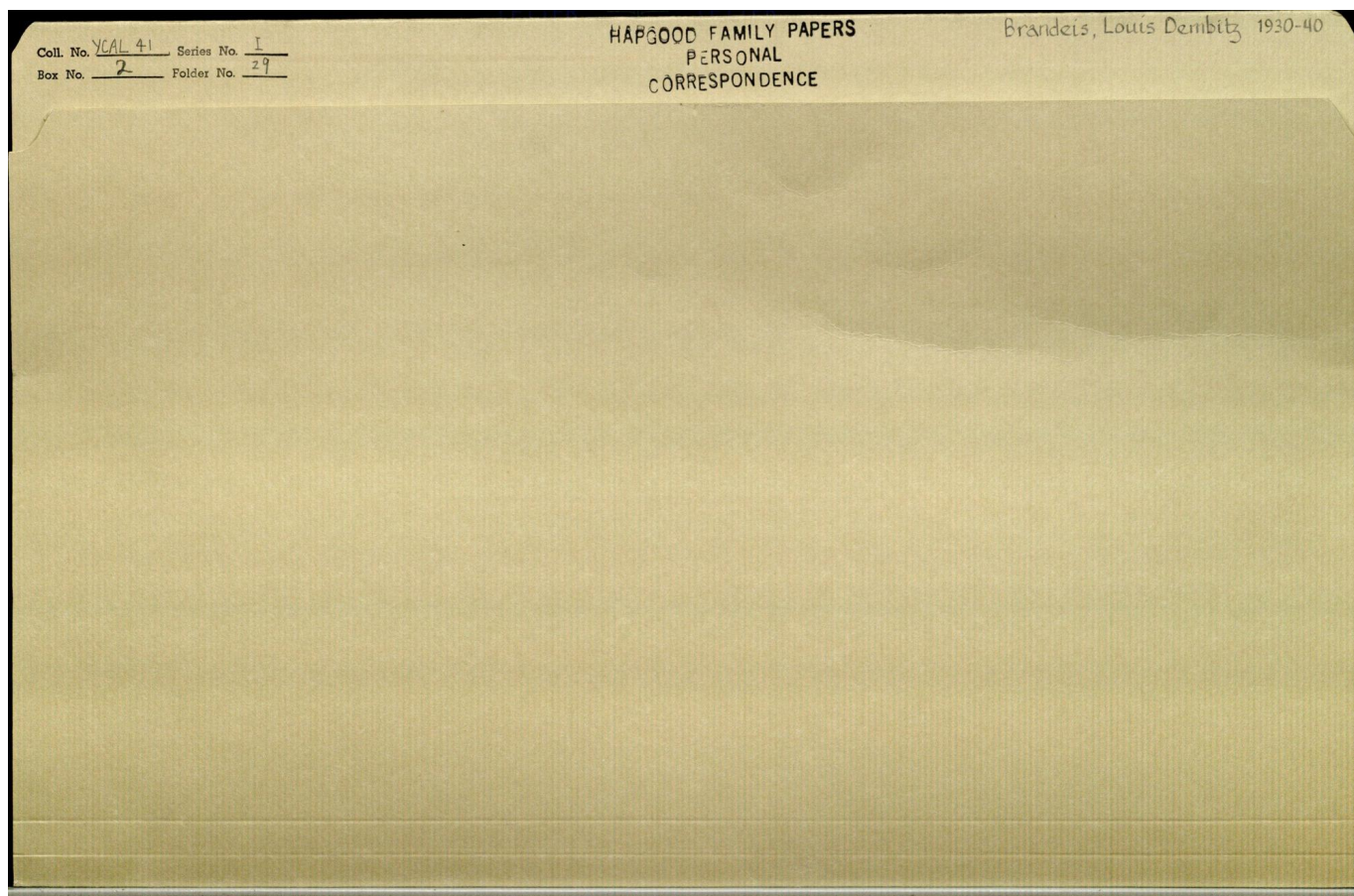




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Justice Louis Brandeis to William Hapgood

Quatham, Mass. July 7, 1930

Dear William Hapgood:

Re yours of June 30/

I have read the June Cauldron from cover to cover with deep interest and shall watch eagerly the developments in the solution of your financial problem and incidentally the marketing of the tomato stock.

I don't see why you expect the excellent plan of deferring 50% of the salaries may be discontinued as early as October.

I hope you will send the copy of the National City; answer. The National banks have largely ceased to perform their true and original function of commercial banks. It should be, as it was, their function to supply the temporary needs of manufacturers and merchants whose business involves taking risks; and the banks should take the risks of their own judgment in lending money. They have become primarily securities' companies; and the exacting of collateral for appropriate manufacturers and traders loans is an incident of the perverted banking business.

With best wishes

Cordially

Louis D. Brandeis

William P. Hapgood to Justice Louis Brandeis

August 27, 1931

Mr. Justice Louis Brandeis
Chatham, Mass.

Dear Mr. Brandeis:

I have delayed replying to your letter of July 7th until I could give you more definite information about the problems with which we have been dealing lately.

A few days ago I received from Norman your letter to him of July 30th. in which you referred to my letter to of June 29th.

Conditions have improved somewhat with us recently because we are entering the fall period when our shipments are always heavier.

Although our shipments for this month and next will be very considerably less than last year due to the unwillingness of our customers to buy tomato soup in sufficient quantities to take care of their needs for twelve months, a plan which they have always followed in the past, still our shipments are large enough so that we can begin to change our deferred payment plan on September 4th. At that time we will increase our salary payments to 60%. On the 18th, of September we will increase the payments to 70%, and on October 2nd. to 80%. We have not yet decided when we will be able to repay the deferred portion of our salaries. Probably some of us will be repaid in preferred stock.

