

THE
NEW PLUTOCRACY

BY

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PREFACE.

WE TELL IN DETAIL

1. How the corporations and trusts, by clandestinely managing the machine, get, in city, State and nation, such law makers, executives and judges, and such laws, official administration and decisions as they desire.

2. How, by their seizure and use of the monetary, transportation, municipal supply, telegraph and other public service functions of government, they destroy the conditions indispensable to free industry and general comfort; how they freeze out all competitors and appropriate every great business of production and of distribution, and how they are now dividing the population into a few of their stockholders who have everything—even all of the golden prosperity of 1902—and the rest of us who have nothing.

3. Lastly, how an unquenchable conflict breaks out by fits and starts here and there, which in the beginning is only instinctive, but afterward rises into vivid consciousness and spreads far and wide; and how the people, in direct nomination, civil service reform, government acquisition and operation of natural monopolies, franchise taxation, and most powerful of all, direct legislation, perseveringly forge weapons with which they will recover the municipality and the State, and then wrest the federal government from plutocracy.

The national parties cannot relieve from the evils suggested in

1 and 2. The republicans propose such remedies only as will gull the people and not alienate their campaign contributors, while the democratic party is paralyzed by internecine dissension between two sections, one essaying such reorganization as will win the favor of organized wealth, the other preaching as our only sure salvation the Kansas City platform, which is by no means an adequate anti-plutocratic programme. The masses are falling away from the national parties and learning to help themselves. Three great movements show plainly.

Labor has its union, and also its political contingent. The union slowly gains ground in its effort for the minimum wage, the eight-hour day, constant employment, effective prohibition of child labor, and every other prerequisite to the true welfare of the worker and his family. This advance of labor wrings from its fleecers more and more of that which is only its right and due long withheld—its own. The fleecers stubbornly resist. Just at this time the critical struggle of the union is with the scab, encouraged and upheld by the entire editorial, clerical, professorial, legislative, executive and judicial force of the plutocrats. Here the purpose of the political contingent mentioned a moment ago discloses itself. The labor men begin to carry elections. The mayor of San Francisco, whom they had elected, declining to follow examples set elsewhere, held the police strictly to their duty of repressing disorder on each side, not allowing them to man the tied-up cars; and the scabs could not break the strike. The unions are the chief builders of a new order, which is to destroy all special privileges and ensure equality of economic opportunity to all—which in time will banish want, misery and crime from the earth—and the organized, intelligent and honest voters among their members are the best political soldiers of the coming order. The cause of labor is in reality the cause of every other class but the plutocrats and their dependents. The cause of the scab is not his own cause, but it is by way of eminence the cause of the predatory corporations employing him to guard

the unrighteous monopoly of the place, the material and instruments of labor which they have acquired by usurping the government functions mentioned above. It matters not how the Lords in the Taff Vale case, or President Eliot or Mr. Justice Gray in their public deliverances, whitewash and glorify him, the scab is really a murderer of his brother. Understanding all this better every day, larger and larger numbers outside give good wishes, moral support and contributions to strikers misused by police, soldiers and judges. The tide will soon run at its height against the scab. The freedom of the contract and his right to work for whom he pleases, guaranteed him by pro-plutocratic laws, pro-plutocratically interpreted by pro-plutocratic courts, which has been the text of thousands upon thousands of lugubrious and sanctimonious pratings, has at last become such a transparent sham that it will soon be dropped by even the editors of railroad papers. When abolition was ripe the master calling for the enforcement of the fugitive slave law was not heard. Soon there will be similar disregard of the scab demanding legal protection.

The workers are developing great chieftains. Mitchell's superb conduct of his union in its true economic course, and Debs's strong leadership in labor politics now in its incipiency, have drawn the admiring attention of the whole country.

The second movement is socialism. While it receives most of its propulsion from the labor movement, it has a sphere of its own. From the first it divined with rare disillusion the hidden causes of economic evils, was far seeing, conscientious and heroic. But it did not distinguish the possible from the impossible, and for years it championed the overhasty generalizations of Marx and Engels, and the state of the future logically worked out therefrom even into minutiae by Schaeffle. Its proposal to bring in thorough going collectivism, at a stroke, was utopian, and its devotion to the proletarian cause, with Ishmaelitish aloofness from all other contemporary agitation, was the very extreme of unwisdom when almost every rank of society except the ruling classes were ripe

for revolt. But Bernstein and Jaurès on the Continent, and the Fabian Society in England, are clearly showing what anti-monopoly measures suit the present, and, besides becoming wiser socialists, they display great ability and skill as practical politicians. For some while socialism in America was improgressive, doctrinaire, excessively theoretical, not recognizing the great difference of our conditions from those of Germany, and tolerating no modification of the Erfurt programme. But we detect cheering signs that it is now rapidly un-Germanizing and Americanizing both its proposed measures and its tactics. Thus the Appeal to Reason has recently advocated direct legislation with much greater emphasis than does the Erfurt programme, or any American socialist organ that tries to tread only in German footsteps. The paper has attained a weekly circulation of a quarter of a million. This marvelous success is chiefly due to Mr. Wayland's introducing much that is feasible into the socialist programme and pushing it with native argument and suasion.

We must give another example. In January, 1903, the republicans in the Massachusetts legislature planned to head off all measures reducing the profits of the coal forestallers by having an investigation of the situation which would last until summer when no coal would be needed by the people at large. MacCartney, a social democratic member, proposed instead that application be at once made to the supreme court for an opinion whether under the constitution municipal coal yards to supply coal at wholesale prices could be opened. He made a strong speech from the text that what the citizens of the commonwealth needed was coal, not investigation. Carey, another one of the three social democrats in the body, stressed the slowness of the useless investigation, many innocent human beings dying the while for want of fuel, saying impressively that every day of the pending coal scarcity sent a child from the tenement house into the grave. By their seizure of the opportunity offered these two men brought the rest of the legislature and also the public to their side.

Let Mr. Wayland, and the other socialist writers and speakers, who are now evincing great courage, zeal and ability in rallying the masses against their oppressors, add to their support of direct legislation commensurate advocacy of direct nomination by concurrent primaries in which each elector shall have full privilege to make up his ballot from all the candidates of every party. And let them also stress franchise taxation. These are the measures now pressing. For socialism to move ahead and gain the lead that is its possibility, it ought to seek, find, and then keep in the really anti-plutocratic—not anti-capitalistic—course, until the finish. Its real fight is first with the plutocrats, and not with the capitalists as such. Not until plutocracy is overthrown can it win the political power, and thus remove the obstructions to its measures. When it becomes singly and fully anti-plutocratic in its tactics, as everything now indicates will soon occur, there can hardly be any limit set to its achievement.

The socialist movement is to be noted as being already very strong, and bidding fair, as is shown by its greatly increased vote in the recent elections, to become still stronger.

The third and last is the independent movement. It is impelled by great and growing dissatisfaction of the masses with the long prevailing custom of drawing national party lines in city and State politics. It is often seen inside of a party, as when La Follette rallies republicans to direct nomination, or Tom Johnson democrats to home rule and just taxation, each one antagonizing the machine of his party. Sometimes both republicans and democrats give party support to the same measure, as was the case in 1902, when the direct legislation constitutional amendment carried in Oregon. Again it takes on an anti-party form in both parties at the same time, as when many republicans and democrats co-operating brought out and voted for Golden Rule Jones as a no-party candidate for governor of Ohio, or when a fusion of members of all parties elected the Low ticket.

The movement starts in the cities, its objects being generally to

defeat the boss and spoilsmen, and elect honest officials and representatives; or to secure machine crippling amendments of the charter, as Chicago got civil service reform, San Francisco the referendum, and Los Angeles the other day both the referendum and the recall. Then it appears in the State political arena. Instances in addition to those mentioned in the last paragraph are the Minnesota concurrent primary law, corporate taxation laws in several States, and the demand that United States senators be elected by the people.

In its inception the movement is generally against the machine, with only a popular subconsciousness of the fact that the machine is the main prop of plutocracy. Recently it has become more avowedly anti-plutocratic, as is exemplified in the wide-spread and earnest call for shortening franchise terms, for municipal ownership and operation, and for adequate taxation of railroad and other public service companies.

Members of different parties in every form of the movement described above will soon follow the example of union Sunday schools and church services. They are groping with sure instinct in search of their proper organ. Just now the people are everywhere making effort, without being fully conscious of it, to effect direct nomination in such form as will admit of easy fusion. In some places in the south, the whites—almost by accident—have achieved it by their primary. The north will purposely achieve it when it gets concurrent primaries in which every elector may split his ticket at will and vote without regard to previous affiliation. A long step was made in that direction by the Minneapolis concurrent primary, but the machine rallied, and it has pulled the car of progress back for a little while. Direct legislation will be the final and all-sufficient organ of these earnest and continent-shaking independents.

Only the most careful observers discern the enormous potentiality of the independent movement. Its current, though slow, is so wide and deep that it draws in all others. It is the preponderant

and guiding force—the strongest factor of all—in the anti-machine and anti-plutocratic revolution now marching insuppressibly on. Its leaders fill the eyes of the nation. What late president or congressman can parade a fame that does not pale beside that of Pingree, Golden Rule Jones, Tom Johnson, La Follette, and Jerome? Why Bucklin and Bigelow, failing to win for the right when fighting both machines allied—the former in Colorado and the other in Ohio—will be treasured in memory with our forefathers who lost the first battles of the Revolutionary war.

The dominant activity of the republicans and democrats is in the national political arena; that of labor men, socialists, and independents is in the municipal and State political arena. Whatever measures of relief any one of the three followings last named calls for, whether application is made to the city or State authorities, the machine, that is to say, the plutocracy owing the machine, barricades the way. Not a single one of them can budge an inch forward except by routing the plutocratic contingent in its front. They soon discover that they must make common cause against the common foe. They combine, and thus comes out into the open the party to which the near future belongs—the anti-plutocratic party. It will either capture or displace one of the present, the other remaining proplutocratic.

Direct nomination, that is, nomination by a majority—not by any smaller part of electors—given ample opportunity both to inform themselves and to vote, instead of the present nomination by caucuses, conventions and snapshot primaries, the first two packed, the last one manipulated by the boss in the north and the railroads in the south; assessment of corporation property for taxation at its full salable value in place of at a fourth or fifth of the same, as is now common; direct legislation, that is legislation, either of enactment or repeal, by the electors whenever they want it, and not by legislatures and municipal bodies in which the plutocrats have a standing majority—these three will be the main planks of the anti-plutocratic party at its outset. In all their

battles of the ballot its members will resolutely let everything else alone until they have crushed to atoms both the machine and the political influence of the corporations, and secured to the people permanent exercise of absolute power to nominate, elect and control their representatives in municipality and State.

The true line of operations in our war for liberty and economic equality is that which is the shortest to the recapture of our cities and States. These are the strongholds—the sole foundation and underpinning of plutocracy.

The leading purpose of this book is to show the elector, wherever he may live in the great republic, what is both his highest interest and most sacred duty, and to call him, whether he be republican, democrat, populist, labor man, socialist, independent, single taxer, or what not, as with a trumpet to take his proper place in the anti-plutocratic line. In a few communities that line is more than holding its own. But it needs to be extended north, south, east, and west, and filled with the truest of the true, and the bravest of the brave. We must as soon as possible, gather sufficient force to snatch the city and State governments from the machine. That is the first, the hardest and most important task of all. After we deplutocratize a majority of the States, and not before, we shall drive the servants of the corporations and trusts out of every branch of the federal government—out of the house, the senate, the presidency, the supreme court. Such all-important reforms as the single tax, a perfected system of government ownership and operation of the mines and all public service mechanisms, full protection of the rights of the worker, realization of the fair possibilities of socialism—these are every one and all post-plutocratic, and are not to be had until their great enemy, plutocracy, is utterly destroyed.

INTRODUCTORY.

AMERICAN government is a triunity of state, municipal and national government. One of our main propositions is that this government in each of its different parts is now managed more or less completely by the plutocrats. You may not yet know who these plutocrats are, but we hope to make you know them well before you finish this book. We will give you as your first lesson a random enumeration of such as are now diligent and successful in the business of influencing American government.

1. The steam railroad corporations in the lead, backed by a phalanx of others who grab valuable franchises and public favors of many kinds sway the State as if it were their own.

2. The municipal monopolists—especially the street railroad, gas and electric light companies—have almost become the actual government of the city everywhere, instead of the mayor and the council.

3. The great bankers of Wall Street, the inter-state railroads, the telegraph and the trusts, now wield almost full control of the federal government.

It is a fact which only a solitary observer here and there is beginning to note that, while our people are nominally and seemingly self-governing, they are in reality governed by the private corporations mentioned, who fleece them on a most gigantic scale without their knowing it.

Let us briefly outline the change from our once happy, genuine democracy to the present state.

The winning of our independence and the adoption of the federal constitution made all our citizens equal in political and civil rights and privileges, and set up self-government both of locality and nation. Nearly everybody was qualified to vote and hold office. It was a natural result that our popular government became one of parties—of the ins and outs. The next natural result was that place spoilsmen invented the party machine, which in time they developed into an engine of resistless power. Soon after the spoils system and the machine had become established everywhere, such sporadic cases of plutocracy as the United States Bank, the coal carrying canals and the Camden and Amboy railroad appeared. Later plutocracy became permanent and universal. It had appropriated the party machine, which ever since it has secretly owned and directed. Nobody shuns publicity more than the plutocrats. They would prefer taking the peril of an earthquake or a tornado to confessing their control of the machine. And so those who report or write about primaries, caucuses and conventions are too polite to disclose how the proceedings and results of each were really foreordained by the plutocrats. Thus two magazine articles, one entitled "How Presidents are Nominated"¹ and the other, "How a President is Elected,"² have recently appeared. The one is by a United States Senator, and the other by an experienced journalist; and it is not to be supposed that the authors do not know that every part of the machinery of nomination and election which they describe particularly, moves only by the command of a ring of plutocrats; and yet that all important cardinal fact is not mentioned in either article. At the proper place in this work we must drag these lurking wire pullers into the sunlight, and tell you fully how, by the workings of the party machine, which the people are duped into regarding as the faithful organ of their interests and wishes, they are usually made to select not their own choice but the choice of the plutocrats for

¹By Hon. John A. Thurston, U. S. Senator from Nebraska, in the *Cosmopolitan* for June, 1900.

²By A. Maurice Low, in *Scribner's* for same month.

presidents of the nation, governors of each State, and mayors of all our cities;

congressmen, members of State legislatures and members of city councils and all municipal boards of government;

judges on every Federal, State or municipal bench; jury commissioners and all officers providing juries for any court;

all United States and city marshals, all sheriffs, every officer in command of any part of the United States army, the State militia and the police;

tax assessors and collectors;

and many others too numerous to be here recounted.

In this way we will show you the plutocrats actually, though not visibly, controlling American government, and empowered to get laws passed, repealed, amended, declared void or valid, enforced or not enforced, and to fashion every conceivable detail of administration just as their cupidity suggests.

The change wrought by the plutocracy has been enormous. For half a century or more America, following the lofty ideal of Jefferson, was a proverb to the ends of the earth for equal rights and free, cheap, honest and excellent self-government; but, alas, of late years she has become another proverb—that of a people who sell their votes and whose rulers buy their places.

Let us set the recent improvement of English government beside the recent deterioration of American, as that will most impressively teach how beneficent is the absence and how pernicious to the people is the presence of a plutocracy like ours.

In 1789, when we adopted the federal constitution, in England the House of Commons was dominated by a small number of rich landlords, suffrage was extremely restricted, representation grossly disproportionate, and bribery and office buying rife. The first marked advance was the Reform bill of 1832, which "reapportioned the representation, extended the suffrage and transferred power from the wealthy and titled to the great middle class,"³

³Prof. Frank Parsons, *The City for the People*, 499.

although, "the farm laborers and artisans . . . were still out in the cold."⁴

The next year slavery was abolished, the poor laws were somewhat bettered, and a factory act restricting non-adult labor was passed.

In 1840, the corn laws, which for 30 years had made the bread of the masses dear in order to increase the rents of agricultural landlords, were repealed.

