

ing to promote through the inherent efficiency of organization the power of the United States as a competitive Nation among Nations, and the greater abundance at home that will come to our people from that power wisely exercised.

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WOODROW WILSON, *THE NEW FREEDOM*,

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Few men could express as eloquently as Wilson the anxieties of the common man in America about monopoly in business and the shrinkage in business opportunities. The passages chosen here are from some of his campaign speeches of 1912, which were selected and arranged by William Bayard Hale and published the following year as The New Freedom.

A trust is formed in this way: a few gentlemen "promote" it—that is to say, they get it up, being given enormous fees for their kindness, which fees are loaded on to the undertaking in the form of securities of one kind or another. The argument of the promoters is, not that every one who comes into the combination can carry on his business more efficiently than he did before; the argument is: we will assign to you as your share in the pool twice, three times, four times, or five times what you could have sold your business for to an individual competitor who would have to run it on an economic and competitive basis. We can afford to buy it at such a figure because we are shutting out competition. We can afford to make the stock of the combination half a dozen times what it naturally would be and pay dividends on it, because there will be nobody to dispute the prices we shall fix.

Talk of that as sound business? Talk of that as inevitable? It is based upon nothing except power. It is not based upon efficiency. It is no wonder that the big trusts are not prospering in proportion to such competitors as they still have in such parts of their business as

competitors have access to; they are prospering freely only in those fields to which competition has no access. Read the statistics of the Steel Trust, if you don't believe it. Read the statistics of any trust. They are constantly nervous about competition, and they are constantly buying up new competitors in order to narrow the field. The United States Steel Corporation is gaining in its supremacy in the American market only with regard to the cruder manufactures of iron and steel, but wherever, as in the field of more advanced manufactures of iron and steel, it has important competitors, its portion of the product is not increasing, but is decreasing, and its competitors, where they have a foothold, are often more efficient than it is.

Why? Why, with unlimited capital and innumerable mines and plants everywhere in the United States, can't they beat the other fellows in the market? Partly because they are carrying too much. Partly because they are unwieldy. Their organization is imperfect. They bought up inefficient plants along with efficient, and they have got to carry what they have paid for, even if they have to shut some of the plants up in order to make any interest on their investments; or, rather, not interest on their investments, because that is an incorrect word,—on their alleged capitalization. Here we have a lot of giants staggering along under an almost intolerable weight of artificial burdens, which they have put on their own backs, and constantly looking about lest some little pigmy with a round stone in a sling may come out and slay them.

For my part, I want the pigmy to have a chance to come out. And I foresee a time when the pigmies will be so much more athletic, so much more astute, so much more active, than the giants, that it will be a case of Jack the giant-killer. Just let some of the youngsters I know have a chance and they'll give these gentlemen points. Lend them a little money. They can't get any now. See to it that when they have got a local market they can't be squeezed out of it. . . . For I'll undertake to put a water-logged giant out of business any time, if you will give me a fair field and as much credit as I am entitled to, and let the law do what from time immemorial law has been expected to do,—see fair play. . . .

I take my stand absolutely, where every progressive

ought to take his stand, on the proposition that private monopoly is indefensible and intolerable. And there I will fight my battle. And I know how to fight it. Everybody who has even read the newspapers knows the means by which these men built up their power and created these monopolies. Any decently equipped lawyer can suggest to you statutes by which the whole business can be stopped. What these gentlemen do not want is this: they do not want to be compelled to meet all comers on equal terms. I am perfectly willing that they should beat any competitor by fair means; but I know the foul means they have adopted, and I know that they can be stopped by law. If they think that coming into the market upon the basis of mere efficiency, upon the mere basis of knowing how to manufacture goods better than anybody else and to sell them cheaper than anybody else, they can carry the immense amount of water that they have put into their enterprises in order to buy up rivals, then they are perfectly welcome to try it. But there must be no squeezing out of the beginner, no crippling his credit; no discrimination against retailers who buy from a rival; no threats against concerns who sell supplies to a rival; no holding back of raw material from him; no secret arrangements against him. All the fair competition you choose, but no unfair competition of any kind. And then when unfair competition is eliminated, let us see these gentlemen carry their tanks of water on their backs. All that I ask and all I shall fight for is that they shall come into the field against merit and brains everywhere. If they can beat other American brains, then they have got the best brains.

But if you want to know how far brains go, as things now are, suppose you try to match your better wares against these gentlemen, and see them undersell you before your market is any bigger than the locality and make it absolutely impossible for you to get a fast foothold. If you want to know how brains count, originate some invention which will improve the kind of machinery they are using, and then see if you can borrow enough money to manufacture it. You may be offered something for your patent by the corporation,—which will perhaps lock it up in a safe and go on using the old machinery; but you will not be allowed to manufacture. I know men who have tried

it, and they could not get the money, because the great money lenders of this country are in the arrangement with the great manufacturers of this country, and they do not propose to see their control of the market interfered with by outsiders. And who are outsiders? Why, all the rest of the people of the United States are outsiders.

