

Government and Business

Joseph E. Davies, the newly appointed head of the federal trade commission, gave a lecture recently in the Edward Bok Foundation series at Williams college, Williamstown, Mass., in which he told what the Wilson administration has done to set business free, and in which he also gave an idea of the work of the new federal trade commission appointed by President Wilson February 22. His subject was "Government and Business." The following report of his address is taken from the Milwaukee Journal:

"Freedom in political opportunity, which is guaranteed by the constitution, necessarily involves freedom in industrial and national opportunity. Absolutism or tyranny in an industrial and financial way is as abhorrent to our conception of government as political absolutism. Monopoly is industrial and financial monarchy. It is the negation of democracy.

FOR BUSINESS INDEPENDENCE

"The Sherman law was, therefore, the declaration of industrial and financial independence. It aims to keep the channels of trade free and open through the processes of competition, through regulated competition, and elimination of monopoly.

AN INDIVIDUALISTIC ERA

"This judgment has come in spite of, and perhaps on account of, the unusual conditions surrounding the life of this young nation. Machinery, division of labor, large-scale production, combination, the development of international trade, have created a new era within the last century. It brought great opportunities to the individual.

"These conditions were accentuated in this new virgin country, and the processes of wresting great fortunes out of the hills and mills developed minds and men of great individualism. It was but natural that men bred under such conditions should chafe under any restrictions placed upon their development.

"There came a breed of strong, able men, and men honest according

to their lights, who became impatient with any consideration of government authority. The public sense of the community took good-natured and tolerant cognizance of this spirit which gave impetus and developed such gigantic business enterprise and success. The restrictions sought to be imposed by government for the general good were openly fought or covertly avoided. It was but natural that grave abuses should arise.

"The school systems which the virtue of the pioneer had so prodigally provided, the press and other agencies of intelligence gradually developed a public conscience which induced a revolt and public condemnation of abuses of financial ability and power.

"There has come a new attitude among the masters of great business enterprise and finance. There has come a recognition that the law must be obeyed, and that personal punishment should be imposed upon those who insist upon being outlaws under the rules of fair dealing generally recognized among honest business men. The old spirit of vigorous individualism has been tempered, too, by a new feeling of social consciousness that recognizes an obligation to society. The wise leaders of the business world are seeking more, not to avoid the law, but to adhere strictly to it.

"Passion has subsided into the desire to build equitably and fairly, both for the benefit of the social good and also to enable business to understand more clearly what law and society demanded. It was under such conditions the program of the president of the United States with reference to so-called business legislation was inaugurated.

NEW TRUST LEGISLATION

"The president delivered his message to congress embodying his trust program on January 20 last. In it he set forth his plan for the constructive development of the law in so wonderful a way and in such an inimitable manner, and so forcefully, that it immediately challenged the admiration and support of the whole business community of the nation. There was scarcely a dissent, and so well has the spirit of his message been interpreted by congress that two great constructive measures were placed upon the statute books.

"The federal trade commission bill passed the house without a single dissenting vote, and with practically a unanimous vote in the United States senate. There was practically unanimity of opinion, too, as to the Clayton act.

"This recent trust legislation was an attempt to make more clear the things forbidden, to provide for additional remedies to persons wronged by violations thereof, to make property rights in corporations more secure by the imposition of personal guilt upon grafting officers of corporations.

LAW CLEARED BY DEFINITION

"Certain practices, such as price discrimination, tying contracts and unfair methods of competition, were definitely declared by statute to be unlawful.

STOCKHOLDERS SAFE

"Personal guilt is imputed to directors or officers of corporations engaged in interstate commerce who directly or indirectly defraud stockholders to their own enrichment.

AGAINST INTERLOCKING

"Interlocking stockholdings and directorates are under certain conditions proscribed. It is indicative of the discriminating wisdom and scientific care with which these intricate matters were approached and treated

by congress that these conditions are declared to be illegal where they substantially lessen competition, and the determination of that fact, after due hearing, is left to trained experts.

FEDERAL TRADE COMMISSION

"A business tribunal is constituted by the federal trade commission act. The commission will be a nonpartisan board of five men, whose tenure of office shall be seven years. Its membership, in the wisdom of the president, will undoubtedly be characterized by qualities of practical and extensive familiarity with business affairs, expert knowledge of industry, and indisputable integrity.

EXPERT KNOWLEDGE OF BUSINESS

"The federal trade commission, so constituted, holds promise of the greatest of service, not only to the country at large, but to the business community. Through its agency a mass of information will be gathered, co-ordinated, classified, and digested. The facts will be of record and known to a body of men charged with the enforcement of the law.

"The members of this commission will obtain therefrom not only a perspective of the constituent industries of the country, but will have in the course of time an intimate understanding of the constitution of the different industries, their organization, the degree of centralization, their needs, and their relation to markets. This body of co-ordinated information will be available to congress and to the president.