The measures just mentioned, and the ten years' agitation by the chartists for the famous "five points," futile as it appeared at the time, but which yielded good fruit long afterwards, we must drop without further comment. But certain other laws benefited English government so greatly that they must receive brief consideration here. Of these the following is a concise abstract:

Exclusive power given the courts in 1868 to decide all contested election cases.

The beginning in 1855, and complete establishment, in 1870, of a true reform under which merit and not politics awards place in the civil service rank and file.

Extension of suffrage by the laws of 1867 and 1884 very far towards universality.

Enactment in 1872 of a really secret ballot.

The law of 1883, the most effective provision of which is that proof of any corrupt practice in behalf of a candidate during the canvass, whether with or without his knowledge, annuls his election.

Excepting the provisions as to suffrage, which fall short of American advance, all these deserve our emulation. Prof. Frank Parsons, whose narrative we have followed in the main, does not commend too highly when he says: "Thus, by a few peaceful measures, within the period of an ordinary lifetime, the government of England has been changed from corruption to purity, and from aristocratic despotism to a condition much closer to democ-

⁴Prof. Frank Parsons, *The City for the People*, 499.

racy. Historians tell us that less than one hundred years ago the English elections were the most corrupt that the world has ever seen. Now there are none purer. . . . From an exceedingly limited suffrage, a monstrous representative system, outrageously corrupt elections and unblushing administrative abuses, England has come to an almost universal suffrage, a much fairer representation, astonishingly pure elections and an administrative system, the honesty and efficiency of which are the admiration of the world.”⁵

Prof. Parsons brings home to his countrymen with emphatic force what he evidently conceives to be the lesson of his instructive chapter by saying:

“If England has made such progress in a lifetime from conditions so unpromising as hers in 1830, what may not we accomplish in the next few years, starting from conditions on the whole so far superior to those of England at the beginning of her great movement towards justice and equality.”⁶

But this thoughtful and elaborate investigation of Prof. Parsons stopped before it uncovered the great thing to be attended to most of all in every comparison of English with American government, to wit: that England is without any members of the new plutocracy save what we call later on the money lords. She has an influential aristocracy of blood and hereditary privilege, which weighs down the classes of progress more heavily than the negro does those of the south, and a still more rich and powerful middle class, which two classes in fact govern her, and in a certain sense, therefore, her government is plutocratic. But that she has no such plutocracy as the American, is manifest from such facts as we will now have you carefully consider.

She took over the telegraph in January, 1870, making it a department of the post office. It is plain that the United States cannot and will never do the same until after some years of

⁵The City for the People, 503. The work appeared in 1899.

⁶Id., 503.

effective agitation and the eventual formation and victory of a genuine government ownership party.

The steam railroads of England are privately owned, as are most of American, but they are regulated so firmly that the secret transportation favors which have developed our coal, oil, grain, meat and other industrial monopolies are unknown in the United Kingdom. The difference can be summed up by stating that in America the railroad managers control the government, while in England the government controls the railroad managers. The de facto power of our railroad owners to enforce or break law as they please, which they habitually exercise, is the special soil in which our plutocracy waxes great and strong. There is no parallel nor correspondence whatever to this in England.

As the latter is without railroad rebate trusts, so she is also without tariff trusts. Nothing similar to the provisions inserted in our present and last two tariff acts at the dictation of the sugar trust exists in English law.

The cities of England keep the companies performing public services therein as much under restraint of law as they do their humblest inhabitants; and, what is still more striking to an American, municipalization of such services is everywhere rapidly going forward; while in the United States the street railroad and lighting corporations browbeat or bribe the city government into conniving at any breach of law or invasion of public right by themselves that they see profit in, and there is no municipalization except of the water and lighting service, that of the latter, as a general rule, being only in the smaller towns where the demand is insufficient to make the performance of the service lucrative to companies.

We need not multiply proofs. What we have given satisfactorily show the non-existence in England of anything like American plutocracy. If she had such, she would also have, in spite of her admirable legislation just reviewed, bosses, bribed members of city councils and of parliament, and hosts of bought and sold voters.

Suppose this legislation put upon the statute book of each one of the United States; the result would be that our plutocracy, which guides at will our law declaring and executing authorities, would turn each particular statute into an engine of its own. Under civil service reform nothing but partisanship in plutocratic interest would be accounted merit; the Australian suffrage law would be only a trap to detect the dependent man voting against the machine; the last act of those catalogued above would, by the procurement of corrupt practices on the part of the pretended friends of the people's candidate, be made the means of wresting his election from him just as the anti-trust law has been rendered harmless against combinations of plutocrats, but terribly effective against combinations of laborers; and, lastly if the courts got complete control of election contests the anti-plutocrat would always lose his case. We have seen so many different American statutes reforming civil service, nominations and elections, prove inefficient to balk the machine, which is the main lever of the plutocracy, that we know that laws alone cannot remedy the corruption of our government.

We must do Prof. Parsons the justice of explaining how it was, as we think, he made the mistake pointed out above—which, by the by, is but one of omission. No one knows better than he the actings and doings in secret of our plutocrats, as his writings everywhere show. We cite from his introduction to the book, which we have just made use of, a passage, in which we italicize the pertinent sentence:

"We are governed by an *elective aristocracy*, which in its turn, is largely controlled by an aristocracy of wealth. *Behind the legislatures and congresses are the corporations and the trusts; behind the machines, the rings and the bosses, are the business monopolies, the industrial combinations and the plutocrats; behind the political monopolists are the industrial monopolists.*"¹

¹The City for the People, 492-503. The italics in the first sentence of the quotation are Prof. Parsons's.

This quotation is such strong support of our leading proposition that we set it conspicuously here. It demonstrates that the author sees that plutocracy is the tap root of the corruption of American government. Now, why did he overlook this in his chapter entitled "The Best Means of Overcoming Political Corruption. The Experience of England"?⁸ In writing that part of it, which narrates the pertinent legislation, he but condensed, as he says himself, the story of two historians.⁹ They said nothing of plutocracy in England for the reason that there was none. And Prof. Parsons was thus, perhaps, led into overlooking the important subject where it deserved emphatic attention.

If we contrast Western continental Europe with ourselves, the uniqueness of American plutocracy will be made much more manifest. Nothing like it, with its brood of evils that we looked for in England a moment ago and could not find, exists in France, Germany, Austria and Belgium, which are now the seat of strong reform agitation. While the French Revolution extirpated abuses and swept away disabilities and unequal privileges by the wholesale, and in great measure made high and low alike as to personal rights in the eye of the law, it did not endow the people with political power. And although suffrage in France is to-day as unlimited as it is here, that nation has yet to learn from its habitual exercise for many years in the future how to develop a system of real self-government. At present, French government is almost as absolutely dictated by the propertied classes as is the case in England. In Germany and Austria the predominance of the rich is still greater than it is in France, and suffrage much more restricted. And in Belgium, where the people have lately won great successes, suffrage is far short of what it ought to be. These countries—especially Germany—are the real theatre of Marxian socialism, the growth of which, as a political party, has lately been little less than astounding. This mighty uprising is, of course, not against such a plutocracy as belongs to America

⁸The City for the People, 492-503.

⁹Id., 498.

alone, but it is against the property laws under which the owners of the material means of production, such as factories, farms, mines, machinery, raw material, etc., can almost always force the proletarian, who has no means at all, except his labor capacity, to work for them on their own terms. The line of least resistance along which socialism moves is not the same in all these nations. In France it impels the people into more and more exercise in self-government, as is strikingly exemplified by the late increasing conquest of municipalities by the socialists; in the others it impels the people to struggle for more of political power. What the socialists find in their way in these European countries is the vested rights of landlords and capitalists. These two classes do in fact govern, and make the laws and administer them in their own interest, but they effect this in France by adroitly keeping the people blind to their own potentiality, and in the other countries by actually excluding a great number from the body corporate; the result being that political power is everywhere exercised by the two classes mentioned, that is, landlords and capitalists, alone. In America the people not only have full political power, but they habitually exercise it. Under the operation of the party machine they are hypnotized into commissioning the plutocracy to rule in their stead. If they bestir themselves and organize permanently their own machine of direct nomination their deliverance is assured, as New York city reconquered from Tammany in 1901, by a fusion ticket, convincingly demonstrates.

To prevent misunderstanding, we say here that after we demolish plutocracy we must cut up, root and branch, the many evils of inequality which will still remain. This second struggle will be far more easy than the first to the people who have learned how to keep their representatives under a tight rein.

Having given you, as we hope, a serviceable provisional conception of the true nature of the new plutocracy by making you contemplate things abroad, we must now turn your attention for a moment to things at home.

At this time the plutocrats are steadily strengthening their sway of the party machine, and their consequent increased command of all public authorities gives them uninterruptedly richer and richer prizes of public plunder. And the trusts have recently multiplied so rapidly that many fear they will surely appropriate to themselves the main properties and industries of the country and render all of us their dependents for the very means of life. Thousands of good men and women looking on, despair, believing that the knell of American freedom, comfort, happiness and glory has sounded. But there ought to be discrimination between the immediate and the ultimate effect of what the plutocrats are now doing. It is literally true that their unvarying success in bribing all custodians to abandon to themselves the rights and revenues of the people is enormously increasing their power and opulence. Yet, necessarily and inevitably, this course of things drives continually larger and larger numbers into the anti-plutocratic opposition which we see taking form on all sides. It is clear to the historical expert that this opposition, which is now mainly instinctive and unaware of its real purpose, will in due time develop into a party more invincible than that which swept away slavery and made safe the Union.

The foregoing prepares the reader for taking in our Table of Contents, from which he will learn that our subject has three leading divisions, to each one of which its particular Book is given. The First sets out the more important details of the complex system of party management now in vogue, and explains how, through it, the plutocracy fills the legislative, executive and judiciary departments of state, municipal and federal government with its creatures and henchmen, and also what it makes each one of these departments do. This Book I. is our true logical beginning. For one cannot understand how it is that the plutocrats can endlessly trample upon law and justice, despoil both the public and individuals at will, and steadily make larger their piles of riches in every high walk of monopoly and industry as is told in Book II.,

until the preceding Book has circumstantially explained to him the ways by which they get command of and then use the resistless powers of government in their business.

As many people cannot trace the ruinous incidence of indirect taxation, so there are also many who do not believe at all that we are subject to plutocratic rule. This has decided us to give in our first two Books what may seem a superabundance of proof and explanation. But our only fear is that we have scanted rather than been too lavish. Some years hence brevity will be in place; but at this early stage of the discussion copiousness on every important point is the need.

The first two Books, ordered as just told, exhibit American plutocracy in all its evils, and justifies its complete destruction at the hands of the people by the means to which the third Book is devoted.

So much for indication of the separate contents of each one of the three Books. And now a general word as to the whole work.

Its special lesson is that the plutocracy is a barrier in the way of every serious movement for good government; and that liberal, radical, socialist and the members of all different parties of improvement and progress should join hands together to pull down the barrier; otherwise there can be no opportunity for their respective reforms. On the banner of every one of these should be inscribed as its most conspicuous motto, "Down with Plutocracy."

THE NEW PLUTOCRACY.

BOOK I.

THE PLUTOCRATS IN POLITICS AND GOVERNMENT.

CHAPTER I.

RISE AND PROGRESS OF THE SPOILS SYSTEM.—SUBSEQUENT APPEARANCE OF THE MACHINE AND BOSS.—THE GROUND PREPARED FOR THE NEW PLUTOCRACY.

THE subjects of this chapter, as stated in its title, are our right historical beginning.

The history of the spoils system, first in Great Britain and afterwards in the United States, has been excellently told by the late Mr. Eaton;¹ which history is richly supplemented by a late public document of which we make much use.²

¹These two works of his are meant: "Civil Service in Great Britain: A History of Abuses and Reforms, and their Bearing upon American Politics," copyrighted in 1879, and "The Term and Tenure of Office," published by the Civil Service Reform Association in 1882.

The former has done more, perhaps, than all other agencies combined to educate our thinkers in the essentials of reform, and effectually start agitation here for the same.

The latter by its thoroughly successful attack upon the vicious term system has been likewise of much educational value to our reformers.

Besides the great service which he rendered the cause by these two books, Mr. Eaton probably drafted the congressional act of January 16, 1883, which, as it was introduced in the Senate by Mr. Pendleton, is called the Pendleton act. See what Mr. Brosius says on this point, in his celebrated speech of December 22, 1896, in Congress.

²Compare Part VI., of the 15th Report of the United States Civil Service Commission, entitled,

That system made its first appearance on this side of the water in the State of New York.

We ask close attention to an extract from the Report noticed in the last foot-note, which extract compendiously sketches the start of the spoils system in America.

"Aaron Burr had devised the *machine*, and laid the foundations of party patronage in New York State, long before their appearance in national affairs. Among the maxims of Col. Burr for the guidance of politicians, one of the most prominent was that the people at elections were to be managed by the same rules of discipline as the soldiers of an army; that a few leaders were to think for the masses, and that the latter were to obey implicitly their leaders, and move only at the word of command.³

According to the Burrian Code, as named and expressed by Parton, politics is a game the prizes of which are offices and con-

"Practice of the Presidents in Appointments and Removals in the Executive Civil Service from 1789 to 1883.

"The Merit system of the first six presidents, its displacement by the Spoils system in 1829, and the efforts to return to the principles of the founders of the Government, as shown by quotations from contemporary statesmen and official documents."

While the whole of it is of great use to the student, we call especial attention to its presentation of the following:

Under the six presidents before Jackson, tenure of federal office was during good behavior; and, so far as it now appears, not one of these presidents ever made a removal except for good cause.

It was purposed by the Tenure of Office act of 1820, only "to insure periodical examination of the official character of every . . . officer," and Monroe and Adams always appointed an officer of good behavior, whose term had expired under the act, to succeed himself.

After a great many places had been emptied by Jackson of unexceptionable incumbents and filled with the unworthy, a strong revulsion occurred, and earnest attempts were made in congress during Jackson's administration by such statesmen as Clay, Calhoun, Webster and Benton to repeal the act of 1820, and restore tenure during good behavior.

The facts just stated ought to be well meditated and frankly discussed by political leaders and candidates who sneer at what they choose to term an aristocratic class of office holders, and confidently pronounce non-rotation in office to be un-American.

The part of the Report just mentioned contains instructive lessons, suggested by its title, other than those which we have especially mentioned.

³Statesman's Manual, Vol. II., p. 1139.

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tracts; fidelity to party is the sole virtue of the politician; little men are to be put up, being manageable, and great men are to be kept down, being perilous, even as tools, because they have ideas and convictions.⁴

Van Buren, a political pupil of Burr, made such adroit use of the principles of the new school, that in 1808 he received the office of surrogate of Columbia County as a reward for his support of Tompkins for governor, thus furnishing the first case on record of an office pledged and delivered for political support.⁵

In 1818 Van Buren set on foot a new organization of the Democratic party in the State of New York, and became the ruling spirit of a coterie of able politicians known as the Albany Regency, among whom B. F. Butler, W. L. Marcy and Edwin Croswell were afterwards prominent. 'All questions relative to the selection of candidates for elective offices, either by the people, or the legislature, were settled in caucus, and every member of the party was in honor bound to support the decisions of the Assembly.'⁶ The Regency was superseded by Tammany Hall, which in 1827 dominated the primary elections."⁷

We must here remind the reader that a spoils system cannot exert its full force without short tenure, great facility of removal before the end of the term, and uniform observation of the rule that none but a partisan always prompt to postpone duty to the selfish interest of his political superior is ever to be appointed to or retained in office.

For some time preceding, Crawford had aspired to be elected president in 1824. To further his purpose, he drafted the Tenure of Office act of 1820, and by the influence of Van Buren and others of his then supporters, it was passed. This act contained these two important provisions:

1. District attorneys, collectors of customs, navy agents, re-

⁴Parton's *Life of Jackson*, Vol. III., 122, 123.

⁵Dorman B. Eaton, in *House Ex. Doc. No. 94*, 46th Cong., 3d sess., p. 6.

⁶Hammond's *Political History of New York*, Vol. II., 429.

⁷15th Report of U. S. Civ. Serv. Com., 455.

ceivers of public moneys for lands, registers of the land office, paymasters in the army, the apothecary-general, the assistant apothecary-generals, and the commissary general of purchases—all of whom had theretofore held during good behavior—were to be appointed for four years.

