

The Industrial Problem

Being the William Levi Bull
Lectures for the Year 1905

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The Letter Establishing the Lectureship

Bishop Whitaker presented the Letter of Endowment of the Lectureship on Christian Sociology from Rev. William L. Bull as follows:

For many years it has been my earnest desire to found a Lectureship on Christian Sociology, meaning thereby the application of Christian principles to the Social, Industrial, and Economic problems of the time, in my Alma Mater, the Philadelphia Divinity School. My object in founding this Lectureship is to secure the free, frank, and full consideration of these subjects, with special reference to the Christian aspects of the question involved, which have heretofore, in my opinion, been too much neglected in such discussion. It would seem that the time is now ripe and the moment an auspicious one for the establishment of this Lectureship, at least tentatively.

After a trial of three years, I again make the offer, as in my letter of January 1, 1901, to continue these Lectures for a period of three years, with the hope that they may excite such an interest, particularly among the undergraduates of the Divinity School, that I shall be justified, with the approval of the authorities of the Divinity School, in placing the Lectureship on a more permanent foundation.

I herewith pledge myself to contribute the sum of six hundred dollars annually, for a period of three years, to the payment of a lecturer on Christian Sociology, whose duty it shall be to deliver a course of not less than four lectures to the students of the Divinity School, either at the school or elsewhere, as may be deemed most advisable, on the application of Christian principles to the Social, Industrial, and Economic problems and needs of the times; the said lecturer to be appointed annually by a committee of five members: the Bishop of the Diocese of Pennsylvania; the Dean of the Divinity School; a member of the Board of Overseers, who shall at the same time be an Alumnus; and two others, one of whom shall be myself and the other chosen by the preceding four members of the committee.

Furthermore, if it shall be deemed desirable that the Lectures shall be published, I pledge myself to the additional payment of from one to two hundred dollars for such purpose.

To secure a full, frank, and free consideration of the questions involved, it is my desire that the opportunity shall be given from time

to time to the representatives of each school of economic thought to express their views in these Lectures.

The only restriction I wish placed on the lecturer is that he shall be a believer in the moral teachings and principles of the Christian Religion as the true solvent of our Social, Industrial, and Economic problems. Of course, it is my intention that a new lecturer shall be appointed by the committee each year, who shall deliver the course of Lectures for the ensuing year.

WILLIAM LEVI BULL.

Preface

From 1870, when I took up my residence in Cornwall-on-the-Hudson, to 1887, when I assumed the pastorate of Plymouth Church, Brooklyn, I was engaged in two courses of study: one in the New Testament in preparation for a Commentary on that Book; the other on our industrial and sociological problems, impelled thereto by the journalistic duty of reporting and interpreting the incidents in our current American history. The result of that study was an early conviction that the principles of the Manchester School of Political Economy, which had dominated academic instruction in my college days, as they were commonly understood and practically applied, could not be reconciled with either the principles or the spirit inculcated by Jesus Christ. To apply those principles to the solution of our industrial problems became my endeavor, which has now been pursued as a life purpose for upwards of a quarter of a century. In an appendix to this volume is given a list of some of the principal books which have entered into this course of study; but more important has been the study of that problem at first hand,—in the investigation of specific incidents and events in our industrial development, in visits to mines, factories, and other organized industries, and in conferences with both labor leaders and captains of industry. When in 1904 I was invited to give this course of Lectures on the conditions expressed in the letter establishing this Lectureship, the invitation was gladly accepted because it furnished an opportunity to put into a compact form some of the conclusions which had been reached as a result of my faith "in the moral teachings and principles of the Christian religion as the true solvent of our Social, Industrial and Economic problems." The American community is slowly coming to the conclusion that universal suffrage is no solvent of our political problems unless it is accompanied by a universal education which must be moral as well as intellectual. It is also slowly coming to the conclusion that industrial liberty is no solvent of our economic problems unless it is accompanied by a recognition of economic duties and obligations. This too tardy rediscovery of the essential teaching of Jesus Christ makes this beginning of the twentieth century far more full of hope for industrial peace and prosperity than was the begin-

ning of the nineteenth, with its calm assurance that educated self-interest would prove a panacea for all industrial evils.

This brief statement sufficiently explains the genesis of this volume, the object of which is to indicate certain lessons which the industrial evolution of the last half century has to teach us in the light of the precepts and principles inculcated by Jesus Christ.

Lyman Abbott.

Cornwall-on-the-Hudson, N. Y., May, 1905.

I

The Industrial Problem

You are to be congratulated, young gentlemen, on the fact that you are entering upon your ministry at a time when theological seminaries recognize two principles: first, that there is no Christianity which is not applied Christianity; and secondly, that Christianity is social as well as individual,—that is, it aims at the reconstruction of society as well as the regeneration of the individual.

Christ began His ministry by preaching the Kingdom of God, and a kingdom is an organization. The Apostle, in his Apocalyptic vision, saw the time when the kingdoms of this world should become the kingdoms of our Lord and of His Christ. To accomplish such a transformation is the purpose of the Christian ministry. The industrial problem, viewed from the Christian point of view, is simply this: How shall our industries be put upon a Christian basis, organized according to the principles which Jesus Christ inculcated, and permeated by His spirit? We are not, in these hours, turning aside from your strictly professional course to something of secondary importance; it is not in this spirit that we are to approach this theme. It is essential, central, vital, to your ministry. The question which we are to consider is not primarily industrial or economic; it is human, Christian, profoundly religious.

You will not expect me to offer to you a solution of the industrial problem; certainly that is not my purpose, nor even my desire. I wish in these four lectures to define that problem, to apply to it in certain of its aspects the principles and precepts inculcated by Jesus Christ, and so to indicate the direction in which you are in your ministry to look and labor for its ultimate solution. In the first lecture I shall endeavor to put the problem before you and to indicate one direction in which society is looking for a solution, and will look in vain. In the other three lectures I shall endeavor to indicate the direction in which we are to look for the solution of this problem through, respectively, political administration, industrial reorganization, and religious inspiration.

In 1894 Herbert Spencer wrote to Mr. James A. Skilton, of Brooklyn, a letter on the industrial situation, which was published in the

Brooklyn Eagle in the same year. The letter is as follows:

Fairfield, Pewsey, Wilt, May 28 y 189 A.

Dear Mr. Skilton:

I believe I wished you good-speed in your enterprise, but I believe your enterprise is futile. In the United States, as here and elsewhere, the movement toward dissolution of existing social forms and reorganization on a socialistic basis I believe to be irresistible. We have bad times before us and you have still more dreadful times before you—civil war, immense bloodshed, and eventually military despotism of the severest type.

Truly yours,

Herbert Spencer.

Such a letter from such a student of life must be taken seriously. His apprehensions may not be well-founded, but they are not to be carelessly disregarded. I believe he is right in saying that there is going on in our time a movement toward the dissolution of existing forms and a reorganization on what may perhaps be not unfitly termed a socialistic basis, and that this movement is irresistible. I do not believe that this movement threatens civil war, immense bloodshed, and eventually military despotism. I believe, on the contrary, that it has in it the promise of an industrial prosperity and an intellectual, social, and spiritual development far transcending any that past history has afforded. It is a movement accompanied with serious evils, but is essentially beneficent and in accordance with that law of evolution which, perhaps, no one has better defined than Mr. Spencer,—a movement from a simpler to a more complex, and from a lower to a higher, state of society.

Historically, the family is the unit out of which society is composed, the cell from which by constant reduplication the social organism is created; it is the earliest organization, and the progenitor of all other organizations. In primitive society, as seen, for instance, in the portraiture of the patriarchal age given to us in the Book of Genesis, the family is the state and the father is its head. He is absolute monarch—legislator, governor, judge; he enacts the laws, interprets

the laws, enforces the laws. The family is the army; in case of war the father acts as commander-in-chief, and leads forth to battle his sons and his servants. The family is the church; the father is the priest and sets up the altar and conducts the worship. The family is the industrial organism; the father directs the industries, takes the proceeds, and distributes them as he judges best among the members of his little community.

Gradually both differentiation and enlargement of the organization take place. Two or three families, or more, unite for the purpose of offensive or defensive warfare and the tribe is formed. Because of his age, his experience, or his character, the father of one of the families becomes the chief of the tribe,—its ruler in peace, its commander-in-chief in battle. The families unite in a common worship, and a priest or priests are appointed to conduct this tribal worship, and, that they may the better conduct their sacred duties, they are excused from military service. Industry is organized; certain phases of manual labor are assigned to the women, certain others to the men. Henceforth the complicated process of growth is traceable in separated departments,—military, political, religious, and industrial.

The families have been merged into a tribe, and eventually the tribes are merged into a nation, first for military purposes, to defend the community from attack or to give it greater power in wars of conquest. The organization is primarily military; it is therefore necessarily despotic, for war can be carried on only by a despotic authority. There is an appearance, but no reality, of unity; the unity is formal, not vital; there are not a hundred thousand wills united in a common purpose, but a hundred thousand persons executing the will of one person; not a hundred thousand minds, seeing, thinking, planning harmoniously, but a hundred thousand persons not thinking at all, but doing without thought what one person has planned.

With the development of the individual man it becomes increasingly difficult to maintain this subordination of the all to the one, or of the many to the one. The individual begins to think, the individual will to assert itself. Out of this grow meetings for public discussion, with resultant assent or dissent; and eventually some form of legislative body comes into existence to express the thoughts and the resolves of the many. This process is taking place under our eyes at the

present time in Russia. For forty years the Russians, in their zemstvos, or provincial assemblies, have been unconsciously training themselves to think their own thoughts and form their own plans respecting the common welfare; and after forty years of this training they are beginning to demand, with increasing urgency, the right to have some share in thinking national thoughts, and forming the national purpose. Gradually, as the natural result of such development of the individual life and such demand for participation in national actions, the government is differentiated into three departments: the legislative, the judicial, and the executive. The people begin to think harmoniously,—hence the legislative; their sense of justice begins to develop and they begin to agree in their conscience,—hence the judicial; they begin truly to act together, to carry out what they have planned, to realize in national acts the decision of the national conscience,—hence the executive. Thus the nation is organized; cooperation and combination take the place of unquestioning subjection to one supreme, all-powerful will.

This progress toward political organization is also progress toward individual liberty and individual development. The notion of Rousseau that man in a state of nature was in a state of liberty, and that he voluntarily sacrificed some of his liberty to obtain the benefits of civilization, is contradicted by history. Liberty and organization have gone on together. The most primitive of modern governments is that of Russia; it retains in its autocracy the form of the family; the Czar is the father of his people and nominally enacts their laws, interprets and applies them, and executes them as interpreted; and Russia is the country in which there is the least independent thinking and the least individual liberty. America, on the other hand, is, of all modern countries, the one most highly organized. Its individuals are organized in towns and counties, its towns and counties in states, its states in a great nationality; and America is, of all modern countries, the one in which the individual has the largest liberty, the greatest power of initiative, and the fullest development. Nowhere is the merging of the individual opinion into a public opinion, nowhere the cooperation of the individual will in the public will, carried to such an extent as in America, and nowhere is the individual mind so developed, and the individual will so free. In the political sphere, orga-

nization and individual will are not antagonistic. They are concurrent, they promote each other: the freer the individual the better is the organization; the more perfect the organization, the freer is the individual.

We may trace a similar concurrent development of organization and liberty in the sphere of religion. First, there are separate gods for each tribe and for each family in the tribe. Sometimes these separate religions live side by side without intermingling; more often the men of the one religion prohibit and attempt to destroy the other religion by fire and sword. The result is uniformity but not unity. Uniformity is imposed from without; unity is developed from within. They are not only not the same, they are antagonistic; they cannot even coexist in the same community. Under religious uniformity, as under political uniformity, the people do not think, they do not will. They accept the thoughts which their priests impose upon them and render the services which their priests require of them. As they begin to think and to will in the sphere of religion, they think different religious thoughts, and demand, for the expression of their life, different religious rituals. Sectarianism is the result; but as the people think more profoundly they discover a unity of faith beneath the various forms of expression, and as their religious purposes become more unselfish and more spiritual, they find themselves animated by a common will, and working toward a common end. Uniformity has disappeared; unity is taking its place. There is more uniformity in Romanism than in Protestantism; there is more unity in Protestantism than in Romanism.

The same process of differentiation and organization, of social order concurrent with individual development, which can thus be traced in the political and religious history of mankind, can equally be traced in its industrial history.

In the primitive state each individual himself conducts all forms of industry necessary for his comfort. He kills the game, skins it, makes of the skins moccasins for his feet and a cloak for his body, digs out the log to serve for a canoe, erects his wigwam, cultivates his little patch of corn, makes and strings his own bow and fashions his own arrows; is, in short, butcher, tanner, shoemaker, tailor, boat-builder, house carpenter, farmer, armorer, all in one. This is individualism,

pure and simple.

Gradually he learns that he is more skilful in the chase than his neighbor, and that his neighbor can make a better bow and arrow than he. So one stays at home to construct, the other goes forth to hunt, and the two exchange their products to mutual advantage. As this exchange of products becomes more extensive and complicated, a medium for the exchange is invented, and thus money comes into use and barter becomes trade. It is discovered that different communities have different advantages in soil and climate, or in the taste and temper of the people; so communities as well as individuals begin to exchange, and trade becomes commerce. Steam is discovered and machinery invented. With steam and machinery comes a necessity for a larger industrial organization. Combination of capital is now required. Capital is what a man makes by his industry more than he consumes in his support or his pleasures. When the individual housewife spins the wool and weaves it in her loom into a homespun garment, a single man in a single lifetime can easily accumulate the capital necessary for such household industry. But when a thousand spindles are revolving and a hundred looms are clanking under a single roof, one man cannot in a lifetime accumulate the capital for such a manufacturing industry. Various individuals must combine their savings. Thus first the partnership, and subsequently the corporation, is created.

A corporation is at once the creation and the agent of democracy. It is a combination by which men and women unite their savings to accomplish by united action what it would be impossible to accomplish by individual action. Each individual contributes something to a common fund, and this common fund is managed by a man or a body of men selected by the contributors to act as their servant in the administration of the common fund for the common benefit. It is true that this sentence describes the ideal, and that the actual does not always conform to it. Sometimes the man or body of men elected by the contributors so manage the property as to rob the contributors and take the property themselves. Sometimes they manage it so as to give to the contributors the least possible share of the profits and secure the largest possible share for themselves. But, in the vast majority of cases, they manage it with substantial honesty, and divide

the profits of a common enterprise with substantial equity among those who have made that enterprise possible. The existence of the corporation is itself a witness to the ethical development of the community in which the corporation exists, for it cannot exist until moral character has so developed that it is relatively safe for thousands of men and women to intrust their earnings to the uncontrolled management of a few financiers of ability. A corporation in the modern sense of that term was an ethical impossibility in pagan Greece or Rome. There was no basis of common honesty, and therefore none of common trust and confidence, on which such an organization could be founded. The existence of corporations is a testimony to the high development of standards of honesty in the community and of mutuality of trust and confidence growing out of such moral developments.

If such corporations did not exist, our industrial civilization would be impossible. The bank, the factory, the mine, the railroad, the steamship, are all products of combinations of capital,—that is, of individual earnings united for carrying on a common enterprise. If it were possible to destroy corporations we should have to invest the accumulations of our industry, as men did in the time of Christ, in clothing and utensils which moth and rust corrupt, or bury them in the ground, where thieves break through and steal. The wheels of our factories would cease to revolve, the precious metals would lie unused in the ground, the ocean would become an impassable barrier between the continents, and we should revert to the horse as our only means of locomotion. To destroy the combinations of capital would be to destroy our civilization.

