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THE IMPLICATIONS OF DEMOCRACY.

A prominent economist* has recently said that the coming political struggle is to be between plutocracy and democracy. This recognition of what is commonly called "the class struggle" gives occasion for a restatement of the meaning and implications of democracy.**

Democracy has received no better definition than the classical one of Lincoln's, "a government of the people by the people and for the people."

It may be said that this begs the whole question of the necessity of government at all, that by the abolition of special economic privilege, primarily in land ownership, even the present functions of government would gradually disappear. I have recently seen a sober argument written to prove that all so-called monopoly rests upon the private ownership of land; that by the absorption of rack rent by the community, all power of exploitation would quickly disappear, so that the state will not need to perform any common function, because the opportunity for exploitation being gone this function can be delegated to private persons in return for the competitive franchise value of the same. In this writer's opinion "the whole question is one of surplus value." If surplus value is eliminated, and only the wages of superintendence remains, they will be determined by the law of competition. In his opinion, interest is the outgrowth of rent, and he thinks that by the public appropriation

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**It is almost needless to say that I shall use the word democracy, not in its sentimental, but in its political and practical sense. Important as is the moral and social temper that is the flower of democratic institutions, it is well not to confuse this temper and sentiment of wide human fellowship with the form of organization which is to help bring it into being. When I speak of democracy, I mean popular government, and not the sense of fellowship with all sorts and conditions of men. Democracy is one thing, the democratic spirit quite another. There are many who are filled with the democratic spirit, men like Whitman, Wagner, Tolstol, Kropotkin, who are by no means representative democrats.

of rent interest will vanish on account of the competitions of capital. But the essential part of the argument for our purpose is that the elimination of surplus value will remove all the evils of competition, will render unnecessary the common performance of public functions, and hence practically eliminate government altogether.

Our first concern here is with the logic of the position. When Lincoln spoke of "government of the people by the people and for the people" he assumed that some sort of government was necessary. The anarchist does nothing of the sort. He sees in government simply one of the forms of economic exploitation, of which the leisure class has assumed control just as it has of religion, war or sports.

Here we have two distinct schools of thought, the governmentalist, including the socialist, who declares that government is necessary, and the anarchist, who declares that the laws of competition and of supply and of demand, will remove the necessity for governmental action.

This brings us squarely to the issue. What is government? Let us grant that it has been used as an exploiting function of the leisure class; none the less it was a necessary function, just as religion has been necessary. To a community free from superstition, and acquainted with the laws of cause and effect, the interjection of priestly functions will not be necessary; but while the dignity and good will of supernatural beings needs to be maintained ecclesiasticism will perform a necessary function.

So of war. Granted that the military class has taken advantage of the necessity of the community, or at least of the dominant part of the community, for protection or aggression, nevertheless this protection or aggression was necessary for the then stage of evolution. That at a later stage neither a priestly nor a military class will perform a necessary function does not invalidate the necessity of their services in the past. How, now, is it with the function of government? Is its desuetude also measurably near and certain, as the anarchist claims? The claim seems to arise largely from a failure to discriminate between the nature of the relation of government to the whole people, as compared with religion and war. Religion and war may or may not be necessary for the maintenance of the dominant class. As a matter of fact, they have been necessary in the past, but when the dominant class in society shall be the productive rather than the acquisitive part of the community, then the necessity for ecclesiastical and military institutions will disappear. But government differs from religion and war in that it is a vital function of a productive dominant class, no less than that of an acquisitive dominant class. For what is government? It is simply management, or more particularly

and looked at from the standpoint of the ruling class, common management. All government is the management of the interests of some dominant class. It may be the land owning class or the military class or the priestly class or stockholding class or, fitly enough, the governing class, or of a combination or compromise of these, but always that part of the community which economically and politically, were it in power, had a common management of its important affairs. It constituted the state and conducted "the government."

If now, as we have some reason to believe will happen, the productive part of the community becomes the dominant class, they, too, will have common interests and the management of those common interests will be government. Economic affairs are not going to run themselves, and the larger the interests are the more management there must be. No governmentalist, least of all a socialist, supposes that business will take care of itself. To state the problem in its simplest terms, government is simply the most economical method of common management, and democracy, since it is the management of the interests of the entire community, must needs include more management than any other form of government.

Government was once regarded as the instrument for keeping the people in order. That was because policing was the chief common interest of the dominant class. Mr. Spencer, as is well known, conceives that "the end which remains for" government "is that of preserving the component members of society from destruction or injury by one another." In other words police duty is the extent of governmental function.

It is little wonder that the anarchist would, with such a view, put an end to all government. But we are beginning to see that the real function of government is not the enforcement of conformity, not the compulsion of malcontents, not the damnation of Satans, i. e., critics; it is the direction of the whole; it is the management of common interests, and democracy the latest form of government is the common management of common interests for the common good. Mazzini called it "the progress of all through all, under the leadership of the best and wisest."

J. A. Hobson, (*Ruskin as a Social Reformer*, p. 225), says: "The real plea for democracy is the absolute need for the expression of the national life of the whole national organism in the arts of government. * * * Democracy insists that the people as a whole is rational, and that government must express this rationality" (p. 225).

This self-activity of the whole organism is the thought hidden in Lincoln's famous words, "government of the people, by the people and for the people."

For, consider, what does government by the people mean? It is a protest, high as heaven, against the whole notion that government is a specialized function in the hands of a particular class. However special an art the drafting of laws and their administration may become, government "by the people" means that they alone shall decide what to do for their own good; that they alone have authority, and that their will alone, and not that of any man or class of men, shall be dominant. This involves the democratization of industry. As we shall see later, the common interests of the whole people are vastly greater than the common interests of a class of exploiters. Under the management of the latter there has come into being a multitude of private industrial tyrannies in the midst of a so-called political democracy. The modern demand is that every public function shall be publicly managed, that the workers themselves shall determine the conditions of work and elect their own governors; that just as hereditary political rulers have given place to elected servants, so industrial bosses shall be chosen by the workers. Instead of a railway corporation having the right to forbid its employes from engaging in politics—a proof of how far industry dominates politics—railway managers shall be the servants of railway workers. The productive and useful part of the community will rule in a true democracy.

Under the definition that democracy is government by the people we have to sadly acknowledge that our forefathers fell far short of founding a democracy. What they founded was a government which was a compromise between monarchy and democracy by which, under the pretense that the people were governing themselves, their will was hedged in on every side. The people's representatives might make laws which would be valid if another body chosen by thirteen other legislative bodies should agree, and if the president, chosen not by the popular vote, but by a few wise men whom they were permitted to elect, did not interpose his veto, and if further these laws were not declared unconstitutional by a set of judges whom the people did not choose but were appointed by the president, whom they did not choose, either. It would be hard to conceive a more perfect system for thwarting the public will under the pretense of expressing it. The means by which these hedges were drawn around the public will was a paper constitution which was supposed to be the embodiment of wisdom for all time to come, and only by the most elaborate and roundabout process could it be altered. The framers of the constitution did not trust their own generation, and still less future generations, to govern themselves. Wisdom shall die with us, and this paper constitution shall take its place. They did for us politically what the church fathers have done theologically—locked us into a strong

box and swallowed the key. Constitutions and creeds are built of the same material, distrust of the people.

This poor thing we call democracy is not democracy at all. Mr. James Bryce says of the United States Constitution that it is "the least democratic of democracies." This constitution, beginning so grandiloquently, "We the people of the United States," leaves disenfranchised half of the people, one whole sex, and so distrusts the other sex that it limits their power in every possible way. "It is the work of men," says Mr. Bryce, "who believed in original sin, and were resolved to leave open for transgressors no door which they could possibly shut." That is to say, men are bad; they will do wrong whenever they can; they cannot be trusted to look for their own interests. Since they demand some control of government, we shall have to give them something, but we will curtail their power at every possible point. We will make it as hard as possible for them to express their will. So reasoned the authors of our famous democratic constitution. This is not to deny that they set their faces forward, but they did so very timidly. It is very well to recognize their skill in steering through a difficult passage, but to say, as Mr. Gladstone said, that the United States Constitution is "the most wonderful work ever struck off at a time by the brain and purpose of man," is only to convict oneself of the failings of its authors. The Constitution may have answered the purpose of averting the evils which are sure to threaten any government built upon distrust of the people; it may have succeeded for a century in not dying; it may have been a great advance upon existing forms of government; but it does not follow from this that it is suited to a people who no longer believe in original sin, who now think of government, not as a necessary evil for suppressing evil, but as the instrument of common endeavor. However well it expressed the political timidity of those who agreed to it, it does not express the political needs of a new generation, and it has thus become a means of tyranny, both in form and in fact.

Not only does our government fail of being a democracy in not being common management, it also fails in that it does not include in its management what have come to be common interests. It is neither government by the people nor of the people.

What does government of the people mean? It means the direction of those interests that concern the people altogether. It is the management of the common interests. Any government is a management of some interests. A monarchy is a management of the royal interests in which incidentally the people may be benefited, but will be exploited; an aristocracy is management of the interests of the aristocrats with incidental

good and inevitable sacrifice on the part of the people. A plutocracy is management of the interests of the wealthy, where the poor may share in the general advancement, but when their interests and those of the wealthy conflict, they are sure to be downtrodden. In any case, government is the management of somebody's interests. But democracy is the management of the interests of all. Government of the people, then, means management of common interests.

When our government was inaugurated, the population was largely made up of economic peers, largely agriculturists; there were no glaring contrasts in the distribution of wealth; there were large natural opportunities open to all. The common interests that were recognized were chiefly those relating to the keeping of the peace, domestic and foreign, and—including local governmental functions—the care of highways, schools, light-houses, the postal service, etc., and, as we have seen, there was an attempt, a half-hearted attempt, to give the people—or, at least, the propertied people—a voice in the management of these interests.

But the times have changed since then. Wealth is concentrated, natural and artificial resources are monopolized, the interests of the few are distinctly hostile to the interests of the many. Two changes have taken place. The whole machinery of government has passed into the control of a dominant minority. The instruments for the preservation of common interests, the universal protection of property, life, and well-being, are manipulated for the special benefit of the wealthy, while, on the other hand, what was the political function of the people then has become a very small proportion of the common life. Not that policing has not vastly increased. But at the same time that our army and navy and local police and courts of justice have multiplied for the benefit of the rich, our common industrial life has grown vastly more. Whether we like it or not, we are absolutely dependent upon tens of thousands of other men every day for the supply of the simple wants of common life. Modern life is city life, and the existence of the city man hangs upon a complicated maze of threads, the cutting of any one of which would bring disaster upon the whole mechanism of society. A savage can subsist almost anywhere, but a civilized man—i. e., a city man—can do nothing without thousands of other men to help him live. So a primitive community can get along with a political democracy, but government today must needs take a hand in the varied functions of modern life, for if it does not take part in them, then private tyrannies will usurp its place. This has actually occurred in America. While our common interests have increased immeasurably, our system of government is dead and inelastic. It has not developed

so as to form a framework on which the common life could find support. It has the bones of a baby for the flesh of a man. Under the name of a democracy there has grown up a huge system of private tyrannies.

Say Mr. and Mrs. Webb in *Industrial Democracy*, p. 841: "The framers of the United States Constitution, like various parties in the French Revolution of 1789, saw no resemblance or analogy between the personal power which they drove from the castle, the altar and the throne, and that which they left unchecked in the farm, the factory and the mine. Even at the present day, after a century of revolution, the great mass of middle and upper class 'liberals' all over the world see no more inconsistency between democracy and unrestrained capitalist enterprise than Washington or Jefferson did between democracy and slave owning."

A real democracy, on the other hand, would be a government in which every interest as soon as it became a common interest would find expression. It is bound to find expression somehow or other, and if it cannot do so through the public function, then it will through a private one. In other words, if the people cannot themselves control that part of their life which they live in common, then some tyrant will control it.

For example, when travel and trade take place on foot, either of man or beast, a highway is all that needs to be common, but when journeys can be accomplished and goods shipped only in dependence upon a great railway system, and these railways are so important that they are called "arteries of trade," then it's time for the people to manage their own railroads.

If they do not, a monstrous set of corporations will charge "all that the traffic will bear"; it can, at its will, crush out industries, monopolize coal, fix the price of wheat, discriminate in rates, rob oil refiners to pay the oil monopoly, bribe legislatures, defy courts, extinguish whole communities, in short rule the United States.

So long as the production of heat depended on each individual's sawing and splitting his own wood, the people altogether might leave it to each one, but when it depends upon a network of industries that involves everybody, then it is time that the people together produced heat. If they do not, a coal baron and an oil magnate and a gas king will produce it at their convenience and for their own profit, and will let the people freeze.

When the dissemination of news depended on individual letter writing it was not undemocratic to send mail by private messengers, but when it has become possible to gather and disseminate news only by agencies like railroads and telegraphs, telephones and express companies, that are a vital part of the whole organism of modern society, then it is time that that

organism itself gathered and spread the news. If it does not, then a press association and a newspaper trust, backed by a railroad and a telegraph monopoly, will do it and stuff the people as they please. Not only can these tyrants sift the news which they dispense to suit their own ends, but can use the whole reading public as a makeweight in a petty quarrel with their employes. For four days, including the Fourth of July, in the midst of an unusual demand for news, just after a great battle, the city of Chicago was refused all the news, either on paper or on bulletin, in order that a newspaper combination might lock out its stereotypers. That is not democracy, common management of common interests; it is private tyranny, nothing more and nothing less.

In an age when every man could produce his own bread on a little plot of ground, society need not concern itself about the matter, but when our daily bread is made by thousands of men working and interworking, when it takes a gigantic system to make a loaf of bread, then it has become time for the people to make their own bread. If they do not, some Joseph will corner the wheat market, as another Joseph did in Egypt long ago, the railways will monopolize the elevators, some biscuit trust will bake the bread and, at the price they see fit to fix, men and children may starve.

Private property in land was well enough when there was plenty for all and each lived off his own plot, but when few men live off their own land, when the common interest in land is what gives it its chief value, then it is time for the people to hold the land in common. If they do not, landlords will own it for them, making a landless and a homeless proletariat who must beg for a chance even to work. Free land would at least let men grub for a living.

When barter was the only form of trade and gold and silver had only commodity value, it was not undemocratic to do without a monetary system, but when precious metals have acquired their chief value as instruments of exchange it is time for the government to control their production and not leave it to the haphazard work of foolhardy adventurers or the exigencies of private mine owners.

Still more when trade has become so complicated and commerce so extensive that the precious metals are no longer capable of serving as true tokens of value, but a banking system takes their place, common interest demands that the government take charge of the banking system. If it does not, the banking system will take charge of the government, and decide not only questions of commerce, but of peace and war and colonial expansion.