BUSINESS MEN ADVISE COURTS

"To take testimony as a master in chancery, and to advise with the court in the formation of decrees, this trade body of experts is subject to call by the courts. It brings to the administration of the law not only legal knowledge, but expert knowledge of economic conditions and industrial processes which may be prolific of great good.

AID TO BUSINESS ADJUSTMENT

"In certain situations where the government has brought suits to dissolve trusts or to restrain certain practices, the defendants have frankly gone to the department of justice, admitted such practices, pleaded in extenuation either lack of knowledge or pressure of overpowering business necessity, and have convinced the department of justice that there was no malicious intent to violate the Sherman law. In some such situations the attorney general has in the past prescribed certain conditions which the government would exact in the reorganization of business.

"This situation holds within it great possibilities in the accommodation of business to the requirements of the law. It entails as well possibilities of great abuse, and it involves grave and serious responsibility of the attorney general. It has been exercised with great discernment in the past, and it would not be at all strange if in the future, as in the past, it might be exercised with great reluctance.

"The federal trade commission is a continuous and nonpolitical body of business experts. It is subject to the call of the attorney general in a situation of this kind. Its knowledge would certainly be coextensive with the knowledge of the department of justice, and in the course of time its experience would be much greater. There is assurance also of greater continuity of purpose and policy in such a situation, and in the course of time it is conceivable that there would be built up a body of administrative law that would be consistent in its development, not subject to political change, and be of the greatest of benefit to the business community as affording a means whereby

business methods might be expeditiously accommodated and readjusted to the requirements of the law.

ABOLITION OF UNFAIR COMPETITION

"Some of the great monopolies of the world have been built up, not by efficiencies but by practices of unfairly driving out competitors.

"The greatest menace to the great body of business men of this nation lies in the practices of unfair competition which are potential in large and monopolistic rivals. Of the 305,000 corporations of the United States, 296,000 have a capital, surplus and undivided profits of a million dollars or less. But 1,600 corporations have a capitalization of \$5,000,000 or over. And yet 100 of these corporations own one-seventh of the total property value of the nation.

"The greatest menace to these 296,000 corporations of relatively small capital, who constitute 95 per cent of the business interests of the country, is the unfair methods of competition which might be employed by powerful rivals.

"There have been attempts to translate this legislation into terms of menace to business. This arises either from ignorance or perversity. No honest business man can read and understand this legislation but will conclude that not only is there no suggestion of war upon legitimate business, but that there is indeed immediate and great potential promise of distinct aid and service to legitimate enterprise and industry. It is a translation into law of the purposes and hope of the president of the United States to eradicate the evil, and to establish a constitution of peace, within which and under which there may come an era of good feeling between public opinion, business and government."

SIR WALTER RALEIGH

"I spread my cloak to keep her feet from the wet," complained Sir Walter.

"Yes."

"Yet you lost out with Queen Elizabeth in the end."

"You don't understand girls, Walt," commented his friend. "You should have carried her across."—Louisville Courier Journal.

ADVICE TO ALMOST ANYBODY

When your other tasks are through,
Hammer Bryan!

When you've nothing else to do,
Hammer Bryan!

Got a pimple on your lip?
Have your trousers sprung a rip?
Has the baby got the pip?
Hammer Bryan!

Who's the cause of all your woe?
Wilyum Bryan.

Making trouble high and low?
Wilyum Bryan.

Who makes butchers slick and sly,
And the price of grub so high,
Dooming countless men to die?
Wilyum Bryan.

What's the remedy, my son?
Hammer Bryan!

He's behind the damage done.
Hammer Bryan!

It is Bryan that brings the snow,
It is Bryan that takes your dough,
Bryan who makes the coal run low.
Hammer Bryan!

When you've nothing else to do,
Hammer Bryan!

What's fair play to me and you?
Hammer Bryan!

Hammer him from morn 'til night,
Knock him wrong and knock him right,

He's the only goat in sight.

Hammer Bryan!
—By J. P. M'Evoy in the Chicago Herald.



A Schmoller & Mueller Piano guaranteed for 25 years, at a saving of \$100 to \$200.

OUR BIG PIANO OFFER

We will ship you at our own expense, freight paid, any Piano or 88-note Player Piano you select from our handsomely illustrated Art Catalog and let you try it

FREE 30 DAYS

We do not ask one penny in advance. If the piano satisfies we will give you a long time to pay and

FREE MUSIC LESSONS.

If it does not satisfy you, send it back at our expense. You take no risk. We guarantee satisfaction. Our Catalog and Plan tells all. Write today.

Schmoller & Mueller Piano Co.
Est. 1859. Capital and Surplus \$1,000,000
Dept. C N 45 Omaha, Neb.

Schmoller & Mueller Piano Co. Dept. C N 45
Omaha, Neb.
Send me your Big (Piano) (Player) Offer.

Name _____
Address _____