

THE MORAL DILEMMA OF AN INDUSTRIALIST

BY RALPH E. FLANDERS

ANY businessman who acknowledges the ethics of the church he belongs to must at times find it difficult to justify the profit motive. Do not the selfish impulses on which capitalist competition is built seem to be in direct conflict with the spiritual ideals of charity and altruism? This is a question which I know I have found unsettling, and for what it is worth to other businessmen I should like to describe the answer which I have found most helpful.

At the beginning let me state as clearly as possible the category in which I find myself so far as the source from which I receive my spiritual compulsions is concerned: for me, the personal conscience is the compelling force.

Dependence on the personal conscience does leave the individual at times without the sure, clear guidance received by those who are so constituted that they are submissive to authority or are able to follow faultlessly reasoned arguments from imposed premises. But for me and for millions of others like me that kind of guidance is not acceptable. While it is quite possible that, under other upbringing, many of us might have learned to submit to religious authority or logically developed reasoning on religious and spiritual matters, yet I believe this to be doubtful. For we find a compulsion in the individual conscience which not only is unsubmitive to narrow and selfish personal advantage, but is likewise unsubmitive to external compulsion of whatever historic strength or intellectual attraction.

There is further, in my case and, I believe, in the case of millions of others,

a strongly held premise that the order of nature is not at variance with the spiritual order, and that the order of nature contains the laws of human nature. I feel, too, that these laws admit both good wills and evil wills.

Bad Means to Good Ends

The basic moral problem for the businessman, in the form in which it has been particularly troublesome to me, is that of the badness of good people and things. I do not mean a moral badness of good people, or at least, I am not sure that I mean a moral badness. I am thinking more of such evils as ignorance and stupidity and the rather more reprehensible evil of willingness to use dubious means to effect a *moral* end.

Let me give you an example of what I mean by bad means to good ends—an example taken from the political field, a large-scale example but localized in one spot where we can see it. I am thinking of the Tennessee Valley Authority along with its ancestor, the Muscle Shoals power development of the First World War. The ends were worthy. It is of great importance that we should have undertaken this endeavor to raise the standard of living of a whole region. We can be proud of the moral imagination which conceived the undertaking. But both of those developments were sold to the people of the United States and the Congress which represents them on the kind of false promises which, if they had been used to float a private stock issue, would never have passed the Securities Exchange Commission.

Muscle Shoals was presented to us as a wartime necessity and a peacetime

asset for the fixation of nitrogen. Its product was to be used in powder for war and in fertilizer for peace. But the method of fixing nitrogen which required this great power development was obsolete when the plan was proposed. No responsible scientist or engineer informed on the subject would have advised a client, whether an individual, a corporation, or a government, to put a dollar into the enterprise, in view of much more effective and less expensive methods of fixing nitrogen. Yet when these facts were brought to the attention of Congress, publicly and privately, the cry was raised that those who submitted the facts were concerned with preventing the government from embarking in power generation (as, quite conceivably, many of them were), and the facts never got a hearing.

The TVA was presented to the American people as a "yardstick" of electrical power costs for judging the rates charged by privately owned public utilities. It never was and never could have been a yardstick; or at least it would never have been allowed to become an honest yardstick, since the comparison would have had to be unfavorable to the public enterprise. There are several factors to be reckoned with first: the local taxes, which TVA does not pay but which it has in part made up by voluntary payments to the communities; likewise the enormous income tax payments of the utilities for which TVA has no corresponding offset; and, furthermore, the difficult accounting problem of separating the costs of power, flood control, and navigation—an accounting problem whose difficulty is a fortunate circumstance for those who wish to believe that power can be publicly generated and marketed to the consumer more cheaply than it can be by private corporations. Yet those who raised these

questions at the time the legislation for the establishment of the TVA was pending were again branded as tools of "the interests," and calculations and facts were immediately ruled out.

The moral problem here can be seen more specifically, and thus more clearly, if we look at the experience of the original chairman of the TVA, Dr. Arthur E. Morgan, a man of high moral principles and intellectual integrity. I first became acquainted with Dr. Morgan's fine characteristics when, as Vice Chairman of the American Engineering Council, I was endeavoring to bring the yardstick argument out into the open. My correspondence with Dr. Morgan made it clear to me that his point of view on the Tennessee Valley experiment was based on the solid ground of its being an earnest endeavor to improve human living conditions in a substandard area. He would not allow himself to be a pawn in the political game of public versus private electrical power.