What I mean is simply this, that democracy is the common

management of common interests. So long as the common interests of a people are simply to repel invaders, or care for criminals, or issue money, then its form is simple, but when its common interests come to include the whole production of wealth, then government must include this in its functions. If it does not, some private tyranny will usurp this function, and the people can have neither life, liberty, nor the pursuit of happiness. A true democracy, then, involves this, that when in the course of human events it becomes necessary for men to attain certain ends by working in common, then it becomes necessary for their common tool, i. e., the government, to assume the responsibility of accomplishing this end. Unless this principle be carried out, the very existence of democracy is at stake. Of what use, I ask, is a democracy that concerns itself with a part, and that a small part, of the common life and leaves the great part to be controlled and managed for private profit? Yet this is the condition that we are actually in. The common interests that are controlled in common in America are not a tithe of the common interests that actually exist. Granted that we are somewhat democratic in going to war, in furnishing ourselves with water, in punishing our criminals, in sending our letters, but at the same time we are content to be slaves in getting the news, in sending messages by telegraph or telephone, in using gas and oil and coal, in traveling from place to place, in eating meat, and salt, and crackers, and sugar, and wheat, in occupying land and in living in houses. Even when we die we must ask leave of a private corporation for a grave in which our bones may rest. Surely we have strained out the gnat and swallowed the camel.

It is simply mockery to call that government a democracy where the commonly managed interests are but a fraction of the really common interests, where these governmental functions are managed principally for the benefit of a favored class, and even the form of democracy is a cloak to cover high-handed imperialism. As Loria has pointed out, kings are but the tools of the real economic rulers, and King William I. of America is no exception to the rule, even though masked as "President."

The reason we are beset with private tyrannies is because our so-called democracy is not a thorough-going democracy. We have just enough government to serve as a bulwark behind which the tyrants who really rule us can entrench themselves and exploit us. There are then only two alternatives open to us. We must either have more government or less. We must have either a democracy—i. e., common control of common interests—or else no common control whatever, either collectivism or anarchism. The only scheme that is unreasonable is our present one, for it is simply a tool in the hands of the few

mighty against the many weak, and this is intolerable. This is a sham democracy!

But there is still a third lack to be pointed out in our so-called democracy. It is neither by the people nor of the people, nor is it for the people. "The state exists," says Aristotle, "for the sake of a good life, and not for the sake of life only" (3:9). If government were simply by the people and of the people, what good would it be? To manage our common affairs in common is only the means to the end, namely, our common good. The object of government is not to make ends meet, to square accounts, to keep alive. As Aristotle further says: "The state comes into existence, originating in the bare needs of life and continuing in existence for the sake of a good life." We can imagine a community managing all its common interests simply for the sake of the bare needs of life. Many have assumed that this is what the "army of discontent" wants. Animal comfort is declared to be the aim of these rebellious proletarians. Well, supposing it were. They are hardly to be blamed for demanding a living wage when they have it not. But that is not the present point at issue. The fault of such criticism is that it overlooks the most important function of government. Democracy is by, and of, and, most of all, for the people. It is common management of common interests for the common good. This includes, of course, a guarantee of comfortable existence, but besides it means far more than that. It means the actual provision of the means of enjoyment. At present our whole theory of government is built on the idea the less of it the better, laissez faire laissez passez, let the people alone to find their own fun, to pursue happiness one by one, to enjoy life each sitting under his own vine and fig tree. This is perfectly consistent with the idea that all government is interference and tyranny, which has been true enough. But nowadays people must enjoy life together. They cannot get away from each other. The closer and closer linking together of the industrial web makes them play together as well as work together. Recreation is a joint affair. In a democracy nobody can mind his own business. Men enjoy most what they do in common. A government that was truly for the people would take positive steps to provide for the satisfaction of our fun-loving instincts. The principle of making positive provision for public happiness is acknowledged in the public park, and bath-house, and library, and art gallery. Consistency demands that this provision be adequate. But however remote and Utopian any governmental functions of this sort on a large scale may seem to be, the securing of good and livable conditions for work is quite within sight and in active demand. For recreation is only a small part of life. It would be no solution of the social

problem even if the people should provide endless amusement for themselves. No conceivable abundance of opportunities for play could constitute a "good life" if the hours of work were still hours of drudgery. With all the joy gone out of his daily work, all the amusements in creation cannot make a man happy. This will be the great duty of the coming democracy, to make men happy in their work. This no tyranny can ever do, and it is the severest indictment to be brought against the tyranny of private capitalism that it makes men hate their daily work. Why should they not hate it under present conditions, slaves to hours, slaves to machines, slaves to the market, making an infinitesimal part of a product whose whole they may never see nor enjoy, making things not to use but to sell, the joy of creation gone, no longer artists nor even artisans, but only wage-workers and "hands"—no wonder that men hate their work and shirk it all they can. Not one word would I say against the triumphs of modern machinery or against the combinations of capital. It is not machinery nor trusts which have spoiled the pleasure of work; it is the system under which the machine and the trust are used and the man is worked. The man no longer works; he is worked. If such degradation were necessary in the use of machinery, far better, as Ruskin says, would it be to cast all our machines to the bottom of the sea and make all we need by manual labor. But production by machinery does not involve slavery. The fault is the lack of democracy, industrial democracy, in which the producers are the masters, common encouragement for the common good. Under right conditions there is a pleasure in work, such pleasure as cannot be equaled, and when the people do their work not for the profits to be got out of it, but for the good use to be got out of what they make, then life can be well spent at work and at play. When the people produce wealth for themselves to use, they will not only produce it well, but produce it with joy to the maker and the user.

William H. Noyes.

THE NEGRO PROBLEM.

A series of events running through several years and leading up to a climax within the last few months have served to bring the "negro question" prominently before the public. The succession of terrible outrages committed in the Southern states—the burning and torturing of defenseless negroes, often innocent, and always without form of trial—have attracted universal attention. The horrible barbarities accompanying these scenes—the slow roasting alive of human beings, the tearing to pieces of the still quivering bodies and the distribution of portions of them among the mob as "souvenirs"—all this bore witness to the fact that capitalism had developed within itself a body of demons more ferocious than African head-hunters or prehistoric savages.

Perhaps the feature of these horrors that impressed the ordinary observer trained to capitalist methods of thought was that throughout the portion of the country in which these ghastly orgies took place the so-called "respectable" or bourgeois element of society, who are supposed to be the especial conservators of "morality" and "law and order," apologized for, excused or openly encouraged such acts. Still further, at the same time that these outrages were being inflicted upon a helpless people these same bourgeois pillars of society were conspiring to take away their only means of legal defense—the ballot. Apparently more remarkable still, although the votes thus destroyed were almost wholly Republican, that party made no emphatic or significant protest against such action. On the contrary, the last few weeks have seen the beginning of a series of outbreaks against the negroes in Northern cities, that for unreasoning, brutal violence rival those that have gained so much notoriety for the Southern states. New York, Brooklyn, and Akron, Ohio, have been the seats of "race riots" as ferocious as those of the South, and it was apparently only the lack of opportunity that prevented the perpetration of equally hideous barbarities. Here, too, the "authorities" and "respectable citizens" lent open sympathy, if not active assistance, to the perpetrators of the outrages. In New York city it was especially noted that the police often lent assistance in the beating of the helpless negroes.

These are the phenomena with which we are confronted. It now remains to find an explanation. To do this it will be necessary to pass hastily in review the various phases that the "negro problem" has assumed in American history.

During the pre-revolutionary period those who sought to live

upon the labor of others found themselves confronted with the problem which always arises in a new country where natural opportunities are not yet wholly monopolized by a possessing, employing class. Such opportunities being open to all and capable of utilization with simple individually-owned tools, everyone can secure the full product of his labor in this crude form of production, and there is no class whose members are compelled to sell themselves to the owning class in order to live. This is the situation at present in the S. African diamond fields, and the Philippine Islands. In all of these cases it was found necessary to introduce some form of chattel slavery until the natural opportunities could be sufficiently monopolized to make it impossible for anyone possessing nothing but his labor power to exist without selling himself into wage-slavery.

In America all attempts to reduce the Indians to slavery having failed, recourse was had to Europe and white "indentured servants" and negro slaves were imported. Owing to a variety of circumstances, such as the long Winters, an increasingly intensive system of agriculture, a more concentrated population, hemmed in by natural features and hostile Indian tribes, and the growth of a trading class, there soon arose in the North a body of men who were compelled to sell themselves into wage-slavery while at the same time life ownership of the slave became unprofitable.

Under these circumstances chattel slavery became "immoral" and the New England Puritans "freed their slaves," and thus avoided the burden of their support at unprofitable periods of the year, while they well knew that monopolized opportunities would keep them close at hand eager to sell themselves for a limited period when needed. This left the highly moral New Englander free to organize "abolition" societies and carry New England rum to the Gold coast with which to buy the "black ivory" so much in demand in the Southern states.

With the settling up of the great West the two systems came into conflict, and, the Northern capitalist being in the ascendant in Congress, cut off one source of supply to the slave market by forbidding the further importation of chattel slaves. At the same time he began in every possible way to encourage the importation of wage-slaves for the Northern labor market. The following table, giving the number of immigrants by ten-year periods from 1821, will show the extent to which this form of labor was imported:

Years.	Number immigrants.
1821-1830	143,439
1831-1840	599,125

1841-1850	1,713,251
1851-1860	2,598,214
1861-1870	2,314,824
1871-1880	2,812,191
1881-1890	5,246,613
Grand total, 1821-1890.....	15,427,657

Since that time the economic conditions here having become practically identical with those of Europe, and there consequently being no particular incentive to the immigrant upon the one hand to come, nor to the capitalist upon the other to encourage his coming, immigration has fallen off considerably.

By the late 50s the two forms of labor in the United States were in sharp conflict. Each owner was eager for new fields for his slaves to exploit. The resulting struggle was a testimonial to the wisdom of the Northern capitalist in choosing wage in preference to chattel slavery, for he was able to inspire a portion of his "hands" with "patriotism" and send them forth to fight his battles, while those who remained at home to work for him were immensely more profitable than the Southern chattel slaves.

At the close of the Civil War, when the victory was won the conquerors wished to revel in the spoils of the conquered and complete the humiliation of their fallen foe. As instruments to that purpose they chose the former chattel slaves, and through a series of constitutional amendments gave them full political equality with their late owners. With the mock morality that has ever marked all dealings with the helpless negro since the time he was brought from Africa to "enjoy the blessings of a Christian civilization" this was nominally done for the protection of the former chattel slaves. But precious little good it has done him up to the present time, and when he does show some signs of using it for his own good it is promptly taken away.

In the "reconstruction period" immediately following the war the negro was but the helpless tool of the horde of Northern "carpet-baggers" who rode upon his back through the prostrate, defenseless South to a career of plunder and pillage that had scarce been equaled since the days of Alaric or Atilla. And this period, when the helpless blacks were but mute tools in the hands of a new and more unscrupulous set of masters, is known in history by the bitterly ironical name of the "period of negro domination."

With the passage of time the South too began to be capitalistic and the interests of the ruling classes of the two sections, North and South, became the same. Both desired submissive wage-slaves. The troops were withdrawn from the South by Presi-

dent Hayes and the Southern employers were left to treat their black wage-slaves as they chose. Steps were at once taken to disenfranchise the negroes. At first this was accomplished by the clumsy methods of intimidation and fraud. These were the days of the Ku Klux Klan, the "tissue ballot" and the "shot-gun campaign."

But shortly after this great industrial changes began to take place in the South. The great superiority of wage over chattel slavery from the point of view of the employer began to make itself felt. Factories of all kinds sprang up throughout the South. A quotation from the "Textile World" of July, 1900, will give some idea of one phase of this movement:

"The Southern group of states now operated 5,815,429 spindles and the Northern mills 15,242,554. In 1890 the South had 1,828,982 and the North 12,721,341. The actual increase in the number of spindles in the South in ten years is 3,986,447, a gain of 217 per cent. The actual increase in Northern states is 2,521,213, a gain of 19.8 per cent."

These figures and the movement they represent offer one more proof of the fact that when slaves are bidding against one another in the labor market for a job they are much more docile, and profitable to the slave owner than when masters are bidding against each other to secure possession of the slaves. They will work harder to fit themselves for their masters' work and are no expense to him save when actually engaged in production. At first only white laborers were used in the new Southern industries. The "poor whites" and "crackers" who fought so valiantly from '61 to '65, that their rich neighbors might have the right to own black laborers for life, are now pouring into the cities to fight each other for the chance to sell their own bodies and brains for such periods as they can make themselves profitable to their buyers. Unorganized, composed mostly of women and children, helpless, untrained to resistance, with a low standard of life in a semi-tropical climate, wages are soon forced down to the subsistence point, hours lengthened to the limit of endurance, and abuses of all kinds multiplied until the terrible horrors of the early days of the English factory system are almost duplicated to-day in many a Georgia, Alabama or Mississippi cotton factory.

But the black can live even cheaper than the white, and so another phase is given to the "negro question." Says a writer in the Forum for June, 1898:

"A notion is abroad in the South that the negro could not work in the cotton mill. . . . But there is no rational ground for this belief. Negroes now work day and night in the tobacco factories and display marvelous dexterity and deftness in the

use of their fingers. Of course unusual risks must attend the first venture with dark labor in a cotton mill. All new mills must employ some experienced hands to start with; and if a manufacturer undertook to start with negro help he could not bring in white laborers to teach them, owing to the unwillingness of the whites to commingle with the other race. He would have to start with all raw workers; and if the business failed the fact that negroes had lived in the tenement houses would render it almost impossible to get decent white laborers to occupy them. However, the ice will soon be broken. A mill in Charlestown is already running with dark labor, and another is now building at Concord, North Carolina, to be run exclusively by the same kind of labor. If these experiments prove successful, then indeed will the South have a never-failing fountain of cheap labor."

These experiments have proven successful, as anyone who had followed the course of capitalist development could have foretold from the beginning. Deficiency of education and incompetency will not long prove serious obstacles. Lured on by the will-o'-the-wisp hope of economic advance that has for these many years sufficed to lure the white worker into the swamps of capitalism, the negro is crowding into Tuskegee, Berea, Hampton, and a host of other "colleges" and "training schools," where he is fitted to better serve the purposes of his new capitalist masters.

These developments have for the first time made the negro an essential element of the capitalist system. The "negro question" has completed its evolution into the "labor problem." This at once made itself felt in two directions. Of one of these, the introduction of the developed factory system into the South, we have already spoken. The other was the use of the negro by Northern capitalists to break the resistance of organized labor. At Pana, Virden and the Chicago Packing Houses, and at various other points, strikes of organized white labor have been followed by the wholesale importation of negro "scabs." Their presence added the fury of race prejudice to the natural hatred of union and non-union men and was the occasion of bloody race riots.

This race hatred was in itself a valuable thing for the capitalist class. When the negro entered the field of modern industry as a wage-slave his interests were for the first time in his history completely identical with those of his fellow white laborers. It was of the utmost importance to the laborers that the two races should act together in harmonious, united resistance to the demands of the employing owning class. But, as is always the case, the class interests of the capitalists and laborers being diametrically opposite, it was of the greatest importance to the ma-

terial interests of the capitalist class that this race hatred and prejudice be fomented and increased in every manner possible.

