

NATIONALISM AND SPECIAL PRIVILEGE

This is the third of the series of editorials by Mr. Roosevelt on the general subject of "Nationalism and Progress."—THE EDITORS.

In private most of the beneficiaries of special privilege, and not a few other people, freely defend it; advancing the usual argument, that only a limited number of persons are fit to lead humanity, and that these persons should be permitted to accumulate wealth and power without let or hindrance, because this is really to the benefit of everybody—a position, by the way, fundamentally identical with that of the *laissez faire* school of economists who until recently held unchecked sway in so many institutions of learning. In a nation founded on the principle of popular government such a position as this cannot be publicly upheld by public men; and in its extreme form it is rarely openly announced save in a moment of unwariness—when the speaker may state his theory affirmatively by asserting that he is "the vicegerent of God," or else put the same idea in negative form by using some such expression as "the public be damned."

But, although the doctrine is not often nakedly advanced, it has innumerable stout public defenders who veil their plea for special privilege by insistence upon the rights of the States, the sanctity of an unchanged and unchangeable Constitution, the sacredness of the judiciary, and the doctrine of the division of powers—all of which are described as in jeopardy whenever a serious effort is made to curtail such privilege.

We, on the other hand, take the view that our Government is meant to provide equality of opportunity for all men, so far as wise human action can provide it; for the object of government by the people is the welfare of the people. Our National and State Constitutions, our legislative, executive, and judicial systems, our doctrines of law and government, are all instruments to achieve this purpose, means to attain this end. No instrument is in itself sacred; when it has been proved, and its worth tested, it should never be lightly altered, still less thrown aside;

but when it is clearly shown to be inadequate for new needs, it is the height of unwisdom to refuse to improve it.

Genuine, as distinguished from merely nominal, equality of opportunity is, of course, impossible if men are allowed to profit by special privilege; and inequality of opportunity, when sufficiently great, means the end of that very development of individuality which is supposed to be the cardinal virtue of the *laissez faire* system. Under modern industrial conditions absence of governmental regulation and control means such swollen development of a few personalities that all other personalities are dwarfed, are stunted and fettered, and their power of initiative, their power of self-help, largely atrophied. Absolute liberty for each individual to do what he wishes in the modern industrial world means for the mass of men much what, a thousand years ago, similar liberty for the strong in a military age meant for the multitude in that day. It is as necessary to possess the power of control over the industrial baronage of the twentieth century as it was to impose such control on the mediæval baronage of the sword; and the movement is one for real as against nominal liberty now just as truly as in the Middle Ages. It is as necessary to shackle cunning in the present as ever it was to shackle physical force in the past.

In other words, the only way to preserve an ample measure of genuine personal liberty for the average man is to increase the sphere of collective action by the Government. The "plain people" of Abraham Lincoln can preserve the rights of each of them only by a fuller exercise of the power of all of them acting together. So far is this kind of collectivism from being necessarily the herald of Socialism, as Socialism is ordinarily defined, that it can more truthfully be described as the preserver and restorer of individualism.

The elimination of special privilege must be accomplished gradually, and many different methods must be adopted for fully achieving the end in view. There is need of action both by the Nation and by the several States, and there is need of action along many different lines. No comprehensive programme for immediately meeting the entire situation could be devised,

nor indeed, if it could be devised, would it be well to try so much all at once. But the general principle to keep in mind is that no one man or class of men has a right to enjoy power or wealth or position or immunity which has not been earned by service to his or their fellows. Our steady aim should be to equalize earning and possession so that no man shall possess what he has not earned and no man who has earned anything shall be defrauded of that thing. Only by keeping this in mind can we genuinely equalize opportunity, destroy privilege, and give to the life and citizenship of every individual its highest value both to himself and to the commonwealth. It is necessary with this object in view to regulate the business use of wealth in the public interest, and also to regulate the terms and conditions of labor, which is the chief element of wealth, directly in the interest of the common good. The latter point I shall discuss in another article.

There are special things which can be done at once. Our people are now thoroughly waked up to the need of doing away with the protection which the tariff gives to special interests. As a whole, the American people are, I think, as definitely committed as ever before to the policy of protection, but it is to protection primarily designed to equalize the labor cost here and abroad, and designed especially not to show improper favoritism to any privileged group of wealthy men. Events have shown that the methods hitherto obtaining for generations in tariff-making no longer produce satisfactory results, and that we must have a tariff commission of impartial, disinterested, independent experts, who shall report on each schedule by itself so that action can be taken on the schedule by itself without the inevitable log-rolling and general business disturbance which necessarily accompany any attempt at general tariff revision. There are, of course, many sides to wise tariff legislation which need not here be discussed; perhaps it is not out of place, however, to mention that our tariff policy with Canada can well afford to stand by itself, not only because of our close relationship with the great Dominion to the north of us, but because of the substantial identity of conditions on each side of the line dividing us, so that as regards

Canada I should be glad to see the most complete measure of reciprocity to which Canada will consent.

Of course, however, nothing that is done in the way of amending the tariff will clear more than a very small portion of the field of special privilege. Something of importance can be done to prevent the upgrowing of a kind of special privilege peculiarly formidable in the future by securing complete National control of water power, so far as it is now possible to secure it. Not a day should be lost in carrying out this purpose. Running water pays no heed to State lines. Every important river system of our country includes more than one State in its area. The Nation, and the Nation alone, can act with full effect in this matter. Water power will play an enormous part in the future of industrialism. The people should not surrender it in fee to any individual or corporation, but merely rent it for a time on terms amply favorable to the users, but on terms which will safeguard the public; while the fact that the lease is only for a period of years will permit the public to take account of changing conditions.

