

PREFACE

WHILE Louis D. Brandeis's series of articles on the money trust was running in Harper's Weekly many inquiries came about publication in more accessible permanent form. Even without such urgency through the mail, however, it would have been clear that these articles inevitably constituted a book, since they embodied an analysis and a narrative by that mind which, on the great industrial movements of our era, is the most expert in the United States. The inquiries meant that the attentive public recognized that here was a contribution to history. Here was the clearest and most profound treatment ever published on that part of our business development which, as President Wilson and other wise men have said, has come to constitute the greatest of our problems. The story of our time is the story of industry. No scholar of the future will be able to describe our era with authority unless he comprehends that expansion and concentration which followed the harnessing of steam and electricity, the great uses of the change, and the great

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excesses. No historian of the future, in my opinion, will find among our contemporary documents so masterful an analysis of why concentration went astray. I am but one among many who look upon Mr. Brandeis as having, in the field of economics, the most inventive and sound mind of our time. While his articles were running in Harper's Weekly I had ample opportunity to know how widespread was the belief among intelligent men that this contribution of our money trust was the contribution to current thought

"Great" is one of the words that I do not use loosely, and I look upon Mr. Brandeis as a great man. In the composition of his intellect, one of the most important elements is his comprehension of figures. As one of the leading financiers of the country said to me, "Mr. Brandeis's greatness as a lawyer is part of his greatness as a mathematician." My views on this subject are sufficiently indicated in the following editorial in Harper's Weekly.

ARITHMETIC

About five years before the Metropolitan Traction Company of New York went into the hands of a receiver, Mr. Brandeis came down from Boston, and in a speech at Cooper Union prophesied that that company must fail,

Leading bankers in New York and Boston were heartily recommending the stock to their customers. Mr. Brandeis made his prophecy merely by analyzing the published figures. How did he win in the Pinchot-Glavis-Ballinger controversy? In various ways, no doubt; but perhaps the most critical step was when he calculated just how long it would take a fast worker to go through the Glavis-Ballinger record and make a judgment of it; whereupon he decided that Mr. Wickersham could not have made his report at the time it was stated to have been made, and therefore it must have been predated.

Most of Mr. Brandeis's other contributions to current history have involved arithmetic. When he succeeded in preventing a raise in freight rates, it was through an exact analysis of cost. When he got Savings Bank Insurance started in Massachusetts, it was by being able to figure what insurance ought to cost. When he made the best contract between a city and a public utility that exists in this country, a definite grasp of the gas business was necessary—combined, of course, with the wisdom and originality that make a statesman. He could not have invented the preferential shop if that new idea had not been founded on a precise knowledge of the conditions in the garment trades. When he established before the United States Supreme Court the constitutionality of legislation affecting women only, he relied much less upon reason than upon the amount of knowledge displayed of what actually happens to women when they are overworked—which, while not arithmetic, is built on the same intellectual quality. Nearly two years before Mr. Mellen resigned from the New Haven Railroad, Mr. Brandeis wrote to the present editor of this paper a private letter in which he said:

“When the New Haven reduces its dividends and Mellen resigns, the ‘Decline of New Haven and Fall of Mellen’ will

make a dramatic story of human interest with a moral—or two—including the evils of private monopoly. Events cannot be long deferred, and possibly you may want to prepare for their coming.

“Anticipating the future a little, I suggest the following as an epitaph or obituary notice:

“Mellen was a masterful man, resourceful, courageous, broad of view. He fired the imagination of New England; but, being oblique of vision, merely distorted its judgment and silenced its conscience. For a while he trampled with impunity on laws human and divine; but, as he was obsessed with the delusion that two and two make five, he fell, at last, a victim to the relentless rules of humble arithmetic.

“Remember, O Stranger, Arithmetic is the first of the sciences and the mother of safety.”

