

measure. The chief characteristic of modern industry, to-wit, the great size of industrial units and scale of operations, is the direct result of a legal enactment and the result of a fiction created by law, to-wit, the creation of a legal person, the corporation, which legal enactment completely revolutionized the economic development of society.

Man was created before industrial society. Industrialism as a society came into being, was fostered, and was developed by law because of the needs of men. Civilization would be a lie if, after bringing these institutions into being for the purposes of benefiting society and men as a whole, it did not have within itself the power to defect by law the course and development of the thing that it had created, so that such force and development should continue to be of benefit to men, and not a Frankenstein to destroy the liberties of men. Our theory of government is wrong, our very hope in religion is unfounded, if we must concede that we are not the masters of our own destiny, and if we can not so shape evolution in industry, by the conscious application of man-made laws, that the benefits of such evolution shall accrue to all men, and if such laws shall not decree that the few men who are trustees for society, and who should be fairly and abundantly compensated to the extent of the service they render, should also be prevented from putting their feet in the trough if they become animated by the fundamental greed that lies in human nature.

Those opposed to monopoly and its regulation by government maintain that such a condition is abhorrent to the fundamental principles of democratic government; that even were such regulation of prices possible, the cure advocated would induce greater evils than those sought to be remedied. It is contended that such a situation would irrevocably lead to a socialistic state, to government ownership of all industrials, and with it that there would come death to individualism, and the gradual smothering out of those springs in human nature, initiative and love of independence, which, it is maintained, are responsible for all the advances in our civilization and in all lines of human effort, and which, it is contended, are the very rock and foundation upon which democracy is established.

SIZE DOES NOT MEAN ECONOMY

The premise assumed, that economy in production is coincident with continuing increase in size, is attacked as being unsound. It is suggested that the size in many industrial organizations is abnormal, and was developed not by the natural law of the industry and economic evolution, but by an unnatural force foreign to the industry, to-wit, the desire and motives of men to make a fraudulent promotion profit and to engage in stock-jobbing exploitation of the public. The dividend history of these great industrials, it is contended, demonstrates that the economies claimed did not materialize; that a large percentage of these exploitations have become egregious failures. Again, it is maintained that in the last analysis the efficiency of any large industrial organization is dependent upon the brain and personality of a single man; that economies in production and distribution are effective to the extent that a single personality can extend its influence and its control through an organization; that by the very nature of things there is a limit physically to which a personality can so extend itself through an organization, and that a time must come when that organization becomes so extended that subordinates become insulators of energy rather than transmitters of energy from the fountain personality directing and operating the organization. By reason of the extent of such an industry, it is maintained also that the component parts, to-wit, the subordinates in organization, become less effective and less efficient, due to the bureaucratic nature of the very system itself. It is contended, moreover, that the experience in many lines of industry demonstrates that while an increase in the volume of production brings about an increased saving with each unit of increase in size, nevertheless with each succeeding increase of unit in size the increase of saving becomes a smaller amount than the preceding unit of saving; and therefore that such increase of saving is a constantly diminishing factor as the size increases, and that therefore a point is reached in increasing such production at which further enlargement in size brings no further increase in saving, and after which waste would result, and after which the line representing the saving could be represented, not by a descending curve but by a rising

curve, indicating loss and not gain. Experts in factory management, and economy and efficiency engineers, commonly maintain that a factory may be too large for economical production. To illustrate further, a factory might be able to produce five thousand watches a day at a certain price, and by increasing the daily output by a thousand watches each day, up to six, seven, eight, nine, ten, eleven, twelve thousand watches per day, might induce a saving in the cost per watch. Such saving with each thousand of increase, however, would be less and less; until finally, when, let us say, fifteen or sixteen thousand per day is reached, it would be gravely doubtful whether there would be any increase in saving, and whether, in fact, there might not be additional cost rather than economy. It is further maintained that after a certain unit of size is reached, a point of maximum efficiency is obtained, after which further enlargement induces, not economy, but waste.

EFFICIENCY OF THE TRUST

Here, then, are two conflicting contentions upon a proposition that is vital in the final correct solution of this problem. If an ever-increasing capital, integration and organization induces an ever-increasing lowering in cost of production and distribution, it might well be maintained that the logical monopolistic unit arising therefrom was the ultimate economic fact in industrial evolution, and that government should recognize the situation frankly, and so regulate these units as to bring to the consuming public the benefits and advantages of such condition. Or, in the alternative, frankly take the position that while monopoly can induce certain economies in production and distribution, nevertheless there are incident to such a system evils that are so much greater than the advantages incident to mere lowered cost that, in spite of the latter, the attitude of government will be against such a situation. On the other hand, if it is a fact that economies in large-scale production continue only up to a certain point in enlargement of operations, which might be called a point of maximum efficiency, and that further enlargement induces waste instead of economy, then there would be established as a scientific fact that monopoly was not scientifically the last word in industrial evolution, but that the fact which government should take cognizance of was that the true principle of government attitude to business should be a recognition of competitive units and the regulation thereof.

