

INDUSTRIAL COMBINATIONS.

[Address by Charles R. Flint to the Illinois Manufacturers' Association, at their annual dinner, on "Chicago Day," Tuesday, October 9, 1900.]

A combination of labor is a trades union; a combination of intelligence a university; a combination of money a bank; an industrial combination is a combination of labor, intelligence and money, popularly miscalled a "Trust." Combination is coincident with civilization. Savages have little power to combine, because combination depends upon trust in our fellow man, and in primitive life it is fear that rules.

In the evolution of industrial life, one of the first steps was to subdivide production into trades. Each did what he could do best, settling accounts by an exchange of products. Later those, engaged in the same trade formed partnerships, then corporations, and finally consolidations of corporations.

Against this march of industrial progress there has always been opposition. There have always been those who, appealing to special interests, to the unsuccessful, the discontented and the misinformed, have endeavored to obtain political favor by opposing progress, by endeavoring to prevent the natural, and mutually beneficial, coöperation between capital and labor.

Today there are men of intellectual refinement and pleasing personality far removed from the centers of finance, commerce and industrial activity, who read of industrial life, but who are not in it; who are studying the history of industrial progress, but are not making that history,—and yet, as Bismarck said, "cursed with the dangerous gift of oratory," they are advocating theories in business and finance that, if adopted, would shake the very foundations of our industrial existence. They are half-thinkers, because they think without the facts. They remind me of General Grant's most amusing after-dinner speech to the newspaper men of New York. He said: "A feeling of awe comes over me when I realize that I am in the presence of men of such marvelous capacity. Your rapidity of conception, your unerring judgment, seem supernatural. When I was before Richmond, surrounded by men who had made a life study of military tactics, when, after days and nights of deliberation a plan of campaign was finally determined upon, one of you would get down to your office late at night and in a few minutes dash off an editorial telling how we were all wrong, and pointing out what we ought to do. Your remarkable versatility was shown in formulating legislation, and you were peculiarly strong in international diplomacy where the existence of state secrets made it impossible for you to get at the facts." * * * *

Industrial Leaders.

The men of sound judgment, leaders

in the industrial wars for the supremacy of the American farmer, the American manufacturer and the American wage-earner, should not be disturbed by the clamor of those who are not in the struggle, and therefore cannot appreciate the actual conditions, and whose leadership, if accepted, owing to their inexperience, would conduct us to inevitable disaster.

"The tendency of modern trade is toward consolidation, because the administration of the largest mass is the cheapest." Centralized manufacture permits the highest development of special machinery and processes. The factory running full time, on large volume, reduces the percentage of overhead charges. Direct sales on a large scale minimize the cost of distribution. Centralization of manufacture and distribution reduce aggregate stocks, and therefore save in the shop wear, storage, insurance and interest. Consolidated management results in the raising and fixing of the standards of quality, the best standards being adopted; in avoiding waste and financial embarrassment through overproduction; in less loss by bad debts through comparisons of credit and in securing the advantages of comparative accounting and comparative administration.

Industrial evolution, which is as inevitable and as unalterable as the law of gravitation, has attained its, as yet, highest development here in the United States. Every unprejudiced man must recognize its advantages, and that it is because of them that we are taking so important a position in the world's markets, increasing our national wealth, furthering the welfare and increasing the prosperity of our people.

The Young Man Absalom.

Highly developed organizations resulting in enormous volume of business have increased the necessity for intelligence, and as the supply of brains is not equal to the demand, therefore the price of brains is high. The turning over of individual businesses to combinations has caused the retirement of old men to the advisory board for judgment and has made way for young men for action. You ask, "What chances have our young men?" While you are asking the question, those of ability and energy have already started on a career of successful industry. If the student will leave his books and the orator the stump and go to our factories, to our great farms, to our mines, to our lines of railway they will find ten times as many men receiving over \$3,000 per annum as there were thirty years ago.

Mr. Schwab, of Pittsburg, is a type. He started as a stake driver of the engineering corps; today, though under 40 years of age, he is president of the largest iron company in the world, and I can point out a hundred successful men

today where you could not have named ten under old conditions.

But it is said, they are dependent. Dependence upon each other is, however, the condition of civilization. The very word civilization implies community life, and community life means mutual dependence. Complete independence is found only in the wigwam of the Indian. There the young man builds his own house, makes his own clothes, gets his own meat, and keeps his bank account, if he has any, in his pocket. The best opportunity he has for distinction is in showing superior prowess in hunting, or superior strength in paddling his own canoe. In civilized life, interdependence is more profitable than independence. Your young man, instead of paddling his own canoe, can command one of those great combinations, which is doing so much to benefit the world,—the steamship. The fact of the man on the bridge being dependent on the engineer, who is running the powerful machinery below, does not prejudice him any more than the engineer is prejudiced by taking his orders from the man on the bridge; each gives the other his opportunity.

But let us not spend more time in considering who will take care of these young men of high aspirations and superior intelligence; they will take care of themselves. The Almighty has given the greater power to superior intelligence, and as Samuel J. Tilden, one of Nature's great monopolists in the domain of intellect, has said: "You cannot substitute the wisdom of the Senate and Assembly for the plan of moral government ordained by Providence."

Maximum Wages, Minimum Profits.

Let us now consider the interest of the workingman in this economic evolution which has produced the perfect machinery and giant factories, supported by great aggregations of capital represented by shares which enable all to become investors. It is a fundamental fact that the man of superior ability cannot accumulate for himself without giving to the wage-earners an opportunity to earn the larger share, and it is always an increasing share.

The tendency is today to a minimum of profits and to a maximum of wages.

When profits become abnormal, they invite competition, and are immediately reduced; in which case, the consuming world is benefited solely. If they are not sufficiently abnormal to invite competition, then labor demands a larger share of the profit, in the form of increased wages and it is either voluntarily or necessarily agreed to; in which case, the body of wage-earners reap the advantage. And, inasmuch as the body of wage-earners is the great body of the community, it necessarily reaps the advantage in any case. Employees know almost as promptly as do the employers, whether a mill is earning an extrava-