The exposure of the bad financial management of the New Haven railroad, more than any other one thing, led to the exposure and comprehension of the wasteful methods of big business all over the country and that exposure of the New Haven was the almost single-handed work of Mr. Brandeis. He is a person who fights against any odds while it is necessary to fight and stops fighting as soon as the fight is won. For a long time very respectable and honest leaders of finance said that his charges against the New Haven were unsound and inexcusable. He kept ahead. A year before the actual crash came, however, he ceased worrying, for he knew the work had been carried far enough

While the majority of Mr. Brandeis's great progressive achievements have been connected with the industrial system, some have been political in a more limited sense. I worked with him through the Ballinger-Pinchot controversy, and I never saw a grasp of detail more brilliantly combined with high constructive ethical and political thinking. After the man who knew most about the details of the Interior Department had been cross-examined by Mr. Brandeis he came and sat down by me and said: "Mr. Hapgood, I have no respect for you. I do not think your motives in this agitation are good motives, but I want to say that you have a wonderful lawyer. He knows as much about the Interior Department today as I do." In that controversy, the power of the administration and of the ruling forces in the House and Senate were combined to protect Secretary Ballinger and prevent the truth from coming to light. Mr. Brandeis, in leading the fight on the conservation side, was constantly haunted by the idea that there was a mystery somewhere. The editorial printed above hints at how he solved the mystery, but it would require much more space to tell the other sides, the enthusiasm for conservation, the convincing arguments

for higher standards in office, the connection of this conspiracy with the country's larger needs. Seldom is an audience at a hearing so moved as it was by Mr. Brandeis's final plea to the committee.

Possibly his work on railroads will turn out to be the most significant among the many things Mr. Brandeis has done. His arguments in 1910-11 before the Interstate Commerce Commission against the raising of rates, on the ground that the way for railroads to be more prosperous was to be more efficient, made efficiency a national idea. (It is a cardinal point in his philosophy that the only real progress toward a higher national life will come through efficiency in all our activities.) The seventy-eight questions addressed to the railroads by the Interstate Commerce Commission in December, 1913, embody what is probably the most comprehensive embodiment of his thought on the subject.

On nothing has he ever worked harder than on his diagnosis of the Money Trust, and when his life comes to be written (I hope many years hence) this will be ranked with his railroad work for its effect in accelerating industrial changes. It is indeed more than a coincidence that so many of the things he has been contending for have

come to pass. It is seldom that one man puts one idea, not to say many ideas, effectively before the world, but it is no exaggeration to say that Mr. Brandeis is responsible for the now widespread recognition of the inherent weakness of great size. [He was the first person who set forth effectively the doctrine that there is a limit to the size of greatest efficiency, and the successful demonstration of that truth is a profound contribution to the subject of trusts.] The demonstration is powerfully put in his testimony before the Senate Committee in 1911, and it is powerfully put in this volume. In destroying the delusion that efficiency was a common incident of size, he emphasized the possibility of efficiency through intensive development of the individual, thus connecting this principle with his whole study of efficiency, and pointing the way to industrial democracy.

Not less notable than the intellect and the constructive ability that have gone into Mr. Brandeis's work are the exceptional moral qualities. Any powerful and entirely sincere crusader must sacrifice much. Mr. Brandeis has sacrificed much in money, in agreeableness of social life, in effort, and he has done it for principle and for human happiness. His power of intensive work,

his sustained interest and will, and his courage have been necessary for leadership. No man could have done what he has done without being willing to devote his life to making his dreams come true.

Nor should anyone make the mistake, because the labors of Mr. Brandeis and others have recently brought about changes, that the system which was being attacked has been undermined. The currency bill has been passed, and as these words are written, it looks as if a group of trust bills would be passed. But systems are not ended in a day. Of the truths which are embodied in the essays printed in this book, some are being carried out now, but it will be many, many years before the whole idea can be made effective; and there will, therefore, be many, many years during which active citizens will be struggling for those principles which are here so clearly, so eloquently, so conclusively set forth.

The articles reprinted here were all written before November, 1913. "The Failure of Banker Management" appeared in Harper's Weekly Aug. 16, 1913; the other articles, between Nov. 22, 1913 and Dec. 17, 1914.

NORMAN HAPGOOD.

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