But because he would not play this political game, he got into trouble. There may well have been other difficulties with this good man. He is said not to have been an easy man to get along with. He is said not to have been a good organizer. These things may be so; I do not know. But I do know that in dealing with the private utilities in this area he refused to adopt sharp practices and bludgeoning tactics which, if applied by a private utility against a competitor, would have landed the assailant in the toils of the law. It was Dr. Morgan's principle that good ends were worthy of good means and ultimately could be served by no others. The other board members of the TVA however, proceeded on the assumption that the good end justified any means.

Here, then, is a dilemma. Should the moral man condone evil means toward

good ends? Should he oppose evil means and lose his chance to effect good ends? Or what?

Capitalism and Ideals

If we broaden this moral problem to include cases of good effects from policies which appear to be based on evil principles, we are brought face to face with the problem implicit in the capitalist system.

The adjustment of the spiritual life to the capitalist system under which we are living is one which many of us find difficult. Perhaps we might better state the problem the other way around, the adjustment of capitalism to the ideals of the spiritual life, although the alternative form does not make the adjustment any easier. The problem arises from the appearance, if not the fact, that the profit motive is at variance with Christian ethics.

This is one aspect of a universal problem. When we look at creation as a whole, or at least that part of it which comprises life on this planet, we face disturbing facts. To human view, there is so much that is wantonly wasteful, cruel, and unjust in nature, and this cruelty is on such a tremendous scale that it is at times difficult for us to contemplate it. The physical devouring of the flesh of the weaker by the stronger extends through the whole scale of animal life from the minute single-celled organisms of primeval slime to the majestic lion, king of the beasts of the earth. Nowhere is there pity; nowhere is there consideration for individual life; nowhere, from our human point of view, is there justice.

The capitalist system is one of those harsh inhuman aspects of society which corresponds to the harsh inhuman aspects of nature in general. Technically speaking, it is a system in which a man

or group of men privately own the means of production for the various necessities and luxuries of life, so that the securing of those necessities and luxuries by the ordinary man is dependent upon his ability to come to terms with the man or group in possession. Another characteristic of capitalism is that its motive power is the expectation of profit for those who control the tools of production. Production is not based on individual or social need as to quantity and kind of output; it is based almost solely on the question whether a particular process of production will or will not be profitable to the possessor of the tools of production. While this is by no means a complete definition of capitalism, it is true as far as it goes; and we can better see, when we look at the system in its baldest and most uncompromising form, some of its harsh aspects.

Capitalism as a Form of Social Organization. There is another element in our capitalist economic structure, however, which is fully as important as private ownership and the profit system, and that is the very great division of labor and the consequent complexity of the processes by which the raw materials of sea, forest, farm, and mine are transformed into food, clothing, shelter, and luxuries for the peoples of the earth and are distributed to them for their use and enjoyment. We cannot look about us at the world in which we live without being astonished at the elaborateness with which our life is organized. Out of the whole of work in the world, each of us is responsible for a minute segment. This work we cannot do unless it is brought to us or opportunity is otherwise made for us to go to it. In general, too, this work has little direct connection with the food, clothing,

shelter, education, and amusement which are required to satisfy our personal needs and which we hope to obtain in return for our productive efforts.

There is, perhaps, no better way to bring this fact clearly before our minds than to think of a particular geographic area, such as the New England region in which I live.

Four hundred years ago this area was inhabited by some few thousands of red men who lived by hunting, fishing, and by the crudest imaginable forms of agriculture. Trade was confined to the interchange of a few goods not easily obtainable in every location. There was a demand for flint or other hard stones for arrowheads, for shells for ornament, and for a few other simple commodities which were handed about from place to place on a barter basis.

We may imagine, if we wish, that this simple barbaric method of life was satisfactory to the people who lived under it. They had enough to eat, even though the variety and delicacy of the food fell short of that required by our taste. Their clothing and shelter were sufficient for their hardy constitutions, even though most of us would be acutely uncomfortable if we had to live that way through the winter months. But we must remember, too, that on this basis of hunting, simple agriculture, and rudimentary trade, only a very few people could be supported in what is now New England. The population could never have exceeded a few thousand. A larger number than this would have drawn too heavily on the supply of game. Larger populations were, in fact, prevented by the continuous intertribal warfare by which bands of Indians sought to protect their hunting territory from other tribes who looked at it with covetous eyes.