2. All of these were removable from office at pleasure.

His contemporaneous comment shows that Jefferson understood the real intent of the act; and had Monroe so understood it, he would have vetoed it. During the rest of his presidency, he never failed to reappoint the worthy officer whose term had expired under it. Paralysis disabled Crawford from making his intended use of the act in the quadrangular race of 1824 between Jackson, Adams, Clay and himself. Van Buren, having abandoned Crawford to his fatal malady, was then supporting Jackson. It is the way of what were then called New York politicians, to stand by candidates only who are, in the language of our day, available. Adams won. During the four years of his administration he did the same under the act of 1820 that Monroe had done. In 1829 Jackson became president. He had experienced a change of heart from an unbelief in partisan appointments, which his letter of November 16, 1812, to Monroe, then just elected, shows to have been extreme,⁸ into acceptance of the creed of the New York politician. He made Van Buren, called by Eaton "the most apt and distinguished disciple⁹ of Burr," his secretary of state. And the contemporary opinion that the unsparing use made of the power of removal given by the act of 1820, and the conversion of office into spoils, both of which commenced at once, was due to Van Buren's influence over the president, has never been challenged, and receives fresh corroboration with time. The first inaugural proclaimed that there must be "correction of those abuses that have brought the patronage of the federal government into conflict with the freedom of elec-

⁸The conclusion of this letter is quoted, 15th Report of U. S. Civil Service Commission, 454, 455.

⁹The Term and Tenure of Office, 24.

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tions, and the counteraction of those causes which have disturbed the rightful course of appointment, and have placed or continued power in unfaithful or incompetent hands."

The ironical comment of the Report which we commended above upon the language of Jackson just quoted, of which we make great use in this chapter, is so forcible that we give a substantial part of it:

"Having discovered the need of reform and the conflict between patronage and freedom of elections, he proceeded to remedy the matter by wholesale removals and the appointment of partisan incompetents. The corrupt methods of Washington, Jefferson, Madison, Monroe and the Adamses were now to be purified, and the baneful influence of patronage upon elections to cease."¹⁰

The real truth was that there never had been any general effort by office-holders to influence elections. Under every president down to Jackson they naturally had done only what was necessary to keep them from being removed, that is, to attend diligently to their official duties. It was the spoils system, coming in with Jackson's presidency, which turned every office-holder into a worker for that party which he thought would save his place for him against the greedy cormorants of the outs.

But New York politics, now ready to seize the fabulously rich federal province, could not recognize the fact told in the last paragraph, without self condemnation; and so the apologetic passage just quoted was inserted in the inaugural, which, when it is read between the lines and in the light of the times, really contains these two statements:

1. The present incumbents electioneered against me. They ought to have electioneered for me. These same fellows prevented me from getting votes enough in 1824 to keep the election out of the house of representatives. They thereby flagrantly abused their official influence. Their own consciences tell them that I must

¹⁰15th Report of U. S. Civil Service Com., 457.

put my faithful servants in their offices. A man is not to prefer his enemies to his friends.

2. To fill their places when I remove them—likewise, to fill all other vacancies—I shall appoint only those upon whom I can always rely with sure confidence to work for me or my allies. I am to have a second term. Then my faithful Abdiel, Van Buren, is to be president.

Removals at once became brisk. The few dismissed who from age, incompetency, and other causes ought to have been dismissed, were made reasons against all others. It mattered not how decent, worthy and competent was the incumbent, he had to give place to a low and scurrilous loud-mouthed worker. In the terrible days under Sulla it was fatal to have a fair wife or desirable property, for some partisan would win the prizes by getting the owner's name inserted in the lists of proscribed. So the pay of every federal officer now attracted a crowd of greedy incompetents, who would drive out the experienced holder; one of them would get the office, and from that time on there was perfunctory performance of its every duty, except drawing its salary. Of course peculation, defalcation, and all official crimes became rife. Drunkenness prevailed everywhere. To mention only one place, it was common for policemen to bring drunken carriers to empty their undelivered mail at the New York post office before putting them in the station house, and half of the sorters of the mail at a large table were often too far gone with liquor to do their duties.¹¹

It is estimated that there were over 2,000 removals in the first year of Jackson. Compare with this those by the six presidents before him. Washington made 9, his successor 9, Jefferson 39, Madison 5, Monroe 9, and J. Q. Adams, the last, 2—73 in all. Every one of the 73 removals was probably for good cause.

Think of it; the removals by Jackson in his first year were twenty-seven times as many as all the removals made by the six presidents preceding him in forty years. So much for the begin-

¹¹15th Report of U. S. Civ. Serv. Com., 464.

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ning—for the new policy foreshadowed in the inaugural, and also what was done immediately afterwards.

Jackson's first annual message was delivered December 8, 1829, nine months after the inaugural from which we have quoted. The end of the first year of removals which we have been discussing was only three months off. The work laid out in the new inaugural had gone so far there was no need that this message say anything of the "unfaithful" and "incompetent," whom the new administration found in office. Instead of doing this, it presented a complete system, so ably reasoned *ad captandum vulgus*, that the system soon pushed forward into general acceptance against the almost unanimous resistance of our leading statesmen, and put itself in place of the exalted practice and unanswerable reasoning of the first six illustrious presidents. This is the pertinent passage:

"There are, perhaps, few men who can for any great length of time enjoy office and power without being more or less under the influence of feelings unfavorable to the faithful discharge of their public duties. . . . The duties of all public officers are, or, at least admit of being made, so plain and simple that men of intelligence may readily qualify themselves for their performance; and I cannot but believe that more is lost by the long continuance of men in office than is generally to be gained by their experience. I submit, therefore, to your consideration whether the efficiency of the government would not be promoted, and official honesty and integrity better secured by a general extension of the law which limits appointments to four years.

"In a country where offices are created for the benefit of the people no one man has any more intrinsic right to official station than another. Offices were not established to give support to particular men at the public expense. No individual wrong is therefore done by removal, since neither appointment nor continuance in office is matter of right. The incumbent became an officer with a view to public benefits, and when these require his removal they are not to

be sacrificed to private interests. It is the people, and they alone, who have a right to complain when a bad officer is removed for a good one. He who is removed has the same means of obtaining a living that are enjoyed by the millions who never held office. The proposed limitation would destroy the idea of property now so generally connected with official station, and although individual distress may be sometimes produced, it would, by promoting that rotation which constitutes the leading principle in the republican creed, give healthful action to the system."

This passage, very probably the composition of Van Buren, and the most expert of his confidential rhetoricians, which adopted the vile and selfish precepts of the school of Burr, while veiling them under the justification that seems on the first flush to Tom, Dick and Harry to be axiomatic—the official language of one of our most popular presidents—has worked an incalculably prodigious effect in making the worse appear the better reason. For a long while it has caused the comparatively small class of those wishing to get into office to be generally regarded as the people authorized to dictate the policy of removal and appointment. One need not care for the great authority of this doctrine with the devotees of the machine, but it is lamentable that such true friends of the people as Bryan, Altgeld and Golden Rule Jones should advocate short against permanent tenure, and thereby unintentionally become the champions of spoilsmen.

Three years afterwards, Marcy, a New Yorker, defending in the United States senate the Burrian politicians of his native State, condensed the entire substance of Jackson's apology into a phrase of six words which has ever since been the motto and war cry of every one of our office-seeking parties. We will quote here the passage already quoted thousands of times. He said: "When they [the New York politicians just mentioned] are contending for victory they avow the intention of enjoying the fruits of it. If they are defeated they expect to retire from office. If they are

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successful, they claim, as a matter of right, the advantages of success. They see nothing wrong in the rule that to the victor belong the spoils of the enemy."

"To the victor belong the spoils."—Marcy has been made more memorable by that winged epigram than Demosthenes by the Oration on the Crown.

Heard by three generations all over the land, from the mouths of congressmen, stump orators, politicians, bosses, heelers and workers of all parties—each and every one assuming to speak by the authority of the people,—it has become vox Dei to the masses.

New York State, tutored first by Burr, afterwards by Van Buren, teaching the United States, and the United States teaching the other States and the cities—this was the road downwards, and soon the spoils system had taken deep root, and was flourishing everywhere.

Let us roughly sketch the new order, stressing its characterizing features.

A president elected by the people of the nation every four years, representatives by the people of each congressional district every two years, and a United States senator by the legislature of each State about every three years.

A governor and certain important officials, members of the house and senate of the legislature or general assembly, of each State, about every two years, and judges about every four, elected by the people of the State; and, as really belonging here, the county authorities and officials, such as members of the board of commissioners, coroners, sheriffs, clerks, justices of the peace, constables, etc.; all of whom are chosen at the polls about as often as the governor or the members of our legislature.

A mayor and other functionaries of every city or town, and a part at least of the council are elected about every two years.

Numerous as these are they are but the important representatives and officials and not all of them. After their public careers commence they themselves elect or appoint to a vast number

of positions not suggested in the list just made. Think of those on the federal bench, in the cabinet, in the army and navy, and in other departments which we have not time to name—thousands and thousands; hundreds of those which a governor fills; of the deputies which a sheriff or clerk of the court can make; and we must not cut short the enumeration without hinting at the hosts serving the cities in all kinds of posts, from the highest to the humblest,—educational officers, teachers, heads and captains and rank and file of the police, the fire department, the city marshal and his deputies.

This catalogue, capacious as it seems to be, comes far short of suggesting all the offices, places, situations, positions, employments and the like, which are in the gift of those chosen in federal, State and municipal elections. The perquisites and pay render everyone, whether mentioned by us or not, desirable to a certain class—the larger to the more ambitious and aspiring, the smaller to those who will prize a little emolument until they can do better. Note also that the terms are with few exceptions short—from two to four years—and often the holder can be required to vacate at any time before the expiration of his term.

As the people of Greece turned out every four years to the Olympic games, so our people turn out every two years to State and municipal office hunts, and every four years to a national one. The game is so fine, so varied, and so abundant, the hunters so far outnumbering the game, and so eager, their rivalry so sharp, that no other affair of our manifold government excites a tittle of the popular interest which this does. The season lasts from the preparation for the primary, caucus, or convention, to the election, and the hunt is followed with increasing zeal to the end.

Our political campaigns are but periodical office hunts. It matters not how warm the fight between parties has been, and how large a vote has been cast, nor whether the one party or the other has won, no possible result means a change of policy of the United States or of the State, or city, or county, or township, or village. It means

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only that the government of these different divisions will be administered by members of the victorious ring; that the former incumbents have lost and the new ones have gained the profits of public trust. This may be called inter-party rotation of place and office. When the dominant party carries another election—and frequently before that time—many of the old place holders must give way to new ones. This is rotation of office in the party itself. The tide of office-holders ebbs and flows perpetually. To-day the republicans, to-morrow the democrats turn the rascals out; and between times the particular party in power is always turning out some of its own rascals to make room for others of its own rascals. With all parties place and its pay have become the one object. They hypocritically make sounding professions of regard for the public weal, but, in fact, they meditate and follow no other policy, but that which in their opinion will win and dispense the offices.

This state of things naturally engendered the machine. The machine in due time developed the boss. It is a long stretch from Aaron Burr and Van Buren, bosses incipient and in embryo, to the grown up boss like Tweed. As such a boss increases in power he steadily takes a larger lion's share of the rake-off from salaries, jobs and blackmail. After a while the reins of absolutism slip from his hands into the hands of the plutocracy in such secret fashion that the date cannot be given by the closest observer. We will restate the gradation: First, an organization of aspirants, directed by a ring of shrewd ones, which carries the election in the interest of public place seekers. This initiatory stage was brought from New York State into the federal government at the beginning of Jackson's term. Second, the boss arises. Now offices are multiplied, sinecures created in great numbers, salaries and perquisites raised in amount, and new roads and ways to rob the public treasury are made. Third, the plutocrats get dominion over the boss, making him their executive in the management of the machine. They appropriate franchises and mountains of plunder, leaving

much independence to the boss in the distribution of patronage and small jobs.

Thus we have concisely told the course of the spoils system from its start in New York State. Its adoption by Jackson was the first thing to lower the flight of the American eagle, whose soaring for forty years had been the note of all the oppressed peoples of the earth; the first thing to tarnish the fame of the great republic, inexpressibly fair and bright from the Declaration of Independence until then. It soon turned our government from one of hardy, lofty-minded and heroic characters into one of cheats and swindlers. It endowed us with the unspeakable curses of the machine and the boss, casting filth at everything good and noble in city, State and nation. This is enough to damn the spoils system with the execration of all who wish well for mankind. But the hottest anathema to be pronounced upon it is that it cleared the ground, subsoiled, plowed, harrowed, rolled and dunged it for the new plutocracy.

CHAPTER II.

THE PLUTOCRATS AND THE STATE PARTY MACHINE.

THE state of affairs in which the machine was managed merely to win for the party politicians and their supporters and followers the offices, places, contracts and emoluments staked on the result of the campaign, as is told in the last chapter, continued so long, its details were so fully and vividly depicted by many able writers, and it was so well understood and believed to be so permanent, that when, as we have briefly stated, the direction of the machine passed from the party leader, who was the genuine representative of the spoilsmen, to the party leader who is the agent of the plutocrats, masquerading as a champion of the people, the great change, which is quite recent, and has been dexterously kept inconspicuous, has received but scant attention. There is in the recent book of Mr. Bryce¹ such a wonderful opulence of details, so ably marshaled and truly interpreted, it makes even a well educated native understand much that he did not understand before he read it. But how is it that this most alert and perspicacious observer does not give even a chapter to the fountain head of existing American politics and government policy? Can it be true that he has passed years in our midst without discovering that every party organization, whether national or local, is but a plutocratic agency? Excuse this failure on the ground that Mr. Bryce is a foreigner, if

¹The American Commonwealth, 3d ed., N. Y. & London, 1893.

you please. The late Mr. Eaton was an American, who had made, perhaps, a longer and more elaborate investigation of our party political system than any other author. It is quite wonderful that he saw no better than Mr. Bryce. In his detailed and careful illustration of present American municipal government from an extended presentation of the particulars marking the rule of New York City by Tammany, published a year or two ago, he hardly anywhere in the three chapters suggests even by implication the fact, which ought to receive the greatest prominence of all, that is, that Tammany is now mainly paid and kept in power by the plutocrats.²

It is not alone Mr. Bryce and Mr. Eaton who shut their eyes to the real management of the machine everywhere in the United States. There are legions of others like them who can as yet find nothing in our politics but the old spoils system. One of the objects of this Book I. is to take these incredulous ones by the hand, lead them through the underground mazes of party organization, and, showing them how the will of the plutocrats is done at every turn and corner, at last make them see and believe. The people must be taught to know that the great evil does, in fact, exist before they will bestir themselves for its remedy.

As we take up the proper subject of the chapter, we must explain why the State is our beginning point.

First of all, the State is the great law-giver of our country. It is true there are important subjects beyond its legislative reach, such as the provisions of the federal constitution, admiralty, bankruptcy, interstate commerce, crimes against the United States, equity practice in the federal courts—in a word, what may be termed the federal law. But this section of non-State law cannot amount in quantity to 5 per cent. of the corpus of non-remedial American law obtaining in any given jurisdiction. If you observe closely the total of cases in both federal and State

²The Gov. of Municipalities, Chaps. 4-6. The preface is dated June 1, 1899. See Appendix, p. 509, for further as to Bryce, Eaton and other authors.

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courts of a locality, you will ascertain that at least 90 per cent. of the corpus just mentioned is State law; for each one of these last mentioned cases involves either common law as adopted or codified, or written law as enacted by some State. We need not lose time in investigating the source of the 5 per cent. remaining. It is enough to say that the average citizen, day in and day out the year round, is conscientiously guided in his most important affairs by the law of the State, while it is only now and then, as where he uses a revenue stamp, or hears the tariff rate given as a reason why such a price is asked for a commodity, that he ever becomes aware of any other law.

The plutocrats deem it their business to dictate the main essentials of the existing system of law. They do not want the labor day shortened, nor women and children protected from destruction by overwork, nor real employers' liability laws, nor laws prohibiting company stores, nor those requiring payment of wages by the week and in nothing but cash; they want the taxes kept upon others and off of themselves; they want no restraint of overcapitalization, and not to be coerced into publishing their accounts; they want certain enactments to be in, and certain others to be out, of the penal code—in short, we may say that they want the provisions of law to be such as will particularly and despotically regulate the acts of the rest of the community, but not their own. To have this great body of rules of action just as they desire it to be, it is necessary that they control all the sources of State law, that law being so predominant in the United States, as we have shown.