Hence it is that whenever the two races are introduced to each other in the course of capitalism, it is under conditions tending in every way to embitter their natural hatred. The negro is brought in as a scab at a time when passion is running high against any who dares to betray the cause of labor, or else, as in the Coeur d'Alene, he comes as a part of the regular army to act as the tool of oppression and capitalist outrage upon his fellow white worker. In the South there was little need of active encouragement of race hatred. It was only necessary to give natural savagery full sway whenever a negro was accused of any crime and occasionally permit a few of the "best citizens" to take part in a "negro hunt" with all its accompaniments of brutal bestiality.

This fact that the material interests of the ruling class are in accord with the excitation and continuance of race hatred accounts for the comparative acquiescence by the Northern people in outbreaks of savage ferocity throughout the South, which did they occur in Turkey or China would at once be considered as grounds for "armed intervention" on the part of capitalist government. The capitalist interests of the North and South are now in accord with the prejudices of the old plantation owners in opposition to "negro domination"—as if the dice had ever dominated the hand that threw them, or it was of any advantage to the spades in a pack of cards to be used as trumps.

But if something is not done it will not be very long before the negroes, who are now meeting the same problems, bearing the same burdens and groaning beneath the same form of slavery as their white fellow toilers, will begin to realize the fact of the solidarity of interests which unites the workers of the world. The history of the world has shown that no difference of race, religion, color or politics is able to maintain itself permanently against the terrible leveling influence of capitalism. Hence the time cannot be far away when the white and black laborers of the United States will join hands in their unions to resist economic tyranny (indeed, the process is already well advanced), and there are even signs that the time may be closer than we think when the fact of the common economic interests will find expression in common political action and a joint protest against the entire capitalist system.

Under these circumstances every material interest of the ruling class both North and South pointed to one course of action—the excitation of race hatred, followed by disenfranchisement of the negro before he could intelligently protest. Hence the open encouragement or silent approval of negro lynchings, burn-

ings and torturings, the quiet acquiescence by the "authorities" in negro riots in Northern cities, and, most significant of all, the general acceptance of wholesale disenfranchisement of the black laborers. Ten years ago any suggestion of such a disenfranchisement on the part of the Democratic party would have been met with a howl from every Republican spell-binder or editorial scribbler from Maine to Oregon. To-day the party of Bryanism can stand upon the proposition that "all governments derive their just powers from the consent of the governed" and at the same time take away from 500,000 American citizens all opportunity of protest or participation in the government beneath which they must live, and the Republican party scarcely utters a growl.

To anyone foolish enough to think that the Republican Party really desires the enfranchisement of the negro it can be shown that, on the contrary, it would much rather see William Jennings Bryan elected to the Presidential chair than to in any way interfere with the economic or political slavery of any portion of the laboring class. Did they really desire to defeat Bryan or defend the negro they could accomplish both at one stroke by wiping 34 electoral votes completely off the Bryan side of the slate.* The Constitution provides that "when the right to vote at any election . . . is denied to any of the male members of such state, being twenty-one years of age, and citizens of the United States, or in any way abridged, except for participation in rebellion or other crime, the basis of representation therein shall

*In the North American Review for 1899 complete figures of the extent of disenfranchisement up to that time are given. The following table giving the vote in three of the Southern states in 1876 and again in 1898 is taken from this article and shows to what extent both white and black laborers have been disenfranchised.

VOTE OF 1876.			
	Republican.	Democratic.	Total.
Louisiana	75,315	70,508	145,823
Mississippi	52,705	112,143	164,848
South Carolina	92,981	91,640	184,621
Totals	220,001	274,191	495,192

VOTE OF 1898.			
	Republican.	Democratic.	Total.
Louisiana	5,967	27,029	33,296
Mississippi	3,573	23,804	27,377
South Carolina	2,823	28,970	31,793
Totals	12,063	80,403	92,466

This indicates a falling off during these 22 years in the Republican vote of 207,938 or over 94 per cent, and in the Democratic vote of 188,788 or 67 per cent or a total falling off in votes of 401,826, or over 81 per cent. But this does not tell the whole truth, as this has been a time of rapid growth in population in these states especially since the new industrial development. Says the writer in the North American Review quoted above: "According to the census of 1890 there were 797,249 males of voting age in these three states, of whom 354,016 were whites and 403,233 were colored. The natural increase from births and immigration must have brought the total up to 900,000 and the white voters to about 400,000."

be reduced in the proportion which the number of such male citizens shall bear to the whole number of male citizens twenty-one years of age in such state."

But no step has been or will be taken to enforce this provision because ever since the time when the Democratic party ceased to be semi-feudalistic and became purely capitalistic, the two parties have agreed to perfection upon the point of keeping the worker in helpless subjection. When the "negro question" became the "labor problem" both parties joined hands against the worker.

TRUSTS AND SOCIALISM.

The vital point of the trust problem, which is at present engaging the public mind, is thus formulated by President Hadley in *Scribner's Magazine* (November, 1899):

"Will such monopolies be long allowed to remain in the hands of private corporations at all? Is it not rather true that this consolidation is a step in the direction of state ownership of industrial enterprises? Is not a grave crisis at hand in which there will be a decisive struggle between the forces of individualism and socialism?"

The main difficulty in answering this question lies in the indefiniteness of the conception of Socialism. There are to-day in this country two or three distinct political parties, each claiming to be the incarnation of scientific Socialism; there are, furthermore, the advocates of co-operative and colonization schemes as methods for "ushering in" the "co-operative commonwealth"; there are the Christian Socialists, and lastly, the Anarchist Communists, also demanding recognition as a distinct school of Socialism. In view of this divergence of current Socialist theories, one who seeks an answer to the question raised by President Hadley must go back to the fountain-head of modern Socialism, Karl Marx's "Capital":

"As soon as the capitalist mode of production stands on its own feet," says Karl Marx, "then the further socialization of labor and further transformation of land and other means of production into socially exploited and therefore common means of production, as well as the further expropriation of private proprietors, take a new form. This expropriation is accomplished by the action of the imminent laws of capitalistic production itself, by the centralization of capital. One capitalist always kills many."*

Thus to Marx, who has foretold the coming capitalistic evolution, competition appears to be the only lever which sets it in motion.

"The battle of competition is fought by the cheapening of commodities; the cheapness of commodities depends, *ceteris paribus*, on the productiveness of labor, and this again on the scale of production. Therefore, the larger capitals beat the smaller. The smaller capitals, therefore, crowd into spheres of production which modern society has only sporadically or incompletely got hold of. Here competition rages in

*"Capital," by Karl Marx (New York: Humboldt Publishing Co.), p. 467.

direct proportion with the numbers and inverse proportion to the magnitude of the antagonistic capitals; it always ends in the ruin of many capitalists, whose capitals partly get into the hands of their conquerors, partly vanish.”*

Marx does not attempt an analysis of competition itself. “It is not our intention,” says he, “to consider here the way in which the laws imminent in capitalist production manifest themselves in the movement of individual masses of capital, where they assert themselves as coercive laws of competition.”†

The “coercive laws of competition” are to him the visible form in which “the laws imminent in capitalist production” are perceived by the capitalist. It does not seem to occur to him that competition itself is but a transient phase in the development of capitalism, or, to use his own phraseology, that the “negation” (or elimination) of competition within the age of capitalism marks the beginning of the process by which “capitalist . . . production begets its own negation.”‡

In the days of Karl Marx capitalism had not yet arrived at that age of maturity when this new tendency of development first begins to manifest itself. It was not before the early 80’s that general attention was attracted by the attempt of capitalists to subordinate the elementary economic *bellum omnium contra omnes* to the conscious control of combinations of capitalists.

The structural form of capitalistic combination has undergone a gradual process of evolution. On the lowest round in the scale of evolution we find the manufacturers’ association which meets periodically with the object of arranging for an uniform scale of prices for their products. This is the most primitive form of capitalistic combination, in which there is, strictly speaking, neither organization nor centralization; competition and chaotic production continue as before. It goes without saying that this form of organization exhibits utter lack of stability.

A higher form of capitalistic combination, still with the principle of competition unrestrained, is represented by the system of equalization of profits. Unlimited freedom of action is reserved by every manufacturer, but a fixed percentage of the profits is divided among all the parties to the combination. While this form of organization breeds a certain degree of community of interests among the several entrepreneurs, still both production as well as marketing are as yet regulated wholly and exclusively by the individual capitalist.

*L. c., p. 394.

†L. c., p. 188.

‡L. c., p. 487.

The first step towards actual regulation of production and exchange is taken through the territorial division of the market among the parties to the combine. These combinations tend towards complete elimination of competition within each district. The rise and permanency of such combinations are largely dependent upon favorable geographical conditions. In many cases a territorial division of the market is impracticable. The same object is attained by the regulation of the output and sale. The parties to the combination limit by mutual agreement the output of each manufacturing concern; some factories are shut down upon the payment of an indemnity or bonus to the owners. It is here that we find for the first time social regulation of the scale and, partly, of the methods of production and marketing, the individuality of each concern remaining, however, intact. Competition is here temporarily in abeyance, as a result of an understanding among the competitors, ever ready, however, to revive upon the breakdown of the combination. The potential form of competition is preserved in the continued individual connection of the producer with the market.

The highest form of combination of individual producers is found in the joint selling agency. The independence of the several producers is retained, but the marketing of the product is entrusted to a joint agency which alone deals with the market. Competition among the producers is here completely eliminated. The methods and the scale of production, as well as the prices, are regulated by mutual agreement. Production is completely divorced from exchange. We have here a case of centralization of exchange without centralization of production.

All these combinations of capitalists are embraced within the colloquial meaning of the trust; none of them, however, is a trust in the strict sense of the word. The distinctive feature of the trust proper consists in that it embraces not only exchange, but production as well. Competition is here entirely eliminated. The several concerns continue in existence, yet merely as branches of one centralized enterprise. The only trace of their former independence can be discovered in the nominal corporate life of the component stock companies.

This legal survival was seized upon by the middle-class opponents of the Trust to secure the passage of a number of laws, both state and federal, prohibiting or restricting all sorts of combinations among corporations, designed for creating an industrial monopoly. Still, the anti-monopolistic agitators overlooked the fact that the fire of their attack was directed not against the substance of monopoly, but merely against its primitive form, which had been devised by the first pioneers of monopoly, as a concession to the proverbial conservatism of Capital. The trust form appealed to the irresolute mind as an

assurance of a retreat behind the old intrenchments of competition, should the experiment eventually prove a failure. But when the cherished form brought on a conflict with the law, it was cast off without hesitation. The trusts were reorganized. The federation of corporations, the Trust proper, was replaced by a sole centralized corporation which absorbed the property of the former trusts. The name has stuck to the language as a generic term for every industrial monopoly. The legislative and judicial war upon the trusts merely resulted in hastening the process of centralization and the final disappearance of the relics of individualism in centralized industry.

The extinction of competition has necessarily resulted in a general rise of prices of all articles whose manufacture and sale are controlled by monopoly. This does not mean, of course, that there are no limits to the rise of prices under monopoly. On the one hand a maximum of profits may be realized through the increased consumption of a given merchandise stimulated by reduced prices. The advocates of monopoly point to the cheapening of kerosene oil and sugar within the last quarter of a century and give credit for it to the oil trust and the sugar trust. To this the opponents of trusts reply that, considering the progress in technical methods within the same period, the prices of those products would, under free competition, have come down far lower. As can readily be seen, however, this argument implies an admission that a gradual cheapening of articles of merchandise is possible even under monopoly, owing to the improvements in manufacturing processes. On the other hand, the principal check upon the power of monopoly in regulating market prices lurks in the potential competition of new concerns. Extravagant prices invite new competitors, who at times threaten the very existence of the trust. The time-honored "law" of Political Economy, which declares that prices are determined by the cost of production plus the mythical "average" profits, is displaced, with the advent of monopoly, by a new standard—"what the traffic can bear." This standard, however, as proven by experience, is very flexible. In August, 1899, the American Anti-Trust League directed an inquiry among manufacturers and wholesalers in New York City, to ascertain the influence of the trusts upon the prices of merchandise. Not a single case of reduction of prices could be ascertained; on the contrary, the prices of about 150 articles were found to have gone up from 5 to 100 per cent.* Ample proof can be gathered from other sources in confirmation of this upward tendency of prices.

Monopoly prices again stimulate the formation of monopolies

*The Anti-Trust Bulletin, September, 1899.

in new branches of industry. Who are directly affected by a rise in the prices of merchandise? The answer to this question can be read in the table collated by Mr. Baker in the latest edition of his "Monopolies and the People" (pp. 270-275). In summarizing Mr. Baker's figures we have classified all industries under two heads: First, those ministering to personal consumption, and second, those ministering to productive consumption, i. e., those manufacturing the means of production. The latter group includes iron and steel, machinery and hardware, iron and steel products, metal and wood products, chemical products, glass and clay manufactures, and electrical apparatuses and supplies. This classification, of course, does not aim at mathematical precision; so, e. g., twine, jute, bags, and partly felt, belong rather into the second group, while glass and metals, hardware and chemicals (salt) enter into personal consumption as well. But these errors mutually balance each other. The table follows:

Products classified.	Number of industries.	Capital invested.
I. Personal consumption	71	\$1,740,362,800
II. Productive consumption (means of production)	96	2,447,899,000
	167	\$4,188,261,800

As appears from this table, the inroads of Monopoly into the sphere of manufacture of means of production, such as raw materials, half products, machinery and auxiliary matters (coal, etc.), are considerably heavier than into the manufacture of articles of personal consumption. In other words, monopoly prices materially affect manufacturers and tradesmen, as well as consumers of sugar, meat, kerosene oil, etc. Whereas, however, the latter are utterly defenseless, manufacturers and wholesalers in those branches which are threatened by monopoly from without, still find one road open to them, viz., an internal offensive and defensive alliance, i. e., monopoly to fight monopoly. Conversely, the organization of a monopoly in one branch of production inevitably reacts upon the production of the raw materials consumed by it. Being confronted with one sole buyer, the monopolistic corporation, the scattered producers of raw materials competing among themselves are compelled to accept the prices dictated to them by the monopolistic corporation. The only remedy is a combination of one sort or another, with a view to eliminating competition. Thus the elimination of competition within every branch of production necessarily leads to a conflict between the several industries mutually connected as links in the chain of social division of labor. This antagonism of private capitalistic interests finds its expression

in the tendency of every monopolistic concern to monopolize the supply of the raw materials consumed by it.