Organized labor is equally essential to modern civilization. When a single housewife spins and weaves the wool, no organized industry is necessary; she spins and weaves as she likes, and as her other duties permit. But when five hundred spinners and weavers work together under one roof, and for a widely-extended market, the housewife's liberty of industrial action is no longer possible. These five hundred workers must work together; the number of spinners and the number of weavers must be correctly proportioned; the hours of labor for each worker must be adjusted with reference to the hours of labor for all. They must work under the same roof, breathing the

same air, submitting to the same conditions. The organization of labor is as necessary to the existence of a factory as is the organization of capital. This necessity of labor organization is perhaps even more strikingly illustrated by the railroad. The transportation of freight and passengers from New York to Philadelphia cannot be managed as the transportation of vegetables from the market garden to the Philadelphia market in the farmer's wagon. He brings in the produce on Monday, sends it in by his son on Tuesday, and stays at home on Wednesday. It would not be possible to carry on a railroad by such a method, and leave the engineer, conductor, and brakeman to settle among themselves what days they would serve, and in what capacity.

The question is sometimes discussed by the newspapers, Are labor organizations desirable? This question has no existence; it is not real; it does not exist outside the columns of newspapers. Labor organizations are indispensable to modern life. There could be neither banks, nor factories, nor mining, nor railroads, nor steamships, without organization of the labor which carries them on. The real question is not, Shall labor organizations exist? but, Shall they be autocratic or democratic? That is, Shall they be organized under capital and wholly subject to its will; or shall they have something to say respecting the form, nature, and spirit of the organization? Shall laborers work under the conditions which capital prescribes, during the hours which capital requires, for the wages which capital chooses to pay, or shall they have a voice in determining the conditions, the wages, the hours?

This is the first and the fundamental question involved in our industrial problem. Are the mine, the factory, the railroad, private enterprises, owned by capitalists, to be controlled, directed, administered by capitalists, who buy their labor as they buy their machinery, and discharge the one as they discard the other when it ceases to be profitable? This is one view. Are the mine, the railroad, the factory, joint-stock enterprises, to be carried on by capitalists and laborers as quasi partners, who share the control and the profits, neither being independent of the other, each fulfilling an appropriate function in a harmonious organization, for mutual profit, and inspired by a spirit of mutual respect? This is the other view. Which of the two is more

in harmony with the principles of democracy? To ask this question is to answer it. Whatever may be said of the Old World, in the New, where the plain people control the government of city, state, and nation, where they direct and administer the public education, where they are the final authority in their ecclesiastical institutions, it is not possible that they will permanently consent to a system which allows them no voice in their industrial organizations. The country which is democratic in politics, education, and religion will not be autocratic in industry.

The arguments against the organization of labor are plausible but not sound; they are derived from an observation of superficial incidents, not from a study of fundamental principles. "Labor unions are irresponsible organizations." I doubt the truth of the statement; I am inclined to believe that in law a labor union is nothing but a great partnership in which every member is personally responsible for all the pecuniary obligations of the organization. But if it were otherwise the remedy would be incorporation, not dissolution. "They cause strikes." On the contrary, they have reduced strikes; it would be more true to say that, historically, unions have grown out of strikes than that strikes have grown out of unions. "They break contracts." Sometimes; but on the whole they have kept their agreements quite as loyally as capitalistic organizations. "They violate the law." Then punish them; no one proposes to dispense with combinations of capital because in some cases they have violated law, in more cases have evaded it, and not infrequently have corrupted it at its spring and source. "They are led by bosses and demagogues." So have political organizations been led by bosses and demagogues; vicious leaders are more apparent in politics than in industry, and are not wholly absent from the churches. What then? We will get rid of them; we will not take the counsel of the anarchists and dissolve society into its original elements. "They destroy individual action. Good laborer and poor laborer are paid the same wage; and both follow the dictation of their walking delegate." No doubt this participation on equal terms of the profits of combined labor is sometimes carried too far; but it is not wholly an evil. The shrewd business man and the un-businesslike widow invest their earnings in the same company and both get the same interest on their investment. Both

leave their capital at the absolute disposal of trusted directors. For they have learned that in combination under chosen leaders both get an advantage which neither could get acting alone. The skilful and the less skilful laborer, acting on the same principle, unite and put their labor in the control of chosen leaders, because they believe that by combination both can get an advantage which neither can get if he acts separately. And they are right. In those industries in which labor is disorganized, the labor conditions are bad, the hours are long, the wages are poor. With rare, if any, exceptions, the organization of labor has been followed by improved conditions, lessened hours, better wages.

I have taken longer time than might seem necessary to trace the process by which we have arrived at the present complex organizations of capital and labor, because there still seem to be many persons who imagine that such organization is an evil to be avoided, or at least that the tendency toward such organization is one to be dreaded, and if possible, stopped. They wish to return to the industrial individualism of the past, or, if that is impossible, at least to prevent any further progress toward industrial organization in the future. This seems to be the attitude of Herbert Spencer in the letter which I have quoted. He dreads the movement toward a dissolution of existing social forms and a reorganization on a socialistic basis, though he believes it to be irresistible. If I have traced aright the history of that movement, it is a movement toward greater economic wellbeing, more efficient productive industry, larger individual liberty, better individual development, and a more coherent and a more fraternal social order.

Whatever evils grow out of the despotism of capitalistic organization on the one hand and the despotism of labor organizations on the other, they are not to be corrected by the endeavor to return to the industrial individualism from which we have emerged. All such attempt to revert to industrial individualism, or to prevent further progress toward industrial combination and cooperation, is in vain, and worse than in vain. We could not do it if we would, and we should not do it if we could.

We could not if we would. Combination, both of property and of industry, of capital and of labor, is inevitable because it is the divine

order of human development. It would be no more possible to go back to the individualistic industry of the first part of the nineteenth century than to go back to the feudalism that preceded it. To do so we should have to forget the invention of machinery, the discovery of steam, the utilization of electricity, the division of labor, the art of cooperation. The world will not and ought not to forget the economic benefits which cooperation and combination have brought to it.

But even if we could retrace our steps we ought not to do so, for to retrace them would be to go back toward moral as well as toward industrial barbarism. The philosophy of individualism which the world is laying aside to adopt what Herbert Spencer calls a socialistic basis, is variously termed individual industrialism, from its essential nature; the School of Manchester, from the city in England where it is supposed to have been born; and Laissez faire, from its proposed panacea for all industrial evils, namely, that government should let industry alone, leaving it to the operation of natural law. I believe this philosophy of individual industrialism to be false scientifically, false economically, false industrially, false ethically. I believe that it was founded on a false philosophy of life; that it assumed a false economic postulate; that it involved intolerable industrial evils, and inflicted serious and continuous moral degradation both upon society and upon the individual. Individual industrialism was false scientifically. Its philosophy is thus defined by Adam Smith:

"All systems either of preference or of restraint, therefore, being completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord. Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest in his own way, and to bring both his industry and capital into competition with those of any other man, or order of men. The sovereign is completely discharged from a duty, in the attempting to perform which he must always be exposed to innumerable delusions, and for the proper performance of which no human wisdom or knowledge could ever be sufficient,—the duty of superintending the industry of private people, and of directing it toward the employments most suitable to the interests of the society. According to the system of natural liberty, the sovereign has only three duties to attend to,—three duties of great importance,

indeed, but plain and intelligible to common understandings: First, the duty of protecting the society from the violence and invasion of other independent societies; secondly, the duty of protecting, as far as possible, every member of the society from the injustice or oppression of every other member of it, or the duty of establishing an exact administration of justice; and, thirdly, the duty of erecting and maintaining certain public works and certain public institutions, which it can never be for the interest of any individual, or small number of individuals, to erect or maintain, because the profit could never repay the expense to any individual or small number of individuals, though it may frequently do much more than repay it to a great society."¹

This system assumed that free competition of selfish interests would bring about peace, order, and justice. Labor was regarded as a commodity to be sold in the open market. It was held that the laborers, desiring to secure employment, would underbid each other; the capitalists, desiring to secure labor, would overbid each other; and in the strife which would ensue, the better workman would be paid the better wages, and the more skilful capitalist would be able to pay the better wages. In this struggle the best men would get the best results; society would get the best service; and while absolute justice would not be attained, an approximation to equal justice would be secured. This was the philosophy. It was the industrial application of the principle, the struggle for existence, the survival of the fittest. But Henry Drummond has shown conclusively that the struggle for existence, the survival of the fittest, is not the law of life. It is only one of the laws of life. Of equal force with that law is the "struggle for others," that the unfitter may survive. This law is seen in operation from the division of the primary cell, in the very beginnings of growth, up to the act of the mother laying down her life for the child she nurses. A mere selfish struggle for existence with indifference toward the weak, the poor, and the inefficient, does not promote life; it is destructive of life. Individual industrialism provided only for such a struggle. It not only did not encourage any cooperation by which the strong would help the weak, the rich would help the poor, the wise

¹ Adam Smith: "The Wealth of Nations," Book iv, Chap, ix, p. 545.

would help the ignorant,—it discouraged such help. It went far to prevent it.

As individual industrialism is scientifically false, so it is economically false. Its assumption that labor is a commodity and that the relation between the laborer and the capitalist is one between a vendor and a purchaser was a false assumption. Labor is not a commodity. It is not a thing. It is a phase of life. The laborer has not some material thing to sell, he has a service to render. The relation between the laborer and the capitalist is not that between the vendor and the purchaser of an article, it is that between partners engaged in prosecuting a common enterprise. The distinction is perfectly clear and very fundamental. If a man wishes to buy a horse of mine, it is not of the least consequence, economically speaking, whether we are friends or enemies; whether, after he buys my horse, he and I are on speaking terms or not. But if I wish to hire a man as my gardener, it is of the utmost importance that we should be on amicable terms, that we should be able to get along with each other. In the first case, there is one completed transaction. When I have delivered the horse and received the money, the relation between us ends. In the other case we are co-working together to a common end—namely, the creation of a good garden. I furnish the soil and the tools; he furnishes the labor. If I am not loyal to him, I cannot expect him to be loyal to me. If he is not loyal to me, the garden will not be well cultivated. The aphorism, Labor is a commodity to be sold in a market, is a falsehood, and yet it has passed current, as though it were a true coin, for many years, in the industrial world.

Individual industrialism produced, as all falsehoods do, incalculable evils in its practical operation. It has tended to a concentration of wealth in the hands of the few, and has done little if anything to diminish the impoverishment of the many. It has steadily lessened, and often finally destroyed, the profits of the prosperous and wealthy, and so created a necessity for combination to decrease production and thus raise prices. Under its operation the unfittest have been crowded down to an ever lowering rate of wages. Thus out of the industrial world the poor have been recruited; out of the self-respecting poor the dependent paupers have been recruited; out of the dependent paupers the criminal class has been recruited. The student

who desires to acquaint himself with the industrial evils which this system has produced will find them depicted in Kirkup's "Inquiry into Socialism," in Laveleye's "Socialism of Today," and in Francis A. Walker's "The Wages Question." A single quotation from the latter book must serve my purpose tonight:

"We know that mill-owners are harassed with applications from their hands to take children into employment on almost any terms, and that the consciences of employers have required to be reinforced by the sternest prohibitions and penalties of the law to save children ten, seven, or four years old from the horrors of 'sweating dens' and crowded factories, since the more miserable the parents' condition the greater becomes the pressure on them to crowd their children somehow, somewhere, into service; the scantier the remuneration of their present employment, the less becomes their ability to secure promising openings, or to obtain favor from outside for the better disposition of their offspring."²

Individual industrialism has not only impoverished man; it has degraded him; it has promoted and developed inhumanity to man. It has set class against class and individual against individual. While in our churches we have been praying the good Lord to deliver us from envy, hatred, malice, and all un-charitableness, we have been pursuing in our industrial life a system whose tendency it was to produce envy, hatred, malice, and all un-charitableness. John Stuart Mill was educated in the school of individualism. To a large extent his philosophy was pervaded by the spirit of individualism. And yet with that clearness of vision and that candor of statement which characterized him, he both saw and described the evils which unregulated individualism produced in society. He thus presents the socialistic indictment of that system:

"Morally considered, its evils are obvious. It is the parent of envy, hatred, and un-charitableness; it makes every one the natural enemy of all others who cross his path, and every one's path is liable to be crossed. Under the present system, hardly any one can gain except by the loss or disappointment of one or many others. In a well-constituted community, every one would be a gainer by

² Francis A. Walker: "The Wages Question," p. 201.

every other person's successful exertions, while now we gain by each other's loss, and lose by each other's gain; and our greatest gains come from the worst source of all, from death,—the death of those who are nearest and should be dearest to us."³

In this presentment he acts simply as a reporter, but in his "Political Economy" he denotes unmistakably his sympathy with it:

"I confess I am not charmed with the ideal of life held out by those who think that the normal state of human beings is that of struggling to get on; that the trampling, crushing, elbowing, and treading on each other's heels, which form the existing type of social life, are the most desirable lot of human kind, or anything but the disagreeable symptoms of one of the phases of industrial progress."⁴

In these four respects,— scientifically, economically, industrially and morally,—the era of combination is far more in accordance with essential truth, and has in it far more of promise for the human race than the era from which we are emerging. It is based on the doctrine that to make efficient and harmonious life the struggle for others must combine with the struggle for self. In the trades union the stronger workman regards the interest of the weaker workman, the more efficient considers the welfare of the less efficient, and if there is some tendency to level down the wages of the best, it is compensated for by the tendency to level up the wages of the poorer. Every man acts as in some sense his brother's keeper. An injury to one is counted an injury to all, and a benefit to one a benefit to all. If this is true in the labor organization, it is also true that in the capitalistic organization the combination means a common endeavor to serve a common interest. In theory always, and in practice often, the great financiers, the presidents and directors of the railroads, the factories, and the banks, take care of the interests of stockholders who have not the financial ability to take care of their own interests. No doubt these great officials are well paid for their service—sometimes overpaid; but the industrial system which combines capitalists in a corpo-

³ J. S. Mill: "Chapters on Socialism," *Fortnightly Review*, Vol. XXXI, p. 227; also in *Literary Magazine*, March and April, 1879, p. 267.

⁴ John Stuart Mill: "Principles of Political Economy," Book iv, chap, vi, sec. 2.

ration is based upon mutual confidence and tends toward a mutual industrial fellowship. No doubt in the labor unions the best workmen sometimes suffer and the inefficient workmen are sometimes confirmed in their inefficiency; but the trades union stands upon the principle that a common interest binds all together in a common enterprise, and that each man is under moral obligation to care for his neighbor as well as for himself. No doubt the present system tends to class selfishness, but class selfishness is an improvement on individual selfishness. As denominational loyalty is better than irreligion, as national patriotism is better than clannishness, so class combination is better than individualism. But we may well hope and labor and pray for the time when denominational loyalty shall become loyalty to the Kingdom of Christ, and national patriotism shall develop a life of humanity, overturning all geographical and racial separation, and the principle, an injury to one is an injury to all, shall be recognized alike by capitalist and laborer as of universal application, and each shall see that an injury to the capitalist is an injury to the laborer, and an injury to the laborer, an injury to the capitalist.

