

THE CANDLELIGHT SPEECH.

Full Text of President Hadley's Denver Address on Trusts.

The following is the address of President Arthur T. Hadley before the Candlelight Club of Denver, January 8, 1900, on the subject, "What Shall we do with the Trusts?"—

Mr. Chairman and Gentlemen of the Candlelight Club—I thank you most heartily for your welcome. I cannot begin to tell how much pleasure it gives me to receive such a greeting from such a group of citizens of Denver; and, in fact, I may candidly say that it was more in anticipation of the pleasure of thus meeting you than because I thought that I could give you any great enlightenment on this subject beyond what you already possess, that I consented to accept your invitation and to speak this evening.

We are dealing, as practical men, with a question of practical moment. I presume that very few persons gathered around this table hold extreme views in any direction. Every one, I think, who has watched this modern development sees its evil. Every one also sees the great good with which these evils have been inseparably intermixed. We have before us a development in business offering great economy of labor, great power of business organization for the benefit of producers and consumers, but also great dangers and great difficulties in its treatment.

Before deciding what to do with the trusts, let us see what trusts are—like the candidate for a high political office, who, before speaking on "Tariff for Revenue Only," wished to know "Who Tariff was, and why he was for Revenue only." What are the trusts? What shall we give as a working definition? Some one has said that "A trust was a corporation which had got so big as to be dangerous." I think we may give a little more precision to this same idea, and say that a trust, i. e., from the industrial standpoint, is an organization where the increased economy of production due to large size has been made the pretext for securing a monopoly of the market; and, from the legal standpoint, we may define it as an organization where the corporate form has been used as a means of evading some of the legal traditions concerning restraint of trade.

THREE METHODS.

Now, how are we to stop these large productive organizations from becoming monopolies and from using their power as monopolies to the detriment of the public? How are we to prevent the use of the forms of corporate organizations to do away with that time-honored and salutary legal principle that attempts to restrain trade when made by contract between independent individuals, and to be bound down and checked as far as possible by the courts? There are three ways of doing it, and, as far as I can see, only three ways. The first is to prevent the organizations from getting so large. The second is to use and apply more carefully certain of the old legal principles and see if we cannot thereby lessen the evils under which we suffer. The third is to aim at such a development of the public sentiment of the community as to impose on the leaders in these large trusts new conceptions of moral obligation in commercial dealings.

Those who are classed as opponents of trusts rely on the first point. They would use the second only as a makeshift. They doubt whether the third can be applied at all. On the other hand, those who are classed as defenders of trusts (I am not now speaking of the persons who are retained to defend trusts, but who look at the subject from outside) deprecate hasty legislation. Such men, I say, distrust the possibility of applying the first of these methods; and, while they would use the second as far as it can be used, would rely mainly on the third. The question is, shall we rely mainly on prohibition or on growth of moral sentiment in the community? The difficulty with the first, the difficulty of opposing trusts by not letting them get so big, is the same difficulty under which Mr. Atkinson and other opponents of expansion in political affairs at present suffer. We have ex-

panded. Whether we like it or not, we are compelled now to make the best of it. And in business also we have expanded.

We have these large organizations with us, and, as far I can see, they are likely to stay with us. Now, what happens when you talk about these great evils as a reason for prohibiting trusts? If the trust is there and is going to stay there, and if you are not going to prevent the corporation from being very large, the attempt to lay stress on the evils resulting from its size is of very little use unless you can find some practical means of preventing that largeness.

Unless some reasonable probability can be shown that the result of declamation against trusts will be to turn the clock of business back twenty-five years and break up our big corporations into little corporations, a mere declamation in regard to the evils is useless. In fact, it is worse than useless. It is like advocating prohibition in a town where liquor is going to be sold, and a good deal of it. Prohibition that does not prohibit is worse than no prohibition at all. I take it that we must expect business to be very large in the future, so largely organized that in a great many lines there will be a *de facto* monopoly; and if that is the case, the attempt to argue against largeness does no good and distracts attention from other things that might do good.

LEGAL METHODS.

Now, let us take the second remedy—the application of old-fashioned legal methods for the regulation of these corporations. I believe that in a great many cases the worst evils connected with the growth of trusts would disappear in large measure. Take, for instance, the matter of promoters' liability. In the United States for the past fifty years the need of attracting new capital has been so great that we have stretched all points in the law to give every facility to the man who shall extend business, no matter whether that extension was, from the investor's standpoint, sound or unsound.

We are now reaping the fruits of it. Perhaps two-thirds of the industrials that are put on the market at the present time and represent to the public mind the very largest combinations, are combinations that were made not primarily for the purpose of operating plants effectively, but for the purpose of selling securities quickly. A little more rigidity in the application of principles of liability, the kind of rigidity that is used in England at the present time and has been used right along, because they are not under the necessity of putting forth false stimuli for the attraction of new capital, would of itself tend to cure some of these evils. So many of the promotions of securities during the last year were of an essentially fraudulent character and intended for the benefit of those who had securities to sell, connected with false representations as to the value of the thing to be sold, that simple honesty and old-fashioned legal principle in the matter of responsibility in these matters would have reduced last year's unprecedented movement toward monopoly within much narrower limits, and would have done away with no small part of the public alarm on the subject.

Again, the doctrine of conspiracy is a matter of law which can be applied by a little more clearness in public opinion to very many cases where it has not been applied in the past. I think it may be said in this matter also that England in the general interpretation of the law calls a great many things by their right names that we do not. To be sure, England allows to pools and trusts some things that we do not allow; but England prevents, and prevents without special statute, but by a different way of looking at things, a great many of the worst abuses under which we suffer. If three men prevent a fourth from entering into the business there is plenty of law to reach those three men if it can only be properly applied.

BARKING UP THE WRONG TREE.

We have set our dogs barking up the wrong tree. We have said "Monopoly, monopoly, bark at that monopoly," and our dogs have barked at the monopoly; and in the meantime we have wholly failed to note that the thing to be attacked was the conspiracy. The harm was not that these three men got to-

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"The Leading Fire Insurance Company of America."

STATEMENT OF THE CONDITION OF THE

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INSURANCE COMPANY,

Hartford, Conn.

On the 31st day of December, 1899.

Cash Capital,	\$4,000,000.00
Reserve, Re-Insurance (Fire),	3,202,547.53
Reserve, Re-Insurance (Inland),	76,307.29
Reserve, Unpaid Losses (Fire),	320,600.63
Reserve, Unpaid Losses (Inland),	91,032.70
Other Claims,	171,307.98
Net Surplus,	5,157,615.07
Total Assets,	\$13,019,411.20
Surplus as to Policy Holders,	\$9,157,615.07

LOSSES PAID IN EIGHTY-ONE YEARS:

\$85,641,084.50.

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