As regards all railways engaged in inter-State business, the path we are to tread has now been definitely marked out. The Inter-State Commerce Commission must have and must use all the powers necessary to enable it to exercise complete control over such railways—which means, over all the large railway systems; this control to include their physical valuation as well as the issue of stocks and bonds.

All this, however, is attacking only a single class of problems. There are huge inter-State corporations in this country which would be practically unaffected by anything done under the tariff, just as they would be practically unaffected by anything done about water power or about railways. I believe that we must have Government supervision of the capitalization not merely of public service corporations but of all corporations doing an inter-State business. Moreover, as regards these big corporations, every dollar received should represent a dollar's worth of service rendered—not gambling in stocks, but service rendered. There is but one instrumentality

which we have hitherto devised that can do much in grappling with these great corporations. This is the Bureau of Corporations. I believe that the great corporations and their agents in political life have been especially anxious to prevent the proper development of the Bureau of Corporations, and to minimize so far as possible its activities. I think that the powers of the Bureau of Corporations should be so extended as to enable it to apply to the gigantic business combinations participating in the commerce between the States the same kind of Federal regulation which is now applied to the railways through the Inter-State Commerce Commission. Mr. William Dudley Foulke has worked out this idea admirably in his recent speech to the National Civic Federation, and has shown that all that is necessary for us to do is to combine and slightly improve upon what has already been done in Canada and Germany in this matter. The trouble with too many of the proposals hitherto made is either that they leave it optional on the part of the combinations to place themselves under Government control, which means that those as to whom such control is most urgently needed would be the very ones who would refuse to submit to it, or else that the law would be applied to all corporations, big or little, whether they are or are not monopolistic in character. This is entirely unnecessary. A big corporation by its mere size develops activities differing in kind as well as in degree from those of small corporations, just as a great city presents governmental problems differing radically even in kind from those presented by a small village.

Where competition is really free, competition is still the best fixer of prices and regulator of conduct; but where competition is in reality stifled, and one great concern gets the power to fix prices of labor and commodities, then the Government should receive the power to exercise administrative control over the concern, and should exercise that power just as freely as if the concern were one of the so-called natural monopolies like a street railway or a water company. I do not believe in a system of law in which the object of Governmental proceeding requires the dissolution of the corporation or the confisca-

tion of its property, which may be ruinous to the public as well as to the corporation. The proceeding should be, in substance, to declare any corporation an injurious monopoly, and when that declaration should be definitely affirmed by the proper body, whatever it might be, to subject the corporation to thoroughgoing Governmental control as to rates, prices, and general conduct. The present penalties for misbehavior—fines, the occasional imprisonment of men (usually subordinates), or the usual ineffectual dissolution of the corporation—are never wholly adequate, and are apt to be entirely inadequate. What is necessary is to permit the Government, when there is definite proof that a given corporation is acting as a monopoly and is behaving in an actually potentially injurious manner, to assume thoroughgoing supervision over it—such supervision and control as that which is, and still more as that which will be, exercised by the Inter-State Commerce Commission over our railways.

The practical questions are (1) how to provide for such an investigation as shall determine whether a given combine is a harmful monopoly, and (2) how to provide the proper course of action where it shall be found that such a monopoly exists. Canada has shown us the answer to the first question, and Germany to the second.

Canada adopted in May of last year a provision for the regulation of trusts. Under this provision any six persons may make application to a judge for an order directing an investigation, the application setting forth the nature of the combine, the persons involved, the manner in which it restricts competition, and the manner in which it operates to the detriment of consumers and producers and is injurious to trade. The judge fixes a time and place for hearing and can direct an investigation, which is carried on by a board chosen under the supervision of the Minister of Labor. Provision is made for depriving the offender, if found guilty, of advantages obtained under the tariff or patent laws, and for punishing him in other ways. But the remedy proposed by Canada is in no way adequate; the value of the lesson she teaches is the clear indication of one method of determining whether a monopoly does actually exist.

Germany, however, in a law enacted last spring, has shown us how to apply the remedy. This law regulates the production of potash, of which Germany has a monopoly of the only known deposits, which are owned and operated by fifty-four companies. These companies were overproducing and depleting the supply. The Act fixed the proportion which each company could produce, and also fixed the labor conditions and the maximum price, and provided a court to reapportion the production every two years. It is stated that similar laws are in preparation in Germany to regulate whisky distillers and manufacturers of electrical machinery, the idea being to prevent overproduction and to limit prices in the interests of the public.

These two Acts taken together indicate one of the ways which we should follow in order to do away with some of the worst effects of special privilege. Canada and Germany are eminently practical Powers, and when they have taken such action it can no longer be sneered at as a matter for merely academic discussion. My experience with Governmental lawsuits has not been such as to make me feel that a lawsuit is normally a wise method of attempting to enforce Governmental regulation. It may well be, however, that even if it were necessary to establish a proper tribunal, a lawsuit after the manner provided for in the Canadian Act would for this particular purpose meet the requirements of the situation. Such a lawsuit would merely, if successful, put in motion the machinery of the Department of Commerce and Labor—that is, the Bureau of Corporations—and the Bureau could then exercise the same control that in Germany has been exercised in the case of the potash producers. Nothing would be more desirable at the present moment than to have the Bureau of Corporations exercise over the oil production of the country, and over the operations of the Sugar Trust, the same thoroughgoing, drastic, and radical control that the Government of Germany is now exercising over the potash production of Germany. As regards both the Standard Oil Trust and the Sugar Trust, Government action already taken and Government investigation already made would

warrant our putting them under such Governmental control without further inquiry.

I have not attempted to indicate what the States should do, because each State has its own problems, and there are many of them; but a great step in advance should be taken by the Nation, and it should be taken at once, and it should be taken substantially along the lines above indicated.

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