

**THE FINANCIAL POLICY
OF CORPORATIONS.
VOLUME IV. EXPANSION**

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The financial policy of corporations. Volume IV. Expansion by Arthur Stone Dewing

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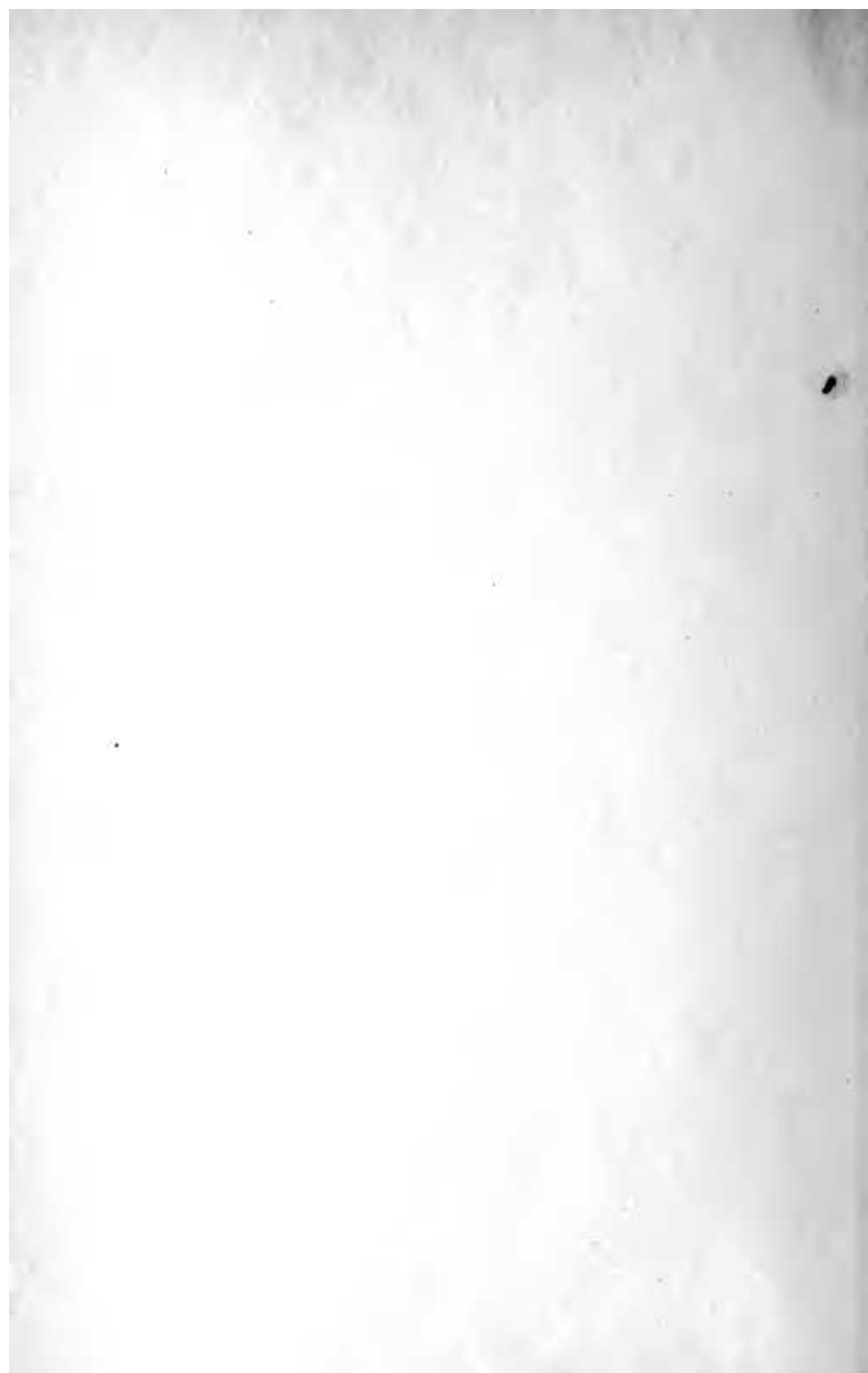
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ARTHUR STONE DEWING

**THE FINANCIAL POLICY
OF CORPORATIONS.
VOLUME IV. EXPANSION**



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THE FINANCIAL POLICY OF CORPORATIONS

By

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"Corporate Promotions and Reorganizations," "History of the
National Cordage Company," etc.

IN FIVE VOLUMES

VOLUME IV
EXPANSION



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**VOLUME IV
EXPANSION**

CHAPTER I

UNDERLYING MOTIVES AND PROBLEMS

Problem defined, 3; Two fundamental problems involved, 4; Motives leading to expansion, 4; Ambition, 4; Creative impulse, 5; Profits, 6; Speculation, 6; Procedure of the present study, 7.

A business corporation is either a success or a failure. Although a business may maintain, for a considerable time, a quiet existence showing no outward change, yet in the long run an observer will see clearly that it has gone either forward or backward. Many corporations go down-hill very rapidly and become failures within a few months after their promotion;¹ with others the causes of disaster take longer to operate and may not precipitate failure for several years.² The same thing is true of the success of a corporation. In fact, as the first few years are devoted to organization and to establishing a place in the trade, pronounced success is not likely to show itself so early as pronounced failure. Yet in the long run it is just as evident as failure, although the consequences may not, perhaps, be so dramatic.³

¹The failure of the old United States Shipbuilding Company, now the Bethlehem Steel Corporation, followed so quickly after its promotion that it is difficult to say that the company had any real existence of its own.

²The causes behind the failure of the International Steam Pump Company in 1914 were present from the organization of the company in 1899, yet by the aid of a bond issue and less obvious palliatives they were obscured from the outside until the autumn of 1913.

³The remarkable but sporadic success which certain manufacturing companies obtained through foreign orders for munitions soon after the outbreak of the Great War is not an exception to this rule. The success in most cases was only apparent, not real, and vanished even before the contracts were executed. The vast majority of those corporations which profited greatly by the war were already successful or else had developed a highly efficient productive organization before the war.