So much for State law generally. But some parts of it are of such importance that they must be specially presented.

Nearly all private corporations are chartered and regulated under the law of the State; and it prescribes the terms upon which an outside corporation can do business within its territory. All extensive undertakings are beset with huge risks, and personal liability for the frequent losses consequent can be limited only by

incorporation of the undertakers. This would alone make the enactment of corporation law in forms suiting their wishes of very great concern to the plutocrats. But there is something else which renders it of still more concern to them. This is that public franchises of inestimable value, such, for example, as long distance and street railroad, gas and electric lighting franchises are granted by law to corporations only; and the plutocrats can influence the legislature to give them these franchises for nothing, or next to nothing in return.

The legislature also prescribes the course of government in all the municipalities of the State. The late multiplication and enlargement of municipal public services induces the plutocrats to have the legislature pass such laws as will enable them to realize their eager greed to exploit these services.

We may say that from the command by the plutocrats of the State legislatures, as the makers of private and public corporation charters and laws affecting them, a mass of treasure has poured into their coffers in excess of that derived from all other sources.

Of course, law-making is not the whole of the State power. There is the governor, who can recommend, approve or veto legislation, appoint to many offices, pardon, and see generally to the execution of the laws; the attorney-general advising every high official, and who often really initiates or checks public action of the gravest concern; the members of the railroad commission empowered to regulate local freight and passenger rates, which is by far the most lucrative portion of railroad business; the officers of the tax department, from the head down to the county collector, who could, if they would, make the plutocrats contribute their just quota of the public revenue; there are the judges who can make and unmake constitutions and laws at will, as we will tell you in a separate chapter; there are the prosecuting officers, who could, if they would, make the railroad trains run slowly over grade crossings and obey many other commands of the criminal law which they defy every minute; there are the coroners, whom insurance and

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railroad companies want to influence their juries to find that the death of the deceased was due to his own fault, when it was not; there are jury commissioners, who can keep off the list those who are inclined toward or against the people in the plutocrats' cases. These, with others who could be mentioned, indicate that the sphere of the State government is of great extent, and that in the same the plutocrats have to do with its authorities at every turn. We showed above why they wish to name the law-makers. What we have just said shows their interest to have such absolute sway of all the officials of the government that they may enforce or disregard the law accordingly as the one or the other profits them more. Therefore, they try to put in these State places only such men as will prove serviceable to their purposes.

We have a little more to say yet. The people of the State elect the members of the lower house of congress, and the legislature of the State elects the members of the upper house. Further, the people of the State elect the members of the electoral college, which elects the president of the United States. All these elections are carried by the machine. Therefore, the plutocrats must use the latter as the instrument with which to obtain control of the federal government.

Much more could be said to bring out further the vast scope and importance of the State power in our complex system. But this is enough to make it appear that the States are to the plutocrats meditating complete subjugation of all American government the units of conquest and occupation. And some years hence, after the people have equipped themselves with the new weapons of direct nomination and direct legislation, they will retake these vantage grounds. That victory will be the Waterloo of the plutocracy and the Marathon of the people.

Now let us attend to the plutocrats who manage the State machine. The first to be mentioned in our catalogue are those which have extensive networks of agencies and places of business. You think of the long distance railroads, the express companies, the

sleeping car companies, and the telegraph companies, with their stations and offices in all cities, towns and hamlets. Next you think of the insurance companies—fire, life and accident—which have agents in practically every county. Then you think of the beer and liquor sellers, with their wholesale and retail houses in the larger places, and their saloons everywhere in the towns, and at many points in the country. The Standard Oil combination, monopolizing the trade in every neighborhood, and always on the alert to get legislation and inspectors favoring bad oil, is next.

The foregoing will do for examples of those which make the entire State their business territory.

If there are rich mining and manufacturing corporations in the State, they will be sure to take a hand in guiding the machine.

These plutocrats are all interested in or connected in some way with the long distance railroad. It hauls in special cars for the express and sleeping car companies and for the oil and other trusts. It habitually permits the telegraph poles to stand on its right of way. The beer and whiskey trusts, the oil trust, the mining and manufacturing trusts, all either are parties to "evening" contracts with, or they get rebates from, the railroad, if there is not a closer alliance in interest between these shippers and the carriers.

The bankers who organize and finance railroads; the insurance, trust, loan, bond and guaranty and other companies, whose funds and reserves are largely invested in railroad bonds and stocks, which companies, of course, wish to keep in touch with the officials managing the railroad of purpose to affect the market price of its securities—all these are naturally in close league with the railroad.

The public service franchises of many municipalities have for some while been falling into the ownership of syndicates, and such syndicates have of late acquired great weight in the direction of the State machine. Their sympathies are, of course, with the long distance railroad, the most valuable property of which is its franchise, taken from the people without pay.

The State government, like all other American government,

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is government by party. The prevailing party fills not only the legislature, but all public places. And as the machine directs the party, the initial move of the plutocrats in their combined efforts to get command of the State is to secure control of the machine. Where the two parties are so equally matched in strength that there are alternations of each one in power, they persist in controlling both machines; but where the predominance of a particular party is permanent, as is the case with the republican party in Pennsylvania, and of the democratic party in nearly every southern State, they busy themselves with only the machine of the dominant party, wasting no money or time upon the other.

The State executive committee is the directorate of a party within the State. Under this, and subordinated to it, are committees in each county, considerable town or city, congressional and other districts. The State committee is the brain, and the other committees and their inter-connections with the former on one side, and the workers on the other side, are the nerve-centers and nerves of the party organization. This machine, developed and at last perfected, under the influence of the old spoils system, the plutocrats found good and appropriated it bodily, as we explained in the last chapter. They have made one alteration of importance. It is that these committees which formerly were entirely the creatures of office, place and emolument hunters have become the functionaries in disguise of the plutocrats, and are secretly under the absolute command of a council of the plutocrats, which council will be described later on. Even one as keen-eyed as Mr. Bryce cannot see the difference of the present from the old machine, it not being external and plain to view. It is, however, an enormous one, which we may state thus: The spoils-men as such were the will of the old, the plutocrats are the will of the new machine.

These committees call, regulate and direct State or local conventions, caucuses, primaries and all other organs of nomination; and they are everywhere in the United States filled by a syndicate

of corporations led by the railroad, as any reader of ours can prove to himself by simply finding out the relations of the different members to such corporations.³ Later in the chapter we will give illustration from the Georgia democratic executive committee.

We must now take a wider view of its workings, and look behind not only the executive department of the machine, but also behind what we may call the machine electorate. And while in taking this view we will generally speak of the railroad alone, we ask you to bear in mind all the while that the allies described above are co-operating wherever possible with might and main. The railroad stands forth so conspicuously, and the other plutocrats hide behind it so constantly, it seems right to treat it as the sole factor.

The railroad has become a complex organism with many highly specialized departments. One department keeps the track in order; one has charge of the bridges; one is exclusively busy with through, and another with local freight; and on and on in a long series. We have here to do with what we may call the Public Department of the railroad. One of its purposes is to guide the machine to such nominations for the executive and high State officers, and also for members of each branch of the legislature,

³The World's Almanac of 1902 contains a list of the chairmen and secretaries, with their post-offices, of the democratic State committees at p. 112, and of the republican at p. 113, of each one of our States. And such information can be found in some other current publications. Let all those of our readers who are inclined to challenge the statement just made in the text, get from its secretary a complete list of the members of the State committee of each party of his own State,—and especially a list of the members of that of the dominant party, if there is such a party,—and then investigate those members as we do below with the democratic committee of Georgia, ascertaining what connection, if any, the chairman, vice-chairman, and the other especially active members have with the corporations, and further how the members of this State committee are appointed, and how vacancies are filled, and by whom really; if this be done everywhere, the result will be that not a single one of the 45 States except South Carolina can be found in which the State committee is not virtually named by the plutocrats.

Then let the inquirer search into all the county, town, city, district and what other subordinate committees there may be. He will find that the corporations hold the reins in every one.

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as suits the policy of the road; and afterwards see to it that the nominees are elected. What the Public Department does after election will be told later, in its proper place. As we deal with it now, the Public Department is in actual command of the State committee, of all the lower committees, and of the entire party machinery. Its leaders are the ablest and most practical machine politicians to be had. One who is a leading practitioner merely in name often draws from the road a much larger salary than its counsel, who has risen to the height of the profession by skillful and laborious conduct of its cases. The former is a politician and lobbyist, whose services as such yield and save the road more money annually than the services of the other, even if he try hundreds of cases. This lobbyist stands high in the Public Department. Others belong to it who are really but not nominally in the employment of the road. They are prominent characters in the party, in the national and State legislatures, and in high office; for the railroad, always diligent in business, perpetually pushes its partisans into every public place possible. Especially to be mentioned as virtual members of this department are editors of political newspapers subsidized or owned by the plutocrats, and effective stump speakers, and men of skill and influence in political circles who are seeking office and preferment, and who think they have found out that they can succeed only by getting the help of the railroad.

The foregoing roughly suggests the constituents of the council, which is really the executive of the Public Department. They may likewise be thought of as its general officers.

The conspicuous figures of the party executive committee, of the council of the Public Department described above, and of the corporation lobby, to be told of in another chapter, are often the same persons. This fact secures the highest unity in the management of politics, of legislation, and of administration of governmental office, as simply separate parts of a single system, having

for its main purpose the aggrandisement of the railroad at the cost of the public.

Now for the field, line and staff officers, and the rank and file. The country lawyers are the nucleus. The road has them everywhere, and they range from the leader, trying the more important cases in the superior courts of each county, down to the starveling who defends it before the magistrates of his little locality against claims for poultry, pigs, goats and calves run over by the trains.

The county lawyer deserves more than a passing word. He is the junior of the leader just mentioned in cases in his county. Many of the smaller cases of the road he manages alone. But the greatest service he can render his client is to get himself or some railroad partisan nominated for the legislature. This he often accomplishes by reason of the control which he keeps of the county committee and the county workers. It is his duty of duties to have this committee manned at all times with those faithful to the railroad. After he has had the candidate nominated, as just suggested, he has the machine-led voters to elect him. Whenever this lawyer has long been connected with the railroad you may know he is a power in the politics of his county, and that he has assiduously as a politician furthered railroad designs.

Many persons of influence are commanded by these local lawyers, and are hand in glove with them. The younger bar are greedy to barter the uncertainty of general practice among poor clients for even a small certain sum thrown them by the railroads; the farmer or local merchant or doctor, and, sometimes, the preacher, has long been waiting for his turn to represent his county in the legislature, and he has had the wit to learn that the aid of the railroad is the only road to his ambition. Even the average voter in a primary becomes more and more alive to the fact that his vote will be thrown away if it is cast against the railroad candidate. Thus the county manager of railroad politics gathers into his hands every year a larger number of reins by

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which he drives the bell wethers of the people his way, the flock following.

Add to what we may term the non-railroad rank and file under the lawyer, as county captain as just narrated, the multitude of railroad workingmen and other employees. This compact body, moved as a unit at the word of the Public Department, has often turned the scale in both primaries and elections.

The control of the machine has fallen completely into the hands of agents of the railroads. As they are utterly dependent upon it, this has brought lasting unity, and consequently greater efficiency into the management. No spoilsmen of the anti-railroad era in politics ever could attain to that absolute dominion of a State, shown for example during the last thirty years, by the railroad rule of Pennsylvania.

Suppose a political campaign toward, The council of wiser heads described above, holds a secret session, considers carefully the reports from all the sub-agencies of the Public Department in the territory of the approaching election, weighs and decides everything proposed, and in the end settles what is to be done. Candidates for every office to be filled, whether executive or judicial, are most thoroughly discussed. The one highest in favor is he who makes the voters believe that he is their devoted friend, while, in fact, he is the railroad's trustiest servant. Where such an accomplished man is not to be had, there must be recourse to the next best. The one indispensable thing is that he has been tested and proved to be such as can always be relied on to do the master's bidding. When the plutocracy can prevent it, it never permits the advancement of anybody who shows a will opposed to its own. Whoever tries to thwart one of its proposed measures, it puts upon the black list of candidates, there to stay until his repentance has been long and contrite, and has brought forth much good fruit. We remember what was lately done in the State convention with the \$400,000 bribe-refusing, bona fide trust-prosecuting attorney-general of Ohio for not understanding that the machine really

protects, while it solemnly declares against trusts. At this session just mentioned, the most available candidates who will best serve the railroad in their respective representative or official positions are at last decided upon.

Then the council considers how to insure the nomination of the selected candidate. If a caucus or convention or a primary is the organ of nomination, the surest way of gaining the majority therein is marked out.

The railroad's monopoly of transportation, and its unlimited power of using passes gives it nearly always full opportunity of packing the caucus or convention. The place of meeting, and the time, will be chosen with a view to such opportunity by the executive committee, which, while it always poses and puts on airs as the incorruptible and zealous representative of the people, is but a puppet moved by clandestine wires which the officers of the Public Department adroitly pull.

The primary in the new development it is making in the communities to be mentioned a moment later emphasizes an irrepressible popular insurgence against the machine. The late agitation for it in Minnesota and Wisconsin, the vote of Chicago upon it April 1, 1902, and its widespread adoption in some of the southern States during the last few years, betoken that it will soon be almost the sole organ of nomination in America to State and municipal place, and perhaps to the lower house of congress. Its importance commands that we now give the subject considerable space. At the outset we remind the reader that the power of nomination is the cardinal power in the politics of all representative government until direct legislation takes the lead. The people are struggling to get it into their hands; the plutocracy is struggling to hold on to it.

We shall exemplify plutocratic management of a primary from the Georgia gubernatorial campaign of 1902. In telling what were the issues and how they were met, how the people were bamboozled into rejecting their own candidate for that of the railroads,

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How the railroads made conquest of the committees and thereby did what they pleased with the primary, the convention and the platform, and of other belongings, we will give you far more enlightenment than we could by a hundred additional pages of such dissertation and dry principal statement as the foregoing of this chapter contains.

The reader outside of the south will bear in mind that in the cotton States there is practically the domination of but one party, the democratic so called, which is really a fusion of the whites against the negroes, and that its nomination is virtually an election. A State primary every other year in Georgia nominates candidates for governor and other State officers. As this primary receives initiative and direction from the committees and convention, it must be shown first how they are made up and kept in hand by the railroads.

The county democratic executive committees engage us here only as electors of delegates to the State democratic convention. The members of these committees are generally named by a so-called mass meeting of a few spoilsmen, third-rate politicians and workers assembled every two years at the court house by the county railroad lawyer described above. Of course, these county committees are the creatures of the railroad.

In 1898, when their present plan of swaying the State primary at will was perfected by the railroads, the leading counsel of the express company and the Plant railroad system was the chairman of the State democratic executive committee. Every two years he appointed eleven of the committee, one from each congressional district, and the State convention named two members from each of said districts. The delegates composing this convention are elected by the committee of each county from the supporters of the candidates for State offices who have just won in the primary. As a general rule, nobody who cannot get a pass to Atlanta, where the convention meets, will be a delegate. Only those will get passes whom the railroad knows it can use in the convention as it pleases.

The State committee just mentioned has absolute control of the machinery by which every candidate for a State office that can be elected in Georgia is nominated. Meditate its personnel—eleven, that is one-third, named by an express company and railroad lawyer, whose place and high pay as counsel is really due to his political influence exercised in favor of his clients; the remaining twenty-two, that is, two-thirds, elected by a convention to which the railroads send every delegate.

Now let us see what was at stake to the railroads in the campaign and how the Public Department played the cards which it had packed, as we have just told.

