

(February 25, 1907.)

The Right Relations of Capital and Labor.

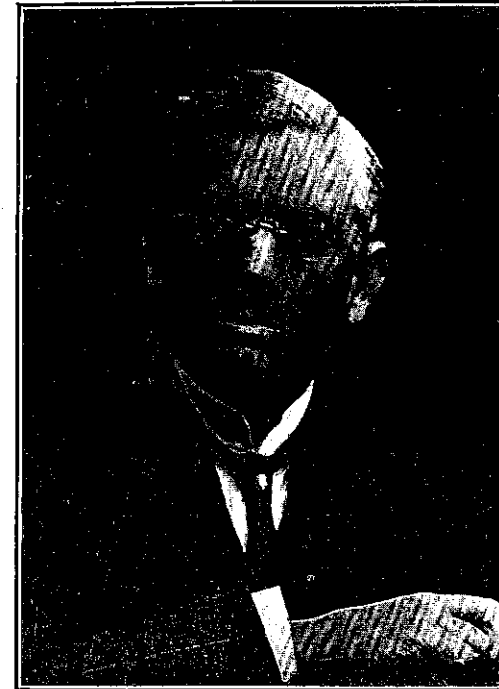
By MR. RALPH SMITH, M.P.

ADDRESSING the Canadian Club on "The Right Relations of Capital and Labor," Mr. Ralph Smith, M.P., said:

Mr. President and Gentlemen,—Let me thank you for the great honor—and when I say that I mean it—you have conferred upon me in inviting me to be your guest to-day and giving me the opportunity to discuss with you a most important question. Three years ago I remember you were good enough to extend to me a similar invitation, but at that time I was not able to make the necessary arrangements to be with you. I am happy that I was more fortunate this time.

The question of industrialism is one of the most important subjects with which we have to deal. And the question of the organization of capital is just as important. In the combination of capital and the combination of labor Canada has a most favorable position. I need not describe the causes which led up to the consolidation of capital or the evolutions of struggle which led to the organization of labor. The question of their right relationship must be largely determined by legislative wisdom; they should be regulated to the best interests of the great public of this country. Canada has nothing to do with the causes which led up to the present situation. We are in the happy position to benefit by looking at others and taking the advantage of the abandoning of wrong principles and the adoption of right principles. We in this young country can look out on the arena of struggle and take advantage of the lessons we read there. There are, however, two questions which Canada must solve for herself; first, to avoid international complications with other nations; second, the establishment of industrial peace within her own borders. Both must be settled according to some principle.

The question of right relations between the great factors of production in this and every other country is the greatest question of the twentieth century, and I am glad to say that while the leading statesmen of the great civilized nations are realizing more and more the waste and barbarism of inter-



RALPH SMITH, M.P.

national warfare, the great captains of industry are realizing more than ever the great waste and futility of industrial strife. As the question of international peace has emanated from long centuries of bickering and strife, as represented in conflicts between individuals, up to the international conflicts between nations, so the present disposition for the operation of conciliation and arbitration in industrial conflicts has evolved through a series of severe and contending deprivation up to its present state.

Perhaps the doctrine of the absolute necessity for industrial peace is just as far advanced as the present disposition to settle international conflicts without strife.

Industrial peace is the normal condition of economic production, when all the factors work together harmoniously. Industrial war is the abnormal condition which interrupts the usual friendly and fruitful processes of such natural co-operation. Let me say that if the greatest possible efficiency of all productive enterprises is ever to be reached, there must be harmony and agreement between the factors of production.

I am sorry to say it, but it is only too true that many employers of labor and many leaders of labor combinations assume that open hostility and continuous conflict is the natural connection between employers and employees. I never did take that unfortunate view. That enmity does exist is often true and for this both parties are to blame and on account of it the public has to pay and sometimes to suffer. What a mistake! The real and successful interests of labor and capital are identical. Any interruption by misunderstanding or conflict is just so much loss to the enterprise which is the seat of the conflict, and to the parties who should share its profits. And it is an increased expense to the public, who must purchase the product. When working men realize this economic theory to its full significance, then, and not till then, will they realize the waste and the real cost to themselves by anything affecting the efficiency of the production.

The chief cause of industrial conflict is one upon which I fancy all parties are agreed. The rich as well as the poor, the employer as well as the employee, are bound to admit that the unequal distribution of wealth is the basis of all industrial conflict. And right here let me say that there is not a country in the world which has such an equitable distribution of its wealth as Canada. Canada has as few extremely rich men as any country on the globe, and Canada, I am glad to say, has also as few extremely poor men.

And I am not preaching the doctrine of absolute equality. I am not a Socialist. There is no such thing as absolute equality—there never can be. There cannot be any such thing as absolute equality in anything. There are natural differences. Nature and the Almighty Creator did not make us all alike. Men are not born equal, not created equal. Artificial circumstances and environments can never be created on an equal basis, but that one man by his individual enterprise, combined with superior intelligence, should be a millionaire and be surrounded by a superabundance of good circumstances, while another man, thrifty and honest, able and willing to work, should remain impoverished and himself and his family deprived of reasonably equal chances in the race of life, is an inequality which ought not to exist and which bespeaks the necessity for thought and contrivance to develop greater and better conditions.

There are natural possessions which every man should have a reasonably equal chance to possess. That weaklings and nonentities should possess by accident or inheritance a vast amount of wealth, while enterprising and naturally endowed intelligent men are deprived of the real necessities of life—this is an inequality that good men are called upon to remove by any process within human reason.

