

Regulating the Mixed and Public Corporations

INDUSTRIES that are and should be essentially monopolies or that, for one reason or another, operate in areas that do not or cannot attract private competitive enterprise, have presented a problem since the beginning of capitalism. Apart from the publicly-regulated private monopoly, two means frequently advocated and adopted here and abroad for dealing with it are the mixed corporation and the public corporation. Examples of these are the Port of New York Authority and the Tennessee Valley Administration. These bodies have an enviable record. Nevertheless we have not worked out techniques by which the people can participate effectively (and be interested in doing so) in their regulation and control.

Fortunately, information on the problem is growing. Under the auspices of the Committee on Research in Economic History of the Social Science Research Council, two additions to the literature of the relationship between the State and economic life have appeared, one dealing with Massachusetts, the other with Pennsylvania. The latter is Prof. Louis Hartz's "Economic Policy and Democratic Thought: Pennsylvania, 1776-1860." Chester M. Wright of the University of Chicago, in reviewing this work for *The Journal of Political Economy* (Oct. 1948), focuses attention on the curious gyrations of public opinion on the question:

The early opposition to State ownership, which was not based on theory but on cost and practicality, by 1926 had given way (in Pennsylvania) to acceptance of the policy as sound, and outburst of activity followed. After 1873, when the resulting debt—combined with the corruption, the inadequate control, and the disappointing economic results of enterprises—left the State's finances in a desperate situation, the popular reaction resulted in a policy of rapid disposal of the State's public works and its stockholdings in mixed corporations. Supplemented by the rising ability of private enterprise to meet social needs, this led by 1860 to the conviction that State undertakings were both inexpedient and undemocratic (pp. 455-6).

The continental anarchists proposed regional and local syndicates and the English Constitutional Radicals municipal enterprises, in an effort to reduce the problem by localizing control. But even municipal ownership and municipal mixed enterprises do no more than make inadequate techniques operate as best they can. Until larger sections of the general public, through some type of civic association organized for the purpose or through present organizations, take a more active interest in and exert effective control over the policies and operations of these corporations, we cannot say that they are democratically controlled. Expert management, no matter how efficient, is not necessarily public management.

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