

ON INDUSTRIAL EVOLUTION

F. A. Bryan discusses Problems Presented by Invention of Trusts.

CONCERT OF POWERS SEEMS NATURAL

Ultimate Benefits Depend Upon Wisdom and Selfishness of the Managers of the Industrial Combinations.

The following is a paper on "Combinations of Capital," prepared by Francis A. Bryan of the Omaha bar:

The closing years of the nineteenth century presented the most serious economic and social conditions a problem that is at once new and startling.

That it is starting a question which will be readily admitted when attention is drawn to the vast extent of controversy which it has provoked in the important part it has played in political and economic discussion.

That the blame is a new one has not been aimed on all sides. There are those who think that the questions involved in it are the same in kind but different in form and magnitude with the questions that have at all times arisen in relations between capital and labor.

Upon other hand, there is a very pronounced growing school of economic thought which maintains that the combination of capital, popularly known as trusts, are an evil new departure in the distribution of the benefits of modern industrial life.

A trust is the sense in which the term is now used, has been correctly defined as an association of money, property, business, or commercial power, or power.

There is no doubt that competition has played its part in the world's development, just as there is no doubt that the warfare of tribes and the battles of nations have been a necessary part in the process of evolution.

There need be no fear that the system which seems now to be ushered in will fail to develop and bring out the finest business qualities in the man engaged in the carrying on of the business.

Before going into the other question of how the public is to be protected against the exactions of the trust, I must refer to the contribution which the socialists have given to this discussion.

There is the same parallel found between the growth of political institutions on one hand and the growth of industrial institutions on the other.

which he carries on with his fellows. In time the individual merges into families who act together for certain purposes and become for the time being the political unit.

These in turn give way to the clan, which is merely an extension of the family, or rather the family carried through many generations and enlarged by successive growth.

To follow the parallel in the industrial world, it is only necessary to remember that the industrial trust is the individual who alone manufactured everything for his own use.

Just as there has been a concert of powers to deal with questions which are common to several adjoining nations, and just as temporary confederacies have grown into nations, thereby eliminating warfare between themselves at least, so there has been a tendency in the industrial development of a few dramatic legal measures.

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to increase the output by reason of the smaller margin of profit and endeavor in some way to force it upon the market. In this there is overproduction and the storing up of the unsalable products, resulting in financial crash and a long period of industrial depression.

It is claimed, but by no means generally conceded, that when, if ever, the trust system has been completely developed, when the process of putting forth the articles of any one line of industry shall have been completely unified under a central control.

It must be understood that I am discussing trusts in the abstract and that I have not undertaken to touch on the outcome of the existing trusts. It may be that the intense rivalry and feverish activity with which they have been organized, and the doubtful, not to say dishonest, methods which have entered into the financing of them, stamp them as an unhealthy growth.

Where serious objection to the existence of the trusts remains to be considered. Assuming that they can succeed in eliminating the wastes of competition and the distribution of the general public is interested in knowing who is to benefit by the saving.

It seems to me that if such a system can be imagined, it must fall for several reasons. Who is to compose this government whose agencies will fix prices? If we can imagine all industries under the control of a government, with all its force of managers, its holders of its invested capital and all its army of employes, as composing one side of the political controversy which results in the selection of a government, and the great mass of consumers on the other hand.

There are many grounds for believing that this will be the solution of the question. Even if the trust entirely controls the market, there are many reasons to believe that its power to exact high prices is not unlimited.

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retain some of the socialistic ideas by permitting the trusts to exist independent of the government.

Price Fixing Must Fall. It seems to me that if such a system can be imagined, it must fall for several reasons.

Government Cannot Crush. Those who have called upon the government to use its supposed powers to terminate the trusts, and who have endeavored to create a public opinion for their annihilation, should bear in mind that if trusts are a natural outcome of the growth of the industrial system they cannot be crushed by all the powers of government.

Natural Influence at Work. Opposed to those who believe that the government will fix the price of the trusts' products are those who hold that there are reasons to believe that its power to exact high prices is not unlimited.

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to bear in more practical ways through the numerous agencies of government, labor organizations, associations of merchants, consumers' leagues and other distributing agencies who are affected by the operations of the trusts.

"The demand for the products of the several companies has been so great that prices could easily have been advanced. Indeed, higher prices have been voluntarily offered by consumers who were anxious for immediate execution of orders, but the companies have firmly maintained the position of not advancing prices, believing that the existing prices were sufficient to yield a fair return on capital and maintain the properties in satisfactory physical condition.

The strong position taken by the companies for stability in prices, both of raw material and finished products, has had a reassuring effect on the trade and has contributed greatly toward restoring confidence in the general business situation and creating the present large demand for steel products, by dispelling any doubt as to prices in the future.

It may be regarded in one of two ways. It may be said that it is a mere sop to public opinion and is not sincere, but in that case it shows an important deference to public opinion and a vital change from the time when the managers of a large business were brutally indifferent to the public.

If I may recur again to the parallel between political and industrial organisms, we are reminded that when a government is instituted among men they were necessarily despotic and arbitrary, and no doubt those who believed in individualism viewed with serious alarm the growth and establishment of government by reason of the vast power which can be exerted by the government forces against the individual.

the industrial life of today is the financial system which furnishes what might be called the life blood of commerce. When we examine into the essence of that, we find that the usefulness of money in the development of commerce and industry arises, to a large extent, from the fact that some people who have a surplus of money are induced to lend it to others who can use it to develop and carry on industrial pursuits.

Another familiar instance of this growth of appliances against prejudice and law is found in the introduction of machinery. The evils which are now foretold to result from the operation of the trusts are mild in comparison with the calamities that were to follow the use of machinery. It was not going to eliminate the competition for employment between workmen, but it was going to eliminate the workman altogether, and alarming pictures were drawn upon the highways, while the world's production was carried on by a few managers with the successful operation of elaborate machinery.

It may not be true that the trust will, after all, be found a useful instrumentality in the world's progress, and that while selfish man may in this, as human selfishness always has in the past, endeavor to grasp the advantage derived from the new conditions of things, yet that corrective influences will in time assert themselves and prevail over the selfishness of man.

It is difficult to do so in dealing with a new phase of industrial growth, but I cannot forbear making a suggestion as to the immediate effect of the combinations of capital which unify the operations of each line of business. I believe that we are now entering upon a period when the leading nations of the world will engage in a gigantic conflict of the most dramatic earnestness and intensity, one in which no human blood will be shed, nor guns fired, and no fleets will be sunk, but a strife will take place for commercial supremacy in which the field of battle will be the undeveloped and backward portions of the earth, and the prize to be sought will be the control of the world's commerce.