This is fraternal industrialism. It rests upon the scientific principle that the struggle for others is as essential to evolution as the struggle for self, and upon the economic principle that the relation between those engaged in productive industry is the relation of partners in a common enterprise. It is true that this principle has not yet got itself established in the industrial world. Capitalists educated in the old school of individual industrialism to believe that labor is a commodity which they are to buy and sell as they buy and sell their machinery, and which they are to throw away when it becomes old and inefficient, as they throw away the old and inefficient machinery, resist the notion that the laborer has anything else to do in a common enterprise than to perform the labor allotted to him, or that the capitalist is under any other obligation to his employee than to pay the wages which he has promised him. Too many employers still accept as true the principle enunciated in their name by a writer in the *Forum* a few years ago:

I admit—no, I assert—the demands of charity on every human being, but charity and business are and forever ought to be divorced. An employer is under no more financial obligation to his

workmen after he has paid their current wages than they are to him, or to a passer-by on the street whom they never saw.⁵

But an increasing number of employers recognize the truth that there is some other relation between the employer and the employed than that between a purchaser and the vendor of an article; that they are in some sense partners engaged in a common enterprise; that the workmen have and ought to have some voice in determining the conditions under which the labor shall be performed, and some share in the profits when the enterprise is profitable. The factory legislation in England and in the United States, the prohibition of child labor, the regulation of women's labor, the requirement by law of certain sanitary conditions, and the various provisions for profit sharing, from the sliding scale in wages to the devices for enabling the laboring man to become a stockholder in the industry, all point in the direction of that conception which regards the relation between laborer and capitalist as that of partnership, and away from that conception which regards the relation as that of the seller and buyer of a material thing.

As we have begun to pass from the era of individual industrialism into the era of fraternal industrialism a great improvement has taken place in the condition of the laborers. The wages of the laborer are better, the death rate is lessened, pauperism is decreased, the homes are more adequately equipped, drunkenness is diminished, education is more general. Indeed, it would be impossible to mention one single item in respect to which the working man is not better off where labor is organized and capital is organized than he was under the old system of individual industrialism.

This economic improvement has been accompanied by intellectual and moral development. The extent to which fraternal industrialism is operating to improve the moral character of men is exemplified by a single illustration. In the coal strike in Pennsylvania in 1900, over one hundred thousand miners combined. They included men of every religion,—Jew, Roman Catholic, Protestant, as well as the agnostic. They included men of different races and of many different nationalities. It is said that they included men who spoke a score of different

⁵ W. A. Croffut: "What Rights Have Laborers?" *Forum*, May, 1886.

languages and dialects. In the old world and under the old system, these men would have been each for himself, and every man against his neighbor. In the new world, and under the new system, they forgot their religious differences, their racial differences, their national differences, their linguistic differences; they forgot even their industrial differences, and recognized only the common humanity which bound them together. All the evils of the coal strike, its violence and its crime, were incidental. The one great, vital, essential fact was that a host of men combined to support one another in a common endeavor to better their condition, the richer suffering for the poorer, the stronger for the weaker, the better paid for the ill paid, the Roman Catholic and the Scotch Presbyterian, the Jew and the orthodox Christian, the Calvinist and the agnostic, in a common faith in humanity, if not in a common faith in God, working together for the benefit of their class, if not for the benefit of the human race.

To sum up to-night's lecture in a sentence: I have tried to show you that the organization of labor and of capital marks a necessary step in the progress of the human race; that this progress is scientific, economic, industrial, and ethical; that it is impossible to return to the individualism of the past; that we should not if we could, that we could not if we would; that the solution of our labor problem lies not in harking back to an ancient and discarded philosophy of life, but in moving forward toward a larger liberty, because of a better organization of the industrial forces of society.

II

The Political Solution—Regulation

In the preceding lecture I endeavored to show you that industrial organization, both of capitalists and of laborers, is a necessary result of human development; that it characterizes a stage of development which is philosophically, economically, and ethically higher than that of the industrial individualism from which we are emerging, and that a return to industrial individualism is neither possible nor desirable.

If this be true, why should the existence of great organizations of laborers and capitalists give us any concern? Why do they present any problem, or involve us in any perplexity?

Because combination has a tendency to produce monopoly, and monopoly necessarily tends to despotism. This constitutes what we sometimes erroneously call the trust problem. What is a trust?

In 1882 a number of petroleum refiners in Pennsylvania formed an organization in which the separate refining corporations were united by a very simple expedient, without abandoning their corporate existence. A majority of the stock of each corporation was given to a body of trustees. This gave them the financial control of each of these corporations, and enabled them to secure a monopoly of the oil refining business. This method of combination of independent corporations has been from time to time since followed in other combinations. The combinations thus formed are called Trusts. In fact, however, the method by which a number of independent corporations are combined under a single control is a matter wholly immaterial to the public. It is not the form of the combination, but the object and result of the combination, which concerns the public. It is not, properly speaking, the Trust, but the Monopoly, to which the public object. Both the object and the effect of the Standard Oil Trust were to secure a monopoly of the oil refining business. The same thing may be said of the Sugar Trust, the Tobacco Trust, the Steel Trust, and others less famous because not organized and conducted on so large a scale. Some trusts are not, properly speaking, monopolies; I believe the Paper Trust is not. Some of the more threatening monopolies are not trusts. The famous anthracite coal combine is not a trust; that is, the combination has not been effected by giving to trustees a major-

ity of the stock of the companies which are combined in mining and carrying coal. But it is a monopoly; for it is a combination of what were before competing corporations, and it was effected for the purpose of securing a monopoly in anthracite coal. So the United Mine Workers is not technically a trust, but it is, or is endeavoring to be, a monopoly. That is, it is an organization of local unions which were before more or less independent of one another, and it was effected for the purpose of controlling all the skilled labor that is engaged in mining anthracite coal.

The same principles apply to a combination of capitalists and to a combination of laborers, though the term Trust is ordinarily used only to designate a combination of capitalists, not of laborers, and is, properly speaking, used to designate a particular kind of capitalistic combination.

Technically, then, a Trust is a particular form of capitalistic combination; in popular parlance, a Trust is any combination of capitalists or laborers organized for the purpose or with the effect of securing a monopoly in any commodity or convenience by excluding competition, regulating if not limiting output, and determining if not enhancing prices.

The capitalistic organization has been made into a monopoly in various ways. Sometimes it has sold its goods in a particular locality below cost until its competing rival has been compelled to abandon its business. Sometimes it has refused to sell its goods to merchants who handled the goods of a competitor, or it has given especial rebates to merchants who handled only its own goods, or it has secured, generally by underhand means, special rebates from the railroads, enabling it to undersell its competitors, or it has obtained the absolute control of an article necessary to the welfare of the public, as the coal combine has secured the control of all the anthracite coal in the United States, and thus has been able to exclude all competition from the field. The laborers' organization has also endeavored to create a monopoly by various methods: sometimes by securing a law limiting or excluding free competition, like the Federal law forbidding the free importation of contract labor, or the Pennsylvania law forbidding the employment of skilled labor in the mines except by licensed miners who have had two years of apprenticeship in the

state; sometimes by creating a public opinion among laborers themselves which operates to exclude the individual laborer from any trade in which labor is already organized; sometimes by combining to exclude from participation in a given industry all laborers who do not belong to the Union, that is, who do not cooperate with the monopoly, by maintaining what is called the closed shop; sometimes by boycotting any concerns which, in the manufacture of their goods, employ any laborers who are not members of the Union, or by sympathetic strikes against any concerns which handle goods made by persons who are not members of the Union; and, finally, by intimidation and open violence against individual labor when it has ventured to enter into competition with labor which is organized. That there are great ethical differences between these methods of excluding competition is evident; but the object sought by all is the same—namely, the exclusion of all competition, and thus the establishment of a practical monopoly.

Monopolies, whether of labor or capital are not to be endured in a free commonwealth. It is intolerable that any man, or any body of men, should be permitted to control such necessities to modern civilized life as oil, coal, beef, sugar, flour, steel, transportation, intercommunication, and the like, whether their control is justly or unjustly, wisely or unwisely, exercised.

There are many incidental evils in unregulated monopolies. They have corrupted government; oppressed, sometimes financially ruined, sometimes literally destroyed, individual competitors; they have been curt and overbearing in their treatment of rivals, of partners, of the public; the capitalistic monopoly has demanded the disruption and destruction of the labor monopoly, that it may be able to control wages as well as prices; the labor monopoly has demanded the disruption and destruction of capitalistic monopolies, under the delusion that it can thus get all the profits of monopoly itself, in other words, secure a monopoly of monopoly; in some cases, two monopolies have engaged in a life-and-death struggle and left the public to suffer, while they have either expressly or tacitly denied the right of the public to interfere; in other cases they have combined to make the monopoly more secure, and have divided the profits between themselves.

But these are only the incidental evils of monopolies. A monopoly controlled by men regardless alike of public welfare and public opinion may inflict a greater immediate injury on the people than a monopoly controlled by men who are either wise enough or just enough to see that they cannot permanently advance their own interests by a policy which sacrifices the interests of the public. But the real evil of monopoly is inherent, and exists whether the monopoly does well or does ill. It is the evil which inheres in all absolutism. Industrial absolutism is no better than ecclesiastical or political absolutism. It is no better and no worse when exercised by a labor organization than when exercised by a capitalistic organization. It is no more defensible when it employs the machinery of law than when it puts law at open defiance; no better when it defies law by means of corrupting legislatures or courts than when it defies law by means of mob violence. Absolutism is bad alike to him who exercises it and to him who is subjected to it. The absolutism which determines the price of our food and our fuel is as fatal to freedom as the absolutism which determines the limits of our political liberty. A Czar in the coal fields is no more to be endured by a free people than a Czar in the palace. A Czar who determines under what conditions we may have the necessities of life is not to be tolerated because he prescribes just or even generous conditions; and he is not tolerable whether he secures his power to prescribe the conditions by an organization of capital, or by an organization of labor, or by a combination of the two organizations working together.

In 1623 the Statute of Monopolies was passed by the English Parliament, after half a century of agitation. It made all monopolies illegal except such as might be granted by Parliament or such as were involved in patents for new inventions. Since that time the question whether monopolies are allowable among a free people is not an open question in Anglo-Saxon communities. The fact that the monopoly is secured, not by governmental prohibitions, but by capitalistic or labor combinations, does not make it any more endurable. Whenever a monopoly is secured which gives to one man or to a small number of men the control of any article important to public comfort, the people object, and ought to object. It is a matter of no importance whether that monopoly is secured by a union of corpora-

tions, by a legal agreement between corporations, by an informal " understanding " between corporations, by one corporation, or by a single man: the monopoly is itself objectionable, and the method by which it is obtained is a matter of comparative indifference.

The people ought to object to monopoly, however it is maintained, because industrial servitude and political freedom cannot long coexist in the same community. Either the political freedom will find a way to destroy the monopoly and establish industrial freedom, or the monopoly will find a way to destroy the political freedom and establish a political plutocracy. If monopoly should be allowed to control the food, the lights, the fuel, and the transportation of the American people, the American people would cease to be free, whatever semblance of freedom their powerless political institutions might retain. The man who can determine for me the conditions on which I may eat, read, keep warm, and travel, is my master, whatever he may call himself or I may call him. The real issue involved in the so-called Trust Problem is industrial freedom, and that involves political freedom. The real questions which the American people are compelled by present conditions to consider are, Will they preserve their liberty? and, How will they preserve their liberty? The peril to those liberties is not political, but commercial; it is not a peril of imperialism, but of plutocracy; it comes not from a standing army, but from a monopolized industry. And the object of the people must be, not merely to punish private monopoly when it does ill, but to prevent private monopoly from existing. This is not equivalent to saying that they must prevent combinations of capital from existing. Our problem is not to destroy economic combinations, whether of capital or labor, but to make them the servants, not the masters, of the people.

There are three classes of remedies for the evils of monopoly; political, industrial, and ethical. Political action may ameliorate economic conditions; industrial reform may change economic conditions; but only the transfusion of the commodity by a right ethical spirit can really radically change the economic conditions and bring permanent peace. Political action will facilitate industrial reform; industrial reform will facilitate ethical development; but ethical development is necessary to the promotion both of political action and industrial reform. The three movements,—the political, the industrial

and the ethical,—must be carried on together, and while the main work of the ministry lies in the inculcation of right ethical principles and the promotion of the right ethical spirit, the ministry must know enough of political and economic law to be able intelligently to apply ethical principles to economic conditions and make them efficacious in the social life of the community.

In further consideration of this subject I propose to give this evening to a consideration of possible political action.

Such political action may take one of three forms, and one of these three forms it must take or the Republic will pass either under the absolutism of plutocracy in city and state, or into a condition of perpetual and increasing war between capitalistic and labor organizations. Those three possible actions may be thus stated:

Whenever any private monopoly, whether of capitalists or laborers, controls any commodity or convenience important to the public welfare, the people must destroy this monopoly by restoring competition; put the monopoly under governmental control; or take possession of the monopoly and administer it for the benefit of the people.

To illustrate: At the present time the coal combine controls the entire output of anthracite coal in this country. It is immaterial to the public how that coal combine is maintained, whether by a union of corporations, a formal agreement between corporations, or an informal "understanding." That the combination controls the fuel on which the Atlantic seaboard is accustomed to depend was made painfully evident two years ago. For such a condition there are three remedies:

The people may by legal proceedings break up the combine and compel competition—if they can. The people may bring the coal companies under government control, as by a law to compel the coal companies and their employees to submit their controversies to some appointed tribunal—a method infelicitously termed "compulsory arbitration." Or finally, the people may take possession of the coal-mines and operate them under governmental administration for the public benefit, as the post-office is operated in this country, the telegraph in England, and some of the railroads on the continent of Europe. This plan was advocated by the platform of the Democratic party in the State of New York a few years ago.

That there are serious objections to each one of these plans furnishes no conclusive reason why some one of them should not be tried. The conservative objector, if he would carry the American people with him, must be prepared to show, either that allowing a private monopoly to control the anthracite coal supply of the United States is not objectionable, or that there is some better way of preventing such monopoly than any of the three methods suggested. Before considering these remedies, attention must be paid to a fourth which is sometimes suggested by the sentence—leave all industrial organizations to the operation of natural law.

No doubt there is always a danger of unwise interference with natural laws; of such an attempt to regulate as will be injurious, not beneficial, to the community; of a control that may become despotic and so both unjust and disastrous. No doubt great wisdom and great care should be exercised in regulating trade and commerce; no doubt individual liberty should be maintained as far as it can be made consistent with the public welfare; no doubt the more we can make the private conscience, enforced by public opinion, efficacious, and the less we have to resort to governmental authority, the better. All this may be and is true. But the notion that the remedy for industrial ills can be found by a do-nothing policy, in the faith that natural law will bring about universal justice and will promote the common welfare, ignores the self-evident facts of modern industrial life.

A man on a higher level builds a dam across the stream which irrigates his neighbor's grounds, and diverts the water to his own uses. His neighbor complains of the water famine which destroys the fertility of his land. The dam-builder replies, "Law must not interfere. You must leave natural law to take its course." The reply is not far to seek. The dam-builder does not leave natural law to take its course. By building the dam he has himself interfered with the course of natural law. What he really means, whether he is conscious of it or not, is this: "I must have a right to interfere with natural law, and you, my neighbor, must not. You must not interfere with my interference." And this is exactly what is meant by the plea that natural law must be left to take its course without legislative interference, when that plea is put forth by the advocates of trusts, monopolies, and combines.

When natural law ruled in this continent, the North American Indians blazed pathways through the forests, and when any one of them wished to travel, he put his goods upon his back, or upon his wife's back, and took what path he pleased, when he pleased, and traveled at what rate he pleased. When civilization took possession of the continent, one of the things it did was to create by law an artificial person called a railroad corporation; to this artificial person it gave the right to take the real estate of A and B and C,—and so through the whole alphabet many times repeated, whether A and B and C wished to sell or not, and to pay them, not what price they asked, but whatever price a disinterested tribunal put upon the land.

