to our success in war has been so outstanding that we can well take encouragement from that record in our current efforts to advance our economic and social well-being to higher ground.

How Wars are Won

In the calendar year 1941 the war products of American industry, that is, *planes, ships, guns, munitions, fuels* and other implements and materials of war, amounted to approximately eight and one-half billion dollars. In 1942 that amount increased nearly four-fold to thirty-one and one-quarter billion dollars. In 1943 it again almost doubled to *reach a total of fifty-six* and one-quarter billion dollars. In 1944, the amount was approximately 65 billion dollars and in 1945, up to V-J Day, it is estimated that we produced war products in the amount of forty-five billion dollars, a grand total of *two hundred six billion* dollars. This massive industrial production played a major role in our fight against the totalitarian states. We have learned that battles are won by the genius of military leadership, supported by the ability and devotion of the individual *fighting men*, but wars are won by the strength of the nation acting as one integrated unit.

The war demonstrated the capacity of American industry and government to work together toward a common objective. It gave to industry the opportunity to re-establish itself in the public good will following a period when the methods of our private enterprise system had been seriously questioned, with the consequent effect of a large extension of government control over business operations.

The gains thus achieved must not be lost. We must establish the principle, that profits must be the rewards for contributing to social gains. It is only by recognizing that industry must continue to be guided in peacetime by the same high interest in the public welfare which it has shown in the days of war, that we can assure a continuance of the public's faith in private enterprise.

Today our country is faced with two major problems, one external and one internal. Our external problem is the making of world peace. Our internal problem is the making of industrial peace. I believe that if we can achieve industrial peace and thus present to the world a solid front of social solidarity and industrial power, the achievement of world peace will be accelerated and facilitated.

Eliminate Frictions

How can we achieve this solidarity in our citizenry which is essential if we are to obtain maximum production for maximum service to the community and, collaterally, maximum security for our American ideals and traditions? *In the past* we have, I believe, been too ready to approach problems of human relationships from the sociological viewpoint only. Our recent experiences have demonstrated the hard reality that human relationships are an important element in the establishment on firm foundations of our political, economic and social structures. Stark necessity has taught us that we cannot divorce a consideration of the conditions under which people live and work and the things they are thinking about from the efficiency of their productivity and the stability of their service. Nor can we hope to achieve the sound organization of our citizenry which will make for optimum equity of distribution of the products of agriculture and industry unless we can eliminate the frictions and animosities which have been so evident in our recent industrial disputes.

It was my duty to serve during the past year first as Administrator of the Nation's strike-bound petroleum refineries and pipe lines, and later as Administrator of the seized bituminous coal mines of the country. I, therefore, had an opportunity to observe at first hand some of the workings of these two vital elements of our industrial machine, Labor and Management. I have observed that the tendency is to permit labor relations and human relations problems to settle themselves, to permit them to become a test of economic strength without consideration of the fact that in many instances such conflicts result in great damage to our national economic well-being.

No Simple Solution

Labor relations is such a complicated, highly involved subject that there can obviously be no simple solution. This applies to any subject that is heavily charged with emotional influences. The big question is, how can we protect our democratic principles, including freedom from domination by obstructive or oppressive laws and, at the same time, protect the public interest. Most of us believe in true collective bargaining, but we also believe that collective bargaining must not culminate in action by a few individuals which will do irreparable injury to a large number of helpless people who are not directly involved in the controversy. This is especially pertinent when the harmful action is dictated by some official, or group of officials, who have no local community interest and who sometimes act with the indifference of the traditional absentee landlord.

There is no questioning the fact that in recent years national legislation has favored an increase in the power of labor unions, and now management is crying for corrective legislative measures. I question the efficacy of such procedure as a long term proposition. Disputes between management and labor are rarely, if ever, permanently settled by law. They are best settled by agreement when both sides have acted in good faith and with confidence in each other. I believe in the amendment of unfair and oppressive laws, but such amendment can best be achieved on a lasting basis if all interested parties join in a petition for corrective action.

My recent experiences have brought home to me the appalling waste of industrial strife from which no one benefits. Not only do we have the loss of production and the impairment of our economic machinery, but the most important detrimental effect is the accumulated bitterness and antagonism between management and labor, who should be partners in industry, not opponents, but whose actions on both sides frequently take on all of the characteristics of the class warfare of stratified societies, a warfare from which our country has heretofore been largely free.

Lack of Confidence on Both Sides

It seems to me that a people who are smart enough to invent or develop the phonograph, the automobile, the airplane, radio, radar, atomic energy and many similar useful things, should be smart enough to devise a means of adjudicating industrial disputes without recourse to jungle warfare. I believe that if we turn our energies to this task we need not correct inequities by law, but can correct them instead by agreement. I am not discouraged by my contacts with the leaders of industry and of labor. There is no lack of abilities there. There is a lack of confidence on both sides. Once we can establish this atmosphere of confidence, we can then negotiate agreements with assurance that both parties intend to abide by the spirit thereof, rather than by the letter, as interpreted by a staff of clever attor-