The franchises of the railroads make at least three-fourths the value of their entire property, but through their control of every branch of the State government they had kept these franchises from ever paying any taxes. In 1901 the lower house of the Georgia legislature had with practical unanimity passed a just franchise tax bill; but the bill, with more than nine-tenths of the people for it, failed to storm the senate, garrisoned as it was by the stanchest troops of the railroad and liquor combine, which combine will be told of a little later. The next year—1902—there was to be a State primary, and it was certain that the incensed electors would try to nominate a governor of their own and not one belonging to the railroads. And a candidate—Guerry—was given them. He was of irreproachable Christian character, a strong lawyer and experienced politician—the last word being used in the best sense—an able, entertaining, ready, aggressive and eloquent speaker. He advocated adequate taxation of railroad property, making the unspeakable Southern railway a domestic corporation, and the prohibition of railroad passes to representatives and officials. He had one serious defect—he was an intemperate temperance man—making prohibition the most prominent plank of his platform. In this day and time, when the drink habit injuriously affects only about one in twenty, and is steadily wearing itself out, while plutocracy impoverishes nineteen in every

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twenty, and strides steadily on, one who actually believes the former to be the greater evil, or even that it ought to be considered along with the other, must be under a delusion which is a form of monomania. Had Guerry possessed the clear and sane political vision of La Follette, who mixes nothing else with his fight against machine nominations and railroad tax dodging, he would have made no attack at all upon the liquor men, except for their joining with the railroads to elect the Georgia senate. But for all of his overmagnification of prohibition he was probably the best man in the State to champion the people's cause. He charged joyously into and through the fight with the railroad lobbyists and henchmen wherever he found them, a soldier to delight Longstreet, who said that the way to whip the men opposed was for us to come close and keep shooting at them until they ran. It behooved the railroads to check and turn, as best they could, the popular tide beginning to run high in favor of the David who had come into the field, single-handed and without armor, against many Goliaths. The Public Department proved equal to the situation.

January 21, 1902, Terrell declared himself a candidate for governor. Some years before, by a term in the legislature, and the last ten years as attorney-general of the State, he had made a creditable reputation. This public career, quite a long one for a man of forty-one, seems to show that he had become solid—as the phrase goes—with the machine. And he had other strong points.

The Baptist and Methodist churches are greatly the strongest in the State. In each one there is a large section of leading influence, which earnestly calls for prohibition. It was to be expected that Guerry, who is a Methodist, would win the support of both sections. But Terrell is of excellent standing as a Baptist, and he kept most of his prohibition brethren firm.

Another merit of Terrell as a candidate is that he never offends by inopportune positiveness. To illustrate: His ten years in the attorney-generalship, his room being in the capitol where both houses sit, kept him in constant observation of the corporation

lobby, whose sway of the legislature has been notorious all the while. Each prominent member of this lobby is as well known to be a lobbyist as Clark Howell was recently known to be president of the senate, and had been specially influential in bringing him out as a candidate for governor. Yet Terrell must not be too positive that there is any lobbying. Note the qualifying parenthesis in this remark of his upon the subject: "I yield to no man a more sincere desire that this evil (if it exists) be suppressed."⁴ It is highly improbable that any other man in Georgia would have used that parenthesis while making mention of lobbying in a speech which he purposed to publish.

He always says the soft word that turns away wrath, and receives unkind treatment as though it were a compliment. He has conciliated the machine, the liquor men and the corporations without declaring himself as their partisan; and he is treasured by the general public—to use the adjective in the current American sense—as the cleverest fellow in the world.

In his platform he spoke out positively in favor of such amendments of the law as would insure just taxation of the franchises of quasi public corporations. This is very unlike his complaisance, which most genuinely shows in his liquor plank. That plank favors local option, if the people want to continue it; or prohibition, if the people want that. We suspect that his original draft of the other plank was something like this: "If the people and the railroads desire franchise taxation, I do; if they do not, I don't either," and that the wise men of the Public Department knowing that if he adhered to such a wishy-washy position upon this burning question, he could not possibly succeed even in the snap-shot primary which they had planned, brought it about in some of their devious ways that he at last declared unequivocally for franchise taxation.

The plutocrats always have their candidates to declare in favor of the measures most desired by the people, for without this

⁴Opening Speech made at Canton, Ga., Feb. 15, 1902.

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the candidates cannot be elected. After they are elected it is studiously provided that they be given no opportunity to redeem their pledges. You cannot understand the game played by the railroad and liquor combine in supporting Terrell for governor without explanation as to the senate which was to be elected at the same time. During the campaign of 1900, it was told in a whisper by knowing ones in Atlanta, that the combine mentioned had secured twenty-three out of the forty-four senators. The Willingham prohibition bill passed the lower house of the legislature, but failed in the senate, as many predicted it would. Later, the dispensary bill, a scheme under which the liquor men masked their efforts to open a legalized business in the numerous dry counties, was accepted by the same senate, after it had passed the house, and would have become law had it not been vetoed. We have already told how this senate, elected in 1900, defeated the franchise tax law. In 1902 the senate must be made sure of again. Each one of the forty-four senatorial districts, consisting usually of three counties, elects a senator. A candidate is nominated, not by a primary, but by a district convention. In many districts the delegates to the convention, under the machine agencies which we have described, are selected and fully controlled by the combine. By making it believed that Terrell could do great things for equal taxation, the attention of the people will be diverted from the senatorial conventions, and so when the election comes off they must vote, if they vote at all, for the nominees of the combine for the senate. Consequently, when Terrell is inaugurated he will find the old majority against the people in that body again, which will effectually prevent any anti-railroad or anti-liquor law from ever reaching him for approval as governor.

Thus you understand why the railroads regarded Terrell's taxation bark and the liquor men his prohibition bark as more ferocious than his bite.

Immediately upon Terrell's announcement of his candidacy there arose from the newspapers all over the State a chorus of

endorsements, which, to a thoughtless person, would seem spontaneous, but which was really the disguised voice of the railroads. Of course, many of the writers were like one in a hypnotic trance, that is, unconscious of the real authorship of their communications. It was as plain as plain can be to every good observer that the railroads had resolved to procure Terrell's nomination in the primary. The State committee—their committee really, as we have shown—must help with might and main to this end.

March 29, 1902, this committee met in the ballroom of the Kimball House in Atlanta. The chairman infused new blood into it by appointing as members, among others, the peerless lobbyist of the Southern, sketched later on, and an eminent corporation lawyer, who is the wariest and most efficient political manager in Atlanta. At this session two communications from candidates for county places, contending that delegates to the convention ought to be elected by the people, were submitted; also a communication from the Guerry associated clubs, and another from a candidate for solicitor-general of a judicial circuit, giving cogent reasons against an early primary; but not a single one of these communications had any effect. The primary was set for June 5, some four months prior to the election. Why has the State committee ever since 1898 fixed an early date in June for the primary? We commence the answer by telling what obtained before the civil war. The whites were divided into whigs and democrats, and later Americans and democrats. After the crops were laid by—to use planters' parlance—which was generally about July 15, until the election in October or November, the white rural population assembled in large and frequent meetings, where each side was presented in speeches, and often joint debates by members of different parties. The newspapers championed in the main solid popular interests. This canvass of speech, debate and newspaper discussion lasted until election day—some two or three months—and during the most of these months the elector could any day leave his crop long enough to attend a political meeting,

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and he was hardly ever too tired and worn out from hard work to read the papers at noon or at night. By election day the people had heard both parties fully and formed intelligent opinion. If one of these parties stood for pernicious measures or put up bad men as candidates, it was rebuked by defeat. But now there is nominally but one party in Georgia, and the railroads have seized its machinery. It is their interest to suppress discussion and keep the people in the dark. They have the entire political campaign at a time of the year when the crop imperatively demands every working day and the whole of it. They put the primary in the rush of the harvest. They want no public discussions, and they also want such a light turn-out to the primary as will greatly increase the relative vote of their heelers and workers. South Carolina, a cotton State, divided from us by a small river only, has had for the last ten years her primary on the last Tuesday in August, thus giving the country electors some six weeks' leisure from their crops for attending political meetings and informing themselves in other ways as to the men and measures they are to pass upon when they cast their nominating votes. The South Carolinians regard their system with increasing approval. But our railroad despots of Georgia will have none of such a system. If it comes into vogue here men like Guerry would soon develop an anti-railroad majority in the primary.

Now you ought to understand why the State committee named June 5, 1902, for the primary, instead of a day later by nearly three months, as they ought to have done.

At the time of this meeting of the committee, March 29, 1902, all the newspapers circulating in the country except a few weeklies were supporting Terrell. And all the big and little men of the machine—actual and would-be candidates for each grade of public place, prominent and obscure members of State, district and county committees, disinterested workers eager to snatch the smallest plum swinging within reach—all these were positive in their never remitted canvass that Terrell had not only been accepted

by the masses as the special deliverer from all the evils of corporate oppression, but he was also a sure winner. When a doubter would ask: "Why is everybody connected with a railroad and all the liquor men, who help the railroads elect the senate, for him? That gang never intend any good for us," the answer would come with confidence: "The railroads and liquor men see that he cannot be beaten, and they have therefore wisely decided to placate him with their support, rather than incense him with their fruitless opposition. They know when they must do such things. In the local option election Terrell votes dry, and during this campaign he pays his railroad fare and does not ride on a pass. He is against the gang."

This statement was made so persistently everywhere that thousands who could never learn the all-sufficient reply were caught by it.

What chance was there for Guerry? The newspapers were practically united against him. He invited Terrell to debate with him in a canvass, but the latter refused. The machine editors justified the refusal by saying that as both the candidates were on the same platform, debate between them could deal only in unseemly personalities. We will tell how, after his nomination was made, Terrell avowedly got upon a platform widely different from Guerry's. There was but one way for Guerry to get his candidacy before the people on its merits. This was by the stump speeches of himself and his active supporters. But the June primary had tied the people to their crops until long after the end of the campaign, and he could not get them out to hear speeches until it was too late.

Of course, there was a light vote in the primary. There are over 200,000 white voters in Georgia, and some 100,000 of these did not come to the polls. Of the vote cast, Terrell got 62,786, Guerry got 40,654, and Estell, another candidate, 32,588. The combined vote of the two exceeded that of Terrell by 11,506. In the small turn-out the machine partisans and heelers got a preponderance

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out of all proportion to their real numbers, and this gave Terrell his plurality. But in the convention, which met July 2, 1902, he had a majority. He had secured 196 delegates, Estell 80, Guerry 68. This result, turning Terrell's slim plurality into a decisive majority, and making Estell beat the man who had beaten him by over 9,000 votes, demonstrates this particular primary system to be grossly unfair.

A security against any possible defeat of Terrell in the convention seems to have been shrewdly devised. Bear in mind that after the June primary each county committee was to select delegates to the convention of July 2, from the supporters of the candidates who had carried the county in the primary. But the county committees were generally for Terrell, and in many of the counties carried by another candidate they selected from partisans of Terrell delegates nominally for the successful candidate. This really explains the unanimity of the members of the convention. And thus it had been provided that Terrell would have been nominated even if he did not have a majority of delegates when the convention assembled. In that case no one of the three candidates would be nominated on the first ballot. On the second or later there would have been a stampede of the Guerry and Estell men to him as their second choice. They could be relied on for this, as he was really their first choice.

The delegates to this convention, whether nominally for Terrell, Guerry or Estell, you will recollect, were named by the railroad selected county committees. The avowed Terrell following, officered by railroad men and men of the railroad machine, held a caucus in the same ballroom whence the June primary edict had issued wherein everything was cut and dried for the convention. The harmony desired by the railroads prevailed in the convention. They had captured the organization, and they had their will throughout. And it became plainer and plainer in the proceedings that Terrell and railroad were but interchangeable designations of everything actually accomplished. The leading counsel of the

Seaboard, much more prominent in railroad politics than he is as a lawyer, was unanimously elected permanent chairman. He did his duty nobly in appointing the committees. A tie in a congressional district between two Terrell and two Guerry men for the platform committee was referred by the convention to him, and his prompt decision in favor of the former seemed, from the applause, to have been unanimously approved.

The convention ordered that all resolutions go to the platform committee without being read. Those of a prominent member demanded that passes to public officials be prohibited; that the primary nominate only by a majority vote; that all railroads operating in the State shall be incorporated under its laws; that railroads be taxed like other taxpayers; and that the Georgia commission be empowered to protect the shipping interests against overcharges for freight and against tyrannical misconduct. Another resolution called for the application of the Australian ballot to the primary by law, and the holding of the primary within seventy-five days of the election. All went to the committee, and were there buried without honors. The platform committee, Terrell's campaign manager being the chairman and but one Guerry man on it, was bright with larger and smaller railroad lights, and at least two of the sub-committee of three which drafted the platform were arc lights of the first water.

The Commoner criticised the platform for not endorsing the Kansas City platform. Why should Mr. Bryan care for what this assembly should say of even the Ten Commandments?

In his announcement of his candidacy, January 21, 1902, Terrell distinguished between the franchises of trading and manufacturing companies and those of "quasi public corporations," saying the former are not taxable because of no pecuniary value, but that the latter are of great value, and have escaped taxation by reason of "imperfections in the law . . . which may be remedied by a few amendments," and such amendments would raise so much additional revenue that it would "authorize a material reduction

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in the present tax rate." But the arc lights put their own plank in place of this. Although the tax dodging of the public service corporations is so great that no other is to be thought of until that is corrected, the plank just mentioned says nothing at all of these corporations. While the rallying war-cry of the people now is "the franchises of railroads must be taxed like other property," yet the plank says nothing at all of franchises, when it ought to distinguish like Terrell did between the franchises of small private corporations which are without any money worth, and those of railroads and other public service corporations, commanding millions in the market, but which pay no taxes at all. Nor is there any hint of the amendments which Terrell said are needed to set the taxgatherer upon these franchises. The plank jumbles all taxpayers together, whether natural or artificial persons, and restricts itself to the stale truism that the law ought to make everybody pay just taxes. Thus it ignores, suppresses and conceals the live questions of the hour. Read the plank and consider whether we misrepresent it. Here it is:

"We favor such legislation as will require persons, both natural and artificial, to pay their equal share of taxes upon every species of their property in strict accordance with the constitutional provision relative to taxation."

To ensure Terrell's nomination, and consequently his election, the railroads put him on a platform that suits the voters; but when they have got his election safe and the new legislature is to be influenced, they put him on a platform that suits themselves.

It is evident that the people of Georgia have a thousand times more interest in being guarded against railroad extortion and tyranny in the matter of State than in that of interstate transportation. And a clamor rises stronger and stronger every year for enlarging the powers of the State commission and making its members elective by the people in order to give the full protection needed. And the legislature can heed the clamor and give the remedy demanded. But the platform turns us away from a great

good which we can get to an infinitesimal one which we cannot get. It says:

"We recommend such national legislation as will confer upon the interstate commerce commission power to make just and reasonable railroad rates and charges on interstate shipments."

The plutocrats and their servants, the machine politicians, shift every issue wherever they can from the State authorities as to which they feel insecure, to the national authorities which they now sway absolutely, as we will tell later on. We may make the same remark as to the plank in this platform approving the opposition to trusts by the Georgia representatives in congress, a colonial policy and the ship subsidy bill, and its urging that every article controlled by a trust be placed in the free list. On all these matters to refer us to congress at this time is to send us to a goat's house for wool.

One word further as to the plank last quoted. The railroads, as we show hereafter, have the United States supreme court to construe out of the interstate commerce commission all the powers given it by the law creating, and their lobby keeps congress from abrogating these decisions and adding other powers. At Washington the railroads are forever exerting themselves to weaken the commission, and yet in the Georgia democratic platform of 1902 they declare in favor of strengthening the commission.⁵

Can the hypocrisy of Iago beat that of the draftsmen of this plank?

The liquor plank, which was drafted by Terrell, deserves but short notice. Recollect he had declared in favor of either local option or prohibition, as the people desired—the one a county or

⁵"In the recent convention of Atlanta the attorneys of the Southern railway formulated, dictated and wrote the platform. While they were calling on congress to amend the interstate commerce act, other attorneys of the same railway were lobbying at Washington against that very thing."

The foregoing is quoted from an exceptionally able editorial of the Statesboro News upon the situation, copied in The Georgian, of July 17, 1902.

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municipal, and the other a State, political question. The plank says that "the cause of temperance" ought not to be "made a political issue," and that "the best interests of the people, as well as the furtherance of the cause, demands the complete separation of the question from personal and party politics."

In his speech to the convention accepting his nomination, Terrell heartily endorsed the platform as wise, conservative and patriotic, deserving to be ratified by all lovers of good government in the State—the platform which had struck out everything good in his own, and which is the quintessence of railroad dissembling and bad faith. Surely the active principle of his marvellous agreeableness must be an indestructible belief in the doctrine that "whatever is, is right."