And so, by a most direct and positive interference with natural law, a public highway was constructed by which individuals and goods could be more conveniently carried than in packs upon the back of the traveler along a blazed pathway through the forest. Society created this artificial person, and conferred upon this person this artificial power, because it rightly believed that thus the public interests would be promoted and the public welfare advanced. Now that it finds this power unjustly used, not for the equal service of all, but for enriching one and impoverishing another, and it proposes to require this artificial person to use this artificial power for the benefit of the public and not for its injury, what sense is there in crying out against the requirement on the ground that government should leave transportation to the operation of natural law? It is not left to the operation of natural law. It is carried on by artificial organizations created by law and equipped with artificial power by law. And it is eminently right that society, which has created and empowered the corporations to serve the community, should require them to render the service for which they were created. Otherwise the corporation becomes the iron despot of the Frankenstein who has created it.

There are stored up in the hills of Pennsylvania great masses of coal. Under the operation of natural law any man might go to these hills, put in his pick, and dig out what coal he needed for his fuel, as the North American Indian cut down in the forest whatever wood he needed for his fuel. But civilization cannot go on under the operation of natural law. So, by a complicated artificial system, we have given the ownership of these lands to individuals; we have given the own-

ership of the top of the soil to one set of individuals, and ownership of the underground mines to another set of individuals. Their right to the soil depends wholly upon the artificial arrangements which society has made. Society determines what they may own, how far down they may own, for how long a time they may own, under what conditions they may own. In England the owner may control the land for an indefinite period after his death. In America he can control it for only two lives. In France he must divide it in a certain fixed proportion among his children.

This individual proprietary right in land is wholly an artificial right, created by statute, controlled and regulated by statute. And it has been so created and regulated because society thinks that this is the best method for the promotion of the general interests of society. And now, when the owners of these coal lands combine and charge extortionate prices for the fuel which they did not create, and their right to control which is wholly an artificial right created by society, to aver that society's power to regulate and control has been exhausted, and that it cannot go on and compel the owners whose right in the coal it has created, to use these rights in subordination to the public right to fuel, is to affirm that society may create rights which it is powerless to regulate after it has created them; that it may interfere with natural laws just far enough to give to a dozen operators a monopoly in a fuel necessary to human well-being, if not to human life, but may not interfere when interference becomes necessary to prevent individual greed from inflicting untold disaster on the general public.

Civilization is not the product of natural laws operating without human intervention. It is the product of natural laws employed by man for man's benefit. Natural law does not make a locomotive or a dynamo. Man, understanding natural law, and using it for his purposes, makes the locomotive and the dynamo, and by means of them causes steam and electricity to do what he wishes them to do. He possesses power to use natural forces to accomplish predetermined ends. He possesses the same power to direct intellectual and moral forces to predetermined ends.

By this capacity he has built the locomotive, the dynamo, the stationary engine. By this capacity he has built up the State, the Church,

the school, the various industrial organizations. This capacity distinguishes him from the beasts. To forego this capacity and leave natural law to work out its results unmodified by human volition would be to go back to barbarism, nay, to the pre-human conditions of the field and the forest. To stop in the use of this intelligence when it has gone far enough to serve the few who are well and strong, and not far enough to serve the many, would be simply to perpetuate in a new form that aristocracy against which democracy in government, education, and religion is a revolt.

In attempting to make natural law serve, not the favored few, but all the people, democracy will make mistakes: it will attempt unsuccessful experiments; it will meet with failures; and it will be obstructed by some who think that nothing can be but what has been, and by others who, having the larger share of the world's wealth and power, object to any further distribution of either. But this movement so to use natural laws, so to administer natural forces—both physical and moral—as to serve the welfare of the entire people, cannot be permanently either halted or diverted by the un-specious plea that natural law is not to be directed to wise and profitable ends by human intelligence and human wills.

When therefore the state is imperiled by monopoly whether of labor or capital, the law may attempt to destroy the monopoly by restoring competition; it may suffer the monopoly to continue, but put it under governmental control; or finally, it may take possession of the monopoly and administer it for the benefit of the people.

I. The first method is the one which has heretofore had the greatest favor with both our state and federal legislators. It is the method which seems to me least hopeful of permanent and valuable results, although there is no doubt that something can be done by legislation to restrain or prevent evils that are incidental to a period of great industrial organization. Two specific pieces of legislation have been urged by practical business men for this purpose.

In their greed for the quick acquisition of wealth men have put artificial valuations upon their property by the process known as stock watering. When this is done some one inevitably suffers.

A great railroad and coal company is capitalized at the rate of two hundred thousand dollars a mile when about one hundred thousand

dollars a mile would be a fair estimate of the cost of construction. This is not an imaginary but a real case, one probably of many similar cases. The stocks and bonds representing the fictitious value are, in many cases, in the hands of innocent purchasers who bought them supposing that they represented a real value. They naturally expect dividends on their investment, and naturally desire as large dividends as they can get. The president and directors of the road are elected for the purpose of earning and paying these dividends. But if they are to pay dividends on property which has no existence, they must get the money out of some one. They can get it out of the public, by charging a higher price for coal than would be enough to give a fair compensation to all the workers and a fair rate of interest on the capital actually invested in and represented by the property; or out of the wage-earners, by paying in salaries and wages less than they could pay if the public paid a fair price for coal and the company had to pay dividends only on the actual value of the property owned by the corporation; or the directors can get part of the money out of the public and part of the money out of the wage-earners; or, finally, they can leave the stockholders without dividends and sell the coal at a fair price, and pay the coal miners fair wages. But it is impossible to pay dividends on property which has no existence, and pay fair wages to the wage-earners, and sell the coal at a fair price to the public. Law in America can correct this palpable abuse by not allowing any company to issue bonds and stock on property for more than its actual value, as that value has been estimated by some independent and impartial tribunal.

The greed to get rich quickly, characteristic of our commercial age, also tempts the managers of great corporations to various illicit transactions which will not bear the light of day, and in which they would not take part if the transactions could be known and public opinion could pass judgment upon them. Miss Tarbell, in her "History of the Standard Oil Company" and Mr. Lawson, in his articles on "Frenzied Finance" have given account of some transactions of this kind. And although the impartial historian has not yet sifted out these narratives and finally determined what measure of exaggeration or misinterpretation is intermingled with them, there is no doubt that by Mr. Lawson some truth has been told, and by Miss Tarbell the

substantial truth has been told. The remedy for such transactions as those by which in some instances individuals have been ruined, in other instances the public has been mulcted by secret operations, is a law subjecting the books of all great corporations to government inspection, and requiring the operations of all great corporations, under proper limitations and regulations, to be made a matter of public record.

It is possible, also, that in some cases the law may directly break up a combination which is becoming a monopoly, and establish competition in its place. This is the object of the famous Sherman anti-trust law, which prohibits all combinations that are in restraint of trade but which, under the Constitution of the United States, as interpreted by the Supreme Court of the United States, can be applied only to combinations engaged in interstate commerce.

But speaking broadly, the limits of the power of government to prevent combination and reestablish competition are very soon reached. Stevenson, the founder of the railway system, declared something like a century ago, that wherever combination is possible, competition is impossible, and industrial history since has fully confirmed that statement. It is generally unwise for legislators to attempt to create an artificial crime. There is nothing inherently criminal in an industrial combination, and the attempt to make an industrial combination criminal generally fails. It fails because the public conscience does not sustain it, and in a democratic country no criminal law can be enforced unless the public conscience does sustain it.

The attempt to prohibit pooling furnishes an illustration of this general truth. The law prohibits railroads which are engaged in interstate commerce and which have parallel lines, from combining to fix a common freight rate and agreeing to divide the freight between competing points among the lines. The chief effect of this law has been to make such agreements secret instead of open, and therefore more injurious to the public. The State laws prohibit a combination of coal companies. The chief, if not the only, effect of such prohibition, has been to make the agreement secret, instead of open: there has been no formal bargain, at least, so it is affirmed, between the competing coal companies; but their representatives have met from time to time, and as the result of that meeting a common price has

been maintained; and so far as the public is concerned, the understanding has had all the effect of a legal agreement. In the main, it may safely be said that attempt by law, whether of State legislatures or of the national Congress, to prohibit combination and reestablish competition has failed, and, experience indicates, necessarily will fail.

II. Legislation may be enacted to bring monopolies, whether of labor or of capital, under the regulation and control of the government. Wherever any combination exercises, or attempts to exercise, a monopoly, if it cannot be destroyed, it should thus be brought under government control; otherwise the people are brought under the control of the monopoly, and in so far as this is the case democracy is at an end.

This is politically necessary. It may be taken as an axiom that the state within the state limits, the nation within the Federal limits, is sovereign. But if the state allows a monopoly within the state limits, if the nation allows a monopoly within the Federal limits, it ceases to be sovereign. If either allows to exist within its border a power which is greater than itself, that power becomes sovereign in the field of its operation.

Let a concrete case illustrate this truth. The State of New York requires able-bodied men, under certain conditions, to serve in the militia. A labor union in Schenectady enacted a law that no man belonging to the militia could remain in the labor union. One of the members of this union was in the militia, and was called upon to perform militia duty in time of a strike. He obeyed the call and was therefore discharged from the union, which then proceeded to demand his discharge from employment in every "union" shop in Schenectady. As practically all the shops were "union" shops, he was thrown out of employment. Thus the issue was clearly raised between the state and the union. The state said, You shall serve in the militia; the union said, You shall not serve in the militia. If the state had suffered this, it would in so far have abdicated its authority; the union would have become sovereign, and the state subject. The issue in this case was unmistakable. The state met it with an act making such interference with the militia law of the state a penal offense, and

the man was reinstated in employment. The same issue was presented, and, happily, with the same result, to the Federal government. The Typographical Union expelled one of its members. It then demanded of the Federal government that he be dismissed from the government printing department. He was accordingly discharged, but was at once reinstated by the President. If his discharge had been suffered by the President, the President would in so far have recognized the authority of the union to determine who might be employed in one department of the government.

These concrete illustrations present very clearly the issue, Is the state or the labor union sovereign? But the issue is also presented, though not quite so clearly, in the case of the railroads. The railroad is a public highway. It has been created by the government, though operated by private enterprise, for the carriage of freight, passengers, and mails. More than a quarter of a century ago Senator Booth put the railway problem thus succinctly: "Formerly our means of locomotion were poor and the highways were public; now the means of locomotion are admirable, and the highways are private property." If the government should allow this aphorism to remain true, it would abdicate in favor of the railroad. It would suffer one of the most important elements in the life of the people, one of the most essential to its welfare, to pass from under the control of the people into the control of private corporations. It would abdicate its sovereignty, and the railroads in the field of their operation would become sovereign in its stead. The proposition that any monopoly may be suffered permanently to exist in America free from government control is the proposition that in so far as that monopoly is operative the nation should turn over its sovereignty to the monopoly. To do this on any large scale, by abdicating its right to regulate and control monopolies, would be to bring free, popular government to an end. It would substitute in place of government of the people, by the people, and for the people, government over the people, by the monopolies, and for the monopolies.

It is not necessary for my purpose in this course of lectures to enter upon any discussion of the question how this regulation of industrial monopolies by government action should be effected. It is not necessary for the ministry to be wise in purely constitutional and

legal questions, and it is decidedly injurious for the ministry to assume on such questions a wisdom which it does not possess. There are certain questions, however, under this branch of our subject which it is well you should know are under discussion, and on which there are differences of opinion among intelligent and thoughtful men. They are such as these:

1. Shall the regulation of monopoly be left to the states or shall it be assumed by the Federal government?

2. Can it be exercised under common law, or are additional statutory enactments necessary?

3. Has the Federal government all the power which it now requires for the enactment of such governmental regulations, or is an amendment of the Constitution desirable?

4. By common consent one chief cause of private monopolies is the inequitable administration of the railroads as highways, by which special favors are given to one class of shippers, and others are excluded from competition on equal terms. How shall the railways be brought under such supervision as will prevent such favoritism?

5. There is already existing an Interstate Commerce Commission possessing powers of investigation and recommendation. Shall it be given further powers, to require, on complaint, the railroad to correct abuses which by investigation it has discovered? Or shall a special court of commerce be created before which the railroad may be brought, by the action of the Interstate Commerce Commission, for the adjudication of complaints?

6. May the Federal government wisely encourage, or, if necessary, require, all corporations engaged in interstate commerce to accept Federal incorporation, and so come more directly under Federal supervision and control?

7. May it wisely prohibit any corporation from engaging in either interstate or foreign commerce without a license from the Federal government, and attach to such license whatever requirements are necessary to secure legitimate supervision and control?

These are some of the chief questions now before Congress, and, through the public press, before the people of the country. They all assume that some government regulation and control of great corporations are necessary for the national welfare. Twenty-five years ago

that proposition was vehemently denied by probably a majority of the representatives of the great corporations; it is now vigorously affirmed, or frankly accepted, or tacitly and regretfully acquiesced in, by the great majority of those who have the administration of the great combinations of capital.

The questions respecting the relations of law to the organizations of labor have not as yet been as clearly put before the country, and the conclusions reached by the courts of law, it is not easy to formulate in any consistent system. This is partly due to the fact that there is no such peril to the country at large from the labor unions that there is from capitalistic combinations: partly because the question of the regulation of labor unions by law is, under our Constitution, necessarily a state, not a Federal question, and the decisions of one state are not an authority in the courts of another state; and partly because the questions have presented themselves in such different forms and under such differing conditions. I think, however, the following propositions, though some of them are not free from doubt, may be taken fairly to represent the tendency if not absolutely the consensus of judicial opinion concerning the relative rights and responsibilities of the government and the labor organizations.

(1) Laborers have a right to unite in an organization for the purpose of promoting their common interests.

(2) In promoting their common interests they have a right to strike; that is, they have a right to leave their employer in a body for the purpose of securing better wages or better conditions of employment.

(3) They have a right to persuade other working men not to take their places, provided their persuasion is so conducted as to be wholly peaceable, without violence, or threats or suggestions of violence.

(4) They have a right to refuse, and to combine with one another in the refusal, to purchase goods of their employer or of others who are in league or in cooperation with their employer. In other words, they have a legal right to "boycott."

(5) They have no right to attempt directly or indirectly to coerce the community into a refusal to buy the goods of their employer or others in league with or in cooperation with him. They have no right to attempt to destroy his credit, impair his trade, or interfere with his

business. Of course they have no right to use violence against him or his employees. They have no right so to surround his work with pickets or sentinels as to interfere with either customers or working men freely going to and fro. They have no right to put a "sandwich man" in front of his place advising customers not to buy of him. In general terms, they have no right to combine for the purpose of directly injuring him or his business, though the mere fact that injury to his business incidentally grows out of their combination to secure benefit to themselves, does not make their combination a conspiracy.

It is not necessary, and I do not believe that it is wise, for the ministry to enter upon the discussion of these or similar specific legal principles, or to take ground, except in extraordinary cases, in specific labor difficulties; and I embody here what I believe to be the current of legal decision in the enumeration of these simple principles, not for the purpose of emphasizing these principles, but for the purpose of illustrating the fundamental truth that government has the right, assumes the right, and exercises the right, to bring all combinations, whether of laborers or of capitalists, under governmental regulation and control, and that the only limit to this governmental regulation and control is the judgment of the state through its properly constituted representatives,—legislative, judicial and executive,—how far such regulation and control is necessary to maintain the peace, liberty, and welfare of the people.