Then came the white man, in ever larger numbers. First were the pioneers whose life in the forest and cleared land was very simple. A few metal tools for clearing the forest and working wood, a few metal dishes for cooking, and crude spinning wheels and looms were all that were needed to make a self-sustaining community in the virgin forests and meadows. But it was these few tools, together with the skill and experience for using them, which made it possible for tens or hundreds of thousands of white men to exist in increased comfort in a territory which had formerly maintained only its few thousands of red men.

Tools and handicrafts, machines, and organization continued to grow through the decades until Boston became a metropolitan center with hundreds of thousands and then millions of population, with industries which draw upon and serve subsidiary regions that extend far beyond the ten, twenty, or thirty-mile stretch reaching out along its highways, reaching out through the whole nation and to the far corners of the world. I repeat: it is tools and machines, it is factories of enormous size with complicated organizations which have done this. Without these tools and machines and without this factor of organization, the whole New England region would revert to the wilderness of the red men, and its inhabitants would perish in a few weeks.

Another way of grasping the significance of this point is to look with seeing eyes not at a region but at one product, any modern product that is highly developed.

If we look at the automobile, for instance, we realize how great is the complexity of the processes by which it has been assembled and made available for our use, comfort, and pleasure.

Rubber comes in peacetimes from the East Indies on the other side of the globe; wool from Texas, the Argentine, and Australia; manganese from Brazil and Russia; tungsten from China; copper from South America; and these are but a few of the obvious and major elements in its manufacture. An incalculable number of little materials and services make up the great aggregate which is placed at our disposal.

There is scarcely a state or a county in the United States from which is not drawn some material or some supply of skilled brain or hand required by the automobile industry. These men and these materials gathered from thousands of miles away steadily progress toward the crowded industrial centers. They stop along the way—the materials for processing, and the men for training and experience—and then move on again, their myriad lines finally focusing in some single great factory; and then from here goes forth a finished product, over highways, over railroads, by lake steamer, and by ocean steamship, to the far corners of this country and the world, to customers persuaded of its value, provided by their own elaborate productive organizations with funds for its purchase, and convinced by advertising and sales effort that this is the product which they wish to buy.

The complexity of the great machinery of production and distribution is too great for any one person ever to comprehend it as a whole; yet for years at a time it works steadily along by the coordinated effort of all the men and women engaged in the industry. We must keep in mind this extreme complexity of organization of our capitalist economy as a ruling physical fact; the point needs to be emphasized. We must particularly keep it in mind whenever we are considering the moral implica-

tions of private ownership of the means of production and of distribution for profit instead of for human need.

It is in the organizing function of capitalism that we find its deepest significance, and this organizing function is energized by the hope for profit. Here we find a new aspect of the eternal interweaving of good and evil and of our eternal problem of distinguishing accurately between them or of determining our duty in the face of the problems presented. Capitalism in its basic structure appears to be immoral and unjust. Yet the system is one which enables 10 or 100 or 1,000 families to live where previously but one could exist. And the important implication is this: if its organization be seriously disturbed, it will not be possible for all of those families to live in the area which now supports them. The destruction of the capitalist system without effectively replacing it by some other mechanism of equivalent efficiency would result in millions of individuals literally perishing.

This forgotten function of capitalism as a method of organization of society was not invented by some man or group of men. It has grown by evolution and is in a sense as much a part of nature as is the enormous wastage of life which keeps the biological balance between the various forms of life. But we cannot treat capitalism as an impersonal, objective natural phenomenon, for we short-lived mortals are a part of it; and the success or failure of its functioning from the point of view of us, its human constituents, becomes a personal, moral, and spiritual issue. We cannot look on it from above with the sweep of centuries in the glance of the eye. We must perforce examine it at close range and pass judgment upon its effects upon the individual lives of our fellow

citizens, our neighbors, our friends, our families, and ourselves.

Our Personal Responsibility. The net result of the large-scale natural and evolutionary aspect of the capitalist system, on the one hand, and of its immediate personal effects, on the other, is to give us a dual connection with it. We are both observers and observed. We are both actors and acted upon. We are—and here the ancient problem presents itself directly—both relatively helpless and personally responsible. Let us from this point on in the discussion give thought to the observing, active, and responsible aspects of our relationship to the system. Particularly, let us ask how we *as persons* can help to correct whatever failure the system has shown.

We must conclude, as we look over the history of the race, that the capitalist system, with its profit motive, has a large measure of human benefit to be laid to its credit. Human life has become more complicated and intense, but it has become more alive than in centuries past. "Better fifty years of Europe than a cycle of Cathay." Materially, the judgment of the scales must be recorded in the system's favor. Even in the depression of the 1930's there were few indeed of those who suffered most who were not better off materially than the vast majority of those who lived at other times, or in other countries in our own times.

