

Governmental Aid in Industrial Planning¹

Proposals for Opening Trade Channels and Restoring Business Activity

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THE business crisis that we face today reminds me of a statement made by Mark Twain. He said, "Don't get more out of an experience than there is in it. For example, a cat will sit on a hot stove only once, but the trouble thereafter is that the cat will not even sit on a cold stove." I venture to say that as far as the stock market is concerned at present the cat will not even sit on the cold stove!

We are in somewhat the position of the Russians after their Revolution when everyone wanted to say something about it. At present we all want to get audiences to listen to our views on the economic situation. People are asking, "What are we coming to?" though the more important question seems to me, "When are we coming to?"

Our friends in the United States Chamber of Commerce have been expressing themselves, and Mr. Raskob has been doing the same at the Democratic National Committee Meeting. As a fellow Democrat, I found I could not go along with him, though I realized he was speaking sincerely and thought he was offering a solution. If he had served on the Federal Trade Commission as long as I had, I am confident he would not be advocating that any governmental body should advise any business corporation as to what it should or should not do under our anti-trust laws. He proposes that any corporations wishing to merge should present their problems to the Federal Trade Commission which would advise them if the merger is legally fair. They could then proceed without fear of criminal prosecution until the Federal Trade Commission stopped them.

After eight years of observation on the Federal Trade Commission, I am convinced that if the Commission were given power to "rule in advance" it would be a detriment rather than a help to busi-

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ness. I am not surprised, however, that Mr. Raskob made the suggestion because I believed the very same thing when I went on the Commission. I found that there are over 200,000 corporations doing an interstate business in this country, that many of them have problems on which they want the approval or advice of a governmental body and that it is humanly impossible for any governmental organization to take care of the amount of business that would come to it if it were given this power. What is more, it would be beyond the ability of the commissioners. The problems put to them would involve engineering, accounting, economic and legal questions on which they would have to secure expert advice. Can you not picture the delays involved?

They tell me there are over three thousand cases on the docket of the Tariff Commission and that the average time required to put a case through is two years, six months and eleven days. Yet these are earnest and energetic men. And how much more delay would be involved with tens of thousands of cases before the Federal Trade Commission!

Then, too, commissioners would be subjected to a variety of criticisms. If an approved merger turned out contrary to the anti-trust laws the Senators and Congressmen would be heard from. Chances of reappointment depend on decisions which would be bound to be influenced by this fact. It is not right to put such power and responsibility upon any man.

The United States Chamber of Commerce says that it is time we changed the anti-trust laws. As a matter of fact, a lot of our troubles today are due to the fact that we have not had any anti-trust laws in operation. I should like to see the business men of today take down their histories and begin to read them. I should like to see the secretaries of trade associations go back and read about the panics that have occurred from the time of Aris-

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totle to the present day. There are those who have the idea that this is the only panic that has ever hit the world. Some of us here, however, can remember the panics of '90, '93, '07 and '20.

History proclaims that the problem today, as in the past, is due to economic concentration. I once had a great teacher in economics—Woodrow Wilson—who said over and over again, in his teaching days and afterward in his public life, "Economic concentration is death." Today we are seeing that statement exemplified. His principal reasons for the statement were that such concentration closed the door to human endeavor, cut off opportunity for our youths, destroyed the development of individual expression and made men static and standardized.

The Sherman Anti-Trust Law came about as the result of a great economic crisis in this country in 1890. It was advocated and placed on the statute books by the conservative Senators, like Senator Hoar.

Theodore Roosevelt advocated the Bureau of Corporations, believing that it was not only necessary to enforce the Anti-Trust Law as far as the channels of trade are concerned but to expose the machinations of monopoly. We could no more get along without the rules which these anti-trust laws uphold than we could get along without the traffic policeman. A famous Democrat once said, "A statesman may do much for commerce—mostly by letting it alone. A river never flows so smoothly as when it follows its own course without either aid or check." This is exactly what the anti-trust laws do for commerce when they are enforced. They are what keep the channels of trade open.

If there is one thing wrong in the world today it is that the channels of trade are blocked by big monopolistic groups and by nations surrounding themselves with tariff walls. I cannot go along with the United States Chamber of Commerce and the trade associations when they say that they believe in the abolition of the anti-trust laws.

How are we to overcome this economic concentration which is death to business? Some say we are drifting toward communism; others say, "Look out for socialism." I am frank to say that if we keep on in the way we are going we shall drift toward socialism. We cannot have the government going into business at the present rate without a drift in that direction. I hope we are not going

to do this—to surrender the competitive system which we have built up within our capitalistic system. I hope, too, that we are not going to make expediency our god and try to patch up the situation with temporary measures.

How are we going to get back on the track? People say that the competitive system is the most expensive. But we have not had the competitive system in this country for the past ten years. It was my job to read the letters of monopolies and trade associations for eight years and I want to say that, while there was competition with respect to the passing back and forth of goods, there was practically no competition with respect to price, except in the panic of 1920. And price is king in the world of business.

Our trade association friends should go back and study the guild system of 150 years ago which, as you know, was smashed into smithereens by the doctrines of Adam Smith. They did one thing, which is human when there is no control, and that was to drift toward price control. England saw the dangers involved and dissolved the guilds, but France did not see them and experienced a French Revolution.

I do not mean by this that I would dissolve the trade associations. When the federal government needed quick information and advice during the War we received splendid co-operation from these associations. We on the Federal Trade Commission had certain rules, like the traffic policeman, which, if enforced, would keep channels of trade open. One of the sets of rules was to the effect that we should conduct periodic investigations of industry and make the information public. During the War the trade associations worked with us beautifully. After we emerged from the War, however, there were trade associations that wished to conduct their business in secret for their own benefit and regardless of the effect on the ultimate consumer. It is hard to understand why business opposes governmental fact finding and publication of the same, except that it considers any interference bothersome and bureaucratic. It wants to gather its own information and gives out only such as it considers desirable. But such information is seldom complete and not often believed by the public.

Can the government gather better statistics on industry than the trade associations? Certainly. The trade associations cannot get as wide a view