The growth of monopoly in the extractive and manufacturing industries again reacts upon the wholesale trade. "The formation of trusts among the producers made the manufacturer more independent in his treatment of the jobbers, and disposed him to cut their profits to the lowest point. Naturally, these men combined to resist this encroachment on their income. The point of greatest interest in this is the fact that combinations among the first class of middle men are fostered and made possible by the combination of producers. Nor does the series necessarily end there. The increased price which the retail dealers are obliged to pay for the goods . . . makes them eager to do the same; and by the aid and co-operation of the wholesale merchant they may be able to do much towards checking the competition among themselves and increasing their profits. Thus by the operation of the combination at the fountain head, among the producers, there is a tendency to check competition all along the line."*

Monopoly prices bring fabulous dividends, which, in their turn, become a potent factor in stimulating the monopolization of wider and wider fields of industry and the further concentration of many monopolies in the same hands. A new problem naturally arises, What shall be done with these hundreds of millions of the annual accumulation of capital? Where there is competition among capitalists, the ultimate aim of every capitalist is to eventually capture, if possible, the entire market; this race after the buyer forces all capitalists to go on increasing their investments. But the displacement of competition by monopoly results in the adaptation of production to demand. Herein lies the historical mission of industrial monopoly. The dividends of a monopolistic concern can therefore not be reinvested in that very concern and must seek an investment elsewhere. Thus monopoly must necessarily practice expansion.

Monopolization of production finds its natural complement in the sphere of circulation of capital. As pointed out by Marx, the increments of individual capitals are accumulated in the shape of a reserve money fund,* which forms a potential money capital.† The management of this reserve fund of capitalistic society is the function of the banks. In the measure as the places of many scattered capitalists are taken by one monopolistic corporation with a huge capital, the reserve money fund accumulated by every such concern runs into the scores of mil-

*Baker, l. c., p. 75.

*Capital, Vol. 2, pp. 55-59.

†L. c., p. 322.

lions. It is a well known fact that the fabulous dividends accumulated in the hands of monopolists have made them a ruling power in banking. The banking trust, which controls all avenues of capitalistic circulation, becomes the lord of the capitalistic market in general. A clear conception of this tendency of modern industrial development is essential to a correct understanding of the evolution of capitalism. Karl Marx, in the first volume of his "Capital," elucidated the historical role of capitalism in the process of production, which, according to him, consists in the socialization of labor, brought about by the development and improvement of the productive forces of society. But the organizing role of capitalism in the creation of a regulated system of social division of labor is scarcely hinted at by Marx. There is an obvious reason for it: the very phenomena had hardly any existence in his life-time. It may be remembered that the first real trust, the Standard Oil Trust, was founded only one year after his death. In Marx's conception, capitalism is still inseparable from industrial anarchy. The followers of Marx hailed the appearance of the Trust as a fulfillment of the prophecies of the master. That the trust, or industrial monopoly, is a natural and necessary phase in the development of capitalism, a phase which modern society "can neither clear by bold leaps, nor remove by legal enactment,"* cannot be said to have received a clear recognition in the Marxist Weltanschauung.†

To establish order in social economy in place of chaos, is, according to the current socialist view, the problem of the "class-conscious proletariat." The development of industrial monopoly proves, on the contrary, that a regulated organization of social economy (what Louis Blanc called *l'organisation du travail*) is growing up gradually and spontaneously, as the result of the unconscious historical activity of the capitalist class.

Exception will be taken to this statement of the case of monopoly, on the ground that it assumes precisely that which must yet be proved, viz: that monopoly is a natural growth. The suppression of foreign competition will be shown to be at the bottom of many a monopoly in the home market. Like at the dawn of the capitalistic era, when capitalist accumulation was fostered by the paternal policy of the state, so in our own days capitalism was given a start along the road of Monopoly, by protection. All observers are agreed, however, that to-day monopoly has already so fortified itself in some of the protected

*"Capital," vol. I (Humboldt Ed.), p. 12.

†To Mr. Edward Bernstein is due the credit of being the first among Socialist writers to point it out in his latest book, *Die Voraussetzungen des Sozialismus und die Aufgaben der Social-demokratie* (pp. 76-94).

industries that it has no fear of foreign competition, being fully able to take care of itself without protection.

A further objection will be raised by the adherents of the American theory of "natural monopolies," which upon closer analysis will be found to be of a kindred origin with the fiat theory of money. The tendency towards monopoly first found its way into industries of a quasi-public character, such as railways, gas works, electric works, water works, and similar concerns supplying public utilities. The common feature of all such enterprises consists in that they rest upon a franchise or upon the condemnation of private property. This has given birth to the belief that they are exempted from the domain of free competition by the authority of the law. The fact is that the law itself does not hinder the operation of free competition among the railways. Until but lately the law in this country has regarded railways as ordinary industrial concerns, subject to the general laws of competition. This view has found support in the fact, unknown to continental Europe, that railroading is here scattered among hundreds of corporations, which leads to competition between parallel lines and eventually to railroad wars. But the era of railroad competition was very short-lived and soon yielded to consolidation. The history of railroading has firmly established the familiar principle that "where combination is possible, competition is impossible." To judge by the latest information, the day is not far distant when the entire railroad system of North America, including the United States and Mexico, will be combined under one management.

The transportation monopoly furnished the historical basis for the creation and further development of the first monopolies in mining and manufacturing. Early in the seventies the railway companies directed their efforts to securing control of the coal mines, until they now practically control 95 per cent of the entire output of anthracite coal in the United States.* Of still greater importance than this direct centralization of property under the control of railway companies was the part played by the railway tariffs in fostering centralization in other branches of industry. The facts are too well known to bear repetition. It is a genuine historical drama, with its heroes, its villains, and the "people" in the background, with its psychology, its stage sensations, and a climax in which the heroes fall, true to their colors, and vice comes out triumphant.†

Can the work of history be undone? The trust-smasher would answer this question in the affirmative. We quote the

*Von Halle, *Trusts*, p. 80.

†See "Wealth vs. Commonwealth," by Henry D. Lloyd.

following from the testimony of Mr. M. L. Lockwood, President of the American Anti-Trust League, before the Industrial Commission:

"I know the independent oil producers and refiners of America, and I feel safe in saying that if you will re-establish the equality of our people over the highways of the country, that in less than fifteen years they will drive the Standard Oil Company into a secondary position in the oil trade of the country. These great trust combinations do not know the first principles of economic management. By virtue of the great flow of wealth which has come to them from railway rebates and monopolistic position, they have not been obliged to study the principles of economy a moment in their lives. By this monopoly process they have taken more money from the people than they know what to do with."

This optimistic view is not shared by the students of industrial monopoly. According to Mr. Baker, the ultimate victory of the trust is assured by the fact "that the trust can produce and market its goods at substantially less expense than its small competitors."* That this is so, the complaints of the hosts of traveling salesmen, canvassers and middle-class men of all sorts, dispensed with by the trust, bear ample testimony. Thus the trust is to-day producing the same effect in the sphere of exchange, as did the machine earlier in the century in the domain of production. Nor is this all. The centralization process, beginning with organization of exchange, reacts upon production as well. While most American writers confine themselves to denunciation of the Standard Oil trust and Mr. John D. Rockefeller, Mr. Paul de Rousiers calls attention to the progressive role of this Napoleon of modern industry. After dwelling at length upon the improved methods of oil refining introduced by the Standard Oil Company, the French author, who otherwise takes rather an optimistic view of competition, is forced to the following conclusion:

"One leaves the refinery fully convinced that the advantages of production on a large scale are a crushing power. The trust, having practically monopolized the transportation of crude oil and being in possession of enormous capitals, was bound to destroy by force the competition of independent refiners. The monopoly which was created by the regime of competition has retained control of the business of oil refining, however, owing to the normal conditions of that industry."†

Aside, however, from the general advantages of production on a large scale, which still remain a mooted question in econom-

*Baker, l. c., p. 351.

†Paul de Rousiers, *Les Industries Monopolisées aux États-Unis*, pp. 61-65.

ics, the consolidation of the ownership of all concerns within any given industry is of itself productive of technical progress, in that it alone assures to society the access to all the acquisitions of applied science. Says an engineer and inventor in a letter to Prof. Ely:

"When several firms owning different patents on the same kinds of machines consolidate, all the improvements can be combined in one fine machine, to the great advantage of all concerned, the public included."‡

The elimination of competition is still in another way conducive to economy of the productive forces of society, viz., through the substitution of conscious social control of demand and supply for industrial anarchy. In the first place, it restores the equilibrium between supply and demand, which is characteristic of the early period of production of merchandise where every producer manufactures for an easily ascertainable local market. Monopoly removes the inherent wastefulness of the competitive regime, which manifests itself in the overstocking of the market with perishable goods, for which there is no demand. In the second place, monopoly, to put an end to chronic overproduction, proceeds by shutting up all superfluous industrial establishments in every branch of production; as a rule, it affects those factories which are the most backward in regard to technical methods and equipment. It makes for progress by cutting off the moribund vegetation of antiquated methods of production.

There comes a time, however, when, to quote Marx, "the monopoly of capital becomes a fetter upon the mode of production which has sprung up and flourished along with it, and under it."*

"Political economy has demonstrated that under the regime of free competition the men who control the production and circulation of wealth have been forced, under penalty of seeing their benefits vanish and their efforts go to waste, to be ever striving for new improvements of every nature. It is a fact amply established by experience that, under the regime of liberty, progress is to an extent compulsory. The implantation in a certain industry of the system of combination tends to make this conception disappear and we may say, to render progress optional."‡

This latent tendency towards technical stagnation must ulti-

‡*Monopolles and Trusts*, by Richard F. Ely, pp. 148-149.

*"Capital," vol. 1, p. 487. The term "monopoly" is used by Marx in the colloquial sense of private appropriation, not in the specific sense of the term, as it is applied in this paper.

‡*Essai sur les ententes commerciales et industrielles*, par Charles Broullhet (Paris, 1896), pp. 88-89.

mately prove fatal to industrial monopoly. The critical period seems to have arrived in that most centralized branch of American industry, railroading. The proof of it is furnished in the highly instructive paper by the well-known electrical engineer and inventor, Prof. Short, on the substitution of electric power for steam power in locomotion.* It hardly need be said that such a change would be a great stride on the road of technical progress. Suffice it to mention that the introduction of electricity as a motive power, would make it possible to travel at a speed of 125 miles an hour, instead of the present rate of 40 miles. This means a complete revolution in the industrial methods and mode of life of modern society. From an engineer's point of view, there is nothing to prevent it. What then is in the way? The answer is found in Prof. Short's article. There are to-day about 36,000 locomotives on all the railways of the United States, which, with the introduction of electric motors, would have to be disposed of as junk. At an estimate of \$10,000 per locomotive it would result in a loss of over \$300,000,000 by the railway companies. The entire railway system is under the control of a few railway combines; competition is out of the question, a duplication of the lines would require an immense capital, which could be raised by no one save the magnates of monopoly themselves. But the interests of these magnates are so closely interwoven with the interests of the railways, whose stock they largely control themselves, that they could not be reasonably expected to favor a technical improvement which would result in pecuniary losses to themselves. This shows to what degree the practical application of modern improvements in railroad engineering is handicapped by private ownership of the railways.

When "the material productive forces of society come in conflict with the . . . property relations under which they have heretofore acted,"§ then the repeal of the antiquated legal institutions becomes but a question of time. The conflict is settled by "the state . . . the concentrated and organized form of society," which is always "the midwife of every old society pregnant with a new one."† That that force (meaning the power of the state) "is itself an economic factor"‡, is amply evidenced in this country, on the one hand, by the intimate connection between the protective tariff and the trusts and on the other hand, by the vast body of anti-trust laws enacted in the interest

*The Coming Electric Railroad, by Prof. Sydney H. Short, *Cosmopolitan*, January, 1900.

§Carl Marx, *Zur Kritik der Politischen Oekonomie*, Preface.

†Carl Marx, *Capital*, vol. 1, p. 479.

‡Ibid.

of the small capitalist class represented both in congress and in the state legislatures. The historical part played by railway discrimination in the formation of the oldest commercial and industrial monopolies in the United States, accounts for the growing popularity of the demand for public ownership of the railways. While the socialists either sympathize with this idea in doctrinaire fashion, or oppose it in likewise doctrinaire fashion, to the American small capitalist it is a burning live question: public ownership of the railways would put an end to railway discrimination at the dictation of the trust, and would, so they confidently hope, bring us back to the good old times of free competition.

It must be understood that the conception of "small capitalist" is of a relative value. A manufacturer whose business is worth \$150,000 and brings him a yearly return of from \$30,000 to \$45,000, i. e., from 20 per cent to 30 per cent per annum, would to-day be reckoned in Russia among large capitalists; so he was considered thirty or forty years ago in the United States. With the advent of the era of the Trust a capitalist of this size succumbs under the onslaught of monopoly.* But this class does not surrender without battle. It is composed of men who have played the part of organizers and leaders in the industrial life of this country. These men have trained their fighting abilities in the school of competition. Conquered in the economic battle, they transfer their energies into the field of politics, having set to themselves the task to obtain possession of the machinery of state for the advancement of their own economic interests, precisely as it has heretofore furthered the interests of monopoly. They know how to create public opinion. They have with them the press, which is driven by its own interests into the camp of the enemies of the trust. The paper trust dictates the prices of paper; the telegraph trust controls the monopoly of the news, and—last, not least—the development of the trust threatens the very life blood of newspaperdom—the advertising column. Public ownership of "natural monopolies" thus becomes the instinctive platform of the small capitalist class. The ultimate triumph of this platform is assured by the very institute of unwritten law which the opponents of the public ownership idea are wont to cite as the chief obstacle in the way of its successful realization and operation—by the spoils system. Public ownership of railways, telegraphs, telephones and other public utilities is bright with the promise of new political jobs by the hundred thousand. It is noteworthy that Mr. Richard Croker, than whom there is no higher authority in the art of practical politics, is reported to have ex-

*Henry D. Lloyd, *Wealth against Commonwealth*, p. 52.

pressed himself in favor of "Municipal Socialism." The business interest of the politician fraternity warrants the prediction that next in the order of social development of America will be public ownership of public utilities, such as railways, telegraphs, telephones, gas and electric lighting and similar equally important items in the expenditure account of the commercial and industrial class.