III. The third method which government may take in dealing with a monopoly is to take possession of it and administer it for the benefit of the people. The doctrine that the government should take possession of all industries and administer them all for the benefit of the people, is socialism. The doctrine that it should take possession of some of the industries and administer such industries for the benefit of the people is sometimes, though hardly correctly, called socialistic.

There seem to me to be two capital errors in state socialism.

1. It assumes that the evils of society are primarily in the organization of society, so that if the organization could be changed the evils would disappear. But in fact the evils of society are inherent in the individuals who make up that society, and these individuals must change before the evils will disappear. In truth, the chief evil in the

present social organism is that it tends to develop certain moral evils in the individual. Leave the greed and the ambition dominant in the hearts and lives of men, and convert the present industrial organization into a political organization, and the only result would be that the greed and the ambition would find a new exercise in a pernicious dominance through new forms of activity. To take the control of our industries out of the hands of our capitalists of industry, and give it into the hands of our political bosses, would be simply to dethrone Mr. Carnegie and to enthrone Mr. Tweed and Mr. Croker. The results of intrusting all the industries of a community to the control of a state,—and that is, essentially, state socialism—while the individual is still left greedy, ambitious, unscrupulous, is strikingly illustrated by the history of the Congo State.

All the land of this State, except that in immediate proximity to the home of each individual, has been taken by the State as belonging to itself. All the industries in the cultivation of this land are carried on under its control. The individual citizens, being without money and without individual industry, are compelled to pay their taxes by labor for the State, and the result is a despotism, industrial and political, as cruel and as debasing as perhaps the world has ever seen. Philanthropists and reformers in Europe and America are carrying on a vigorous agitation for the purpose of putting an end to this concrete illustration of state socialism, whose ripened fruit is a narrowing and cruel slavery. If it be said by the socialist that this slavery would not exist if the natives, who really ought to constitute the State, had the ability to throw off the yoke of King Leopold, this fact brings us back to the fundamental principle that the state never can be better than the individual members who compose it. The individuals who constitute the Congo Free State have not such ability, and concentrating all industrial activity in the political organization only makes the despotism both more intolerable and more difficult to overthrow. The fundamental evil of all social organism lies in the individuals who constitute that organism. The mere change of the organism, leaving in it one or a few strong and unscrupulous men, and many relatively ignorant and incompetent, will always issue in despotism. To transfer the control of the industries from an industrial organization to the political organization would not be to relieve, and would probably be

to aggravate, despotic conditions.

2. The state socialists are also in error in assuming that all functions of society should be carried on by one organism. They are right in believing that industry should be democratic; they are wrong in thinking that it can be made democratic only by being brought under political control. Our churches are democratic organizations, but they are not under the control of the state. In fact, emancipation from the control of the state was necessary in order to make them democratic institutions. Our schools are democratic; only in a modified sense are they under the control of the state. The administration of the schools is only quasi-political, and, speaking generally, the more the public school comes under political administration and control the worse the public school is administered.

But although the administration of all industries by the state is for both these reasons not an end to be sought, there are unquestionably certain industries which can be carried on under the direction of the state, with advantage to its people. No man who reads the history of the past century can doubt that the century has seen a great increase of governmental functions.

The Constitution of Alabama says that "the sole and only legitimate end of government is to protect the citizen in the enjoyment of life, liberty, and property, and when government exercises other functions it is usurpation and oppression"; and this sentence, Mr. Lecky declares,⁶ expresses the best spirit of American statesmanship. There may be some question as to what is the best spirit of American statesmanship, but this phrase certainly does not represent the controlling spirit of American statesmanship to-day.

Our government carries on a great transportation business in the carriage of mails; a great educational business in the maintenance and administration of public schools; provides recreation for the people through municipal administration in its parks, its public concerts, its public museums and libraries; provides water supply in practically all the larger towns; and is beginning to provide their lighting. All this is doing much more than merely "protecting the citizen in the enjoyment of life, liberty, and property" and only a

⁶ W. E. H. Lecky, "Democracy and Liberty," Vol. 1, p. 118.

very small minority of American doctrinaires would call the exercise of any of these functions "usurpation and oppression." The recent Report of the Department of Agriculture, and the summary of its operations in the President's Annual Message illustrate in a striking manner the extent to which governmental functions have been carried beyond simply protecting life, liberty, and property. This department has a faculty of two thousand specialists making research into all the sciences of production; reaches every state and territory in the nation and the islands of the sea lately come under our flag; investigates meteorology and its relations to plant and animal life; anticipates the seasons of the cyclones from the south and the cold winds from the north, and advises agriculturists respecting them; inspects meats, guards the health of animals and so protects the excellence of our flocks and herds; has promoted the cultivation of rice on the Gulf, so that we are now exporting it to rice-growing countries, the cultivation of macaroni wheat in the west and the southwest, and the cultivation of figs, dates, and mangoes in southern California; it is fighting the boll weevil, has imported for propagation an ant which has proved an effective enemy to the weevil in Guatemala, and a parasitic fly from South Africa to fight the black scale, the worst enemy of the orange-grower in Southern California; it has also imported large quantities of the mulberry as a preparation for silk-growing. All this costs money, mounting up to half a score or more millions of dollars every year. Similar work is being carried on for the reclamation of arid lands and the preservation and development of forests.

How far the nation, the state, the city, or the village should go in the conduct of industries, it is certainly difficult and perhaps at the present time impossible to state. But we have assuredly passed beyond the era in which it is to be assumed that the only function of government is to govern. There are two principles by which we may be guided in our further progress.

First, the community should not assume the administration of all industries, but should leave to private enterprise those industries which can be carried on better by private enterprise; by so doing it will secure the benefit of that initiative which individual competition stimulates. Second, the community should assume the administration

of those industries, the organization and uniform direction of which are important, if not essential, to its welfare as a community, whenever experience indicates that it can administer those industries for its own benefit better than they will be administered by private enterprise. For example: a city cannot live a prosperous life without a well-organized system of furnishing water and light, but it can live a prosperous life without a well-organized system for furnishing meat and bread. Individual industry can furnish the latter and not the former. The state cannot maintain a prosperous life without a well-organized system furnishing universal education within certain limits, but it can maintain a prosperous life without a well-organized system for furnishing its farmers with spades and hoes, or its households with furniture. The nation cannot maintain a prosperous life without a well-organized system for the carriage of the letters of the people, but it probably can maintain a prosperous life and leave the carriage of goods and of people to private enterprise, under some measure of national control. The nation has, therefore, the right to maintain a post-office system, the state a school system, the city a water and lighting system: in brief, the community has a right to carry on any industry which by its nature is a monopoly and on the successful carrying on of which the welfare of the community depends. In determining whether such monopoly shall be carried on by the community or by private enterprise for the community, it may be safely said that whatever the people can do for themselves cheaper and better than they can hire private enterprise to do for them, they may do.

I may sum up in a paragraph the ground which we have already covered. We have passed from the epoch of individual industrialism into the epoch of organic or fraternal industrialism. This development is to be encouraged and directed, not to be regretted or prohibited. It marks an intellectual, an economic, and an ethical advance of the human race. But there is peril in the existence of great organizations of capitalists and of laborers. It is peril lest the great industrial organization shall become superior to the state and so obtain control of the people. If this should occur, and in so far as it does occur, the state loses its sovereignty, the monopolistic organization becomes sovereign, and the people cease to be free. The remedy for this peril is not an attempt to go back to the era of individual industrialism

from which we have emerged: we are to go forward to an era of fraternalism which lies in the future, and we are not to be deterred from going forward by the cry of socialism. The remedy for the perils threatened by monopoly is threefold; political, industrial, ethical. Something in the political realm may be done by special law to correct special abuses; more may be done to bring all monopolistic organizations under the control of the people through their political organizations, municipal, state, and national; and still more can be done by assuming the control and administration of certain special industries, particularly those which are in their nature monopolies, and on the just and equal administration of which the welfare of the people depends. But for the control of the industries by the people, that is, for the democratization of our industries, we are to look chiefly not to political action, but to industrial reform. What that industrial reform should be will be the subject of the next lecture.

III

The Economic Solution— Reorganization

Out of the organization of capital and the organization of labor, as described in a previous lecture, has grown the modern industrial problem. That problem may be succinctly stated thus: What are the right relations between capitalists and laborers, and how shall these relations be so adjusted and maintained as to promote industrial peace and prosperity? To answer this question we must first see clearly what we mean by a capitalist, and what we mean by a laborer.

First, the capitalists owned the laborers; this was slavery. Then the laborers were set free from the ownership of the capitalists but were attached to the land. The capitalists owed the laborers maintenance and protection; the laborers owed the capitalists loyalty and service. This was feudalism. Then the laborers were detached from the land and were free to sell their service wherever they could find an employer. They no longer owed loyalty and service to the capitalist, and the capitalist no longer owed maintenance and protection to the laborers. The laborer was free to find employment wherever he could and the capitalist was free to hire service wherever he could. Under this system all the tools and implements of industry passed under the control of the capitalist, while most of the work carried on by means of these tools and implements was performed by the laborers. This is the wages system, sometimes called capitalism; it is the industrial system of today.

A great deal of the discussion in the press assumes that this is the inherent and necessary condition of industry; that there always must be capitalists and laborers, employers and employed; that there always must be one class which owns the tools and implements of industry and another class which employs them in production. In point of fact, this wages system is not much over one hundred years old, and I believe it is simply a transition from feudalism to the democracy of industry, as feudalism was a transition from slavery to the wages system.

There is no better definition of democracy than Abraham Lincoln's "government of the people, for the people, by the people." This is political democracy. Educational democracy is education of the peo-

ple, for the people, by the people. This is the principle embodied in our public school system, which provides an education for all the people, administered by all the people. The same principle is also embodied in religious democracy: religion of the people, having its source and spring in human nature; religion for the people, not for an elect few, priests or saints or monks or nuns or professed religious,—but for all mankind; religion by the people, the source of power in religious institutions being not in any pope or bishop or conventicle, but in the people, so that the clergy are their servants, and subject, in the Just analysis, to their direction and control.

Industrial democracy similarly means industry of the people, all the people being engaged in the work of production, or rather, in the work of mutual service; industry for the people, that is, a system in which the profits of that industry are shared in some due and right proportion by all the people; industry by the people, that is, directed and controlled, not by a few captains of industry under whose autocratic authority the people do their work, but by all the people, from whom industrial authority proceeds and by whom, in the last analysis, it is exercised. I do not believe that it is possible permanently to maintain a condition of society in America in which the government shall be democratic, education shall be democratic, religion shall be democratic, and industry shall be autocratic.

Industrially speaking, then, our labor question is twofold. First, what are the right relations between capitalists and laborers, employers and employed, the tool owners and the tool users, while the wages system continues? and secondly, how shall that system be so developed and directed as to tend toward a system of industrial democracy? Let us consider these questions separately.

What are the right relations between the tool owners and the tool users? As we have already seen, the doctrine of individualistic industrialism was that this relation was one between the buyer and the vendor of an article. It assumed that the laborer had labor to sell; that the capitalist desired to buy that labor; that justice required the capitalist to pay the laborer a fair price for his labor; and that the only way to ascertain what was the fair price for the labor was the price which it would bring in a free labor market. We have already seen that this is not a true definition of the relation between the laborer

and the capitalist; that the two are partners in a common enterprise, the one using the tools, the other providing them and keeping them in repair. This the laborer profoundly believes, and believing this he makes two demands: first, a share in the profits; and second, a share in the administration of the partnership. I believe that both demands are inherently just, though often far from being so to the extent and in the method in which they are made. Financially, the labor question is, How should the profits of the common enterprise be divided between the tool owner and the tool user? The tool user, that is, the laborer, demands a share in the profit of the common enterprise. He asks for it, not as a privilege or a gratuity; he asks for it as his right as a member of the partnership. The reply sometimes made to this demand is that he is unwilling to bear the losses, though he wishes to share the profits. This reply is specious, but not just. Let me try to make this clear.

What is meant by the word "profits?" A shoemaker in a country village owns his little shop and his tools, and makes and mends shoes. In order to carry on this business permanently it is clear that he must make enough money out of the sale of his shoes to keep his shop, his tools, and himself in repair. If he cannot earn enough to provide himself with food and shelter, to replenish his tools when they are worn out, and to keep his shop safe over his head, his business will speedily come to an end, and he will go to the poorhouse. If he does not own the shop, but rents it, he must earn money enough to pay the rent or he will be evicted. If he does not own the tools, but hires them and gives a chattel mortgage to secure the money, he must earn enough to pay the interest on the chattel mortgage or the mortgage will be foreclosed and the tools will be taken away from him. If he makes only enough to secure such maintenance, he is making no profit; he is simply making a living.

Instead of a single shoemaker working in a village shop, imagine a thousand men and women working in a great factory in Lynn; precisely the same principle applies. In order to carry on this shoemaking business, a sufficient financial return must be secured to keep the shop, the tools, and the working men, in repair. The shoes produced must sell for money enough to give a living wage to the working men, to repair the machinery as it gets worn out, and to keep the

factory in which the work is carried on in good condition. If the factory and the machinery do not belong to the working men but to some one else, then a return must be secured both sufficient to enable the working men to live and also to pay the owners of the factory and the machinery a fair rental for their property. If this return is not secured the business does not pay, and sooner or later the factory must go into bankruptcy. If the returns are just enough to give a fair support to the working men and to pay a fair rental for the factory and the machinery, it is making a living. If it secures more than this it is making a profit.

The working men of to-day claim that when such a profit is made they are entitled to a share of it; that the work of the factory is a common work to which the tool owners and the tool users alike contribute, and after a sufficient return to the tool owners and the tool users has been made to constitute a living business, what profit there is over and above that return should be divided between the tool owners and the tool users in some just and equitable proportion. When in reply to this it is said that the tool users,—that is, the laborers,—are not willing to share the losses, the answer is that in fact when the business is a losing business they do share the losses, and not infrequently the business is so administered that the losses come wholly upon them.

An illustration of this participation in the losses is afforded by the present condition of the industries of Fall River.⁷ Owing to the condition of the cotton market, the Fall River factories have been unable to pay any dividends to the stockholders; that is, any rent to those who own the factories and the machinery. So the directors of these factories have reduced the wages of the operatives. In effect, they have said to them, In the present condition of the market, our business is not able to pay the rent we have been accustomed to pay to the tool owners, and the maintenance we have been accustomed to furnish the tool users, and we must reduce the wages of the tool users in order to pay some rent to the tool owners. In this case the demand of the administrators of the mill is that the loss shall be shared between the two.

⁷ That is, in January, 1905; the strike has been at least temporarily adjusted since this lecture was given.

In the famous Pullman strike in Chicago, in 1894, the demand was that all losses should fall upon the tool users. The Pullman Company paid undiminished dividends to the stockholders and undiminished salaries to the higher officials, most of whom were large owners of the works; they did not reduce the rent of the houses which they rented to the working men, and they did reduce the wages of the working men. In other words, they said: This business is not as prosperous as it was. We tool owners will not take any share of the diminished prosperity; you tool users must bear the whole loss. No wonder the tool users were indignant. It is needless to say that I do not excuse the violence to which they resorted, and that I do justify the action of the government in repressing that violence; but, morally, and in the high court of heaven, the capitalistic employers were far more responsible for the conditions in Chicago in the strike of 1894 than the laborers whose passions overwrought their judgment, and who allowed themselves to be led into a foolish and a criminal violation of the law.