Thus have we described this great campaign according to the knowledge of the few who really understood it all the while. But a very large number did not understand it. Believing that they were seeing the salvation of the Lord they cheered, shouted and sang psalms of triumph in every corner of the State over the nomination of Terrell. Not one of these madly rejoicing ones had found out that the railroad and liquor combine working in the dark, had got all the senators it wanted, and was declining the offered services of others, as Sam Small testified at Tifton shortly before the primary took place. The connection of this prominent divine with the *Atlanta Constitution* had in all probability given him accurate information.

Guerry was beaten. With the pluck of Frederick the Great after defeat by Daun, he commenced an independent paper—a none such in Georgia. Prosperity to the brave and gallant journal. May it draw thousands of subscribers, and efficiently prepare for the State campaign of 1904. Guerry must be our candidate for governor that year. We will place him upon such a platform as is suggested in the Third Book, in which railroad domination of politics and government, the colossal evil which is the fountain-head of all other evils—is given appropriate prominence, and not

preposterously overshadowed and obscured by such a comparatively small and diminishing affair as drinking saloons in a few wet places.

Thus have we shown you in detail how the railroad makes a tool of either a State convention, caucus or primary. These are all the usual and standard organs of the party which deserve detailed treatment here.

We must now give the boss brief notice. The State boss appears but sporadically. The indications are that, if the present development is unchecked, he will some day be found in every State. It is not seldom that one of its two United States senators is the boss of the State. Where there is such, both the federal patronage and the State patronage are put in his hands to bestow, and this adds enormously to the power of the machine.

If you have the faculty to unmask him, you will always discover that the State boss is connected with some of the most profitable plutocratic enterprises, and that he is a member of the syndicate of plutocrats ever busy with directing government for their private aggrandizement. While he perpetually professes to be the faithful guardian of all public interests, he is really a plutocrat, occupying the most authoritative position on the directorate of the Public Department. His office is but a part of the evolution now plain to view, impelling every prosperous industrial association to annex, whenever possible, under its own management, all the branches of business upon which it is especially dependent. The longer you contemplate him the more clearly you see that today the boss is nothing but the general manager of the political business of the plutocrats. His chief employment is through the machine, to effect the nomination of pro-plutocratic candidates, and then to effect their election.

We need not go into much detail as to elections. Where there is an assured domination of one party the nomination is virtually an election, and the conduct of the latter is mere matter of routine.

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But where there is a really doubtful contest between two parties see-sawing in the control of the State, the election department of the machine requires close attention. If their stake is considerable, the plutocrats raise a great campaign fund, to be distributed and disbursed under the order of proper officers of the Public Department. Here is another point in which comparison of the present with the former machine can be profitably made. The campaign fund of old, being almost entirely made up from the gifts of a few rich natural persons and their friends, assessment upon office-holders, and the sale of nominations, though large in the aggregate, was small beside the piles which the plutocrats put up to-day when they are really in earnest. What is it to them if they do pay out all this mountain of treasure? Soon after the election has been won it will, with maritime interest, be restored to them in some indirect way from the public property. With this campaign fund, canvassers and workers are paid, votes are bought, election judges are hired to declare in or out—to sum up—in a word, every device of repeating, bribery, intimidation, fictitious naturalization, false counting and other fraud is provided without stint, in order to win. It is only those who coolly, resolutely and thoroughly pry into the facts that take in all the huge depth and width of the corruption which the railroad has brought into our elections. This corruption is so appalling to the average good citizen he refuses to believe that it exists.

The perfection of the machine in the hands of the plutocrats has become marvellous. Some twenty years ago it was a maxim of the ablest ones that it is cheaper to buy representatives and high officers after their election than to elect such as are wanted. But now the highly developed control of nominations and elections gives surer and far more profitable results than could ever be had from sheer purchase after the election. This is not to say that the corporate conscience has commenced to abhor bribery—it is merely to say that the plutocrats learn with experience to do their business better.

We do not intend to say that the machine is as yet absolute. A few true men do get public places wherein they serve the people faithfully. But the rapid growth of plutocratic power steadily diminishes the number of such. The foundation on which it rests is the control of the State machine. The States are the ultimate sources of all powers of the government. They can amend the federal constitution so as to replace the plutocratic president, the plutocratic senate, and the plutocratic life judges of the United States courts, with presidents, senators and judges seeking the welfare of the people. After they have done that the States can revoke the improvident grants of monopoly and privileges on which the plutocrats have fed and waxed great and strong. A contention between the plutocracy and the people, whether the one or the other shall control a majority of the States, has already commenced, but as yet it is almost entirely involuntary, not held in full popular consciousness, as will be the case after some more years of plutocratic corruption, public plunder and oppression.

CHAPTER III.

THE PLUTOCRATS AND THE STATE LEGISLATIVE AND EXECUTIVE.

. It has been pointed out above that nearly the same law is declared in both the federal and the State courts of each American jurisdiction. The nation and the State touch one another so closely nearly everywhere in the judiciary that in it we may practically ignore distinction between the two. Therefore, we reserve what the plutocrats do in the courts, federal and State, for a single chapter, to succeed those which narrate their actings and doings in the other departments of our threefold government.

The lobby is our starting point in this chapter. The men and women who bespeak in personal interviews at the capital the favor of the members of the legislature usually represent schemes towards which the plutocrats are indifferent, and so we have no concern with the promiscuous lobby. The corporation lobby, as we may name it, is our subject, and it is comparatively but a small body. It is enlisted, officered and held always in most diligent command and conduct by the Public Department described in the last chapter. It is already upon the ground, in full force, and perfectly organized when the legislature assembles.

Its main function is to remedy, as far as practicable, the shortcomings of the electoral machine. Could the latter assure to its masters a reliable working majority throughout the term of the legislature on every question of appointment, election or law-

making in which they are concerned, there would be but small use for a lobby. But this assurance is impossible, the actual subjugation of the people by the plutocrats being as yet far from complete. Some of their staunch friends are always elected, either by coercing the support of the machine or defeating it; and they prove formidable opposition. And many of those elected by the favor of the corporations become weak-kneed when their constituency clamor against measures they have given secret pledges to further. The resistance of the people is so strong and so powerfully checks their would-be false representatives that the plutocracy, even when it has come out of an election with a great majority, must perpetually keep the closest watch upon every member of its following in the legislature until it adjourns. The caucus, to be told of a moment later; who shall be speaker of the house, and who president of the senate; the chairman and the personnel of every committee of each house; who is to be named for United States senator, and the other places filled by election of the legislature, and the canvass necessary to win; the organized pressure to be put upon the governor to induce his nomination of the choice for appointment; never remitted attention to the committees charged with legislation or other grave matters, in order to procure such reports as are desired, and in case of an adverse report the sure muster against it of a majority of the whole house—this outlines the manifold subjects engaging the lobby which we now have in hand.

The head of the corporation lobby is usually one who occupies a prominent place in the Public Department. With a corps of assistants at his disposal, the most efficient and trusty of whom generally belong to one or the other of the two houses, he especially busies himself with organizing combinations of the members of the legislature, and also of the members of the committees for or against measures and candidates as corporate interest dictates. What is called "trading" is the cohesive principle of these combinations. Our lobbyist has at his certain command, say, twenty members,

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each one of whom has authorized him to "place" his vote as he pleases. Mr. A controls four votes for his proposed bill to pay a small claim against the State, and Mr. B, Mr. C, and so on to Mr. Z, control each three or four votes for some little affair of meditated legislation or for an obscure candidate. The lobbyist makes a "trade" with Mr. A, that in consideration of the four votes of the latter being given for the measure of the former, the twenty votes shall support Mr. A's bill. Our lobbyist makes a similar "trade" with every one of the others. None of these gains more than twenty votes by the trading described. But the lobbyist, at the end of his round, has generally secured an available majority. The discipline of his regulars, who know nothing but obedience, and their numbers, render his co-operation the most in demand of all the traders. The reports most carefully collected by the agents of the Public Department, and solicitations of his alliance from many quarters, have informed the commander of the lobby before the session commences as to all the legislative and office trades which the market will offer, and which of these will be profitable.

The foregoing is but an imperfect description of trading, which is of far greater scope and variety than we have time even to suggest. Pledges for future services and help, places on the payroll of corporations—in short, considerations of every kind, paid down or promised, support various combinations to carry out plutocratic policy. The origin of all these combinations is in the corporation lobby, and they run their entire course under its guidance.

There is not as much bribery of members of the legislature as is often asserted. Railroad passes and tickets, telegraph franks, presents under the guise of contributions to campaign expenses, loans on but semblable security, nominal retainers and attorneyships, and other substantial benefits, are received in trading bargains; but it is only now and then that the vote of a member of the legislature—except for a candidate for the United States senate—is bought outright. Nearly all the ways to make money

which are agreeable to a gentleman have fallen so completely under the command of the plutocracy that its connivance or permission or favor in some affair of business is all that is required to get the help of the average man, and there is no need to bribe him. But, if the plutocratic interest or stake is large, and the methods of trading and influence inadequate to get a majority, there will be no hesitancy in buying the necessary votes, either in the committee or on the floor. The plutocrat does not believe such bribery to be a crime; he thinks it merely justifiable self-protection.

The genteel manners and rise in social position of the corporation lobbyist is a mark of the times. The ablest come from the legal profession. They have been lately described in Georgia as "the peculiar class of lawyers employed by the railroad whose duties appear to have no connection with litigation."¹ The leading one of these was lately president of the Georgia State Bar Association. It was reported the other day that he has been advanced high over the heads of the veterans who have for some years won a creditable percentage of the cases of his great railroad system, and his salary, already large, much increased. Although he does not meddle with either office or forensic law business, he must be deemed a prominent lawyer; for he wears all the honors and receives the richest emoluments of practice while being exempt from its troubles and toils. He has been a superior court judge, but he is still young—hardly yet in his prime. Handsome, listening to and laughing at your talk, with an expression which expressively says, "You do entertain and interest me so much," he is the most agreeable of all the men we meet during the session. His especial ability does not appear to you until you have observed him through several campaigns and legislatures. Then you have found out that he is perfect master of trading, influence and combination, both in politics and in legislation. So well he conceals his purpose, and so clandestinely he works, that those whom he has repeatedly

¹Mr. St. John, about Sept. 16, 1898.

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foiled, say of him in admiration that one never finds out what he wants until he has got it.

He has already climbed nearly to the top of the ladder, and it is probable that of all men he has done the most to secure governors, legislators and high officials, including judges, acceptable to the railroad, and then obtain for it all possible favors of government. The true culmination and one befitting crown of his brilliant career is soon to be United States senator, and the acknowledged domestic boss of Georgia.

The other plutocratic interests are represented in the lobby—the insurance lobbyist being especially well mannered and attractive.

The toughest member of the corporate lobby is sent thither by the liquor men. The taint of the dive and ward politics is on him. Now and then, if you are very alert, you can surprise him in a secret conference, passing the bottle to the governor, the attorney-general, the president of the senate, the speaker of the house, and even getting drunk with judges.

This sketch, though very deficient, serves to make you understand the corporation lobby. It is a plutocratic annex to the State legislature, really a third house, steadily acquiring more and more command of all action of the members of the legislature as such, from the caucus at the beginning through every turn to the end of the term.

When a constitutional convention, or each house of the legislature is assembled, the organized corporation lobby proceeds to organize the body. It is regarded as especially important to secure the presiding officers. They appoint the different committees, to which, as a rule, all proposed action of the body is referred for advice. And ordinarily the action recommended by the report of the proper committee is decided on. In 1894 "the chief counsel of the oil trust" was made president of the New York constitutional convention, of which quite a number of corporation lawyers were members. Of course, it was but to be expected that under his

appointment corporation influences dominated the committees, and, in the end, the constitution was clandestinely shaped by this influence.

This illustrates the purpose of securing control of the organization of State legislative bodies. The candidates for every important place belonging to the organization are decided upon by a caucus. Each member of this has been carefully sounded, and what can and cannot be done with him accurately found out by the agents of the corporation lobby, and when the caucus convenes all details of its proceedings, including the nomination of the candidates, and even the votes which each one will receive, have already been settled. The nominating vote of this caucus goes very far towards disclosing the combination formed in advance by the lobby under the conduct of the Public Department. It may change somewhat in its constituents from time to time, but in the main its predominant elements, so far as plutocratic interests are concerned, will continue the same during the term. Its first achievement is the election of the presiding officers of each house, who name the committees, whether consciously or unconsciously, it does not matter, from the slate already made by the lobby. Soon the combination shows a majority in the committees and on the floor of the house, and in the senate. This impresses the governor, always eager for a dominant following in the legislature, influencing him to go the way of the plutocrats in making appointments and taking position for or against legislation and all other public action.

Both houses have been organized, and each commences its routine. As one reads the announcement in the dailies of the speaker of the house, the president of the senate, and the new committees, he has no other thought than that these places have been bestowed as rewards proper to the merit of those who have stood faithfully by the people, and he sounds their praises to his consenting listeners. It would give him a rude shock to hear the magnates of the Public Department and of the corporation lobby whispering

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to one another their cordial congratulations upon having again got the legislature in their power.

The business of elections by the legislature is generally disposed of before law-making is taken up. In some of the States the legislature elects judges and other prominent officers, while in some they are appointed by the governor subject to confirmation by the senate. Under the federal constitution United States senators are everywhere elected by the legislature. As a rule, the form of an election to these places by the legislature is a mere registration of the pre-election by the plutocratic body.

The most important of these places is United States senator. The plutocrats must maintain a reliable majority in the upper house of the national government, which steadily adds to its power of veto that of initiative and guidance of all important legislation. Further, as we have hinted, the surest way to hold the State machine with unslipping grip is to put at its head a United States senator, expert in appropriate methods, to dispose of the federal as well as State patronage within the State.

Heinous cases of senatorships corruptly obtained have been frequent. The Whiskey, Star Route and Credit Mobilier scandals hide their diminished heads beside the election of Payne a few years ago by the Ohio legislature, and the refusal of the United States senate to consider incontrovertible and overwhelming proofs that the election mentioned was due solely to wholesale bribery, although the press of Ohio and many of her most prominent citizens, the governor, the other senator, all joined with the next legislature in preferring charges and demanding that they be investigated.²

While the last example is one rather of what can be done than of what is usually and habitually done, it is true that the number of senators chosen by bargain and sale in the legislature all the while increases. Against the venality of the legislature of 1884

²Henry D. Lloyd has written the story with a pen of fire. *Wealth against Commonwealth*, Chap. xxvii., 369-389.

just described, there was an outburst of righteous indignation which shook the entire State of Ohio. Only fourteen years later it was charged on strong evidence that another United States senator from the same State had been elected by bribery. But although that charge was widely believed, there was no clamor. The very next year the new senator appeared at the State convention of his party with an armful of federal appointments he had induced the president to snatch from under the civil service rules, and he molded its platform and nominations at will. When we contrast the popular revulsion of 1884 with the hail-to-the-chief welcome given the national boss by the Ohio convention of 1899, it appears that the people are beginning to take it as a matter of course that United States senatorships belong to the plutocrats, and not to themselves.

Now comes the subject of State legislation. For fear that you may be disinclined to believe that the plutocrats have planted a tree of their own when they secure the presiding officers, committees and a majority of each house, and also the legislative cooperation of the executive, we will now serve to you abundantly the fruits of the tree that from them you may judge its character.

There are statutes in all of our States against the sale of unsafe petroleum. The trust has a large supply of such which it wishes to turn into as much money as possible. Mr. George Rice thus describes it: "There is produced in northwest Ohio and Indiana an inferior grade of crude oil known as sulphur oil, which sells at 11-8 cents a gallon, or two-thirds the price of the high grade crude. This oil amounts to about 40 per cent. of the total oil production. The refined products from this inferior grade of crude oil are mixed or adulterated with the refined products from the best grade to the extent that the market will stand.*

This mixing prevents the oil from burning well, and makes it dangerously inflammable. It can be detected by easy tests, and the use of common instruments; but when there is an attempt to

*Dangerous and Adulterated Burning Oils, 1898.

prescribe tests in statutes the oil lobbyists shape the pertinent provisions. Early in the summer of 1899 the Georgia State chemist, having examined many samples taken from stocks of oil in different parts of the State and found a large proportion to be dangerous, in his report thereon exculpated the inspectors upon the ground that the law as well as the testing instruments it prescribed were both defective. He shows that the statutory direction as to making the test is really unmeaning, and forces the reader to see that its chemist and attorneys could not have drafted a more advantageous law to the trust.