But the middle class mind no longer contents itself with the one plank of public ownership of these so-called "natural monopolies." The rush towards monopoly in modern American industry has forced upon the middle-class thinkers the conclusion that it is not a passing wave on the open seas of free competition, but a complete industrial revolution. Says Mr. Baker, who appears to be in close touch with the industrial interests of the country:

"We have now determined that the trusts are here to stay and that, taken as a whole, they are bound to take from their present competitors such part of their business as they choose. Manifestly, then, merely letting them alone will not result in their disappearance, as has been claimed, neither can we rely on outside competition to protect the public from the extortion of monopoly. What measures can we take, then, that will give to the public the protection they have a right to demand? . . . Modern society, threatened by the extortion of the trusts in hundreds of industries, has the key in its possession, which can render every one of them harmless. Every one of them is a corporation, an artificial person created by society and subject in every respect to any restriction which society may impose."*

The author suggests certain measures of public supervision of monopolistic corporations. The experience of the Interstate Commerce Commission justifies him in his opinion that an efficient supervision of monopolistic concerns from without is impossible. He therefore recommends the placing of government directors upon the board of directors of every trust or other monopolistic corporation, the affairs of each corporation thus to be administered by the directors elected by the stockholders jointly with these government directors. It is not the form, of course, but the underlying principle of this suggestion that is essential. Following the current expression of public opinion, it takes no prophet to foretell that state regulation of industrial monopolies demanded by the anti-monopolistic section of the capitalist class will find its way into national and state legislation. Mr. Baker himself believes "that this proposition is not so radical as it might seem."† And this will be seconded both by the advocates of

*Baker, l. c., p. 363.

†L. c., p. 359.

state regulation of monopolies, as well as by the communicants of dogmatic Marxism in this country and in Europe. The writer of this paper believes it, on the contrary, to be the starting point of a transformation in the structure of society.

"The transformation of capitalistic private property into . . . socialized property" assumes before the vision of the author of "Capital" the outlines of a violent revolution. "Centralization of the means of production and socialization of labor at last reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of private capitalist property sounds. The expropriators are expropriated." It is "the expropriation of a few usurpers by the mass of the people."† That this conception sounds a discordant note in Karl Marx's theory of economic evolution, has been pointed out by Mr. Bernstein in his well known book, which has so much stirred up the minds of the German Social Democracy.‡ If the real basis of society is its economic structure, while legal and political institutions and all other forms of manifestation of the social mind are but "super-structures;" if "it is not the conscious mind of man that determines the form of his being, but quite the reverse"* then it would follow that capitalistic society must grow into socialism as the outcome of the free play of economic forces, without the intervention of the conscious social mind, as embodied in the socialist party platform. Political revolutions are but incidents in the development of society; they may forcibly register the changes which have already been accomplished in the constitution of society, they are not endowed, however, with creative power.

A retrospective view of the development of legal institutions within the half century which has elapsed since those principles were first promulgated in the famous Communist Manifesto by Karl Marx and Frederick Engels, will prove their ideas to be completely obsolete. Following up Mr. Baker's line of argument, we shall discover that capitalism has long since crossed the danger line which separates private property from public ownership. It occurred when the corporate form of industrial concerns first came into being. Corporations were first called into life by the necessities of large industrial enterprises, such as railroads, telegraphs, etc., which required the investment of enormous capitals, far in excess of the means of the individual capitalist of those days. Later on other advantages came in, such as the limitation of liability which contributed to the extension of the corporate form to such enterprises where it was not necessitated by the amount of the requisite investment. On the

*Karl Marx, *Zur Kritik der Politischen Oekonomie*, Preface.

†L. c., pp. 487-488.

‡L. c., pp. 27-36, 87, 139.

other hand, however, the corporate form has its disadvantages unknown to the individual concern or the ordinary partnership, viz.: a great deal of red tape and a certain degree of state supervision. It is for this reason that up to the present day along side with the stock corporation, individual concerns and ordinary partnerships have held their ground. It is the quantitative moment that tells here. The technical development of every industry prescribes a certain minimum of investment. It is utterly immaterial for the success of the business whether this capital be invested by a single individual, or a stock company; in fact, the entire stock company may be concentrated in the hands of two or three individuals, and oftentimes of one single person. While thus under the rule of free competition, the corporate form is not essential, with an industrial monopoly, on the contrary the corporate form becomes mandatory, the essential point being here the unification of all private capitals interested in a given branch of industry. But what is a corporation? "A body politic," according to Blackstone, a quasi-public institution; its very existence depends upon the sanction of the state, its powers are strictly limited by a charter, in one form or another granted by the state, all its operations are subject to the supervision of the state. The scope and form of this supervision varies with time and place, but no one disputes the prerogative of the state to exercise supervision over corporations. So long as the principle of free competition was in full operation, the state in this country pursued the same policy of laissez-faire both towards corporations and individual capitalists. Says Mr. Baker: "So long as I can supply my necessities as well at one store as at its rivals on the next corner, nobody wants the government to interfere with private business. But when a great combination of capital obtains control of some necessity of life or of comfort and gives the people the choice of buying at the price it sets, or going without, then its character as a private business has disappeared."*

This view is supported by the authority of the United States Supreme Court which has held that "when a business becomes a practical monopoly it is subject to regulation by the legislative power." (*Budd v. New York*, 143 U. S. 345.)

It is noteworthy that even Mr. John D. Rockefeller conceded before the Industrial Commission the right of the government to exercise supervision over monopolistic corporations, for the protection of the interests of the community as consumers.

From all these facts it may be inferred that the substitution of monopoly for competition in determining market prices will force the state to fall back upon the mediaeval system of regulating

*Baker, l. c., p. 350.

the prices of commodities, precisely as to-day the prices of gas, electricity, water, street railway fares, etc., are already regulated by the legislature or the municipality. While thus regulating prices in the interest of consumers, the state could not at the same time ignore the interests of the stockholders and bondholders. This would make it incumbent upon the state to regulate the rate of interest on the bonds and the rate of dividends on the stock. In so doing the state would have to take notice of the fact that the stocks of all monopolistic corporations represent largely water, i. e., the capitalized profit derived from the unrestricted power of a monopoly to charge the public extortionate prices. The state, by assuming to regulate prices in the interest of the consumers, would necessarily be called upon to fix a valuation upon the stocks and bonds, in conformity with the estimated real value of the investment. On the other hand, given the price of a commodity, the prices of raw materials and the rate of profits (dividends and interest on the bonds), the rate of wages is, *eo ipso*, determined. The state will thus be logically led to regulate the scale of wages, which involves the question of working hours, the salaries of higher grades of employees and of directors, the compensation of inventors and patentees, etc. In short, the mere regulation of the prices of monopoly products by the state is seen gradually to deprive all industrial corporations of the character of private enterprises. The prerogative of the stockholders are practically reduced to drawing an annuity fixed by the state and voting at elections for directors entrusted with the management of quasi-public institutions, under the direct supervision of government officers. Fourier's dream of organization of social production with division of the product among Capital, Labor and Talent, proves to be prophetic.

"Capitalistic production begets, with the inexorability of a law of nature, its own negation."* Yet the conversion of private capitalistic concerns into quasi-public institutions, subject to state regulation, is accomplished, not by expropriation, but as the outcome of the unconscious historical activities of the capitalist class itself. The principle of public control of monopolies grows, not from the class struggle between the bourgeoisie and the proletariat, but from the antagonism, inherent in ware-production (Waaren production), between the producer and the consumer. It is only in the measure as one branch of industry after another is falling under state regulation that a conflict matures between the capitalists, as a class, and the workingmen, as a class, upon the issue of fixing the tallage levied upon society by the modern "feudal corporations."† The rate of dividends

*"Capital," I, 487.

†The expression is taken from an editorial of the *Journal of Commerce*, March 22, 1890, quoted in Mr. Holt's paper, (*The Rush to Industrial Monopoly*, *Review of Reviews*, June, 1890).

being in inverse ratio to the rate of wages, the laboring class comes directly in conflict with the corporations. All such questions being regulated by the public power, the labor question becomes a political issue, not merely in the scientific, but in the colloquial sense, comprehensible to the "millions of bipeds" (as Carlyle would have it), whose power of grasp does not extend beyond dollars and cents and working hours. With the development of culture among the working class, the demands of labor will steadily grow, resulting in the gradual decrease of capital's share in the social product.

Whether society will ultimately provide for a sinking fund, with a view to a final liquidation of the claims of capital, is at this hour mere scholastical speculation, affecting the form, not the merits of the problem. The British Empire has given to the world an example of a political democracy under a government nominally monarchical. Modern political science can conceive of a similar process of evolution in the working out of Industrial Democracy.

Marxist.

PHILOSOPHY OF IMPERIALISM

There is a sound philosophy, a deep underlying stratum of common sense and practical level-headedness, in the demand for the territorial expansion of the United States, as formulated in the platform of principles of our reigning political party, which the working class of America totally fails to appreciate.

The demand for expansion is one of the most logical demands of the century. There is a true force; properly speaking, there is the impact of an idea, behind it.

It is no mere accident that the issue of imperialism has developed into the "paramount" issue of the present presidential campaign. There is no fortuity in the circumstance that the great Republican party of the United States stands towards the new foreign policy of the nation in the relation of its avowed champion and guardian.

In the very nature of things, as we shall see, this could not be otherwise. The drift towards expansion is the necessary and logical outcome of a chain of causes with which it would be useless to quarrel, and against which we are powerless to fight. It is written in the inexorable decrees of fate that the United States shall develop into a colonial power. The sufficient reason for this assertion is what we shall endeavor to set forth in this dissertation.

I.

To come to the root of the matter at once, the simple fact is, that the industrial and commercial development of our country has about reached a point, or is fast attaining the same, where the field is a limited one for the profitable investment at home of the surplus value or surplus products resulting from our high organization of industry in recent years. On the one hand, the profits from American industry are becoming so vast; and on the other hand, owing to the fact that our industries have become equipped with virtually all the capital necessary for their economical management, the increasing profits therefrom are ceasing to be available for further investment in home industry. Consequently, in one way or another, the profits made from our American push and enterprise within the United States must find channels of investment outside the Union.

The great fact that stands out preeminently in the history and statistics of our foreign commerce, is the steady and continuous growth of our exports over our imports. Our volume of foreign commerce is growing in a phenomenal manner in every respect. But the most superficial analysis of the exact informa-

tion furnished by our bureau of statistics shows, that we are certainly selling to foreign countries more goods, products and commodities than we are buying from them in return. Year in and year out, not only does the value of our international sales exceed the value of our international purchases, but the excess of one year is followed by a greater excess in the succeeding year.

For proof of these statements we cite the "Historical Table," a sheet publication of the Statistical Bureau, in which is lucidly set forth the "total volume of imports and exports into and from the United States, 1789 to 1900."

This table is so arranged as to show at a glance that during the first eighty-five years of this period (1790 to 1875) our imports all but continuously exceeded our exports. During each of the latter twenty-five years, however, or from 1875 to now, the reverse has practically been the case, our exports for this period having all but continuously exceeded our imports.

During the last quarter of a century, moreover, whilst the volume of our imports has been reasonably increasing, the volume of our exports has been enormously increasing. In other words, whilst our import trade continues to increase, our export trade increases in a still greater proportion.

Thus, taking only the last four years, the excess of goods sold by us to other nations over goods purchased by us from the rest of the world, was in round numbers two billion dollars, or exactly \$1,996,042,334, made up as follows:

For the fiscal year ending June 30, 1897.....	\$286,263,144
For the fiscal year ending June 30, 1898.....	615,432,676
For the fiscal year ending June 30, 1899.....	529,874,813
For the fiscal year ending June 30, 1900.....	544,471,701

This means, substantially, that the outcome of our international trade for the last four years has been a loan of two billion dollars to the rest of the world. We have loaned to other countries goods and commodities up to this value, or, as we say in common parlance, money up to this amount. The greater value of goods which we are sending abroad over what we are receiving in return is not a free gift to the nations, but a loan from the capitalist class of this country, and the same is one of the strongest evidences of the wonderful capitalist prosperity which now obtains in the United States. During the administration of President McKinley the world's net debt to our capitalist class is a sum represented by the above amount.

These figures conclusively show how the Republican protective policy, and the fostering care of our present administration towards the manufacturing and industrial interests of the country, has not only freed us from a position of dependence on

European capital, but is rapidly placing the United States in the front rank of the financial powers of the world.

Time was when this country looked upon Europe generally, and the United Kingdom in particular, as the main source and supply point from which was furnished the necessary capital for the internal development of our growing republic. But we have changed all this. Such time no longer is.

For a number of years past our financiers and capitalists have been rapidly absorbing enormous quantities of American securities held in England and Continental countries, a relic of the time when the trend of capital was from without our country to within. The capital necessary for the construction of our great railroads and western improvements being originally supplied from this source, American railroad shares and bonds, as also mortgage securities, were mainly held across the Atlantic. But there is unmistakable evidence showing that foreign-held American securities are becoming, to an hitherto unprecedented extent, the property of American investors. American capitalists are coming to be the owners of these home investments, in place of English, French and German people of wealth. In consequence of this marked tendency, as a market for "American rails," New York is continually increasing in importance; whilst London and the Continental bourses are declining.

Again, to consider this matter in the light of our own national obligations, or United States bonds. Not only are the same at the present time virtually held exclusively by American capitalists, but the obligations of foreign governments are beginning to be extensively held by this class of the American community. It is only a short time since we successfully floated a Russian loan; and in the interval of writing I gather from the daily press how, upon the British government advertising its need of a loan, fifty million dollars worth of bonds were instantly applied for by the capitalist class of America. Fifty million dollars were immediately offered to the British government by our own men of wealth.

All these facts go to show that we have emerged from that stage in our national existence where the United States is to be looked upon as a debtor country, as a borrowing nation. That we have grown into a creditor country or lending nation is a fact now firmly established beyond the possibility of contention.

In the phenomenal continuous increase in the value of our exports over our imports we have the sure sign of the triumphant march of the United States to a position, not merely of absolute financial independence, but to a coign of vantage which must ere long place her on a level with, if not above, the pre-

eminence up to the present enjoyed by the United Kingdom of Great Britain in the realm of international finance and world commerce. The trend of present conditions unquestionably points to a time in the near future, when in place of the United States of America seeking any financial aid from abroad, there will be a general turning towards the capitalist class of this commonwealth for assistance on the part of other nations, to an extent hitherto unthought of.

Our surplus of manufactures and food stuffs, or the excess of what the working class of the United States produce over what they need, and which our capitalist class necessarily disposes of to foreign nations, will find itself installed, in the shape of the investment of American capital in every field of commercial opportunity over the whole outside world.

The study of the statistics of our foreign trade brings out the above facts more and more clearly. The figures show, not only that the United States, even at the present time, occupies the proud and enviable position of a creditor nation, but that we are progressively becoming a greater creditor nation; that the balance of trade is growing most rapidly in our favor year by year; that the productions of our working class so greatly exceed the requisites for their subsistence, that the profit from their industry which our capitalist class is thus rendered capable of loaning to foreign nations is constantly on the increase.

The custom house reports and official statistics show beyond cavil that instead of a stream of foreign capital flowing towards the United States the tide is running the other way, which is but to say that our country is so prosperous we have more than a sufficiency of capital for home uses. Thus it comes around, that a large proportion of the goods which we export, instead of being paid for directly by the importation of other goods of the same value, remain in foreign countries, being there transmuted into American capital, from which our capitalist class will in the future receive a permanent revenue.