The most intelligent and thoughtful capitalists are beginning to realize clearly what the working men have felt blindly; that it is right that both parties to the common industrial enterprise should share in its prosperity, as both parties to the common industry do share in its adversity. The tendency of our time is toward a real participation in the profits of the great industries. Sometimes this participation is furnished by making it easy for the workers to become shareholders. This, as yet, is rare. Sometimes it is furnished by a wages dividend, that is, a dividend paid to the wage earners proportioned to their wages, as the stock dividend is paid to the owners in proportion to their stock. Sometimes it is furnished by what is called the sliding scale, by which the wages of the working men are automatically proportioned to the rise and fall in the price of the goods produced. I believe that this is common in certain manufacturing industries. Sometimes this share in the profits is accomplished by a simple increase of wages following increased prosperity of the industry. This seems to me the poorest of the four methods, because the managers are naturally reluctant to raise wages with the consciousness that when the period of prosperity passes it will be difficult or impossible to lower the wages again without resistance from the working men,

and a consequent disastrous industrial complication.

But it is not necessary, it is not wise, for the minister to attempt to determine the method in which this financial question between the employer and the employed may be adjusted. It is not necessary, it is not even wise, for him to make himself the advocate of a special method of profit sharing nor, except in extraordinary cases, to become the advocate of either the tool owner or the tool user when strife arises between them. But it is both right and wise that we should clearly understand the nature of the fundamental question, and reach a definite and decided conviction upon that question. Is labor a commodity to be sold to the capitalist as the machinery is sold to the capitalist, or is the laborer a man working in fellowship with the capitalist, who is his fellow man, on such terms that the profits of every common industry shall be shared between the two on some just and equitable basis? I have no doubt that the latter is the case.

This is the financial question between capitalist and laborer under the wages system. The administrative question is more difficult of solution, and perhaps more difficult even of statement.

The organization of industry necessarily involves bringing that industry under some uniform direction and control. Shall that direction and control be autocratic, shall it be exercised for the laborers by the capitalistic employer, or shall the laborers share in that direction and control with the capitalistic employer? Our single shoemaker in the village owns his house and his tools, and can regulate his hours and conditions of labor for himself; but the thousand shoemakers working in a factory must work under similar, if not the same, conditions, and during substantially the same hours. The necessity of working together compels the working under some common regulation. The working men think they have a right to some voice in this regulation; they think that the hours and conditions of labor are not to be autocratically determined for them, but are to be determined in conference with them. In this also I agree with the laborers.

Autocracy in industry has had a fair trial and with disastrous results. It has worked no better in industry than it has worked in the church and in the state. Autocracy in religion produced Italy, Spain, Ireland; autocracy in government produced Egypt under the Phar-

aohs, France, Spain, and Italy under the Bourbons, Russia under the Czars. What has autocracy in industry produced? In the Louisiana sugar industry the laborers were under the autocratic control of the plantation superintendent, popularly called the "slave driver," and Mr. James Ford Rhodes tells us that under this system the average life of the slave was seven years. It was cheaper to use up a slave in seven years and buy a new one than it was to make such provision for his needs as would prolong his life.⁸ At the same time the cotton industry of Manchester and Birmingham was carried on under the autocratic system. Working men lived on the edge of starvation; women were compelled to leave their homes to join their husbands in toil in order to eke out a scanty subsistence. The schoolrooms and the playground were robbed of the children and the children were robbed of their child-life in order to add to the inadequate wages of the father. It was said that the condition of the factory hands in England was as bad then as that of the slaves on the sugar plantations of Louisiana, and this was hardly an exaggeration.⁹ Until very recently the sweat-shops on the east side of New York have been conducted under an autocracy. Those engaged in this work had no voice in determining the hours of labor, the conditions of labor, or the wages to be received for their labor. They had to take what was given to them and work under whatever conditions were provided for them. If you wish to know the result read the article by Ray Stannard Baker on "The Rise of the Tailors," in a recent issue of *McClure's Magazine*. What it meant to the workers is illustrated by a Yiddish sweat-shop song which Mr. Baker thus translates:

"I work, work, work without end,
Why and for whom I know not,
I care not, I ask not,
I am a machine."

⁸ "Louisiana sugar planters did not hesitate to avow openly that, on the whole, they found it the best economy to work off their stock of negroes about once in seven years, and then buy an entire new set of hands"—James Ford Rhodes: "History of the United States," Vol. I, p. 308. He gives his authorities for this statement.

⁹ See for description of these conditions Francis A. Walker: "The Wages System."

What treatment this system accords to the workers he illustrates by one typical incident:

"In one of these sweat-shops one day, a woman worker, in a case I know of, gave birth to a child—behind a curtain hung at the corner of the hot, noisy room. Another woman had stolen a few moments to be with her. The child was born dead. When the mother saw that the child was dead, she cried out, shrieking, but only for a few minutes. Then she dried her eyes. 'Thank God' she said. 'I could not take care of it.' And a few days later she was again at her place in the shop. That sort of work made brutes of men and women."

The struggle of the unions for what they call recognition is not merely a struggle for higher wages, or shorter hours. It is a struggle to secure the right to have something to say upon the question what wages shall be paid, what hours prescribed, what conditions provided. In the same category is to be placed the demand of the unions to have something to say on the question whether an individual laborer shall be discharged or retained. There is the complaint, in many cases justified by the facts, that good workmen are discharged because they have been leaders in labor unions, because they have taken an active part in securing for their fellows better wages or better conditions. But this is not the only, nor even the most fundamental, ground for the demand of the labor unions. Underlying all their insistence upon what they call recognition is this fundamental claim to some participation in the administration of the industry in which they are engaged.

At the risk of seeming repetition I restate the issue involved. The employer who is trying to maintain the principles of individual industrialism says: This laborer is my servant; I have hired him. If he does not like to work as I want him to work he must go and I will supply his place with another servant. The laborer, who consciously or unconsciously is endeavoring to apply the principles of fraternal industrialism, says: I am not your servant, hired by you to do your work as you wish it done, You and I are partners in a common enterprise. I have a right, not only to some share of its profits, but also to some participation in its administration.

It is not the duty, nor is it wise, for the minister to undertake to determine in any specific instances whether the working man is claiming a larger participation in the administration than he is entitled to, nor to decide how the problem of cooperation in administration can best be worked out. This must necessarily be left to experts in the field of industry and probably, indeed almost certainly, the method of participation must be different in different industries. But it is right and wise and important for the minister to understand clearly the nature of this issue between individual and fraternal industrialism, and to form a clear, definite, and positive conviction on the fundamental question whether, in modern, organized industry, the laborer should be regarded as a servant who is unquestioningly to do the will of the employer who hired him, or whether he is to be regarded as an individual cooperating with the tool owner in an industry to be carried on by the two in mutual agreement.

A first step toward the solution of our industrial problem, then, is the adjustment of right relations between the capitalists and the laborers, that is, between the tool owners and the tool users; and I have no doubt that fundamental to this adjustment is the recognition by the capitalists and laborers alike that they are partners in a common enterprise, in the profits of which, when there are profits, both are to participate, and in the administration of which both are to have some voice. The most serious, as it is the most common, cause of industrial wars is not the question of hours, or of wages; it is mutual suspicion,—jealousy on the one side, ill-concealed contempt on the other. One of the greatest strikes of recent years, and one of great peril to the country, was the coal strike of 1902. Mr. Carroll D. Wright in his official report to the President thus states what was the principal cause of this strike: "There is no confidence existing between the employees and their employers; a suspicion lurks in the minds of every one and distrust in action on every side." How can the partners in a common enterprise work together without constant friction and frequent wars when such are the conditions? The first work of the minister must be to promote the spirit of amity and good-will between employer and employed. This never can be done by what may be called "class" preaching; that is, by preaching to congregations of employers about the faults or duties of working men, or by preaching

to congregations of working men about the faults or the duties of employers. It is to be done primarily by ignoring, so far as possible, all such class distinctions, and so preaching as to disclose to men their own faults and interpret to them their duties to their fellow men of every class and every condition. But the labor problem will not be finally solved by merely securing amicable adjustment of relations between employer and employed. The final industrial solution is to be sought for in such a development of human character, and such a development of industrial conditions founded thereon, that the distinction between tool owners and tool users will disappear. The tool users will themselves become the tool owners, the laborers will themselves become the capitalists, and in so far as there are still capitalists who are not laborers, the conditions of individual industrialism will be reversed: under individual industrialism labor was a commodity which the capitalists hired; under democratic industrialism capital will be a commodity which the laborer will hire.

I can best make this issue clear by indicating some of the steps in this process of industrial development and some of the principles which underlie it.

1. There are certain elements of wealth in the country which by the artificial arrangements of society we have made private property, but which, on principles of abstract right, belong to all the people. One problem which confronts us is how to undo the evil which has been wrought by allowing this public wealth to become private property. To do this without a revolution which would be unjust to present owners, and disastrous to the nation, is a very difficult problem. I believe that no human problem is unsolvable; but here I can do little more than to state the nature and conditions of this problem and one way toward its solution.¹⁰

Every man has a right to the product of his own industry because it is a part of himself; into it he has put a portion of his own life. But there are certain things in the world which are not the product of man's industry and to which, therefore, the individual man has no natural right. If he has any right in them it is due to artificial arrangements of society. Air, light, the ocean, the navigable rivers,

¹⁰ I have treated this subject more fully in "The Rights of Man," Chap. IV,— "Industrial Rights."

come in this category. So do the land and its contents. These are not the products of industry: man did not make the hills of Pennsylvania and the coal stored therein; nor the hills of California and Colorado and the gold and silver stored therein; nor the prairies of the great West and the juices of the earth stored therein; nor the great forests of Wisconsin and California. These were not made by man; they were created for man. This is equally true of the great forces of nature,—light, heat, electricity. The machines by which these forces are made available are man-made, but the forces are not man-made. A third source of value which it is true man has made, but which has not been made by any individual man but by the entire community, is the public franchise. The state gives to a corporation the right to take possession of a strip of land extending from New York to Buffalo and to lay a railroad track upon it; to another corporation the right to lay its tracks in the city streets and run its cars upon them. This right is a creation of the state; the value inherent in this right belongs naturally to the state; it is only as the state parts with this right that the corporation becomes entitled to it. It is not a product of the corporation's activity; it is a grant by the state.

Now the chief sources of the enormous individual wealth in this country are these three: land, natural forces, state franchises. The multi-millionaires have accumulated their multi-millions, not chiefly as a product of their own industry; they have accumulated them by getting possession and control of the land and its contents, the natural forces of the world, and the franchises which the state has created. Cornelius Vanderbilt is said to have been worth two hundred millions of dollars at the time of his death. If Adam was born six thousand years ago and had lived to this day and had worked every working day for that six thousand years and had laid up one hundred dollars a day over and above his own maintenance, he would not have accumulated as large a fortune as Cornelius Vanderbilt accumulated in a lifetime. This fortune was not accumulated by Cornelius Vanderbilt's productive industry. It was accumulated by his ability to get possession of land values, the natural force values, and the franchise values, all of which naturally belonged to all the people. I do not blame Cornelius Vanderbilt for getting possession of them. I do not blame the people for parting with them. The people were not as wise

ests, the prairies,— have, to a large extent, passed into private hands by public gift. What we have given we cannot in honor take back, but we can cease the continuance of a policy which deprives the people at large of these values which are not man-made but God-given.

But we can do more than this.

We can levy a reasonable rate of taxation on the franchises, on the great patents, and on land values. A tax which amounts to immediate confiscation cannot be justified, but a policy of taxation which in the first place compels every franchise value, patent value, and land value, to pay in proportion to its value as other values pay, is absolutely right; and a system of taxation which eventually should recover to the people the values of the franchises, the patents, and the lands which our fathers gave away, would not be unrighteous, if it were so arranged that private enterprise and private interests could adjust themselves to it. The laws of one generation ought not to be permitted to bind all future generations. To permit this is to prevent any possible rectification of the evils inflicted by the imperfect knowledge of an earlier time, and to impair, if not to prevent, all industrial progress.¹¹

2. A second step toward the better distribution of wealth, that is, toward that era when the tool users will become the tool owners, is a radical reform in our system of taxation. Indirect taxation levies the taxes on expenditures, and so long as the great mass of taxes is levied by indirect taxation, so long they will be levied on expenditures.

The poor man does not expend as much as the rich man, but his expenditure in proportion to his income is vastly greater. The man who has \$500 income a year needs to sleep as warmly as the man who has \$500,000, and although he does not pay as much for his coarse blankets as the millionaire, the millionaire does not pay one thousand times as much as the poor man. The poor man must have an overcoat that will keep him as warm as the rich man; his heart beats with the same measure and his blood needs to be kept at the same heat. He does not spend as much for his overcoat and does not have as many, but the rich man does not have a thousand overcoats to the

¹¹ The reader who desires to pursue further this question of public rights in natural values will find the material for such investigation in Henry George's "Progress and Poverty" and in Thomas T. Sherman's "Natural Taxation."

poor man's one, though his income be \$500,000 and the poor man's \$500. If, therefore, we levy a tax on clothing, the poor man pays far more in proportion to his income than the rich man pays. Taxation ought to be levied in proportion to income, not in proportion to expenditure.

And it ought to be levied rather on the income that comes from permanent investment than on the income that comes from personal industry, whether that personal industry is industry of the hand or of the brain; and for this very simple reason: Government does more for the man who has large investments than it does for the man who has none. The landlord who owns a thousand houses has a thousand houses to be protected; the man who owns the one house in which he lives and no other, has but one house to be protected; the man who lives in a single suite of rooms in an apartment house has a single floor to be protected. The man with the large investments asks government to do a great deal more for him than the man with few investments or with none at all, and he ought therefore in justice to pay a larger proportion of the expenses of the government. Tax on industry is a discouragement to industry in so far, and the tax ought to be levied, first, on the income, not on the expenditure, and secondly, rather on the income that comes from investments than on the income that comes from industry, whether of brain or of brawn.

3. With these economic reforms of a public nature must be combined those of a more private and personal nature.

Money may be regarded either as an instrument for pleasure or as an element of power. Those who regard it as an instrument for pleasure will spend it as fast as they make it. Those who regard it as an element of power will accumulate it and employ it as a tool in their industry. Money is accumulated industry. It is the product of industry salted down and reserved for future use. The men who thus accumulate the products of their industry in time acquire the ownership of the tools with which the industry of the world must be carried on. There are thousands of men in America who have no conception of this use of money, and they must be taught it. This is the essential principle underlying what we call thrift. Thrift must be taught, not merely, perhaps not mainly, by homilies from the pulpit, though I am persuaded that the pulpit in its exaltation of the virtue of generosity

has failed to lay the stress it ought to lay on the virtues of industry and economy. But there are virtues which can be taught outside the church better than within it.

Men will learn thrift through a savings bank who will not learn it through a pulpit. In the public schools of France and Austria savings banks for the children are in use. They have now been introduced to a limited extent in the public schools of this country. Every such savings bank not merely helps the child to save for future use the money which before was spent in the candy shop, but it educates him to perceive that money is an element of power, not simply an instrument for pleasure, and develops in him the capacity to deny himself a present enjoyment for the sake of a future usefulness. We ought to have in this country as they have in England a postal savings bank. I believe the bankers oppose the postal savings bank lest it should interfere with the private savings bank. I think that this opposition, so far as it exists, is short-sighted. Experience indicates that many working men are more anxious to have their savings safe than to have them pay a remunerative rate of interest. If the post-office would simply take the money of the depositor and hold it for him without interest until it reached such a sum that he thought it worth while to open with it a savings bank account, thrift would be encouraged. A number of years ago I traveled from Easton, New Jersey to Wilkesbarre, Pennsylvania, and on that whole journey there was not a single savings bank, but there were plenty of liquor saloons to be seen. Men could spend their money for pleasure whenever they chose, but the only way they could save their money was to tie it up in a stocking, or put it in a trunk. That condition may no longer exist; I hope it does not; it ought not to exist in any section of the country. It ought to be as easy for a man to deposit his money in safety for future use as it is to mail a letter.