The statute was passed in 1881, and continually from that time until the new law of 1899, enacted in consequence of the report just mentioned, at last provided efficient tests, the people of Georgia were without proper protection against dangerous oil. The statute so trenchantly described by the State chemist was as surely the work of the oil trust as was the proposed bill prohibiting transportation, upon river passenger boats, of oil under 150 degrees fire test, which was offered in congress a few years ago.⁴ As no oil is ever made 150 degrees fire test, 120 being amply safe, had the bill passed it would have kept passenger boats from carrying oil. This was desired by the trust in order to confine competing shipments to the railroads, discriminating in its favor against them and exclude the same from boats which would not so discriminate. It was pretended that the act was to protect the passengers on river boats from fire caused from unsafe oil; and the first Georgia act mentioned above was passed under the pretext that it commanded a test which would insure safe oil to the citizens of the State. But the only thing which was contemplated to be protected by the bill offered in congress and by the Georgia law was the profit of the trust at the expense and danger of the people.

Corporations want charters and renewals of their charters without compensation to the people despoiled of rich franchises. As

⁴Lloyd, *Wealth against Commonwealth*, 224.

striking illustrations the reader may turn to what we have told of the Humphrey bills and the Allen bill in the Illinois legislature.

The corruption of our State legislature by the plutocracy has been discussed by many authors. Hudson and Larrabee have done the work exceptionally well, and their books are to be found everywhere.⁵

We had made a collection of late Georgia laws for use at this place. But when the pamphlet of Mr. A. W. Thomas, of the Chicago Bar,⁶ fell into our hands, it induced us to decide that the Illinois laws of the single session of the legislature of 1897 therein treated would prove better illustrations of the subject engaging us now. For Illinois is much nearer the top of our States than Georgia in production, manufacturing, wealth and all other characteristics of a most advanced and highly developed community, and there the growth of plutocracy is naturally faster, ranker and stronger than is to be expected in the other State. How can we

⁵It is interesting to compare the chapter in Hudson's "The Railways and the Republic," entitled "Corporations in Politics," with that in Larrabee's "The Railroad Question," entitled "Railroads in Politics." Both are full and adequate, and the latter, which is the later, is as unlike the other in language, arrangement, examples and illustrations as if it preceded and not followed in time.

This footnote gives opportunity to say that Mr. Hudson has won the high credit of being the first to make a statement of the case against the plutocracy approaching completeness. There had been much fragmentary treatment, weighty and valuable, of different parts of the subject, preparing for him. But his book just mentioned leads the way for all others arraiguing the railroads and the corporations in league with them, for many of their crimes stated in detail. And its proclamation of the menace to our liberties by their aggressions, in a style as earnest and dignified as that of Hallam, startled and aroused the thinkers of America as with a bugle note. While he did not present the subject of the plutocracy as a whole he was nearer doing it than any writer of his day.

Mr. Lloyd, in his "Wealth against Commonwealth," was probably the first clearly to conceive all the different plutocratic activities as but parts of one whole and treat them as such.

⁶Democracy and Direct Legislation, with special reference to the laws passed by the 40th General Assembly of Illinois, session of January 6, 1897, to June 4, 1897, and also applicable to conditions of law-making and civilization so largely controlled to-day by monopolies and powers of concentrated wealth. Home Study Publishing Company, 606 West Adams Street, Chicago, Copyrighted in 1898.

teach you the lesson of this part of the chapter better than to conduct you through a whole legislative session and have you to contemplate at your leisure the many various acts passed under the influence of the plutocrats. Then you will be made to see that their control of State legislation is uninterrupted and continuous, and not, as might be contended, if we selected and sorted examples from a wider scope, but occasional and exceptional. And the reader will be stimulated to pry into the recent laws of his own State to find therein indubitable proofs that its legislature is as much under the sway of the plutocracy as that of Illinois.

We will not take the hand of Mr. Thomas, and let him show us through his gallery of plutocratic fine art.

First comes the Allen bill. As we notice it later on at some length, we leave it with this mere allusion and the remark that it is the very gem of the gallery.

The Gas Companies' act⁷ empowers all the artificial and natural gas companies of the State and adjoining States to combine. The only restraint imposed therein upon the trust is that it shall not raise the price of its product above that charged in the year preceding the consolidation. This provision is a ratchet, to keep the prices from falling, although the process of making gas will be steadily cheapened. The act also provides that a fine of over \$1,000—and not a forfeiture of the franchise, as ought to have been provided—shall be the penalty of disobedience. The reader can easily understand how the trust could find its account in incurring the fine.

The legislators who make these rich presents of that which they ought to have protected for the true owners are denounced in severe, but not too severe, terms by Mr. Thomas.⁸ They could but know from recent history, which everybody has by heart, that their legislation would powerfully strengthen the wolves preying upon the community and add enormously to their appetite.

⁷Laws of Illinois, 1897, 177-181; Democracy and Direct Legislation, 53-59.

⁸Democracy and Direct Legislation, 59.

The Surety Companies' act⁹ shuts off competition of extra State surety companies. It authorizes any receiver, assignee, guardian, trustee, executor, administrator or other fiduciary required to give bond, to include as a part of the lawful expenses of executing his trust, such reasonable sum, not exceeding 1 per cent. per annum on the amount of the bond, paid a company authorized under the law of the State to become surety on his bond, as may be allowed by the court or judge before whom he has to account. Suppose every private money lender was required always to lend on good security, and at the same time to pay 1 per cent. of amount loaned every year that the obligation of suretyship continues for guarantee of the solvency of the surety. Would not the lender say of such a law, "I do not need it; for I can amply protect myself by lending to those who can themselves furnish ample security." This illustration suffices to enable the reader to take in the ruthless sacrifice of the assets in the hands of the trustee made by this act, not for their protection, but for the benefit of the home surety company.

The Official Bond act¹⁰ directs the State or a county, municipality, public board or body to pay out of their respective funds the expense of giving bond by any officer of same, if the bond is made by a surety company permitted by the law of the State to do business in it, such expense not to be more than one-half of 1 per cent. of the penalty.

Surety companies have a pull—the plutocrats always secure a pull—and should an officer offer some one else, who is amply solvent, he is always turned back by the bond-approving authorities to the companies. Thus they make sure of monopoly of all this rich business, and the public is made to pay the cost which ought to be paid by the officer.

Our readers will recall and compare the revelations made in the

⁹Laws of Ill., 1897, 182-184; *Democracy and Direct Legislation*, 59-61.

¹⁰Laws of Ill., 1897, 271; *Democracy and Direct Legislation*, 61, 62.

Mazet Investigation of the profit to party bosses in New York of their interest in such companies.

That under this legislation the public is made to pay only for bonds made by companies specially privileged in the State, is a new and ingenious device for protecting the home producer in the home market.

To go on with Mr. Thomas: A previous statute¹¹ required certain treasurers and State custodians of public funds to account for interests on daily balances at not less than 2 per cent. per annum, and more if solvent banks readily accessible pay more on daily balances, subject to sight draft or check, three-fourths of this interest to be charged as principal, and the other one-fourth to compensate the officer for earning the interest. The new statute¹² repeals the good law described, and permits the custodians of public funds to retain all the interest that they can make. "It is difficult to see what forces brought about the repeal . . . except the desire of greedy officials to take what does not belong to them," says Mr. Thomas.¹³

It is clear to us that the plutocrats prompted the repeal for two purposes. In the first place they intend that the people and not themselves shall be made as far as possible to maintain their employees, that is, the machine politicians to whom they give these public money trusts. Thus the New York legislature often by statute raises the salary of State and city officials, for the reason that otherwise the plutocrats would have to pay these workers out of their own pockets. The purpose is that the banks wish deposits, without charge for interest, of the public revenues, which increase in amount all the time. It is not alone the National City and the Hanover banks which are greedy for such favors. Wherever there are banks in the United States you can always trace connection between some of them and the local public treasurers. As

¹¹Democracy and Direct Legislation, 62, 63.

¹²Laws of Ill., 1897, 242; Democracy and Direct Legislation, 63.

¹³Id., 63.

a rule, the strongest combination dictates who shall be treasurer, and so the government deposits are made prize of. The public functionary gets but a modicum of the profit made from the deposits.

The Railroad Consolidation act¹⁴ tries in general and vague terms to validate certain consolidations which are perhaps prohibited by law. The third section attempts to give a fifty-year franchise to consolidating corporations not named.

This third section may be an example of a compact sometimes expressed, oftener tacit, made by the plutocrats seeking special legislation and the judges whom they have put in office. The former draft the proposed bill so as not to suggest its purpose, the members of the legislature feign unconsciousness of the purpose, and the bill passes without opposition. On the first case made under it the courts construe that the act means what the plutocrats desire. The judge delivering the opinion says that there is no doubt this meaning, inscrutable to every able lawyer not in the secret, is the true one. He ought to have gone further and said it is what the lurking promoters, not the makers, of the law meant. It is more than possible that the courts will one day declare that the act last mentioned plainly repeals the law prohibiting railroad merger or consolidation, and inform the people of Illinois what roads are the beneficiaries of the grant of the fifty-year franchise.

The act as to fire inspectors in cities¹⁵ shows the deft and practiced hand of the fire insurance companies seeking ways to frighten a policy holder from making a claim for a loss. The inspector is empowered to examine into all fires and decide whether they arose from design or not. If he decides that the evidence is sufficient to charge a person with arson, he can cause him to be arrested. After such arrest he must furnish the State's attorney with the evidence and all the information he has obtained, and

¹⁴Laws of Ill., 1897, 281; Democracy and Direct Legislation, 65-68.

¹⁵Laws of Ill., 1897, 96; Democracy and Direct Legislation, 65-68.

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report the proceedings to the insurance superintendent. Unlimited authority to enter upon and examine by day or night the premises where the fire has occurred is granted the inspector. And all investigations made by him or under his direction may in his discretion be private, and the witnesses may be kept separate from one another until examined. And it is to be emphasized that all persons except those required to be present by the act are to be excluded from the place where the investigation is had.

Nobody will dissent from Mr. Thomas's denunciation of this law as one which would disgrace the code of Turkey, and the course of things under it as "a Star Chamber proceeding conferred upon no other court in this country."¹⁶

A searching investigation of the secret relations between the authorities creating the officers and members of the fire department of any considerable American city, and these officers and members on the one side, and the fire insurance companies doing business therein on the other side, would develop facts to surprise the entire country.

The act as to Privileges as to Lighting and Heating,¹⁷ which is seemingly intended to guard the interest of city and town owners of real estate, provides that no lighting or heating company shall be allowed a franchise, except on the petition of one-half of the owners of land adjoining their lines, and further, that any person interested in a lot fronting on a street or alley can enjoin any uses of such street or alley for the purpose mentioned under a grant of the city council or board of trustees not made in conformity to the act.

Mr. Thomas shows that the real purpose of the act is to empower old companies to smother the competition of new ones. Some one among the many adjoining land owners can be induced—for a consideration, of course—to enjoin the construction of any new line, and thus assure absolute monopoly to the

¹⁶Democracy and Direct Legislation, 67.

¹⁷Laws of Ill., 1897, 100; Democracy and Direct Legislation, 68-70.

first grabber.¹⁸ This act is noticeable as one of the many signs seen every day of the confidence with which the plutocrats expect the co-operation of the courts in their schemes against the public welfare.

We come now to an act as to railroad stocks held by mining and manufacturing companies.¹⁹ A prior law authorized mining and manufacturing companies to own stocks and securities of railroads then or thereafter to be organized under the laws of the State, which railroads connect their different plants with one another or with other railroads and harbors. The act just cited in the last footnote amended the prior act, by striking out words limiting railroads to those of the State. The effect of this amendment is to privilege these mining and manufacturing companies to acquire stocks and securities of extra-State railroads, connecting their plants.

This amendment was manifestly procured by the plutocrats.

We come now to legislation which at this time the plutocrats desire most of all, namely, that which gives them exclusive control of the military. They made their first manifestation of this desire in Illinois, in 1879, by procuring a statute prohibiting any body of men other than State militia and United States troops to assemble themselves together or to drill or parade as a military organization in any city or town without license of the governor, such license being revocable at any time.²⁰

Although this act was plainly an encroachment upon the arms bearing right of the people, its constitutionality had been sustained in the very year of its passage by the supreme court of the State. The plutocrats wanted more, and so at the session of the legislature here, under review, they procured the passage of another law more to their mind. This law²¹ prohibits the governor from

¹⁸Democracy and Direct Legislation, 69-70.

¹⁹Laws of Ill., 1897, 285; Democracy and Direct Legislation, 70, 71.

²⁰Democracy and Direct Legislation, 73.

²¹Laws of Ill., 1897, 252-268; Democracy and Direct Legislation, 71-79.

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licensing any body of men to associate together or parade or drill as a military body in cities or towns or anywhere else. Further, this act makes the association of persons as a military body anywhere in Illinois, except the State militia, the troops of the United States, the Grand Army of the Republic and Sons of Veterans, a penal offence; members of benevolent or social organizations being permitted to wear swords, and certain school-boy organizations, with the assent of the governor, to drill and parade.

Mr. Thomas says most vigorously: "This is a virtual disarmament of the people of Illinois, and has had the effect to disband numerous bodies of its citizens who heretofore had exercised the right to bear arms and drill with the consent of the governor, who are law-abiding and peacefully inclined, and who would seem to be worthy to exercise the natural prerogatives of mankind and of citizens, even in the limited fashion that was left them by the statute of 1879."²² Later in this Book we will tell you fully how the plutocrats plan to put the people under their system of militarism, which they are now trying with all their power to build up. The act just reviewed, so far as it demilitarizes the people, is a notable step in that direction.

One Gus Nohe, said to be interested in an automatic fire escape, was a member of the legislature. By his influence, an act was passed, requiring that there be attached to buildings one or more automatic fire escapes, their number, location, material and construction to be at the approval of the Inspector of Factories.²³ Nohe became such inspector. The effect of the last mentioned statute is thus described by Mr. Thomas: "It is what may be termed a 'dead cinch' for Factory Inspector Nohe. He makes the fire escape; he made the law, . . . he makes people buy the fire escape from himself. You shall buy, he shall buy, they shall buy—everybody shall buy a fire escape—one of Nohe's best

²²Democracy and Direct Legislation, 74, 75.

²³Laws of Ill., 1897, 222; Democ. and Direct Legislation, 79-82.

metallic fire escapes, is the meaning and intent of this statute. The effect of the statute and the energetic measures taken by Factory Inspector Nohe to enforce it, resulted in numerous prosecutions and arrests of Chicago property owners for alleged violations, but the purchase of one or more of the Nohe fire escapes invariably satisfied both the law and Inspector Nohe."²⁴

This last noticed statute, is to the plutocrats ideally perfect. Each one fiercely longs to operate an entire province of some rich business, with authority to administer a law providing penalties against customers who do not trade with him and buy such quantities at prices named by him as he commands. Each plutocrat contemplating this feat of legislation, thinks to himself with an unavailing sigh: "If my business was only protected by law, just as Nohe's is."

Mr. Thomas next notices an act as to assessments for local improvements in cities of 25,000 inhabitants or more.²⁵ It takes away from the common council, county commissioners and village boards, all of which are elected by the people, the control of such improvements, and vests it in a board of local improvements, appointed by the mayor, and holding during his term subject to removal by him.

To be compared with the law last cited are acts passed at the same session, creating other non-elective offices, such as a State Board of Pardons;²⁶ a State Board of Architects;²⁷ and Jury Commissioners for cities of 100,000 population or more.²⁸

We need only say that these acts are but four of the great book of proofs which can be made of the steady persistence of the plutocrats, in their systematic struggle to overturn elective government.

In 1891, the Illinois legislature prohibited under severe penal-

²⁴Democ. and Direct Legislation, 81.

²⁵Laws of Ill., 1897, 102-135; Democ. and Direct Legislation, 82, 83.

²⁶Laws of Ill., 1897, 272; Democ. and Direct Legislation, 88.

²⁷Laws of Ill., 1897, 81; Democ. and Direct Legislation, 88.