We are concerned, thus, with the failure which is exhibited by a system with great accomplishment to its credit. It is not a failure to make material progress. The real failure lies rather in the inability of the system, or of us who are its nominal administrators, to maintain the flow of new benefits which it produces with anything like the regularity or equity of which the system is

theoretically capable. The failure is a failure relative to the aspirations and possibilities, rather than to the previous accomplishments, of mankind. Indeed, our deep concern with that failure is in itself a hopeful spiritual sign. We cannot believe that the system is by necessity spiritually deadening in its effects when we observe that there has never been a time in the history of mankind characterized by a keener and more widespread social conscience than exists at the present moment.

There is of course a vast amount of internal failure of an incidental type, such as the failure of a man, or a family, or an entire social group, to adjust by chance or intelligent effort to the unexpected accidents of a continuously changing and growing economy. Economic conditions require that an industry move from a region in which it has long been established, and hundreds of individuals are thrown out of employment thereby. Sickness or accident destroys the purchasing power of a breadwinner of a family. Whole industries, like the wagon-making industry in the 1890's and the early 1900's, are destroyed by new inventions and changing institutions. For these varying kinds of incidental misfortunes we have the old resources of charity and the new ameliorations of re-education for re-employment and publicly assumed responsibility for stranded populations.

There are other more deep-seated internal ills in the capitalist system. The profit motive, which is its mainspring, operates on the whole in the public interest so long as profit is a reward for services rendered. Over a great proportion of the daily activities of business this relationship holds good. Profit does go to the individuals, groups, and organizations which at lower prices make better goods or render better services.

But a definite part of business activity at all times, and a very large part sometimes, derives profit under other conditions.

A large area of the field of speculation, for example, is an endeavor to realize in the present on future profits not yet earned, by those who will in no event earn them. This speculative activity centers in the security, real estate, and commodity markets in its most apparent aspects. But it also runs all through the web of business in a thousand indirect and unobserved ways. The structure of business is ordinarily vigorous enough to survive and render its useful services in spite of this alien growth which permeates it. Yet from time to time the parasitical growth of speculation chokes the functions of useful business, and the whole of society suffers in consequence. The remedy for these perverted functions of business lies in part in legal and social restraints for the perverse acts wherever they can be clearly defined. There are, as well, great possibilities in compensative forces applied directly to the evils flowing from these social maladjustments.

There is also a serious external danger which afflicts capitalism. That is the danger that it will be destroyed by social idealists in whose sight its evils wholly obliterate its services to society. These attacks may so hamper its operations as to bring on those who are living under it distresses greater than those which they suffer from the internal evils of the system. The danger arises, of course, from the lack of perspective on the system as a whole. By those who recklessly attack it, capitalism is not seen as a needed, even though faulty, mechanism of social organization.

From any such brief reference to the dangers of blind attacks on capitalism, however, it must not be supposed that we should set capitalism up as an eter-

nally necessary factor in human life. This is not the only way in which human society has been or can be organized. The feudal system was an effective method of human organization over many centuries in the past. But, although necessary and useful as a method of escape from barbaric anarchy, such a system would of course be useless for our own teeming millions. There is also a modern alternative which has been tried: the type of totalitarian organization which we have seen rising in Russia, Italy, Germany, and Spain. Here is another way by which complex human societies may be organized and their efforts directed toward social ends of certain sorts. Is it any more useful? Of the countries mentioned, Russia is the only one so far which has shown any ability to serve the needs of its citizens rather than to organize them for external aggression and plunder; and in so doing, the Russians have had to deny themselves freedoms which we value among the highest of human goods.

The Weakness of Invented Systems. There is the possibility, on the other hand, that capitalism itself may be changed into something more ideally desirable. Let us follow the thought of evolution, rather than revolution, keeping always in our mind the dependence of the existing populations of the earth on capitalism for their continued existence.

There are many, of course, who look to the socialization of certain areas of business as our next move. Again, it is possible (whether instead of this growth of state socialism or along with it) that certain activities may shift more and more into cooperative enterprise in place of private enterprise. This may be the way in which the profit motive will become distributed and socialized, retaining some measure of its effect as

motive power but becoming more diffused and more general as a social impulse.

But whether state socialism or cooperative enterprise, or some other new development as yet invisible and undiscovered, sets the direction in which the capitalistic system evolves, it still remains true that something more than the invention and application of a new system is going to be necessary. The great merit of capitalism from a practical standpoint is that it takes an unlovely but pervading characteristic of humanity—the love of profit—and uses it as a force of social organization. These new forms into which it may be evolved must have some corresponding organizing principle or force, or they will fail in operation, society will disintegrate, and the individuals of which society is composed will suffer untold hardship.