4. In some respects more important than either of the reforms I have mentioned is that broader system of education upon which we are entering. The man who can furnish only muscular force to industrial enterprise comes in competition with the great forces of nature. As men rise in the moral and intellectual scale God takes their drudgery from them. Two women sit on the ground in Palestine laboriously turning one grindstone upon another, grinding the grist for

the two homes which they represent. The American harnesses his mill to the upper falls of the Mississippi River and sends out from the mill thousands of barrels of flour daily. God grinds his wheat and his corn for him. The North American Indian journeys through a trail in the forest, twenty or thirty miles in a day. The modern American gets into a Pullman car, and in twenty hours is transported from New York to Chicago. God has carried him a thousand miles. The man who can contribute nothing but muscular power to the organization of modern society is the woman in Palestine and the Indian on the trail. It is necessarily difficult for him to contribute as much to the wealth of society as he must take out of the common stock to maintain his life. Education develops brain power; industrial education develops a kind of brain power which can be employed in the production of wealth. The better the education and the greater the ability to apply that brain power in the production of wealth the greater share the individual can contribute to the common stock, and the greater dividend he can take from the common product.

5. With these reforms we need to combine another: such an organization of industry and such an impregnation of our industrial system with honesty and fair dealing that men who can produce more than they consume and who have learned how to save the surplus of their industry, regarding it as an element of power not as an instrument for pleasure, can safely invest it in the great industrial organizations. They are already doing this directly or indirectly to an extent unparalleled in the previous industrial history of the world. The total number of depositors in savings banks for the year 1890 was over 4,250,000, with an average deposit of over \$350 each. This money, I hardly need to remind you, does not lie idle in the vaults of the savings banks. It is loaned out to industrial enterprises, so that the owners of these savings banks deposits are indirectly part owners of the tools with which the industry of the country is carried on. But these figures do not adequately represent the extent to which tool users are also tool owners.

Much of the bonds and the stock which represent the tools employed by the great mines, factories, and railroads is divided among a great number of bondholders and stockholders who thus are tool owners. At present thrifty and intelligent working men rightly fear to

invest their surplus earnings in industrial organizations because industrial organizations have been so often managed, not in the interest of the owners, but against their interests. Laws prohibiting stock-watering, laws requiring publicity of account-keeping, laws holding the directors of great corporations to a stricter accountability for their actions, laws bringing them under governmental supervision, as the banks are now brought under governmental supervision, would help to make investments in active industries as safe as now are investments in savings banks. But what is far more important than laws is a public opinion which shall pillory every man, however great his wealth, if it has been accumulated by dishonest, underhand, and corrupt methods;—a public opinion which shall call men robbers however great the sum they have accumulated by their acts of robbery.

A few years ago, as the result of inquiries, I learned that the number of stockholders in the Pennsylvania Railroad and the number of persons employed by the Pennsylvania Railroad were about the same. If the employees had been the stockholders in the Pennsylvania Railroad the contest between the tool owners and the tool users would no longer exist; the tool users would have become the tool owners. This, I believe, is the ultimate industrial solution of our labor problem. It is such a distribution of wealth, based on universal integrity, intelligence, and thrift, that the men who carry on the industries by the concurrent action of their brains and their hands, will, through the modern invention of the corporation, become the owners of the tools with which that industry is carried on, and there will be an end to the strife between capitalists and laborers because the laborers will themselves have become the capitalists.¹²

Let me restate the ground which we have thus far covered in these three lectures. In the first lecture I attempted to show that the organization of labor and of capital are essential elements in the progress of

¹² The tendency in America appears to be toward this better distribution of wealth. Carroll D. Wright estimates that "the rich in America own now a smaller part of the total than forty years ago."—G. L. Bolen: "Plain Facts as to Trusts," p. 236. The great plantations in the South are being taken up into small holdings; the same process is apparently going on, though less rapidly, in the far West. Nearly half the families in America own the land they occupy, a land distribution unequaled in any great nation in the history of the past. See on this whole subject, Charles D. Spalar, "Present Distribution of Wealth in the United States."

mankind, and mark a higher and better social and industrial development than that of the era of individual industrialism from which we are emerging; that we cannot go back if we would, and we should not if we could. In the second lecture I attempted to show that the era of organization involves danger from monopoly; that wherever combination is possible, competition is impossible; that the remedy for the dangers threatened by monopoly is not the reestablishment of competition but government regulation and control of the great combinations, whether of capitalists or of laborers. In this third lecture I have attempted to show that the labor problem is really the question. What should be the relations between capitalists and laborers? and that the answer to that question is twofold: so long as society is divided into these two classes of tool owners and tool users, the relation between them is that of partners in a common enterprise; but the ultimate ideal toward which we should direct our ethical teaching, and our social and industrial reforms is an ideal in which the distinction between capitalists and laborers will be abolished, because the laborers or tool users will have become capitalists or tool owners. In the next and last lecture of the course I shall consider the ethical issue involved in the industrial problem, and the specific message with which the minister in our time should consider himself charged, in order to meet the difficulties and dangers involved in the present industrial situation.

IV

The Ethical Solution— Regeneration

In traveling from Mt. Blanc to Geneva the diligence stops at a certain point to change horses. A group of wayside boys swarm out on the roadside; some turn cartwheels, some walk upon their hands or stand upon their heads, some simply hold a ragged cap in hand, and the passengers upon the coach rain down upon them coppers for which the boys eagerly scramble. The episode is soon over. A few boys with their hands full of coppers, smiling at their success, the others, smaller and feebler, without a penny and with disappointed faces, watch the diligence as it rolls away.

As, some years ago, I looked upon this scene it seemed to me a parable of one phase of American life. God has stored this continent with unmeasured wealth of prairies and forests, of coal and oil and precious metals, of waterfalls for power, great navigable streams for highways, and well-protected harbors for foreign commerce; and her millions of men are engaged in a busy and not always scrupulous struggle to see who shall get the larger share of this common wealth. Some by their productive industry are said to create the wealth, though really they only make it available for human use. Some by cunning craft or power seize on the common wealth before their fellows, or by various forms of dishonesty, legal or illegal, take it from their fellows, after the latter have gotten possession of it. Some engage in the scramble with great joy, some are forced into it by the necessity of maintaining an existence. Some, unable or unwilling to engage in the strife, stand outside and take what their successful fellows may choose to give to them. These we call the dependent classes. Some retire from the common war, bruised and with empty pockets and aching hearts; some with their hands and their pockets so full that it requires all their skill to keep what they have gotten, and their skill does not suffice to make their possessions available to them.

Out of this scramble for wealth grow certain of our great national problems.

We put a tariff wall about our country, the effect of which is to say to the rest of the world: You cannot join in this American game un-

less you come to America and become Americans. Then you may. And men from abroad, seeing the game, and thinking that if they come they can get, if not for themselves at least for their children, a fair share of prizes, come here in a long procession to add their brain and brawn to the battle. Out of this grows our immigrant problem.

Successful men, who have already accumulated their millions, and who have discovered that money, even more than knowledge, is power, join their millions to increase their chance of success, as a few of the stronger boys in the Swiss scramble might join to shove the smaller boys to one side, and divide the spoil which their common strength gave to them. Out of this grows the trust problem.

Other men, less fortunate, but on whose hand-work the development of the natural wealth of the country depends, join themselves together in labor organizations, to resist what they regard as the aggressions of their richer and stronger fellows, or perhaps even to combine with them in securing a larger share of the natural wealth of the country. Out of these combinations of labor with capital or against capital, grows our labor problem.

It is necessary to keep some order in this struggling crowd, and the greater the struggle the stronger must be the government whose function it is to keep such order. This government requires a certain share of the common wealth for its maintenance. To secure the aid of this government special interests are willing to pay large prices. Men who have an aptitude for a certain kind of government, or perhaps merely no aptitude for honest business, go into politics, as one of them has said, for what they can make out of it. Out of this grow public corruption and those political problems which public corruption presents.

This struggle is not altogether sordid. Different motives combine to inspire the participants. A few enter it merely for the money. They wish to heap together the coin and enjoy the possession of it. But of such there are very few; Americans are not misers. If they are enthusiastic in amassing wealth, they are also free in expenditure. More join in the game for the joy which victory gives. Wealth is a measure of success. To be wealthy is to be honored, or respected, or at least feared, and the sound of popular applause is sweet to all men. Still more enter into the struggle for the mere love of the game; as one

successful business man once said to me,

"There is more fun in making money than in either possessing it or spending it." The excitements of business are to such men like the excitements of Monte Carlo to the gambler. Money is the symbol which testifies to success. Still others are forced into the struggle in order to earn a livelihood for themselves and those who are dependent on them. Their life is not in their industry, their industry is pursued only because it is necessary to enable them to live. Some look beyond the money, the applause, the excitement, the immediate necessity, and consider seriously what this money for which they are struggling will secure for them. They see more or less clearly that money is but a means, not an end, and to that end they really direct their energies in their struggle to acquire the means. What is this end to which money is a means? What will this money buy? What is the true secret of its value?

I hold in my hand a piece of paper on which are printed the words, "Five Dollars." Why is this anymore desirable than any other piece of paper of similar size and quality? Because I can go to the bank and get for it a five dollar gold piece.

I go to the bank and get the five dollar gold piece. Why is this five dollar gold piece more desirable than any other disk of any other metal of similar size? Because, as the result of a common agreement entered into by all participants in this game, I can exchange it for whatever things I want. I cannot eat it, but it will procure me food; nor wear it, but it will procure me clothes; nor live under it, but it will procure me shelter; nor travel in it, but it will procure me transportation; nor read it, but it will procure me books. This disk of gold is like the wishing cap of the fairy tale. I have but to produce it and there lies on my table whatever I wish for—food, clothing, shelter, travel, literature, art, music, for myself, for my friends, for my fellow men.

Can we classify these objects of our desire so as to see more broadly what this gold will procure for us? I think we can. They all fall into three great categories; means of pleasure, instruments of power, and opportunities for service.

Give a small boy a penny, it will go for candy; give a grown-up

boy a dime, it will go for beer; give him a five dollar piece, it will go for champagne. In the development of the race as in the individual this is the first use to which money is put,—the obtaining of pleasure. There are thousands and probably millions of men in this country who have no idea,—certainly no clear idea—of any use of money other than to get through its acquisition some form of personal comfort and enjoyment for themselves, or perhaps for those who are near and dear to them. There are but few Americans who believe in the Beatitudes; but few who really believe with Jesus Christ that the secret of happiness is character, not possessions.

Money is also an instrument of power. Money buys tools; without tools the handworker cannot work. When he owns the tools he controls the industry which depends upon these tools. He owns the farm, the mine, the cotton factory, the railroad. No one can cultivate the farm, or extract the ore from the mine, or work at the spindle, or travel on the iron highway, without his consent. The multi-millionaire is not so foolish as some moralists would have us suppose. He knows what he is after,—power. The feudal lords of our time are the multi-millionaires; the barons are coal barons; the magnates are trust magnates; the kings are railroad kings. Their existence marks an upward stage in moral development, because the desire for power indicates a higher ethical stage in development than the desire for pleasure. Ambition is a nobler motive than love of pleasure. It is better to invest one's money in stocks than in either beer or champagne.

Money also brings with it opportunities for service. As it may be used for good or evil pleasures, for useful or injurious power, so it may be used in beneficent or maleficent service. It may establish a soup house, or endow a library: in one case it will impoverish men, in the other case it will educate them: in one case it will rob them of self-respect, in the other case it will develop in them self-reliance.

And this brings me to the very simple truth which I wish to put before you; that wealth—not merely money, but wealth,—that is, the objects that money will buy, whether pleasure, power or opportunity for service, are available only as they minister to the higher life of men. Wealth is the abundance of things, and things are for men, not men for things. The value of things depends upon their power to

minister to the life of men.

The babe has come into the home. Shall we clothe him in cotton? or wool? or silk? Nothing is too good for him. Let us buy him the most costly, the most luxurious. No! we will buy him the most hygienic, that which will administer most to his healthful life. Shall we rock him in the cradle? I believe that modern science says no; train him to go to sleep in a bed. What soups and jellies and wine shall we buy for our king? Milk. Only milk? Yes, only milk; for soups and jellies and wines will sicken and kill him, and milk is the diet that will best minister to his growing life. He grows to boyhood; he has his kite, his knife, his bat and ball, presently his lawn tennis, then his golf sticks and his football. Why? Because his kite will take him out into the open air, his knife will give him his first lessons in handicraft, his ball and tennis and golf sticks will develop his muscles and his lungs and his heart, and his football his courage. Who thinks that the boy is made for his toys? Who does not know that the toys are made for the boy? He goes to college. At his disposal are all its varied apparatus,—the gymnasium, the laboratory, the observatory, the library. Why has this college been thus endowed? Why have these laboratories and this library been built? Clearly to help make a man of him, to teach him the nature of the world of matter in which he lives and the world of men with whom he lives. No one imagines that this boy is made for the college, least of all does he himself fall into any such ludicrous delusion. The college is for him, not he for the college. He is to use the books, though they are worn in the using; and the laboratories, though their apparatus is sometimes destroyed by his blunders.

He finishes his education and goes out into the world, and now suddenly his point of view undergoes a change. He thinks he is made for things, not things for him. He thinks he has been educated to build bridges, construct engines, survey new roads, rear twenty-story sky-scrapers; or, if not to build these things, then to administer them when they have been built, and to measure his success by the number, the amount, the value, of the things which he can accumulate, administer, control, possess. If he gets more things than his neighbors he is more successful than they. If he gets few or none he has failed. To these material constructions, or to his possession and ad-

ministration of them, he points as his achievements. To acquire them is his ambition, for them he lives, by them he is measured by his fellows, and by them he measures himself. These things which he and his fellows have made appear to him the glory of his country. They make the triumph of triumphant democracy. His country is great because of its enormous territory, its mineral deposits, its rich agricultural products and extensive farm lands, and the skill of men in cutting down timber, extracting the ore, producing the harvests. It is great because of the colossal value of its factories and its railroads, and the millions of dollars of its exports. The glory of the nursery was not the cradle, but the baby; the glory of the playground was not the ball, but the pitcher; the glory of the college was not the library and the laboratories, but the collegiate; but the glory of the city is the lofty warehouses, not the life of honor and truth and service which goes on in them; and the glory of the capitol is the domed statehouse, not the conduct of the legislators who make the laws therein; and the glory of the country is the multitude and the value of its factories and mills and railroads, not the intelligence and energy of the men who work in the one and travel on the other.

What folly! Is it not a splendid achievement that one can travel from Chicago to New York in twenty hours? That depends altogether upon who the traveler is and what he does at his journey's end. If he carries a dynamite bomb to put on board an ocean steamer, New York would prefer that he never got there at all. Is it not a splendid achievement that we can telegraph under the sea the news of the day from America to England? That depends altogether upon what the news is. If it is the story of a slugging match, the fewer who know it and the greater the difficulty in transmitting the message the better.

