

**THE CONTROL OF TRUSTS: AN
ARGUMENT IN FAVOR OF
CURBING THE POWER OF
MONOPOLY BY A NATURAL
METHOD**

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The Control of Trusts: An Argument in Favor of Curbing the Power of Monopoly by a Natural Method by John Bates Clark

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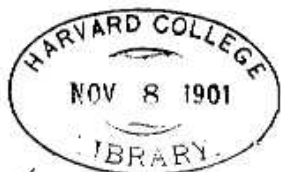
BY

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"THE DISTRIBUTION OF WEALTH"

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PREFACE

THE purpose of this little book is a modest one. It does not attempt to duplicate work which has been well done by others. It contains no history of trusts and no description of the forms that they are now taking. It refers the reader to the works of Professors Jenks, Ely and Von Halle, and to the reports of the Industrial Commission, for facts concerning these consolidations and confines itself to the one object of advocating a certain definite policy in dealing with them. It is the policy that relies wholly on competition as the regulator of prices and wages and as the general protector of the interests of the public. It welcomes centralization, but aims to destroy monopoly, and to do this by keeping the field open to all independent producers who may choose to enter it. By this plan a man who builds a mill and puts on the market goods such as a trust is making must take all the chances that fair competition entails; but he will be shielded from certain predatory and

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unfair attacks, in which size gives to the consolidation a decisive advantage. It is competition, real or potential, that now partially protects the public and makes the present situation endurable. If prices are raised beyond a certain level, new mills are built; and a wholesome respect for the influence of these mills acts in advance of their existence to hold prices in check. It is possible, as this book maintains, to give greater efficiency to this regulator. If this is thoroughly done, the menacing corporations will become servants of the public; and their great power will serve to secure for America cheap production, increased exportation, and commercial and financial dominance among nations. It will tend to make wages rise, to increase the savings of laborers and to afford an enlarged field for the investment of such accumulations. It will tend also to give steadiness to the movement of business and to diminish the violence of commercial crises. In the view that is here advanced, political democracy depends for success largely on the solution of industrial problems; and a condition that shall create many small fortunes, besides a few gigantic ones, will produce the personal material of which a democratic state needs to be made. The *demos* will

then not be an empty-handed and hungry proletariat, but a body of conservative and intelligent citizens.

Even the argumentative part of this book is brief, and aims rather to call attention to the plan that it advocates than to discuss it in any exhaustive way. It is the author's belief that circumstances will, in any case, force us to adopt a line of policy which is either identical with this one or akin to it, and that it is necessary only to win public attention for the plan here suggested, in order that costly experiments and more costly delays may be avoided; for it is the country which shall early get the benefits and avoid the dangers that trusts bring with them which will attain a place of leadership.

The book is composed mainly of articles which have appeared in the *Political Science Quarterly*, the *Atlantic Monthly* and the *Independent*. These articles are here reprinted, in whole or in part, with only such amplification as is necessary in order to bring them into a connected series. If the logical sequence is not at all points exactly what it would have been if the book had been written *de novo*, the reader may, perhaps, excuse the fact in view of the origin of the work. The writer desires to express his thanks to the editors of the several

periodicals for the permission which they have kindly given to use the articles, and to Mr. Arthur M. Day, Instructor in Political Economy in Columbia University, for very valuable aid rendered in connection with the revising of the proof.

COLUMBIA UNIVERSITY,
NEW YORK.

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