On account of the fact that my forecast for the present fiscal year suggested to me a considerable operating loss, if my estimate of a shrinkage in our sales as compared with last fiscal year is correct, I placed the forecast before Council two weeks ago tomorrow. Council appointed a committee to consider the situation, and that committee, after getting information from several of us, made its report to Council a week ago tomorrow together with its recommendation to the effect that we set up 20% of our salaries for the present fiscal year as a sinking fund to take care of a possible or probable operating loss. The understanding is that the entire amount of the sinking fund, approximately \$45,000.00, can be used to replace to that amount any impairment of capital which may take place this year. If the loss is less than the amount of the sinking fund, enough of it will be used to cover such loss. If it should happen that instead of making a loss we make a profit for the year then the employees will be repaid as much of the amount which they have set up for a sinking fund as the net profits will permit.

When the proposal of the committee was put to a vote, Council was unanimous in favor of accepting the plan and the enthusiasm for it was very marked indeed. I felt not only relieved by the decision but very much encouraged because it seems to me to clearly indicate that we as a group have now achieved the psychology which worker owners must achieve, namely a combination of employer and employee point of view, which will cause them to deal effectively and realistically with any economic situation which may develop and at the same time stress social values when the economic situation permits.

I believe that an adequate income for workers should be the first charge against the operating income of a business and that dividends to stockholders should be paid only after the workers secure an adequate income.

But I think that when there is a loss in any business in which the workers participate in the management, the workers should make good the impairment of the capital out of their own incomes. This is the philosophy on which I based my suggestion and which resulted in the action I have just described.

I enclose a copy of a letter I have received from the Twentieth Century Fund, Inc. recently, with which fund and its board of trustees you are probably more intimately acquainted than I am. Its president, as you probably know, is Mr. Filene. Its board of trustees are the following: Newton D. Baker, Bruce Bliven, Henry S. Dennison, John H. Fahey, Edward A. Filene, Max Lowenthal, James G. McDonald, Roscoe Pound, Owen D. Young.

I wrote Mr. Clark that I would be glad to see him at his convenience. I do not know, of course, why he wants to see me, but it is possibly due to the fact that some months ago I described the Columbia experiment at a luncheon at which Mr. Filene and Mr. Fahey were present. It may interest you to know that at that time Mr. Filene expressed an interest in the Columbia experiment, but said that in his opinion it was not significant due to the fact that it is so small. Probably you know that he is a great advocate of mass production. I replied that mass production in my judgment had not yet proved its case, and I was much surprised and pleased when Mr. Fahey spoke in support of my attitude, saying that in his opinion one of the general causes of the depth and length of the present depression is mass finance.

The outlook for the present tomato crop is not good and prices are strengthening somewhat. If fate should favor us by a short tomato crop, it will entirely change the situation for us. I shall write you later, probably within thirty days, telling you more about the tomato situation.

I am enclosing copy of a letter from the National City Bank under date of July 23rd.

I shall be very pleased if when you have time you will write me quite frankly what you think about the decision of Council with regard to the formation of the sinking fund out of the salary of the employees.

Yours very cordially,

WPH:DB.
Encl. 2

Wm R Hapgood Folder

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Justice Louis Brandeis to William Hapgood

Chatham, Mass. Aug 31, 1931

Dear William Hapgood:

Re yours of 27th

1. I highly approve of the decision of the Council to establish the sinking fund.
2. I agree with you that an adequate income for the workers should be the first charge against the operating income of a business; and that stockholders should be paid dividends only after the workers secure an adequate income. But the measure of "adequate" is not fixed. And in a worker-owned business--it is necessary that provision be made for the life and security of the business itself. I think the company relies to a larger extent than is safe on bank credit. I think it highly desirable that the deferred portion of the salaries be converted into preferred stock; and also that as much of the salaries as is possible be so deferred. That is, the Company needs, not only a sinking fund; but also a considerable increase in working capital.
3. I am very glad to know that conditions have improved--and that the prospects are fair.
4. It is good to know that John H. Fahey does not share E.A. Filene's heresies in respect to mass production and bigness.
5. Mr. Roberts is an adept in saying "nothing in particular". The president of his bank was less cautious in action.

Cordially

Louis D. Brandeis

Justice Louis Brandeis to William Hapgood

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Cordially

Louis D. Brandeis

Justice Brandeis to William Hapgood

Supreme Court of the United States
Justice's Chambers.

May 2, 1937

My dear Billy:

Our country has lost a faithful and very useful citizen.
Norman's death has taken so much out of my life that I
can appreciate your loss.

My best wishes,

Cordially

Louis D. Brandeis

LOUIS D. BRANDEIS
CHATHAM, MASS.

July 14, 1940

Dear Nicholas Kaphrod:

Re power of 10¹⁴

Many of Horan's letters to me are in his files; but not one is in my possession or now available. And I do not know the subject matter of any one except that many refer to Columbia River matter.

When I retired from the Court, I deposited all the private papers concerning it in my possession with the University of Louisville. There was no selection or arrangement of them; as I had no private secretary after I left Boston. It is planned to have the papers (which are very voluminous) examined and arranged. When that has been done, I shall be glad to inform you what letters of Horan's are in Louisville. Cordially,
Louis D. Brandeis