and possibilities. No one who comprehends politics at all can fail to see that the attitude of government towards business affects the whole life of the people. Indeed, it may be said that the fundamental object of all government is to enable the people so to order their lives and to control their own fortunes, as to be able to meet their necessities with as little fear, embarrassment and hurtful rivalry as possible.

The ideal of the tariff was a very pretty one. It was that the government would foster industry of every kind and meet the interests of everybody by customs duties which would protect the American producer against foreign competition and enable him to develop the virgin resources

of America and all her unorganized energies upon a free domestic field. But the practice has been very different from the ideal. At first it was a sort of scramble for favors. There were no particular favorites. The committee of Congress heard everybody and tried to please everybody. The result was haphazard. There was neither plan nor consistency in the tariff schedules. As far back as 1826 the scramble resulted in what was immediately called the “tariff of abominations,” but those were amateur days. The tariff professional had not been established himself in business. The scramble was scandalous but not fatal. In our day, we see an expert lobby, some figures dominating all the rest; particular interests that have grown very strong under the tariff playing a dominating part in the whole business of seeking favors and privileges by means of taxation. More than that we see what was once a general struggle for advantage transformed into a very systematic business indeed. A very close partnership has, in recent decades, been established between those who got the greatest tariff favors and those who control the councils of the dominating party. The partnership is based upon very definite grounds. Those who get the tariff favors spend a part of their profits in maintaining the political organization of the party through whom the favors are obtained.

The tariff question, therefore, is radically altered in its aspects. In place of a general clamor for protection, there is now substituted a thoroughly organized system of control and there is nothing the chief tariff beneficiaries fear so much as the substitution in Congress and the Federal Executive of men not accustomed to their control and independent of it for those who have made it a part of their party creed and political religion. Their attitude is that the man, who will not

stand by the protected interests, is an enemy of the country as well as of the party. It has become a matter of perverted conviction rather than of pecuniary corruption and is the more striking and difficult to handle because the men who defend it have their whole process of thought beclouded and perverted.

No one who is capable of making an analysis of our business development in the last few decades can fail to discover that it is by this indirect control of the government that the largest and most powerfully protected interests have gained an extraordinary privilege and an extraordinary power; that this is the basis of every means by which they have built up monopoly and prevented legislation from striking in unmistakable terms at the privileges they were so vigilantly safeguarding. It was the influences of these forces undoubtedly which prevented Mr. Sherman from passing his anti-trust bill in terms which would have made it clear and effective. The men who exercise this control over the government are masters of amendment, masters of phrase. They know how to take the teeth out of a statute and how to render its administration weak and ineffectual. Their legal advisers are as expert as their lobbyists. They supply the thinking as well as, upon occasion, the funds for those who shape legislation in committee and defend it on the floor of the houses of Congress.

The relations between government and business can never be normal in this country until business undertakings cease to control government, or rather until a small number of business undertakings cease to control government.

In short we shall never have free and normal legislation with regard to the business of the country until the relations between the government and the people are rendered normal again, and that can be done only by breaking the control of the relatively small organized force which now dictates to Congress. When normal relations are restored, our plain task can be performed. For it is very plain nobody who really cares for the welfare of America can wish to upset business or interfere with any honest and natural process of it. It is the duty of statesmen to understand the business of the country. They can understand it only by the widest conference with men of every interest, with the average businessman, as well as with the conspicuous captain of industry and leader of finance. The emancipation of the rank and file of businessmen in this country, of the average manufacturer, the merchant, the average banker, from irresponsible, central government will be the beginning of our real prosperity. That emancipation will begin when the tariff is impartially revised; when the foundations of monopoly are cut away; when the law speaks out its meaning in unmistakable terms and is unhesitatingly enforced against every effort to throttle free enterprise and break down the initiative of average man.

These are not abstract questions, they are extremely concrete and intensely practical, and there are practical ways of getting at them. Our legislators ought to constitute themselves a sort of people's lobby, ought to act upon their party promises as they would upon pledges of their personal honor. This will involve bad faith to no man, injury to no legitimate interest. It will clear the air of suspicion and business, instead of fearing always what may happen on the

morrow, can go forward with confident assurance that its ways read plain for it and that no man in Congress or in State Legislatures will interfere with the morals of the community he acts for. But we owe it to business, even to the business which has been conducted in the wrong way, to be explicit, to foster by the upmost legal freedom everything that makes for the production of real wealth. This is not a program but a standard and it must be adhered to.

PRESIDENT MILBURN: Gentlemen, on behalf of the Club I desire to thank Governor Wilson for his powerful speech. I will say of that speech that I think it has accomplished the speaker's purpose, in that it is sending us home to think. (Applause)