

## THEODORE ROOSEVELT

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### FROM **Message to Congress (1901)**

*Although the Sherman Anti-Trust Act of 1890 ostensibly dealt with the problem of corporate monopolies, in practice it left much to be desired, at least so far as Progressives were concerned. Its phrasing was vague. It never defined what a "trust" or "monopoly" involved. And the Supreme Court threw out many of the government's efforts to prosecute trusts under the Sherman Act. When Theodore Roosevelt assumed the presidency in 1901, he recognized that the trust issue remained an acute economic and political problem. In his first message to Congress he distinguished between good and bad trusts, with the good ones led by executives of sterling character who promoted the public interest and the bad ones led by rascals pursuing selfish motives.*

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From First Annual Message to Congress, December 3, 1901, in *The Works of Theodore Roosevelt* (New York: Charles Scribner's Sons, 1926), 15:87–93.

... The tremendous and highly complex industrial development which went on with ever accelerated rapidity during the latter half of the nineteenth century brings us face to face, at the beginning of the twentieth, with very serious social problems. The old laws, and the old customs which had almost the binding force of law, were once quite sufficient to regulate the accumulation and distribution of wealth. Since the industrial changes which have so enormously increased the productive power of mankind, they are no longer sufficient.

The growth of cities has gone on beyond comparison faster than the growth of the country, and the upbuilding of the great industrial centers has meant a startling increase, not merely in the aggregate of wealth, but in the number of very large individual, and especially of very large corporate, fortunes. The creation of these great corporate fortunes has not been due to the tariff nor to any other governmental action, but to natural causes in the business world, operating in other countries as they operate in our own.

The process has aroused much antagonism, a great part of which is wholly without warrant. . . . The captains of industry who have driven the railway systems across this continent, who have built up our commerce, who have developed our manufactures, have on the whole done great good to our people. Without them the material development of which we are so justly proud could never have taken place.

Moreover, we should recognize the immense importance of this material development by leaving as unhampered as is compatible with the public good the strong and forceful men upon whom the success of business operations inevitably rests. The slightest study of business conditions will satisfy any one capable of forming a judgment that the personal equation is the most important factor in a business operation; that the business ability of the man at the head of any business concern, big or little, is usually the factor which fixes the gulf between striking success and hopeless failure.

An additional reason for caution in dealing with corporations is to be found in the international commercial conditions of today. The same business conditions which have produced the great aggregations of corporate and individual wealth have made them very potent factors in international commercial competition. Business concerns which have the largest means at their disposal and are managed by the ablest men are naturally those which take the lead in the strife for commercial supremacy among the nations of the world. America has only just begun to assume that commanding position in the international business world which we believe will more and more be hers. It is of the utmost importance that this position be not jeopardized, especially at a time when the overflowing abundance of our own natural resources and the skill, business energy, and mechanical aptitude of our people make foreign markets essential. Under such conditions it would be most unwise to cramp or to fetter the youthful strength of our nation.

Moreover, it cannot too often be pointed out that to strike with ignorant violence at the interests

of one set of men almost inevitably endangers the interests of all. The fundamental rule in our national life—the rule which underlies all others—is that, on the whole, and in the long run, we shall go up or down together.

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The mechanism of modern business is so delicate that extreme care must be taken not to interfere with it in a spirit of rashness or ignorance. Many of those who have made it their vocation to denounce the great industrial combinations which are popularly, although with technical inaccuracy, known as "trusts," appeal especially to hatred and fear. These are precisely the two emotions, particularly when combined with ignorance, which unfit men for the exercise of cool and steady judgment. In facing new industrial conditions, the whole history of the world shows that legislation will generally be both unwise and ineffective unless undertaken after calm inquiry and with sober self-restraint. . . .

All this is true; and yet it is also true that there are real and grave evils, one of the chief being overcapitalization because of its many baleful consequences; and a resolute and practical effort must be made to correct these evils.

There is a widespread conviction in the minds of the American people that the great corporations known as trusts are in certain of their features and tendencies hurtful to the general welfare. This . . . is based upon sincere conviction that combination and concentration should be, not prohibited, but, supervised and within reasonable limits controlled; and in my judgment this conviction, is right.

It is no limitation upon property rights or freedom of contract to require that when men receive from government the privilege of doing business under corporate form, which frees them from individual responsibility, and enables them to call into their enterprises the capital of the public, they shall do so upon absolutely truthful representations as to the value of the property in which the capital is to be invested.

Corporations engaged in interstate commerce should be regulated if they are found to exercise

a license working to the public injury. It should be as much the aim of those who seek for social betterment to rid the business world of crimes of cunning as to rid the entire body politic of crimes of violence. Great corporations exist only because they are created and safeguarded by our institutions; and it is therefore our right and our duty to see that they work in harmony with these institutions.

The first essential in determining how to deal with the great industrial combinations is knowledge of the facts—publicity. In the interest of the public, the government should have the right to inspect and examine the workings of the great corporations engaged in interstate business. Publicity is the only sure remedy which we can now invoke. What further remedies are needed in the way of governmental regulation, or taxation, can only be determined after publicity has been obtained, by process of law, and in the course of administration. The first requisite is knowledge, full and complete—knowledge which may be made public to the world.

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The large corporations, commonly called trusts, though organized in one State, always do business in many States, often doing very little business in the State where they are incorporated. There is utter lack of uniformity in the State laws about them; and as no State has any exclusive interest in or power over their acts, it has in practice proved impossible to get adequate regulation through State action.

Therefore, in the interest of the whole people, the nation should, without interfering with the power of the States in the matter itself, also assume power of supervision and regulation over all cor-

porations doing an interstate business. This is especially true where the corporation derives a portion of its wealth from the existence of some monopolistic element or tendency in its business. There would be no hardship in such supervision; banks are subject to it, and in their case it is now accepted as a simple matter of course. . . .

When the Constitution was adopted, at the end of the eighteenth century, no human wisdom could foretell the sweeping changes, alike in industrial and political conditions, which were to take place by the beginning of the twentieth century. At that time it was accepted as a matter of course that the several States were the proper authorities to regulate, so far as was then necessary, the comparatively insignificant and strictly localized corporate bodies of the day.

The conditions are now wholly different and wholly different action is called for. I believe that a law can be framed which will enable the National Government to exercise control along the lines above indicated; profiting by the experience gained through the passage and administration of the Interstate Commerce Act. If, however, the judgment of the Congress is that it lacks the constitutional power to pass such an act, then a constitutional amendment should be submitted to confer the power.

## REVIEW QUESTIONS

1. According to Roosevelt, were the "captains of industry" contributing to the public good?
2. What specific recommendations did Roosevelt make with respect to corporations?
3. Did Roosevelt's views imply an expansion or reduction of government powers?