In brief, the United States is fast becoming a great capitalist nation; one of the money loaning centers of the earth. Our government, in pursuing its wise policies of the last four years, has inaugurated an era of increasing prosperity for our capitalist class which is rapidly raising this Union of States to an international position of industrial, commercial and financial sovereignty. But granted, as in every likelihood seems probable, a new lease of power to the Republican party, and the development of capitalist prosperity within the next four years must be even greater than that which has been witnessed under the present administration.

In that time, too, in all probability, we shall more clearly see than we do now, what is the real and inner meaning of our ex-

ceptionally rapid advance. We are making history so fast; we are forging precedents and changing conditions so swiftly, that the ordinary man of affairs is unable to keep track of what is really going on, or at any rate to form an adequate judgment of what it all means.

In this paper we shall simply treat of one phase of this great contemporary problem. What we propose to show is simply this, that the increasing prosperity of our capitalist class is the sufficient reason why expansion must continue a permanent force, or is with us to stay.

Between the national prosperity, or rather the prosperity of our great capitalists, and imperialism, there is a distinct causal relation. Our capitalist class is prosperous to a degree hitherto unheard of; therefore, imperialism is something which must be. It is because our capitalists are making so much profit from home industry that the United States is bound to expand into a colonial power. With their profits increasing at a greater ratio than the home field of investment can absorb them, the capitalist class must be given an opportunity to invest these profits abroad.

The development and elaboration of the position here assumed forms the subject matter of our argument.

So far as I know, all our foremost writers and thinkers appear to have overlooked the elucidation of this simple cause which is operating to bring about expansion, for the reason, as it must be, that great minds neglect small things. My sense of right and justice would fain see the case for imperialism stated in the clearest terms, from this its strongest aspect. It is only in lieu of some abler representative that I have undertaken this self-imposed task.

II

In the preceding section we have seen that concurrent with the increasing prosperity of our capitalist class our exports are regularly far exceeding in volume our imports; that the trend of capital is rather out of the country than into it; that from a borrower of capital the United States has grown into a lender of capital. This concatenation of facts constitutes the *raison d'être* of imperialism. An outlet must be found for the profitable investment of the increasing surplus value or profit constantly accruing to our capitalist class from the energies of our working class. We accordingly find that, within recent years, the capitalist class of this country has been feeling its way, instinctively rather than by conscious volition, for opportunities to expand our territorial limits. Our men of affairs know that in this way, provided we can only expand to a sufficient degree, the profits which are currently being received from their investments within the Union, and which are becoming so great that

it is no longer possible to reinvest them within such a restricted area, as may continue to remain under our federal jurisdiction.

It is this instinctive sense of this class, the capitalist class, or as we sometimes hear it called, the money class or money power, that is the motive force behind the movement towards imperialism, or the territorial expansion of our nation at the present time. And what is more reasonable or natural than that this should be so?

Consider: For the span of a generation or more this country has been favored with an era of material prosperity, unexampled perhaps in the history of the human race. The last thirty or forty years has marked an epoch in American history in which American ingenuity has added invention to invention; in which science has been advancing with rapid strides, and the intelligence of our working class raised to a point which enables us to compete successfully with all nations.

The beginning of this period marks the formation of a capitalist class, properly so called, in the United States. During this period the newly born capitalist class has been accumulating enormous profits. It has been essentially an era of prosperity for this section of the community.

As fast as the capitalist class has made its profits it has with a laudable patriotism reinvested them, at home for the most part, nay, wholly so up to within a few years past, in industrial and commercial enterprises which have contributed to raise the American commonwealth from the position of an agricultural state to the foremost rank among the manufacturing and trading nations of the earth.

Up to the present time, practically, the profit made by the capitalist class of the United States has remained at home. The increase from capital has been devoted to the internal development and improvement of our native country. This money has been used to found American cities; to build ships and factories; to help girdle our land with railway and telegraph systems; to open up our stores of hidden mineral wealth; and, pre-eminently, to develop the natural resources of the western states and territories. But, as any man of affairs, if questioned, will admit, within the country itself, investment has about gone as far as it safely may. In other words an outlet must be found for the profit of our capitalist class. Therefore, what more logical than that we should look abroad with a view to acquiring, wherever the same may be possible, lands belonging to other peoples.

As might be reasonably expected, since the profit of the capitalist class is being continually reinvested in the form of new capital, the revenue of this class is perennially increasing. Profit of capital, instead of being consumed in elegance and

leisure, as is for the most part the case in older and less progressive countries, is so utilized in the United States as to yield more profit. In a word, with us interest of capital is diligently compounded; the profit from capital is continually capitalized, or reinvested in modes so as to be a further source of capitalistic revenue. As a consequence, the capital of the American capitalist class is continually growing in a ratio proportioned to the increase which it yields; and the profit from their capital continues to increase in a similar ratio.

Now, as a nation, we have about reached that point where it is no longer possible, as has been the case hitherto, for this process to continue. Confined to the United States, it is impossible for the capitalist class to keep on reinvesting their surplus of profits in the form of active capital, or in a manner which will enable the working class to continuously produce for them a further supply of revenue.

Hence arises the desire, nay more than that, the inherent and imperative necessity, of this class to invest, under the aegis of American law, their already immense and progressively increasing revenues in Porto Rico, Cuba, the Philippines and the Orient. Should such be possible, the profit which they can no longer turn into capital in the United States, may be utilized to this end in these backward, unprogressive, undeveloped and uncivilized countries. Thus, instead of the process of profit-making being interrupted, as it otherwise most certainly must be to some extent, profit will keep on giving birth to profit. In place of the money of our capitalist class, which they periodically receive as a return from their investments, developing into a barren factor, the same will continue the fertile progenitor of money.

If the capitalist class of the United States, from now on, are to be restricted in their industrial, commercial and financial operations, to the territorial limits of their own country, it is clear that the profit they are making must become a burden to them. A burden, for the reason that they will be unable to re-invest it.

To use a colloquialism, and looking at things, of course, from the capitalist viewpoint, we are up against a condition of affairs which reveals a clear case of expansion or "bust." To expand or to bust, are the only two logical alternatives for our capitalist class, or the so-called money power of the country at the present time.

Now, the money power being the dominant factor in American politics; our national policy and immediate future destiny, at least, being in control of the class which holds this power, there can be no doubt that its influence must be thrown in the scale of its own material interests. Expansion, in consequence,

is a foregone conclusion; a logical necessity based on the material interests of our capitalist class, or the class which for the time being rules over the American commonwealth.

To recapitulate: The capitalists of the United States, since this country has reached its present stage of development, must of necessity do one of two things. They must either find new fields in which they may continue to reinvest the profits they are regularly and periodically making from the working class of their own country; or, failing in this, our capitalist class must go bankrupt. Bankrupt in the sense that the profit they are obtaining from their capital will be of no use to them, since they can no longer reinvest it or transmute it into capital. Bankrupt, for the reason, in the last analysis, that they will have so much money they will not know what to do with the same.

Unless the United States becomes a colonial power, the most distressing spectacle of the near future will be the sight of the capitalists of this country resisting and struggling against the mathematical necessity, or rather mathematical impossibility, of being compelled to eat up their own profits. Being no longer able to capitalize their profits, or to transmute the same into a perennial source of capitalistic revenue, the American capitalist will stagger under the burden of an increasing accumulation of profit, which will be to him as so much dead weight in the handicap of life.

That this is the outcome to which the present trend of things must carry them, our capitalists are beginning to recognize. Though, to be sure, engrossed in the routine of business, they cannot be expected to give their side of the argument formal statement.

But since the issue is thus so vital; and since the capitalist class is essentially the class which dominates in the present social order—its economical antagonist, the working class, giving its support to two factional parties of the capitalist class, and thus unwittingly obeying the dictates of this, its superior—we may depend upon it that the recent acquisitions of territory, which promise at least a temporary relief to the inconvenience attending the growing volume of profit, will not be permitted to recede from the nation's grasp.

From the time of its first settlement up to the present day, practically speaking, the United States has been a country of workers. If we omit the slaveholding aristocracy of the south, there has in reality, at no period in the history of the nation, existed a distinct leisure class; a class devoting themselves mainly to the art of elegantly spending the revenues which they were in receipt of from the exertion of others.

The capitalists of this country have not only been capitalists per se, but also in part workingmen, laborers. They have com-

bined the two functions of capitalist and laborer. At no time have they consumed their revenues unproductively. They have invariably preferred to invest their incomes. With the unerring regularity of a true business instinct, the capitalist class have capitalized their profits, in order that they might receive further profits in the future.

As a consequence of this unparalleled thrift, coupled with strict fidelity to business, the capital of the country has so increased that the return from capital is steadily diminishing. In place of ten per cent, which at one period of our national existence was no unusual return to investment, capital can now only with difficulty obtain a net return of three or four per cent.

During the whole of this period of the diminishing rate of profit, that is to say from the time of the colonization of our country up to now, the profit obtained from capital has been capitalized. Instead of being wrongfully, foolishly, and wastefully consumed, the profit has been saved and discreetly reinvested in judicious ventures, which have not only been a means of furnishing employment to our working class, but have enabled this class to greatly increase the concrete results of their productive efforts. The results of their production being thus increased, and the needs of their subsistence not being necessarily enhanced thereby, a larger surplus of the produce of labor remained available for distribution as profit of capital. This in its turn was again capitalized and a further revenue extracted therefrom.

Now, in no country, and in the long run not even in the world, can this process of the capitalization of the profits from capital go on to infinity.

In any country, in any given stage of its industrial progression, and at any given stage of population, the amount of capital which can be employed in production is a finite quantity. At any given time the volume of the means of production which the working class can manipulate for the creation of wealth, for the production of the wages of labor and the profit of capital, is limited. The volume of capital which can at any time be employed in a community is limited, first, by the extent of numbers of the community, and, second, by the stage of invention and the industrial arts.

Thus, now that the United States contains a great population, familiar with the railroad and telegraph and the use of machinery in all branches of production, the means of production which may be utilized for the creation of wealth are manifestly much greater than could be employed when population was sparse, the most efficient means of transportation the stage coach or freight wagon, and handicraft dominant in industry.

• Given a stationary stage of population and a stationary con-

dition of the arts, and let the capitalist class keep on capitalizing the profits they obtain from their capital, and it is clear that in a very short time a point will be attained whereat capital will become redundant and the rate of increase from capital reduced to a zero.

Granted, as for the sake of argument we may, that the United States can employ more capital than she is now possessed of, she could not employ indefinitely more. So, in the same way and by the same rule, grant an increasing rate of population and a progressive stage of the industrial arts, and let the compounding of profits continue. Then under these conditions also, unless we suppose that population and science ever advance in a greater proportion than the ratio of profit, capital must become redundant and the rate of profit from capital decline to a minimum.

Saving the exception, this latter condition represents the stage of industrial and economic development which the United States is entering upon in the closing years of the nineteenth century.

Great as has been our progress in the technical sciences; rapid as has been the advance in the population of our country, both from birth and emigration, the growth of capital has kept even pace with the same and more than even pace. So much so, in fact, that to-day the bucket of capital in the United States is not only full; it is overflowing.

Should the profits of the capitalist class continue to be capitalized then, or the interest of their capital compounded, the capital of the country must come to exceed what the working class of the country can utilize, even when the means of production, furnished by the capitalist class, consist of the most expensive machines and the costliest labor-saving devices. In brief, should we keep on adding indefinitely to our capital, the same must become so plentiful as to be useless, and so cease to yield a return.

Whenever the capitalist class of any country reaches such an extremely dangerous stage of prosperity, there are two courses for its members to pursue: (1) Spend their profits as they receive them. Contemporaneously consume what the working class contemporaneously produce for their benefit. (2) Send their profits to some country where they can be capitalized or invested in such a manner that they will continue to breed profit.

Fortunately or unfortunately, according to the standpoint from which one looks at this problem, in the case of the United States, the supposition of the capitalist class spending their revenues is out of the question. The practical make-up of the American capitalist presents an insuperable difficulty against any such procedure as this. The average American man of

wealth, as yet, is essentially an active business person. He is a person of no culture. He has not yet grasped the conception of traveling the journey of life easily, gracefully, and in an elegantly idle manner. Much as his means may afford the luxury, it is impossible from the constitution of his inherited and acquired nature, for him to assume an attitude of unparalled ease and regal dignity.

He must, therefore, continue in business, and manipulate the profit he makes therefrom so that it may be transmuted into capital, and yield a further supply of profit. Consequently, the only consistent position for the capitalist class of this country to assume is an attitude favorable to expansion.

As we have remarked in the preceding section, concurrent with the social and material progression which the United States has experienced from the earliest colonial days, there has been evidenced a clear tendency for the rate of profit obtainable from an investment of capital to decline.

No matter what may be the nature of the concrete form which the investment assumes, capital invested in the United States at the present time will no longer yield the old-time eight, nine or ten per cent. The investor, if he desires security with his investment at all, must in these present days needs be satisfied with a modest three or four per cent. The fact is, there is unlimited capital, seeking a safe and reasonably sure channel of investment, at a less percentage of profit than these low rates.

This same is a hard, absolute and incontrovertible fact, patent to all men, and which no economist ought to attempt to get away from, but rather to grapple with. It comes within the province of the economist to explain, if he can, how it comes about that with increasing social progress, the rate of interest, or the percentage yield of profit obtainable from an investment of capital, is on the decline.

Whether we view the phenomenon as a decline in the interest rate of money loaned as money; or whether we consider this fact in the light of the diminished rate obtainable when money is invested in the form of concrete capital, or in the purchase of industrial, railway or other securities, the problem is one and the same. The tendency of the rate of profit to a minimum is a clear and indisputable economic phenomenon which there is no getting over. It cannot be denied by word or fact. Nothing is to be gained by refusing to look the thing square in the face.

From seven or eight per cent, which not many years ago was easily obtained on first rate security in this country, and even more than which could readily be secured from the generality

of business enterprises, we have seen the rate of profit from capital gradually decline to five or six per cent. From five or six per cent there has been witnessed its steady decadence to four per cent. From four per cent it has settled around three per cent. From three per cent it must necessarily further decline to two per cent. And from two per cent what is to stop the rate of profit from capital declining to nothing at all. Logically, in this way, the percentage yield of profit from capital must be swept away altogether.

Considered in itself, or apart from all other distinctly observable sociological tendencies of the time, this continuous fall in the rate of profit obtainable from capital would seem to imply a decrease in the revenue of the capitalist class, or a decline in the volume of profit.

From a purely theoretical and isolated economic viewpoint, it would appear that, through a decline in interest rates, there is being made over to the working class the whole, and more than the whole, of the pecuniary gains that come from civilization and the adoption of improved productive processes. But despite the logic of such a roseate view, the working class insist, that in practice, through the operation of some mysterious principle which they cannot explain, the true statement of the case runs counter to this logical assumption.