The elements which seem to provide the necessary cohesive and organizing force are the moral and spiritual ones. For state socialism they are a high sense of responsibility in public service and the willingness of men of the highest ability to devote themselves to it. In the case of cooperative enterprise, similar elements of character are necessary among those who undertake active direction of the movement, together with a willingness on the part of the rank and file of the movement to delegate authority and defer to ability.

But we must be practical: something more than such an expansion of social morality is still needed. The expanded social morality must be coupled with ability and experience. Neither state socialism nor cooperative enterprise will succeed except as character and technical skill are combined. Neither will succeed until we learn how

. . . mind and soul, according well,
May make one music as before.

Is it too much to say that capitalism has exhibited a fair degree of ability and experience, and that it has also shown progress in the direction of social morality? No one who has observed its history through a generation can have failed to see that the selfishness on which it is nominally based continuously becomes selfishness of a more and more farsighted sort. There is the chance indeed that this development may proceed to the point where the controlling selfishness will become so farsighted that it will become indistinguishable from moral principle of the highest sort.

Here again the advance is not made by our exercise of morals alone, even when they are of this practical sort. In a business world in which competition is controlling, farsighted selfishness is often destroyed by shortsighted selfishness before the former has had time to prove itself and become established as an accepted social standard. The tender new growth of social advance usually needs, therefore, some protection through business advantage or unusual managerial skill until it shall become sturdy enough to hold its place in the struggle for existence by its own strength. It is for this reason that the constantly improving standards of business conduct often originate in successful businesses instead of in those trembling on the brink of failure.

What we are coming to is this: invented systems and planned organizations are *of themselves* hopeless expedients for the progress or salvation of society. They may be more or less suitable tools to be used, instruments by which men and women with social conscience and spiritual guidance may make themselves effective in the service of the age in which they live. But can any invented mechanism, any elaborated organization, any preconceived ideology ever

take the place of, or succeed independently of, the moral and spiritual attributes of living men and women? This is the weakness of our idealistic effort as compared with the evolutionary social forms which have grown up naturally. In a sense, capitalism works with a minimum of spiritual leaven. Cooperative enterprise and socialism are more completely dependent upon this leaven.

Spiritual Significance for the Individual

Very likely we are wrong in imputing moral or spiritual significance to the mechanism by which nature maintains the balance of life and assures its progressive development. Perhaps likewise we are wrong in imputing too directly and vigorously a moral significance to the details of the evolutionary institutions of human society. But we will never be wrong in imputing a spiritual significance to the relationship of each individual to those institutions. And we must not merely demand of that individual the goodwill to hope for and work for social justice and progress in detail and as a whole; we must also demand of him that he apply to the problems of his time all of his intellectual powers as well, not neglecting as a part of his intellectual appraisal the recognition of the nonmoral elements of the evolutionary social institution as distinguished from the moral responsibilities of the individual who is a part of that institution.

Perhaps this brings us near to the resolution of that fundamental paradox of the Scriptures which has been the source of much confusion and has led to the unreconciled types of Christian

aspiration and experience found in St. John of the Fourth Gospel and St. James of the Epistles. St. John was all for the Christian spirit; St. James was all for Christian works. Christ told us to pray: "Thy kingdom come, Thy will be done in earth as it is in heaven." And He said to the Pharisees: "The kingdom of God is within you." Thus He put the seal of His authority on both aspects of the Christian life.

This is the conclusion which we have been approaching in this discussion of capitalism, the social organization which binds us together in intimate contact with our fellow men: It is a natural system, not immoral or antispiritual, but unmoral and unspiritual. It leaves injustices to be ameliorated, human distresses to be cured, maladjustments to be prevented or compensated for. It cannot itself be changed into a moral and spiritual force, administering by its operations to the moral and spiritual aspirations of society, except as the men and women of which it is composed are themselves changed. No change in the system, no invention of new systems, no system whatsoever merely as a system will bring a "new order of things." The new order will come—but first it must be in our hearts.

Yet that ideal is not one of the spirit alone. Its achievement will require not goodwill alone, not intelligence alone, not the graces of human intercourse alone. All are needed. There is no simple way. There is no easy way. There is only the way which demands *all* our powers, developed to their capacities, and used with the fullness of satisfaction which only fullness of use can bring.

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