FACTS—NOT THEORY TO DETERMINE

So therefore, at the center of this problem there is a question of fact, to be determined if possible. There is now no governmental or other agency engaged in attempting to get scientific information with reference to this fact. It is characteristic of the quality of mind of the president of the United States that he should desire facts upon which to base a judgment.

It is the intent and purpose of the bureau of corporations, acting under the direction of the president of the United States, to make a survey of the industrial field and an intensive investigation of this subject. We shall enter into this investigation with the sole intent of working out, in a scientific and fair-minded spirit, the facts absolutely as they are. So vital and so fundamental is this problem that to attack it in any other spirit would be criminal. What is needed is light; not heat. The problem bristles with difficulties; it seems a tremendous undertaking. It will demand an increased appropriation from congress to enable us to have the men and means at our command. The results of this investigation may not coincide with all that we hope to procure. We can, however, obtain some facts that will at least contribute to a correct interpretation of industrial conditions as they exist.

We ask for the sympathetic cooperation of the business men of this country. This problem reaches down to the fundamentals of government itself. It is a problem that will tax the greatest minds of this generation and the next. In its solution there lies a challenge to the constructive genius of the financier, to the imagination and the heart of the captain of industry. In its solution there lies a compensation greater than can be found in private fortune; for in it lies service for the children of men yet unborn. In its solution there is a call to all up-standing, thinking, patriotic men, be they manufacturer, consumer, financier, statesman, or toiler, to aid in preserving conditions which shall safeguard the liberties of men, and which shall insure such a relationship between government and industry

that there shall be freedom of opportunity and a fair measure of prosperity for generations of men yet unborn, who are to live in this country of ours; that there may be an industrial freedom founded in this country which shall endure upon the cornerstones of efficiency, justice, forbearance and tolerance; which shall enable those of our children, who comes long after, to be men—not slaves; either to an industrial hierarchy or to a governmental despotism.

Partisanship Run Mad

Either Senator Cummins has decided to retire from public life or he has concluded that the beneficiaries of protection are the only ones who need to be consulted by a senator from Iowa. His bitter attacks upon the president are without excuse. The senator himself was for a short time inclined to question the motives and good faith of those who profit by protection. In fact, under the inspiration of the late Senator Dolliver's leadership he came near being an insurrectionist on the tariff question, but he has returned to his wallow in the mire. No standpat senator representing a stronghold of protected interests has assailed the president more vehemently or misrepresented him more unscrupulously. His virulence at last reached a point where the democratic senators felt it necessary to rebuke him and they did it so effectually that, however the fires may burn within, he will probably hereafter use a rhetorical smoke consumer.

A few years ago he spoke at a banquet where he was quoted as making, in the exuberance of his republicanism, some very partisan remarks. Since that time he has bent and swayed under the influence of the progressive winds, but if one can judge from his recent speeches, he seems to think that the storm is over. After all he has said against the Payne-Aldrich tariff law and in favor of an income tax, he wound up by voting to keep that law on the statute books and to defeat an income tax ranging from one to seven per cent.

He calls the president a "dictator," but what about the Wall street influences that have dominated the republican party for a generation? He has no words of condemnation for them—just now, but exhausts his vocabulary on a president who has put the White House on the side of the people. But can he lead the progressive republicans of Iowa back into the Wall street fold?

W. J. BRYAN.

LA FOLLETTE

Every member of either house who refrained from trying to embarrass the democrats on the tariff bill deserves credit, but to one man falls the greatest share of glory for independence, because it cost him most. Especially did Senator La Follette's situation require strength of character; not only had he always been a republican, but he had, since the Roosevelt split, come to be looked upon as likely to dominate the party in the future. As progressiveness seemed needed to save it from the destruction, La Follette's influence had suddenly been multiplied. In voting for the democratic tariff, he gave a final proof that no consideration can prevent him from following always his conviction. This man has fought the straight fight all his life. Often the sacrifice has been great. He has given up friends, money, comfort, party praise, easy advance. He has stood abuse and suspicion. Nearly always the country and his party have come around finally to La Follette's position. This last proof of patriotism may annoy the republican senators for the time being, but it will probably mean that La Follette's influence, even over them, will be strengthened in the end; because a man who is so experienced, strong, far-sighted, and fearless is badly needed by the party now.—Harper's Weekly.

President Caldwell of the investment bankers association said in his speech opening the second annual convention of that body at Chicago recently that good stocks and bonds are down in price because the administration at Washington, investors believe, will not give the corporations a square deal. All that the administration, acting through its regulatory bodies, has sought to do is to restrict those corporations which perform public services to a reasonable return on the actual capital invested. Translated, that means to give the people who pay the interest on bonds and the dividends on stock a square deal. Mr. Caldwell seems to want more than a square deal.