Instead of the decline of the rate of profit from capital meaning the advent of equality in economic and social conditions, or the final absorption by the laborer of the total produce of his labor, as it would seem that the same ought to mean, the working class are beginning to feel that the reverse of this will prove substantially to be the case. They are conscious of the fact that, in some way they do not comprehend, with the decline of the rate of interest is wrapped up increasing inequality, or the steady growth in volume of capitalistic revenue. Interest of capital may be falling, but the working class know that the wages of labor are not rising.

The working man will admit that interest of capital has never been so low in the history of the United States as at the present time. He cannot get behind this fact. But at the same time, he will point to and insist upon the recognition of this further fact, which it is difficult to deny, that considered from the point of view of its volume the profit of our capitalist class has never been so great at any period in our history as a nation.

Interest of capital is falling. This is fact number one.

The income of the capitalist class is rising; this is fact number two.

This, then, is the condition of things with which we are now confronted in the United States more clearly than in any other country of the earth: (1) That the rate of interest, or the per-

centage of profit obtainable from capital is decreasing. (2) That despite this fact, the amount of revenue which the capitalist class receive as a return from their capital is increasing.

The rate of profit is falling. The volume of profit is rising. With interest at three per cent the capitalist class are receiving more profit than when interest was five or six per cent. When the rate of profit goes down to two per cent they must, consequently, make more profit still. And when to one per cent they must do still better. But when the rate of interest gets down to nothing at all, then, logically, must be the harvest time of the capitalist. He will then be making the maximum of profit. The time when the capitalist class seemingly get nothing will be the time they will actually get all. But we are anticipating the argument. This paradox of capital is not as yet intelligible.

So to keep on the solid ground. Here are two absolute and incontrovertible facts, which no man, whether he be a member of the capitalist class or a member of the working class, can get away from. While the rate of profit is falling, the actual revenue of the capitalist is rising. These are two facts, inviolable and irresistible, co-existing in our national development. Since both are truths there must be a relation of congruity existing between them. What is the nature of this relation? Being truths they cannot be contradictions. They only appear as such because there is a truth to be discovered, a principle to be revealed, of which we are now ignorant. What is this principle? What is the true explanation which will reconcile two such seemingly contradictory and discordant phenomena? In a word, what is fact number three, which will harmonize and correlate these two well-known facts?

If we compare the present actual selling value of our great railways and our manufacturing plants; of our steel and armor plate works; of our coal and iron and copper mines; of our oil wells and refineries, etc., etc., with their selling value of ten years ago, we shall find that they have increased in actual value. These same things sell for more now than heretofore. A person who wishes to invest his money, either in the direct purchase of these undertakings, or indirectly through the purchase of their securities in the market, will have to pay more for the whole or any part of them than some years ago. These concrete forms of capital, which investment must of necessity almost exclusively assume, have been steadily appreciating in value. This is to say that the capitalization, selling value, or actual cash worth of the means of producing wealth and transporting commodities, is on the increase. A condition of things which the trustification of industries must still further accentuate.

Of course, the means of production are doubtless increasing of themselves, or in the sense of their quantities. But this is beside the point. What I wish to bring out and elucidate is the fact that their value, the price which is set upon them by their owners, is increasing apart from this circumstance. There are, for instance, better steel works, and more of them, at Pittsburgh than a decade ago; the Standard Oil Company has more oil wells and better refineries at the present time than it ever had. But the value at which the same are now estimated, the price at which their owners would be willing to sell the same, is much greater than the quantitative increase in the things actually possessed.

The increase in the capitalized value of our industrial plants, of our transportation facilities, of our public service corporation investments, and the means of production generally, may be due to a multiplicity of causes.

A portion of this increase may fairly be attributed to actual and additional improvements which have cost labor or expense to produce them. On the other hand, a portion of their increase in value is clearly assignable to the elimination of competition, resulting from the absorption or annihilation of business rivals. Again, in many cases, the increment in capitalized value has its rise in favorable special legislation, increased franchise rights, and so on.

But whatever may be the causes operating to occasion the same the fact remains that the means of producing wealth are enhancing in value. The capitalization of our industries is certainly increasing; increasing, too, in a greater proportion than the addition to their capital which may happen to be based on cost of production; increasing, this is to say, in a greater ratio than mere payments for actual improvements and visible additions to the plants themselves.

Most unquestionably the capitalization of capital is increasing. By increasing capitalization of capital is not implied any reference to the idea of water. What is meant is, that taking the present industrial community as a whole and as we find it, the actual selling value or cash worth placed upon the means of producing wealth (which means of production are capital, and their ownership the source of profit obtained by the capitalist class) has for some time been increasing, is now increasing, and must in the nature of things continue to increase, as a result of natural forces over which we have no control.

Concurrent with this increase in the capitalized value of capital, the percentage of profit from this increased capitalization is decreasing. So here we have fact number three. The rate of profit from capital is falling, and the volume of profit from capital is rising, or the income of the capitalist class increasing, be-

cause their lower percentage of profit is calculated on a higher capitalization of their capital.

Let me give a few concrete illustrations of the practical working of this concrete principle:

We will go back a number of years to a time when the average rate of interest, or percentage of profit from capital in this country was, say six per cent. Let us suppose a railroad at this time to be making an annual profit of say \$6,000,000. The capitalized value of such a railroad at such a time would evidently be \$100,000,000.

Coming now to the time present, when the rate of interest has declined to say three per cent, let us suppose the annual profit or net earnings of this road (the same road, in no ways altered save in earning power) rises to \$9,000,000. Now, interest being three per cent, and the road earnings net \$9,000,000 per year, the capitalized value of this road would therefore be at the present time \$300,000,000, or have increased three-fold.

Again, to instance one of the great forms of capital—one of the means of first importance necessary for the production of wealth—land. Taking the land of the United States from Maine to Puget Sound, and from the Lakes to the Gulf of Mexico, its capitalized value at the beginning of the century was not worth consideration compared with its capitalization of to-day.

In this simple illustration we have all the three facts combined. In this fall of the rate of profit from six to three per cent we have fact number one. Then we have fact number two that the profit of the capitalist class has at the same time advanced from six to nine million dollars per year. Then fact number three, consolidating and harmonizing these two facts, which is that the capitalization of the road has spontaneously risen from one to three hundred million dollars.

To give another illustration: The rate of profit, or interest on his money, which a man can obtain from investing the same, say in Standard Oil stock, is at the present time much less than could have been obtained a few years ago. This is fact number one; the general decline of interest, or the tendency of profits to a minimum.

But the profit made by the Standard Oil Company has not diminished. A greater sum is now paid out in the form of dividends than at any previous period. This is fact number two, or the general fact that the income of the capitalist class is rising.

When we go in the market, however, we find Standard Oil stock quoted at a high premium. It cannot be bought at its old price. The three or four per cent which is the utmost that can be obtained from an investment of capital in the securities of

this corporation (or, in fact, any other) at the present time, is calculated on a more than higher proportional capitalization than the decrease in the interest rate. This is fact number three, which explains why the income of the capitalist class is rising despite the fact that the percentage income from money is falling.

The above is virtually what is occurring over the whole field of investment. All our railroads, telegraphs, tramways, public service undertakings, industrial plants, etc., are appreciating in capitalization. They are held by their owners, the capitalist class, at a greater price than the price put upon them some years ago.

(To be continued.)

BOOK REVIEWS

Representative Democracy. By John R. Commons, New York: Bureau of Economic Research, 35 Lafayette Place. 100 pages. Paper, 25 cents.

The name of John R. Commons, one of the few professors who had the privilege of incurring the enmity of plutocracy and as a result have had to forego the right to teach the younger generations in the universities of the United States, more than that of any other American economist deserves the attention of the Socialist press. Though not a Socialist in the Marxian sense, he touches elbows with us on frequent occasions, and unlike most of his colleagues, has the courage of his convictions.

Some months ago Professor Commons stirred up the annual meeting of the American Economic Association to a degree quite unusual and unknown in the annals of that organization. The occasion for that was furnished by the annual address of President Hadley, who chose for his subject, "Economic Theory and Political Morality." In dwelling upon the decay of representative government, as observed in the modern boss system of American politics, President Hadley advanced the idea that the economist ought and was coming to occupy a more conspicuous part in the councils of government, because his training enabled him to embrace all sides of public questions and see the whole truth without regard to the special interests of particular classes.

- Prof. Commons took issue with that view and in a lengthy and comprehensive paper tore those arguments to shreds. In concrete historical illustrations he brought out the never ceasing class struggle and showed how all real progress came as a result of that. He cited the example of Adam Smith, who in his progressive (for this period) views voiced the struggle of the rising capitalist class against aristocracy and concluded that economists can have an influence in society not by acting as all-wise counselors to those in power, but by identifying themselves with those particular classes which in their opinion stood for progress; only by taking part in the class struggle of the day would the economist exert an influence in shaping the events in his country. "As economists, I believe we would stand on safer ground if, when our conclusions lead us to champion the cause of a class, * * * * we should come squarely out and admit that it is so." "The economist in working through so-

cial classes is working through the greatest of social forces. Class struggles are a condition that make for progress, and their absence indicates stagnation." Such were the utterances that struck the keynote of his paper, and though from the standpoint of a Marxian the principle was not consistently carried out throughout the paper, the new philosophy was pronounced enough to call down upon its author the rebuke of his disagreeing colleagues. It is very significant, too, that not a single one of those who took part in the discussion which followed the reading of the paper, undertook to discuss it upon its merits, but all limited themselves to expressing displeasure with the author's conclusions.

The book on "Representative Democracy" is an application of the theory of the class struggle, as its author understands it, to practical political questions of the day. As a plea for Proportional Representation and the Referendum it differs favorably from other works on the subject in that its author is fully conscious of the limitations of the reforms he advocates, and further, that he takes the right standpoint of treating them as a necessary result of a natural evolution rather than as panaceas invented and designed as a specific cure for a social ill.

Considering the subject matter in the book from that standpoint, the most valuable and instructive chapters are Ch. II, "Representation of Interests;" Ch. IV, "Direct Legislation—the People's Veto;" and Ch. VI, "Proportional Representation from an American Point of View."

In the first mentioned chapter we are given a sketch of the evolution of the representative form of government in England, from its origin in the middle ages to the modern party system in the United States, and the evolution of political institutions as a result of economic forces is brought out with admirable clearness in very short space. It will repay reading by every socialist and student of social questions.

In the chapter on "Direct Legislation" the author traces the historical development of the referendum in Switzerland and shows that it was introduced as a people's veto, a check on the corrupt practices of politicians in office. As indicated in the title of the chapter he sees the chief merit of the referendum not so much in the positive results which it might accomplish, but in the possibility of checking corruption, and in so far stands head and shoulders above those who see in it the panacea for all social ills. To quote the author: "The referendum is essential only as a veto on unrepresentative law makers. Where the legislature represents all the people instead of the bosses, then the referendum, while retained as a safeguard, will gradually drop into disuse." (p. 85).

Finally, Ch. VI, which has been prepared as a paper for the

International Congress of Comparative Law at the Paris Exposition, gives a concise account of the evolution of American politics from the beginning of the Republic to the development of party system and its modern outgrowth—the boss.

But while the chief merit of the book from a socialist standpoint, lies in the method of treating the subject, it must be said that the way in which it is carried out is far from perfection. While adopting the standpoint of the class struggle, the author is by no means imbued with the materialist philosophy, and as a consequence contradictions and exaggerations are found here and there throughout the chapters; this is also partly due to the fact that the book has been written for a practical purpose rather than as a treatise in the theory of politics.

Thus, the author evidently fails to see that the party is a necessary organization in modern society which can not be done away with by any such reforms as proportional representation or the referendum, when he says: "Boss politics is possible only because the boss is not compelled to make concessions to any interests other than those of the 'organization' and the campaign contributors." He seems to underestimate the influence of the latter element. The fact, however, is that both the "organization," i. e., the party and its boss are but the tools of "the campaign contributors," i. e., of the class whose interests they are expected to represent and guard in the legislature. While proportional representation would make it easier for the smaller parties to gain a due influence on legislation, it would not do away with the party system, and its logical result, the boss, under the capitalist system. The interests which are best preserved by and through the Republican party would continue to contribute to the fund of the Republican party and of its members both in and out of campaign times. Same would be true of the Democratic party and the interests it represents. The Social Democratic party, which has no boss, depends as much on its "campaign contributors" as the capitalist parties. Without the support of the working people, who furnish its sinews of war, as well as its rank and file, it could not exist a day. In other words, boss or no boss, proportional or "unproportional" system of representation, the political parties of to-day are no mere self-constituted and boss-controlled "organizations," they are an organic part of our body politic, which can not be removed by reforms in the method of voting; so long as there are conflicting class interests they will assert themselves in concerted action, whether we have a strict party system, as to-day, or a "non-partisan" party organization, of the typesighed after by such men as Mayor Jones. In fact, the opportunities for bossism would be far superior without any party organization than they are at present.

An example of exaggeration, not wilful but due to enthusiasm for the reform, is the statement on page 32 of the book to the effect that "The Swiss people are free from the corrupting extremes of wealth and poverty because direct legislation headed off encroachments of boodlers, etc." It is a matter of common knowledge that Switzerland has its millionaires and its poor, its capitalists and proletarians, just as any other country, though perhaps not in the same degree. It is due to the fact that the capitalist system holds sway over the Swiss mountaineers as it does over the free and independent Yankees, with the natural consequences of the "corrupting extremes of wealth and poverty," which are not supposed to be there, thanks to the referendum system.

The chief practical aim of the author, to furnish "to the reform parties of the United States a method of united action in state and local elections without fusion" (p. 7) can hardly be achieved. His method is Proportional Representation. Under such a system fusion before elections between parties would be unnecessary, since every party, be it ever so small, would have a practical chance to elect one or more of its candidates. While that is true, and there is hardly a minority party that would not like to see the principle adopted into law, the problem still remains, how to get this over the heads of the bosses of the great political parties; the answer which the author gives us is that the minority parties ought to fuse for that purpose, which brings us back to where he started from.

With all these limitations, however, the book remains the most valuable contribution on the subject so far made in America and because of the sober spirit and proper attitude which characterize it, as well as for the valuable information it furnishes, ought to be read by every Socialist, the more so that the question is one that will assume a practical importance for us in the not very distant future.

N. I. Stone.

World Politics. Paul S. Reinsch, Citizen's Library of Economics, Politics, and Sociology. Macmillan & Co., pp. 366, cloth, \$1.25.

The appearance of this book is a sign that the new tendency in American capitalism has reached the seclusion of the university. As a usual, indeed an almost universal thing, when Americans have written on this subject they have simply made themselves ridiculous. Economic development had not yet furnished them with the facts from which to reason inductively and they were ignorant of any philosophy of society from which they could accurately deduce conclusions. This volume is, however,

the first sign of a new day. The author has not been extremely pretentious and has confined himself to things whereof he knows. In his opening chapter he traces the new development in nations from nationalism to national imperialism and shows the reappearance of Machiavellism in the field of world politics. Attention is called to the fact that when representatives of the various nations talk of a "universal peace" as at The Hague and elsewhere what is usually meant is a sort of "pax Romana" in which each nation hopes to play the part of Rome and be the one to impose the peace upon the others.

