

“Context of 'August 23, 1902: Roosevelt Advocates Federal Regulation, Oversight of Corporations”

AUGUST 23, 1902: ROOSEVELT ADVOCATES FEDERAL REGULATION, OVERSIGHT OF CORPORATIONS

In a speech given to an audience in Providence, Rhode Island, later entitled “The Control of Corporations,” President Theodore Roosevelt gives a passionate warning about the dangers of the nation’s prosperity being concentrated in the hands of the few, and particularly under the control of a few large corporations. Roosevelt says: “One of the features of the tremendous industrial development of the last generation has been the very great increase in private, and especially in corporate, fortunes.... Where men are gathered together in great masses it inevitably results that they must work far more largely through combinations than where they live scattered and remote from one another.... It is not true that the poor have grown poorer; but some of the rich have grown so very much richer that, where multitudes of men are herded together in a limited space, the contrast strikes the onlooker as more violent than formerly. On the whole, our people earn more and live better than ever before, and the progress of which we are so proud could not have taken place had it not been for the up building of industrial centers, such as this in which I am speaking. But together with the good there has come a measure of evil.... Under present-day conditions it is as necessary to have corporations in the business world as it is to have organizations, unions, among wage-workers. We have a right to ask in each case only this: that good, and not harm, shall follow. Exactly as labor organizations, when managed intelligently and in a spirit of justice and fair play, are of very great service not only to the wage-workers, but to the whole community, as has been shown again and again in the history of many such organizations; so wealth, not merely individual, but corporate, when used aright is not merely beneficial to the community as a whole, but is absolutely essential to the upbuilding of such a series of communities as those whose citizens I am now addressing.... The great corporations which we have grown to speak of rather loosely as trusts are the creatures of the state [the federal government], and the state not only has the right to control them, but it is in duty bound to control them wherever the need of such control is shown. There is clearly need of supervision—need to possess the power of regulation of these great corporations through the representatives of the public wherever, as in our own country at the present time, business corporations become so very powerful alike for beneficent work and for work that is not always beneficent. It is idle to say that there is no need for such supervision. There is, and a sufficient warrant for it is to be found in any one of the admitted evils appertaining to them.” Such government controls are rightfully difficult to put in place, Roosevelt says, because of the constitutional guarantees afforded both individuals and corporate entities, and because of the disparity of laws enacted in the various states. However, “I believe that the nation must assume this power of control by legislation; if necessary by constitutional amendment,” he says. “The immediate necessity in dealing with trusts is to place them under the real, not the nominal, control of some sovereign to which, as its

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creatures, the trusts shall owe allegiance, and in whose courts the sovereign's orders may be enforced." Such government regulation and oversight must be enforced with caution and restraint, he warns, but nevertheless, it must be enacted. [\[THEODORE ROOSEVELT \(.COM\), 8/23/1902; ED., 2003, PP. 20-21\]](#) Roosevelt's position is ironic considering the vast corporate contributions he will accept to win the presidency in 1904 (he ascended to the presidency in 1901 after President William McKinley was assassinated). Roosevelt will accept large donations from railroad and insurance interests, and will make a personal appeal to steel baron Henry Clay Frick and other industrialists. Frick will later recall: "He got down on his knees to us. We bought the son of a b_tch and then he did not stay bought." During his second term, Roosevelt will strive to pass significant campaign finance reform legislation that would ban some of the techniques he will use to regain office.

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