This measuring of life by material values, which ends in bringing spiritual realities to material standards for their measurement has sometimes humorous, sometimes horrifying, illustrations. An ignorant but successful miner of California built him a great house with a great picture gallery. A neighbor who had a fine collection of paintings, including some of the old masters, and who was compelled to sell, offered his collection to the millionaire. After due consideration it was declined. "I have talked it over with my wife," he said, "and our conclusion is that as we have a brand new house and a brand new

gallery we do not want any second hand pictures!" I visited once, a few years ago, one of the great hotels of America. A valet took the visiting party about. "This tapestry," he said, "is from Persia, it cost so many thousand dollars; this bedstead belongs to the age of Louis XV, it cost so many thousand dollars." Finally he put before us an ivory crucifix. It was carved, he said, by a certain Italian master. "See how beautifully the agony is depicted on the face. It cost a hundred thousand dollars."

This is the folly which is the fever and the curse of America;—this putting things before life, or rather, thinking only of things, and of life not at all. It promotes luxury in the rich, and self-indulgence alike in rich and poor. It fosters in man the feverish desire to get something for nothing, the eager passion to get rich quickly, the gambling passion in all classes, from the speculator on Change to the gamester at roulette, or the more fashionable gamester at the whist table. It incites men to combine in labor unions, not to promote industrial freedom but to prevent it; and other men in capitalistic unions, not to promote production and distribution, but to check both. It is the parent of monopoly; it sets individual against individual in envy, jealousy, and all uncharitableness. It sets class against class in labor wars. It breeds oppression and lawlessness in capitalists, and rioting, arson, and murder in laborers. It creates bosses, builds self-seeking political machines, bribes legislators, endeavors to buy judges. It is the prolific source of corruption and blackmail. It perverts educational institutions, measures colleges by their equipment and endowment, not by the men they graduate; newspapers by the length of their subscription lists and the amount of their advertising patronage, not by the principles they advocate. It enters the church, measures it by its pew rents, and in our great cities divides the churches into first and second classes; teaches the young false estimates of life and false standards of character; and incites in young and old, rich and poor, brain-worker and handworker alike, an ambition that degrades in lieu of an ambition that inspires, elevates and spiritualizes.

It is easy to see some of the forces which have contributed and are still contributing to create this false standard and incite this false ambition. This is a new country. The first duty of a pioneer people in

a new country is to attend to material conditions; to build the house, cultivate the farm, construct the road. Necessity lays this duty upon all pioneer populations. We have not wholly gotten over this necessity in America, and we have not at all gotten over the impulse which this necessity has given to us. There is coming to America and growing up here an immense population which is just learning the value of material things and those economic virtues on which we depend for material prosperity. Millions of immigrants who in the Old World never knew what it is to have a comfortable house to live in, abundance of food to eat, adequate clothing to wear, and what is more than all, the joy of possession, are just acquiring this knowledge, and in the process are passing from that dull despair which men miscall content to that feverish ambition which men miscall aspiration. The negro race is beginning to acquire some knowledge and will soon catch from its white competitor the same fever. The sudden acquisition of immense fortunes by a Carnegie, a Rockefeller, a Vanderbilt, startle and dazzle men. They are blinded by the brilliance of the achievement and eager to imitate them. Most men walk by sight, not by faith. Achievements in the material world are seen, known, recognized by every one. ~~ted~~ only by the few. Every man can see and understand the work of a Vanderbilt, not every one the work of an Emerson. The light which a Rockefeller has put into a million homes shines out where all the world can see it. The light which a Henry Ward Beecher or a Phillips Brooks has put into a million hearts is unseen, and even those who possess it scarcely know whence it came.

We can do something to mitigate the evils of this materialistic life of ours. We can enact certain rules of the game and compel the contestants to play fair. We can prohibit some forms of gambling and do something to discourage other and perhaps more dangerous forms. We can bring trusts under legal regulations which will limit, if they do not entirely destroy, monopolies, and trade unions under regulations which will restrain, and perhaps entirely prevent, the more open and odious forms of violation of personal and individual rights. We can do yet more by an industrial reform which shall bring about by gradual processes a more pacific and a more equable distribution of wealth; which shall give the hand laborer a larger proportion of the

profits of the industry, and shall reserve more hours from the drudgery of toil for the home and for self-culture.

But the real remedy must be deeper and more fundamental. We might put an umpire to watch the game of the sturdy Swiss beggars and compel them to play fair. We might possibly persuade them that they would all do better by coming to some agreement for a peaceable division of the profits rained down upon them from the coach-top. But the wise man would, if he could, persuade them to leave their begging game altogether and go to school. You are wasting your time, boys, he would say to them. The coppers are worth nothing in comparison with an education. Spend your time in getting character, not in a struggle for charity.

Something like this should be the message of the American pulpit to the American people. Publicists may contrive laws for the regulation of the game, industrial reformers may endeavor to set in motion forces for a fairer and more peaceable division of material profits; but the real and fundamental change will come only in a general recognition of the principle that things are made for man, not man for things. And this principle must not be inculcated only by the men in the pulpit and emphasized in the book, the periodical, and the newspaper; it must be wrought into the political, the industrial, and the social, fabric of the nation by the faith and the life of its true leaders. No duty to-day is more vital than this. No problem is more pressing on all high-minded men and women than the problem, what is to be done to prevent the declination of a great republic, founded by idealists and endowed with noble ideals, into a mere money-making corporation, a mere struggle of competing and sometimes unscrupulous combinations of men for the largest possible share of the common wealth with which God has equipped the American continent.

In this endeavor there are two fundamental principles inculcated by Christ upon which the Christian minister has an especial call to lay stress.

The first is the principle enunciated by Him in the sentence, "Is not life more than meat, and the body than raiment?"

Jesus put little value upon either the treasures which money will buy, or the power with which money will equip. He did not condemn pleasure. He did not draw a line between different classes of pleas-

ure: prohibit some and permit others. He set the principle of His own life in sharp contradistinction to the life of John the Baptist, saying of John, "He came neither eating nor drinking, but the Son of Man came both eating and drinking." His biographers do not recall a single instance in which He declined an invitation to a feast, but more than one instance in which He accepted such invitations. His first miracle was the making of water into wine in order to prolong the festivities of a marriage occasion. He compared Himself to one playing in the market place that the children might dance to the music. Again and again He compared the Kingdom of God to a great supper. He described the father receiving the returning prodigal with music and dancing. Neither did He condemn the acquisition and accumulation of money. On the contrary He explicitly commended it. He told the story of a great lord going into a far country and giving to his servants money to use in his absence; to one five talents, to another two, to another one, to every man according to his several ability: when he returned he commended the servant who out of the five talents had made five more, and the servant who out of the two talents had made two more, and condemned the servant who had done nothing to increase the store with which he was intrusted. We have very properly spiritualized this parable and interpreted the word talent so as to include all the individual's powers and opportunities; but primarily a talent was a piece of money, and the primary signification of the parable is that the accumulation of money, if inspired by a right motive and directed to a right end, is not only legitimate but praiseworthy.

But Christ did vigorously condemn the notion that money or the things which money will obtain are to be valued for their own sake. He condemned the spirit which accumulates wealth for the mere sake of enjoying the possession of it. He rebuked hoarding: "Lay not up for yourselves," He said, "treasures upon earth, where moth and rust doth corrupt, and where thieves break through and steal." The man who had such plenteous harvests that he knew not what to do with them and resolved to build bigger barns in which to store them that he might have plenty for his own enjoyment,—the prototype of whom is found in our time in the man whose chief problem is how to invest his constantly growing wealth,—Christ called a fool. He put

before his hearers a curious problem, which the American world would do well to consider: "What shall it profit a man if he shall gain the whole world and lose his own life?" What profit if he can buy pictures, but has never developed the art capacity to enjoy them? Books, but never has developed the literary taste for reading? Means for travel, but never has acquired the largeness of life which travel can confer? Every luxury of the table, but has become a dyspeptic so that he can eat only the plainest and simplest of fare? The secret of happiness, Christ said, is in character,—in what one is, not in what one has: "Blessed are the poor in spirit, the meek, the merciful, the pure in heart, the peacemakers." The secret of power, He said, is in spiritual endowment and in the self-sacrifice which accompanies it, and to this endowment of the spirit His disciples were to look for their power to move the world: "Ye shall receive power," He said, "after that the Holy Spirit is come upon you." To His own cross He looked for the secret of His own power in human mastery: "I, if I be lifted up, will draw all men to Me." According to Jesus Christ neither the secret of pleasure nor the secret of power is to be found in the acquisition of wealth. It is the possession of character which may profitably use wealth as a tool but which must always dispense with it when it becomes a burden.

The other principle which Jesus Christ inculcated is expressed in the sentence, "He that is greatest among you shall be your servant." As material things are divinely intended to minister to life, so life itself is intended as an opportunity for service. And this service of man by his fellow man is not something incidental, something to be rendered in the leisure hours and in the chance opportunities. Life is divinely organized for mutuality of service, and he only understands its true meaning who can use it for this divine end.

Naked we came into the world, and we are housed, clothed, and fed only as by our industry we provide the necessaries of life, or by the industries of others they are provided for us. Nature does not give us something for nothing. When we ask her for bread, she bids us earn it. Our heavenly Father feeds us, not as the mother bird feeds the little birds, by putting the food into our open mouths, but by putting brains into our heads and muscles into our bodies, and bidding us get food for ourselves. He puts Adam into the garden to dress and

to keep it, and what man gets from his garden depends on the fidelity with which he discharges the trust reposed in him. The raw material must be won by force or blandishment from the reluctant earth; it must be converted from raw material into finished produce; it must be carried from the place where it has been created to the community in which it is needed; and in that community it must be brought to the individuals who need it, or brought where they can come and find it. Thus agriculture, manufactures, transportation, are essential to life. But more than these are essential. The body must be kept in order and put in order when it becomes deranged: there must be physicians. The members of this Commonwealth must understand their right relations to each other, and these must be studied, understood, maintained: there must be lawyers. The intellectual life of man asserts itself and its needs: there must be authors, teachers, musicians, artists. Reverence must be cultivated, love developed, the moral principles of life elucidated and applied, and the spiritual brotherhood of men expressed in acts both of charity and worship: there must be priests and prophets of the religious life. And these latter, that minister to mind and spirit—are more necessary under liberty than under despotism, because the fraternity is voluntary not compulsory, and the higher relationships are left dependent on the good-will of man to his fellow men. Finally, there must be homes, where workers will be rested and refreshed for to-morrow's labor, and children will be reared to continue in future generations the tasks begun by them. Here wives and mothers will be ministering to life at its very source and fountain, and preparing for the ages after they themselves have gone to their rest. Thus regarded, society is seen to be as truly an organism under democracy as under monarchy, under a free brotherhood as under state socialism. Every man is the servant of his fellow men and he is the greatest who serves most.

In the human hive there are some drones—idle, useless, good-for-naughts. Whether they be idle rich or idle poor, they are equally good-for-naughts. He who tramps the road in soleless shoes, and he who rides by in coach and four, are equally vagabonds, if the spirit and intent is the same—idle pleasure-seeking—though one is called a tramp and the other a tourist. Tramping and traveling are equally legitimate for a summer rest, and equally illegitimate for a life em-

ployment. In truth, one may well have pity for the idle poor, but can have only contempt for the idle rich. The idle poor man has had a hard time in life; he has, perhaps, been led to think that the world owes him a living; he has seen his fellows about him working hard and getting little; he has, perhaps, had the same experience himself; possibly the little work he had has been taken from him, he cannot tell how or why; he has become discouraged; he thinks he has proved that for him industry does not pay; to beg is easier than to work, and the work that he can do is honored by society scarcely more and rewarded rather less than beggary. We may palliate the offense when such a one sinks into idleness. But there is no such excuse for the idle son of the rich man. He has been born in surroundings which declare to him the profitableness of labor; he has had the advantages of a good education; he possesses wealth, which is itself a power in the industrial world; if he does not need to labor in order to earn his daily bread, society has great need of his labor in industries which do not produce bread. If such a man is idle—and many such idlers there are—for him there is no excuse; for such idleness there is no palliation. He richly deserves the contempt of all honorable men. In the Commonwealth every man is dependent upon his fellow men; every vocation which contributes to the common welfare is honorable; every life which draws something from the common stock and adds nothing to it is dishonorable. Service is the true standard of life; and he is truly greatest who renders the greatest service.

I am unwilling to bring this series of lectures to a close without addressing a few special words to these young men of the Divinity School for whose benefit this course of lectures has been especially designed. This is the more important because there is a possibility that they may think that I desire to divert their energies from the special work of the Gospel ministry; that I wish to substitute for the Gospel of Jesus Christ a different message. The minister makes a great mistake if he turns aside from his special work to give lectures on the Evolution of Industry, or on Political Reform, or on social and political problems, or even on purely ethical questions. The Church is not a school of political science or of social reform, or of ethical culture. It is a ministry to the religious life of men. It is intrusted with a Gospel message which it must never forget; and if for that message

it substitutes lectures on Politics, Sociology, or Ethics, it substitutes the lesser for the greater, the temporal for the eternal. But it is of the first importance that the Church understands what its Gospel message is. It certainly includes if it is not all comprised in Christ's definition of His own mission in His first sermon at Nazareth: " The spirit of the Lord is upon Me, because He hath anointed Me to preach the gospel to the poor; He hath sent Me to heal the broken-hearted, to preach deliverance to the captives, and recovering of sight to the blind, to set at liberty them that are bruised, to preach the acceptable year of the Lord." The preacher is to look about him in his community; he is to take cognizance of the poor, the broken-hearted, the captives, the blind, the bruised; he is to bring a message which will be glad tidings, and healing, and deliverance, and recovering of sight, and liberty to them. If this message involves an understanding of political conditions and a condemnation of political methods; if it involves a study of social and industrial conditions and a comprehension of social and industrial methods; if it involves an understanding of popular ethical standards and a condemnation of them because they are unchristian, he is not to think that he is laying aside his legitimate work in entering upon these fields of human thought and life. When John the Baptist in prison, sent to inquire whether Jesus was the Messiah, it is said that Jesus for answer cured many infirmities and plagues and cast out evil spirits, and unto many that were blind He gave sight, and then said to the messengers, " Go your way and tell John what things you have seen and heard; how that the blind see, the lame walk, the lepers are cleansed, the deaf hear, the dead are raised, to the poor the glad tidings is preached." He whose ministry has not in it something of analogous effect may well doubt whether he is preaching the Gospel of Jesus Christ. The minister on Sunday leads his congregation in the prayer "Thy Kingdom come, Thy will be done, on earth as it is in heaven." He is not departing from his divine mission if after this prayer he attempts to show his people what they must do to accomplish that will and to hasten that kingdom in their own time and in their own community. He has, or ought to have, the prophetic vision of John who saw the kingdoms of this world become the kingdoms of our Lord and of His Christ, and he is not departing from his appointed mission in order to preach

politics if he is so presenting the law of Christ as the standard of life, and so imparting the power of Christ as the secret of life as to infuse the republic in which he lives with the Christ-life and bring it politically, socially, and ethically nearer the Kingdom of God. It is not necessary that the minister should know and teach what specific action the government should take to control great industrial organizations, but it is necessary that he should know and teach that government is a divine organization and that the real rights of all the people are superior to the supposed interests of any class. It is not necessary that he should be the advocate of any particular social or industrial reform, such as cooperation or profit-sharing, but it is necessary that he should know and teach that industry is not a form of war, but a form of mutual cooperative service. It is not necessary that he should know or teach what are the ethical rules which should be prescribed for the regulation of any specific industry, but it is necessary that he should know and teach that the Ten Commandments and the Golden Rule are not revered by being put behind the altar in golden letters to be looked at; they are revered only when they are carried out in practical application to our complex social and industrial life.