In his general discussion of the new imperialist tendency he points out very clearly the part played by missionaries in the furthering of territorial advancement. "As the priority of appearance of a nation on unappropriated soil is of great importance under the doctrine of preoccupation, the emissaries of religion who begin the civilizing process, are under the present exaggerated conditions of competition, most valuable advance pickets of national expansion."—pp. 33-4. "Never before, perhaps, has so much material value been attached to ministers of the Gospel in foreign lands, and the manner in which, after their death, they are used to spread civilization is somewhat foreign to our older ideas of the function of the bearers of spiritual blessings."—p. 146. "The murder of a European missionary is one of the most expensive indulgences the Chinaman can nowadays permit himself."—p. 147.

The chapters on Russia are particularly full of valuable information that has been hitherto largely inaccessible to the English reader. The course and direction of Russian expansion for the past century is pointed out and attention called to her success as a colonizing power, which the author largely accounts for on the ground that her own semi-barbaric stage of social development removes her to a less distance from the tribes she governs than the majority of modern nations.

Another chapter that "fills a long felt want" at the very moment when the want is most intense is the one giving the facts as to the relation of the powers in China just before the outbreak of the present trouble. Here is just the information that is wanted concerning the terms of the concessions secured by various governments and associations in China and the natural resources which will be opened up by these and pending concessions.

In his final chapter on the internal effects of a policy of expansion he points out the fact that when public interest is concentrated on foreign affairs it tends to strengthen the party in power, increase the influence of the executive, and draw attention away from domestic problems. It is in this chapter, however, that the one defect which runs all through the book is

most apparent, and that is the utter ignoring of the underlying economic factor that determines the movements described. We have been informed that this was done consciously in order that this book might not overlap others in the same series but even so it gives a sense of incompleteness to the reasoning which might easily have been supplied without at the same time making the book in any sense a treatise on economics.

The Emancipation of the Workers. Raphael Buck. Chas. H. Kerr & Co. Paper, pp. 267. Fifty cents.

This is a work in which it is easy to find faults. The merest tyro in socialist philosophy would find little difficulty in detecting mistakes. A large portion of the argument is founded upon a conception of Malthusianism more stringent than ever dreamed of by Malthus and in the discussion of socialism he has largely misunderstood the philosophy he criticizes. Yet, notwithstanding all these faults the book has much of value and interest and the author's clear style covers many defects in his logic. His criticisms and analysis of present society are keen and well-taken and much of his discussion of the land problem is excellent. The fundamental difficulty with his scheme of social reform is that it is a scheme and society is not reformed by schemes. The author has no conception of the necessary direction of social evolution and hence sees no reason why his scheme should not have a trial.

The Impending Crisis. Basil Bouroff. Midway Press Committee, Chicago. Paper, 196 pp. Thirty-five cents.

The book consists largely of compilations of facts concerning the distribution of wealth in America and as such will constitute a valuable book of reference. These are summarized and arranged in various forms to make them more vivid but there is little that is new either in matter or manner of presentation.

The following books have also been received and such of them as space admits will be reviewed in future numbers.

The Poverty of Philosophy, Karl Marx. Translated by H. Quelch. The Twentieth Century Press, London. Cloth, 195. 2s. 6d.

The Trusts. William Miller Collier. Baker & Taylor Co. Cloth, 338 pp. \$1.25.

Socialism and the Labor Problem. Father T. McGrady, Bellevue, Ky. Published by the author. Paper, 44 pp. Ten cents.

THE WORLD OF LABOR

The strike of anthracite miners in Pennsylvania, in which 150,000 workers (or at least half a million persons) were directly affected when the order was given, is the result of a long train of evils that would require volumes to enumerate. "No tongue or pen can relate the horrible conditions in which those poor wage-slaves find themselves," writes "Mother" Jones, the famous woman agitator, who is now playing an important role in the troublous district. "When I tell you that the hard coal diggers are in a worse position than were the slaves and serfs generations ago you may believe it is the solemn truth. They are ruthlessly robbed of the wealth they produce and then are treated worse than the dogs and mules of this unhappy region, seemingly because they do work their lives out, and even sacrifice their women and children upon the altar of capitalistic greed, in order that their masters, the coal and railway barons, may pile up untold millions for the glorification of plutocracy. The men, according to the admission of the operators themselves, average less than \$240 a year. They demand a raise of wages—ranging from 5 per cent to 20 per cent. They demand the prohibition of child labor—the state law being openly defied by the bosses. They demand the abolition of the 'truck stores'—another law which is brazenly disregarded. They demand honest weight of their product—being now compelled to mine 3,400 pounds for a ton while the bosses sell 2,000 pounds as a ton. They demand a reduction of the price of powder, for which they are compelled to pay \$2.50 for a can that costs the barons but 88 cents. They demand a modification of the dockage system, through which the men are robbed of an additional 5 to 25 per cent of coal mined. They demand a uniform price, where now the foremen fix whatever prices they please. That the miners shall have the right to select their own doctors, that favoritism shall be prohibited, and that the semi-monthly pay law shall be obeyed. There are many other grievances that need adjustment, but I am afraid they would take up too much space in the Review to enumerate. Your readers might secure a glimpse of the conditions that obtain here by reading Dante's 'Inferno' and every description of chattel slavery that they can get hold of and then bunching them all together. The only solution for this awful situation is the placing of a revolutionary political party in power, at the head of which is such a champion of labor as Eugene V. Debs. Long live the Social Democratic Party!"

Among the many conventions that have met at Paris in the last few weeks one of the most interesting was of the co-operatives. Delegates were present from socialist co-operative societies of Belgium, Italy, Spain, Holland, and some other countries.

The question of co-operative insurance received a great deal of attention, while the most animating and eloquent speeches were caused by the questions of how the profits of such co-operative enterprises should be shared and to what extent such enterprises do positive good for socialist propaganda. Most delegates urged that a large percentage of the profits of these co-operative undertakings should go for socialist propaganda, and it was argued that in Belgium and England these enterprises did a great deal toward spreading the principles of international socialism. One delegate expressed himself that he did not have any faith in the practicability of political action. He was immediately replied to by the well-known agitator, Anseele, who, amidst the thundering applause of the delegates and visitors, made a masterly speech and proved conclusively how even co-operative enterprises could not have succeeded without the indirect support of the class-conscious proletariat, trained in the political arena. Finally, a resolution was adopted in which the co-operators are called upon to come in close contact with the socialist organizations, and in which the members of the socialist movement are called upon to participate in these co-operations. A second resolution decided that only those co-operations that will donate part of their profits in socialist propaganda shall be admitted in the next congress.

For many years the railway brotherhoods have lobbied for the enactment and enforcement of a law compelling the railroad corporations to provide a safety car coupler. The companies appear to be obeying the wishes of their employes with a vengeance. They are not only employing safety devices to protect the lives and limbs of their workers, but, according to reports from the East, the corporations are making it unnecessary for at least one branch of employes to further risk life and limb, or even to work. The Philadelphia papers state that the Delaware & Hudson Railway has introduced an automatic coupler and discharged 350 brakemen, as their services are no longer required. A St. Louis dispatch says the Atchison, Topeka & Santa Fe Railway will introduce a telephone system along its route and discharge its telegraphers and hire cheaper employes, probably girls. Still another report has it that several roads are experimenting with automatic devices to feed engines and displace firemen. There is no doubt but the railway employes are "up against" the same industrial development that concentrates effort in all other branches of industry, and those workers will do well to give a

little study to economics and prepare to vote right, instead of "throwing away" their ballots on capitalistic parties opposed to their interests.

A new cigar-making machine has been invented in Germany and is being introduced in some of the large factories. It is claimed the device overcomes all difficulties in rolling and other technical objections.—Two Michigan miners are reported as having completed a new car coupler that is superior to all other similar inventions. The device is guarded with considerable secrecy, and therefore a description cannot be given as yet.—Electrical machinery is now applied in the cutting of plug tobacco and rolling cigarettes, and the output is described as being simply marvelous.—An electrical shoemaking machine has been put into a New Jersey establishment, and a pair of shoes was turned out in sixteen minutes from the moment that work was begun on the raw material until the finished shoes were boxed ready for market.—New York man invented a new stereotyping outfit, which displaced three men in an ordinary plant, and work that required thirty minutes to perform can now be done in ten minutes.—Drop a nickel in the slot and you have your shoes shined by a machine that is making its appearance in large hotels and at railway stations. Think!

The Massachusetts textile workers are greatly disturbed because of the bringing out of a new revolutionary machine. It is a rotary spinning ring, which, with a new application of compressed air, will double the capacity of all the cotton, silk and woolen mills of the world. The Haverhill Social Democrat declares that the new device is "the greatest invention in spinning machinery in one hundred years," and "the new spinning ring will do in eight hours what the old one does in sixteen hours. And it costs about a cent." The Boston Times claims that "when the frame is perfected to meet the great speed of the new ring, thread will be spun probably four times faster than at present, quadrupling the capacity of the mills." A \$5,000,000 combine is handling the invention, which will be leased to manufacturers, who are said to be jumping at the chance of making one of their spindles do the work of two. So it appears that large numbers of the poor, underpaid and exploited textile workers will be given a long vacation to study over the beauties of the capitalist system and private ownership of the tools of production. It's high time that the unions took up the discussion of the socialization of these tools.

EDITORIAL

Next to the platform the most authoritative expression of the positions of the two great political parties are the letters of acceptance written by the Presidential candidates. Both McKinley and Bryan have written such letters during the past month and a comparison is of interest.

We can afford to pass by their statements on money and imperialism as of no interest to the laboring class with which Socialism chiefly concerns itself. As has been explained in these columns, expansion is simply the natural results of the accumulation of the surplus products of labor in the hands of the capitalist and while capitalism exists, expansion is inevitable. The man or party who talks of opposing imperialism and expansion without attacking capitalism is so manifestly insincere or ignorant as to be unworthy of consideration.

Both felt themselves called upon to express opinions regarding the trust question and the utterly meaningless character of both declarations testify most eloquently to the height attained by demagoguery in American politics. Mr. McKinley declares that:

"Combinations of capital which control the market in commodities necessary to the general use of the people by suppressing natural and ordinary competition, thus enhancing prices to the general consumer, are obnoxious to the common law and the public welfare. They are dangerous conspiracies against the public good, and should be made the subject of prohibitory or penal legislation."

Nevertheless he concludes that:

"Honest co-operation of capital is necessary to meet new business conditions and extend our rapidly increasing foreign trade, but conspiracies and combinations intended to restrict business, create monopolies and control prices should be effectively restrained."

Mr. Bryan takes several hundred words to express the same thing, for after a long play to the galleries describing the direful effects of these new industrial combinations he finally comes to the conclusion that:

"The Democratic party makes no war upon honestly acquired wealth; neither does it seek to embarrass corporations engaged in legitimate business, but it does protest against corporations entering politics and attempting to assume control of the instrumentalities of government. A corporation is not or-

ganized for political purposes and should be compelled to confine itself to the business described in its charter."

It is impossible to find any explanation of such phraseology except that of demagoguery. It is too ridiculous, and Bryan has shown himself too cunning in other lines to ascribe it to ignorance or oversight. The first sentence, of course, is a bit of bourgeois generality and assumes at once that wealth acquired according to bourgeois legality and morality is sacred, which once granted implies the whole competitive system, corporations, trusts, monopolies and demagogic politicians. But what does he mean about corporations entering politics. Does he mean to imply that any corporation has ever had as one of its lines of business the conduct of any branch of the government? If not, that last sentence is pure bunco. What he is trying to say is that corporations should not continue to use their funds and influence to secure privileges. But this is done in a thousand ways, not the least of which is the education of such men as Mr. Bryan to deceive the laborers so that the great privilege of private ownership, with its natural consequences of wage-slavery and class rule may not be disturbed. Capitalist domination in no way hangs upon so slender a thread as the direct participation of corporations in politics. So long as the capitalist class (including both large and small without regard to the "legitimacy" of their business) have control of all the means of education, communication, dissemination of news, and general control of "public opinion" it need not be concerned about any attacks upon such crude methods of control as those denounced by Mr. Bryan.

Both politicians pay special heed to the "labor vote." Mr. McKinley says that "the best service that can be rendered to labor is to afford it an opportunity for steady and remunerative employment and give it every encouragement for advancement." The old chattel slave owner formerly declared that the best thing to be done for the negro was to "keep him busy, feed, clothe and house him well, and once in a while make an overseer out of one of them to encourage the others to work harder." What more does McKinley offer? Indeed, when he attempts to specify he merely elaborates a little further on the old slave-owners' idea of a good master. "The wages of labor," he says, "should be adequate to keep the home in comfort, educate the children, and, with thrift and economy, lay something by for the days of infirmity and old age." The chattel slave did not have to worry about "infirmity and old age," but the wage slave must practice economy for the day when he is no longer of value to his master and is turned out to starve.

Bryan, again is more pretentious, and declares himself opposed to "government by injunction" and the black-list. But

he forgets to mention that Democratic judges have vied with Republican ones in the granting of injunctions, and he has no suggestion as to how he is going to abolish the black-list and retain the wage laborer. He advocates the establishment of a court of arbitration, but while the government remains in the hands of the capitalist class no intelligent laborer will vote to hand over to them the adjudication of his differences with his employer. Then follows another bit of demagoguery in the advocacy of a "Department of Labor with a cabinet officer at its head." It might not appear at first what good it would be to the laboring class to have one more stool pigeon within the ranks of capitalist government, but in his concluding sentence we are informed that he would be "invaluable to the President," and anyone who has seen the way in which those labor leaders who have accepted office under capitalism have been used will fully agree that such an officer would be invaluable to the President to keep his political fences in order.

There are some things which neither side sees fit to mention. While Bryan is filled with indignation at the action of the Republicans in not at once giving the franchise to a few thousand Filipinos and Porto Ricans, yet he is strangely silent concerning the disenfranchisement of nearly a million American citizens in the Southern states of this country, and while Mr. McKinley spends several thousand words in explanation of the conduct of the Republican party regarding the inhabitants of the same islands, he never thinks to respond to his opponent's attack by pointing out what the party of Bryanism has done at home.

Again, while both letters are filled with denunciation or defence of militarism abroad neither has anything to say about militarism in the Cour d'Alene, where at the present time martial law still prevails, as it has prevailed for over a year, and where no laborer can even ask for a job without first signing away his rights as a man and promising never to unite with his fellow laborers in resistance to economic oppression. The reason for this is also not hard to see. These troops were sent to Idaho by President McKinley and are maintained there at the expense of the national government, but they were sent at the request of the Democratic governor of that state and are kept there by his orders, and this governor and his delegation were received with cheers at the Kansas City convention that nominated Bryan and are still supporting him.