They are rapidly making us outsiders with respect even of the things that come from the bosom of the earth, and which belong to us in a peculiar sense. Certain monopolies in this country have gained almost complete control of the raw material, chiefly in the mines, out of which the great body of manufactures are carried on, and they now discriminate, when they will, in the sale of that raw material between those who are rivals of the monopoly and those who submit to the monopoly. We must soon come to the point where we shall say to the men who own these essentials of industry that they have got to part with these essentials by sale to all citizens of the United States with the same readiness and upon the same terms. Or else we shall tie up the resources of this country under private control in such fashion as will make our independent development absolutely impossible.

There is another injustice that monopoly engages in. The trust that deals in the cruder products which are to be transformed into the more elaborate manufactures often will not sell these crude products except upon the terms of monopoly—that is to say, the people that deal with them must buy exclusively from them. And so again you have the lines of development tied up and the connections of development knotted and fastened so that you cannot wrench them apart.

Again, the manufacturing monopolies are so interlaced in their personal relationships with the great shipping interests of this country, and with the great railroads, that they can often largely determine the rates of shipment. . . .

And when you reflect that the twenty-four men who control the United States Steel Corporation, for example, are either presidents or vice-presidents or directors in 55 per cent. of the railways of the United States, reckoning by the valuation of those railroads and the amount of their stock and bonds, you know just how close the whole

thing is knitted together in our industrial system, and how great the temptation is. These twenty-four gentlemen administer that corporation as if it belonged to them. The amazing thing to me is that the people of the United States have not seen that the administration of a great business like that is not a private affair; it is a public affair. . . .

The big trusts, the big combinations, are the most wasteful, the most uneconomical, and, after they pass a certain size, the most inefficient, way of conducting the industries of this country.

A notable example is the way in which Mr. Carnegie was bought out of the steel business. Mr. Carnegie could build better mills and make better steel rails and make them cheaper than anybody else connected with what afterward became the United States Steel Corporation. They didn't dare leave him outside. He had so much more brains in finding out the best processes; he had so much more shrewdness in surrounding himself with the most successful assistants; he knew so well when a young man who came into his employ was fit for promotion and was ripe to put at the head of some branch of his business and was sure to make good, that he could undersell every mother's son of them in the market for steel rails. And they bought him out at a price that amounted to three or four times,—I believe actually five times,—the estimated value of his properties and of his business, because they couldn't beat him in competition. And then in what they charged afterward for their product,—the product of his mills included,—they made us pay the interest on the four or five times the difference.

That is the difference between a big business and a trust. A trust is an arrangement to get rid of competition, and a big business is a business that has survived competition by conquering in the field of intelligence and economy. A trust does not bring efficiency to the aid of business; it *buys efficiency out of business*. I am for big business, and I am against the trusts. Any man who can survive by his brains, any man who can put the others out of the business by making the thing cheaper to the consumer at the same time that he is increasing its intrinsic value and quality, I take off my hat to, and I say:

"You are the man who can build up the United States, and I wish there were more of you." . . .

Shall we try to get the grip of monopoly away from our lives, or shall we not? Shall we withhold our hand and say monopoly is inevitable, that all that we can do is to regulate it? Shall we say that all that we can do is to put government in competition with monopoly and try its strength against it? Shall we admit that the creature of our own hands is stronger than we are? We have been dreading all along the time when the combined power of high finance would be greater than the power of the government. Have we come to a time when the President of the United States or any man who wishes to be the President must doff his cap in the presence of this high finance, and say, "You are our inevitable master, but we will see how we can make the best of it?"

We are at the parting of the ways. We have, not one or two or three, but many, established and formidable monopolies in the United States. We have, not one or two, but many, fields of endeavor into which it is difficult, if not impossible, for the independent man to enter. We have restricted credit, we have restricted opportunity, we have controlled development, and we have come to be one of the worst ruled, one of the most completely controlled and dominated, governments in the civilized world—no longer a government by free opinion, no longer a government by conviction and the vote of the majority, but a government by the opinion and the duress of small groups of dominant men.

If the government is to tell big business men how to run their business, then don't you see that big business men have to get closer to the government even than they are now? Don't you see that they must capture the government, in order not to be restrained too much by it? Must capture the government? They have already captured it. Are you going to invite those inside to stay inside? They don't have to get there. They are there. Are you going to own your own premises, or are you not? That is your choice. Are you going to say: "You didn't get into the house the right way, but you are in there, God bless you; we will stand out here in the cold and you can hand us out something once in a while"?

At the least, under the plan I am opposing, there will be an avowed partnership between the government and the trusts. I take it that the firm will be ostensibly controlled by the senior member. For I take it that the government of the United States is at least the senior member, though the younger member has all along been running the business. But when all the momentum, when all the energy, when a great deal of the genius, as so often happens in partnerships the world over, is with the junior partner, I don't think that the superintendence of the senior partner is going to amount to very much. And I don't believe that benevolence can be read into the hearts of the trusts by the superintendence and suggestions of the federal government; because the government has never within my recollection had its suggestions accepted by the trusts. On the contrary, the suggestions of the trusts have been accepted by the government.

There is no hope to be seen for the people of the United States until the partnership is dissolved. And the business of the party now entrusted with power is going to be to dissolve it.