Yet when one comes to the real, practical question of the better distribution of wealth he is face to face with the difficulty of doing so without impairing energy. When one seeks to mitigate the struggle of life one realizes how hard it is to do so and yet maintain its progress. When one promotes methods for the happiness of the people it is not easy to still keep them free. Struggle is necessary, individual effort is of primary importance for organizations, and even the State must be measured in quality and worth by the quality and worth of the units who compose it. In a cry for state aid and in the tendency for modern combinations it would be fatal to neglect the full and free development of the individual.

My great political formula, which I thought out and adopted years ago, at least to my own satisfaction, is contained in a few brief thoughts. The strength of combined national life, according to my idea, depends upon the rights of the individual to do whatever he likes up to the non-interference with the liberties and rights of others, and to acquire for himself, by his own effort, everything he can possibly acquire to meet his own wants. There is no doubt that even after this is done by him there are many things which he ought to have that cannot be possessed by his own effort. Then, his duty is to combine with his fellow men, to seek to gain by united

effort the rights and privileges which it was impossible to get by his individual effort.

Experience teaches, however, that in the modern struggle, by severe competition in life, even combinations of human beings are not able to prevent the existence of serious inequalities. Then, to my mind, it becomes necessary, as a last resort, to use the authority of the State. That is the province of the State, to do for the unit of the nation and to do for the combination of units of the nation what they demonstrate that they cannot do for themselves.

I know that this formula is contrary and the very opposite to that of great revolutionary socialistic theorists. But to them the State is everything; environment and circumstance create the man. They say that there is no salvation for the race until the rights and powers and possessions of the individual are taken from him; that there should be no such thing as private possessions. The Socialist begins where I end. I believe that the only way to elevate society is to begin with the man. He begins and ends with the State.

This is an absolute theory so contrary to twenty centuries of experience that it needs only to be stated to be refuted. These theorists always remind me of the difference between a physician and a quack. A physician knows and admits that his powers are limited. He cannot oppose nature. He can help her to remove obstruction and clear away abnormal growths, but he cannot recreate a broken constitution or make a perforated lung do the work of a sound one. But a quack, with his pills and plasters, will undertake to cure immediately all the ills that flesh is heir to.

The genuine reformer knows that the living law is the thought of the people and that all Parliament can do is to fit that thought to the life of the nation. The only way of elevating society is by elevating man, and you cannot elevate man by making him a machine and concentrating his aspirations or his appetite. Material independence is the basis, but it is not the apex of human dignity and development. So the units of capital, as well as the units of labor, must realize that it is the individual conception that every one has of his duty to the other that must create the healthy conditions necessary for the most efficient results in the industrial development of every country.

There is another fundamental fallacy which seems to have possessed the minds of many employers and leaders of the industrial classes, and that is that the employer owns the business absolutely without any regard for the manual labor. The

industrial worker, on the other hand, does not include the owner and managers in his conception of workmen. He looks upon the manager, who may dress a little better when working, perhaps draw a better salary, who may seem to have an easy time, as a person living on the industry without rewarding it. He believes that the only laborer is the man who is seen to use tools by manual exertion.

These are fatal conceptions on the part of both parties, as a moment's reflection will disclose. No man could operate his factory or his mine. He must have helpers in the business as varied as the different departments of the business, and as numerous as the output of production demanded by the market. For him, then, to regard them as simply industrial machinery necessary only to develop the industry for his own personal profit, would take us back to a condition which would be worse than American slavery.

The worker, on the other hand, must remember that the possible existence of the industry is developed and created by the conception in the mind of an individual. No one may see him sweat in doing so; he may not even wear overalls, but he operates his brains which develop the idea for the enterprise, and by his constant thought and mental exertion he makes the business possible, studies the methods of economy, and he it is who plans the markets which make the sale of the commodity possible and thus creates the money which becomes the recompense of every man in the industry.

Professor Evans tells how when he was in India he witnessed the interesting spectacle of seeing the lumber laden on the vessels. At a distance the elephants carrying the huge blocks of heavy hard lumber seemed to take their way to the deck of the vessel with a skill of intelligence that appeared wonderful. As he drew nearer, however, he saw that sitting on the neck of every elephant was a little Indian who, with his wand, was directing the physical forces. His was the mind that brought the results. The labor men must realize that the greatest factor to production is the great creating mind.

There is a shortage of labor in Canada. Population to our young country is everything, and every man brought in is of tremendous financial value. The policy of the Dominion Government is to build up the population and create the home market. This policy, apart from politics, accounts for much of our prosperity. If there is a shortage of manual labor then we cannot keep up even with the home market.

How shall we aim to do this? There are two ways. My way is the slow, expensive way, the discreet and discriminat-

ing selection of our immigrants from the people of the British Isles. The other is to throw open the gates and let it come whence it will. I believe in making a discriminating selection of our surplus labor, though the process is slow. We would then get an extra high class of human citizenship and the units that contribute to that product should be intelligent. It would be impossible for intelligent high-standing citizens to prosper in competition with the Asiatics and Chinese.

The principle of the doctrine that encourages the advent of such a class is that a servile community is necessary, that there is work to be done that will only be done by servile men of a servile race. Why thus dishonor the dignity of labor? The man who works among the garbage in the back yard is as much a unit of the State as the man who lives in the mansion. The equality of men is a British principle. The man must not be judge as to the subject of his service, but as to what he is himself.

My time is more than up. I have just touched the fringe of a few of the great principles that must guide us if we are to enjoy the proper relationship between capital and labor, a relationship that in the final analysis should be—and will be in Canada, I trust—one of peace, of partnership, of co-operation. Only thus can the highest and best results be obtained.