²⁸Laws of Ill., 1897, 243; Democ. and Direct Legislation, 88.

ties a combination to fix prices and limit production. This amendment was made in 1897: "In the mining, manufacturing or production of articles of merchandise, the cost of which is mainly made up of wages, it shall not be unlawful for persons, firms and corporations doing business in this State to enter into joint arrangements of any sort, the principal object of which is to maintain or increase wages."²⁹

This amendment pretending to modify the anti-trust law in the interest of the wage earner, really repeals it in the interest of the trust plutocrats. It is to be noted as a representative example of the cloak of hypocrisy with which the plutocrats hide their real purpose, and also of their unshaken faith that the courts will pretend not to see under the cloak.

We have reached the alien law.³⁰ In 1887, it was enacted that aliens should not hold nor acquire lands within the State. But the act of 1897 prescribes that they can acquire such lands, on condition that they sell the same within six years next following. Another act of the same year enables foreign corporations to lend money within the State, taking mortgages of land as security, and to acquire title to such lands.

The two acts last noticed show how the plutocrats of the entire world combine together.

We now close our review of the Illinois laws of 1897, pertinent to this chapter. Do you need any more proof to convince you that the machine fills the legislature of that State with members susceptible to plutocratic influence, and that during the entire session, the corporation lobby has its will in legislation? And the variety and reach of the plutocratic laws of this one session! They show how that the plutocrats are always on the alert to seize vantage ground of the law, from which they can pillage the riches

²⁹Laws of Ill., 1897, 298; Democ. and Direct Legislation, 83-85.

³⁰Laws of Ill., 1897, 5-8; also act enabling foreign corporations to lend money and hold real estate in Ill., Id., 176; Democ. and Direct Legislation, 85, 86.

and revenues of the State and its citizens. When an American compares these statutes of selfish greed with the patterns of right and justice, lauded by the sages of our jurisprudence, a blush of deep shame burns his cheek. To resume our metaphor used some pages back,—what say you as to the tree which brings forth such fruits? You know that these fruits can be held good only by the small class of plutocrats who have planted and reared the tree, and that to the great body of the people, they are poison and death. But somebody will say, “The legislative session which you have chosen as an example is unique.” If he really believes that, let him with Mr. Thomas’s pamphlet lying open before him as his model, read in course the last ten years of legislation of his own State—it matters not which one of the forty-five it is—and cull out each act which has been manifestly procured by the plutocrats. The result will vary in particular States. In many, the domination of the corporations will show to be not quite so rampant as in Illinois; in some, as for examples, New York, Ohio and New Jersey, it will appear to be about the same; in others, as in California and Pennsylvania, it will be seen to be greater—and this examination will demonstrate that in the legislature of every State, the plutocracy is already in the ascendant and its power increasing. You ought now to discern the tremendous potency of the law-making organ of the State, which can give or take away almost every dearest human concern, whether of personal or property rights. It can also remove by impeachment or address all high officers. When a majority of its members stand compactly together, the legislature is the paramount power of government.

These suggestions make you understand what the plutocrats can effect when they control all of our State legislatures, as they now do.

How the plutocrats sway the executive department of the State government, has not yet been told by us. But the reader, by attending to the hints in the foregoing, has already told it to

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himself, and there is no need for us to write it out, merely to give formal completeness to the chapter. The governor and all the officials come generally from classes identified in interest and sympathy with the plutocrats, and who know well that the latter at much pains and expense gave them office. Naturally then, the plutocrats lead them with more ease than they do the legislature, which often contains many real representatives of the people. A reader who has been looking at American affairs all his life without seeing them, exclaims: "Now you do not mean to say this is true in Illinois, where you have just proved that plutocratic control of the legislature is almost absolute." We reply, that is just what we mean, and if you make proper investigation, you will ascertain that at the time mentioned, the governor of Illinois and the other members of the State executive, were more willing and reliable henchmen of the plutocrats, than even those members of the legislature who passed the laws we considered above; and, further, that this great subserviency of the executive to the plutocrats exists in every State in the Union.

CHAPTER IV.

THE PLUTOCRATS AND THE CITIES, AND OTHER MUNICIPALITIES.

THE increasing dependence of the municipality upon public service agencies, and the great income-yielding value of the latter as properties, is perhaps the most striking feature of present development. These agencies of surface, elevated and underground transit, of gas and electric lighting, of power and heat supply, and of telephone communication—not to mention others—have got into the hands of the plutocrats; and it is curious to note how differently the people on one side, and the plutocrats on the other, regard the relation of the agencies mentioned to the municipality. The people think that they are but new forms of the old, such as ferries, bridges and graded and paved streets, and like them belong to the community, being intended especially for its convenience, and, therefore, their private operators are but public servants, and should be governed as such. But the plutocrats, though pretending otherwise, really believe that these monopolies are theirs absolutely and unconditionally, and that the people inhabit the municipality mainly to supply their street railroads and other plants with customers.

One word states the essential character of these properties. Each one involves a *franchise*, by which government transfers to private persons its duty of serving the public in some particular matter;

and, although it ought to provide that performance be as convenient and cheap to the public as possible, it permits its transferees to give the poorest service that will be endured, and charge therefor the highest price that can be extorted.

You will remember that these franchises are created by the State legislature. We have mentioned the increasing part which the monopolies play in the management of the State machine. The Illinois Allen bill, noticed at some length later on, and recent Pennsylvania legislation, under which franchises in Philadelphia that Wanamaker offered \$3,000,000 for, were grabbed by the State boss and his accomplices without payment of any compensation to the city, are striking examples how these plutocrats always, whenever possible, have the legislature to empty the pockets of the people into their own.

It will not do for the plutocrats to stop with getting the State law. For after they have got this, the municipality can show a will of its own. Usually its consent to the exercise of the franchise created by the law just mentioned must first be granted. It can impose certain conditions, such as the compensation required, routing the line, prescribing the service to be furnished, and the charges for same. It can encourage or smother competition of rivals. We need not suggest all the other things which the municipality can do to affect the income of the monopolies that every reader living in even a small city will think of for himself.

To get the desired legislation, the municipal franchise plutocrats had to secure control of the State party machine; and to ripen and gather the fruits of this legislation, they must, as has just been explained, secure control of the municipal party machine, and also perfect a system of swaying the local authorities, by means ranging all the way from influence and cajolery to actual bribery.

There are some important differences of the city party machine from the State party machine which must now be stated.

The people at large of the State are so widely dispersed and scattered, it is impossible to have a very large majority of the party therein to act with intelligence in unison. But the inhabitants of the city are near one another all the while. Everyone can turn out to a public meeting. The constant expansion of municipal government, concerning itself with the safety and serviceableness of the streets, with water and light provision, protection against fire, quarantine, and a hundred other things deeply affecting the welfare of everybody, constrains the citizen to take a far greater interest in public administration than is the case with the average dwellers in the country.

Ordinarily it is enough to insure the success of the machine in the rural districts if it keeps the professional politician and workers united upon furthering its policy. The voters follow their lead passively as sheep follow the bell-wether. But in the city, where the people are ever ready to start forth upon an initiative of their own, a much more highly developed and stronger organization, both of officers and of the rank and file of the machine, is needed in order to stay or move the electorate at will. And so the municipal party machine has been evolved, which in its effective management of the mass of voters reminds us of the Swiss militia system.

We will illustrate our subject by a description of Tammany, which in its perfection and invincibility has become the standard and envy of all other municipal party machines.

What has been aptly called the party chest of Tammany is supplied from three sources:

1. A large rake-off from city salaries, wages and contracts, and considerable assessments levied from time to time on those receiving the same. These salaries, wages and payments for contract work, have been made higher than obtains elsewhere, in order to admit of the assessments mentioned. The salaries and wages of the year 1900, is \$41,955,350.00.¹ 10% of this is over

¹The Verdict, Feb. 12, 1900, p. 10.

\$4,000,000, and to this you can add the rake-off from contracts awarded.

2. Sales of nominations and offices and liberal percentages of blackmail extorted from many classes and persons, and large earnings from official and police partnership in lucrative occupations forbidden by law.

3. Campaign contributions, gifts, bribes, etc., from the plutocratic corporations.

Let us dwell a little upon the different items of the foregoing statement.

The assessments are of everybody in the city payroll, from the mayor at the top on uninterruptedly down to the laborer at the bottom. They are made whenever Tammany has need for funds, and however large and often made, they are but collections of money on call secured by gilt-edged collateral. The salary and the office of the assessee are the collateral, and as good as United States bonds.

As a few examples of revenue from the sale of offices, Tammany gets from \$10,000.00 to \$15,000.00 for a higher judgeship in the city courts, some \$2,500.00 for a police judgeship, from \$200 to \$300 for a first place on the police force, and makes policemen afterwards pay \$1,600.00 for a sergeantship, and \$15,000.00 for a captaincy.

Now some examples of revenue from blackmail, and participation in criminal occupations. Bootblacks, push-cart and fruit venders, keepers of soda-water stands, corner grocerymen, sail makers with flag-poles extending a few feet into the street from their work-places, box makers, provision dealers, wholesale dry goods merchants and builders who must at times make use of the adjacent sidewalk and streets, steamboat and steamship companies requiring police service on their docks, those who give public exhibitions—in short, all whose business is observed by the police, who may be reported for violating ordinances, or may need aid of the police, must contribute in substantial sums, which flow

into the station houses, and leaving a deposit there, flow on higher up.² Money exacted for police protection of saloons keeping open after hours or on Sundays, policy shops, pool rooms, gambling hells—even of abortionists whose secluded rooms are as well known to the force as the other places mentioned in this sentence, and are raided by them frequently, not to suppress the business, but to enforce payment of protection dues. Other thieves are not allowed to poach upon the preserves of the protected thief, and a protected pickpocket goes his round freely, so long as he creates no disturbance. The police share in the gains of confidence, and green goods men, and of panel robberies. They will not allow brothel keepers to go out of a business which pays so handsomely for protection.

In the last chapter we suggested how the plutocracy thrives in business by devolving a very large part of the expense of maintaining its machine upon others. It encourages the party serving it to multiply offices, increase salaries, blackmail both the good and the bad, and share in the profits of crime. This stimulates the zeal of the workers. The other day, as the newspapers report, a regiment of British militia, at Aldershot, volunteered for service against the Boers, on condition they be allowed to share in the gold mines after the Transvaal had been conquered. The richest gold mines are soon exhausted, but charter is given to the soldiers of Tammany to loot treasures which become richer and richer with the growth of the city.

The foregoing treats the regular revenues of Tammany. These are applied, in great part, to what we may term ordinary machine expenses. There remain yet to be considered its receipts from the campaign contributions, gifts and bribes of the corporations, in which its leaders and prominent officials are far more interested than its subalterns and the workers and voters. Mr. Stead's book, which is really not much more than a digest of the

²Abridged from Report of Lexow committee, quoted by W. T. Stead, *Satan's Invisible World Displayed*, 164, 165.

Lexow Investigation, has on this subject a happily expressed passage, which we now give:

"There existed in New York as in almost every city, great corporations representing enormous capital, and dividing gigantic dividends, which in the Tammany scheme of the universe might have been created for the express purpose of furnishing an unflinching supply of revenue to the party chest. The corporations which enjoy franchises from the city, giving them control of the streets, whether for the purpose of traction, of lighting or of electrical communication, were Tammany's milch cows. They all possess monopolies granted to them, in the first instance, by corruption or by negligence, which enable them to plunder the public. These monopolies can be terminated or modified only by the legislature, and the legislature can act only in obedience to the party machine. All that needs to be done when the funds run low, is for the boss to intimate to the various corporations that milking time has come, and that if they do not contribute liberally of their substance to the party treasury, Tammany will no longer be able to give them protection when the usual attack is made next session upon their monopoly or their franchise."³

As Mr. Stead may be discredited on the ground that he is a foreigner, and therefore biased against this country and also unfamiliar with the facts to which we have just had him testify, we will support him with a native witness. One of the very ablest and most honest of the New York weeklies, which during its brief and brilliant career, steadily defended Tammany, ever lauding its boss and damning civil service reform, lately contained a striking illustration of how Tammany is kept under the dominion of the plutocrats, in which a toothsome kid labeled "Officer," is tied to a stake labeled "Political Success," in the midst of fat contributions from many named corporations. The cartoon shows these contributions to be as sticky as the leaves spread by the Hindu, when he sets a snare of tiger lime for a real tiger. The

³Satan's Invisible World Displayed, 57, 58.

Tammany tiger is the prominent figure. Attracted by the kid it has sprung upon the contributions, and is belimed from head to foot. The contributors can now do what they please with the once powerful and dreaded monster.

We have told you how the State boss tends to become a plutocrat. It is the same with the city boss. During the Mazet Investigation, the Tammany boss, while testifying as a witness, avowed his approval of profiting by some of the worst abuses of the machine, with an astounding frankness, but when interrogated as to the part he had taken in telephone legislation, and as to speculations and deals in certain stocks, the prices of which could be manipulated by city action, he refused to answer. It came out further that he received a large sum from a corporation supplying bonds to office holders, he owning shares in the corporation. We must infer that he was at the time, at least, an incipient plutocrat.

The boss must have inside connections and interests which afford him actual knowledge of the intention, schemes and revenues of the plutocratic enterprises for which the favor and indulgence of the city is sought. Thus only can he learn the yield of each milch cow. When he finds this out, he must milk them all so regularly that none can go dry. We must here specially enforce the point that while he can abound in milk for his own use, he does not milk for himself, but he milks for the corporations, associated in a league to compel every particular member to come down with its entire quota of campaign and machine expenses.

The bribes of officials, and more especially of aldermen and councilmen, by corporations to obtain consent of the city to their franchises on terms which ensure the very largest profits, have become so common everywhere, that the subject is too hackneyed and threadbare for more than mere mention. These bribes are now and then enormous. They properly belong to the extraordinary revenues of the machine, ranking in amount far above the wages of skilled labor, and even the compensation of the very greatest ability in the most important and lucrative business.

We have not dwelt too long upon this topic of party revenues. Wages, profits, commissions, fees, income—we may say money making generally—is the chief factor in economics, which is by far the most important department of social activity. For this, the plutocrats pursue their respective trades. We, the people would retake their monopolies because we need the produce of our own property for the comfortable support and maintainance of our families. And what is especially relevant here, the members of Tammany are kept diligently at their several posts, from the lowest priced voter in the primary up to the boss having milk to swim in, by the pay which each one gets for doing his appointed work and cannot get without. This pay is so liberal and stimulating that every duty owed by its members to Tammany will be done with a will.

We are now ready to glance at the party organization of Tammany. It has a leader of each one of the thirty-four assembly districts. It has a captain in every one of the more than 1,100 election districts, each of which contains about 300 voters. The captain has at his command some twenty "lieutenants or aides," and whenever he needs it he has the co-operation of every policeman and police judge that have to do with his district. These leaders and captains hold their places only so long as they bring out the entire voting force of their respective territories and carry all elections.

Two changes were made by Croker. In the first place, the leader of every assembly district is endowed with the absolute disposition of all patronage therein. This has advantageously increased his power and influence, and given the boss opportunity to bestow all of his executive ability upon matters far more important than finding places for a throng of seekers. The second change is that young men are preferably pushed forward in the organization. This has greatly added to energy and efficiency.⁴

⁴W. T. Stead, *Satan's Invisible World Displayed*, 293.

A glance must be cast at the clubs, having headquarters in the assembly district club house, which is furnished with all belonging comforts and conveniences. Apparently these clubs are primarily for dances, picnics and outings—for social gathering and intercourse—but, in fact, they are Tammany's recruiting stations and camps of instruction, by means of which it is ever swelling the ranks of its followers and supporters.⁵

This jejune sketch will serve with those familiar with the copious literature of the subject to recall all of the divisions and sub-divisions and the tremendous potency of the Tammany machine. For a while it looked as if the tidal wave which reached an unprecedented height in the election of November, 1894, had swept away both the structure and foundations of Tammany Hall. But we saw it re-erect itself, and seemingly stand firmer, stronger, and more imposing than ever, until it was again overwhelmed in 1901, by another tidal wave more mighty even than that of 1894. The main constituent elements of this potent association are so truly democratic; its hosts are such faithful zealots for the popular weal; its friendship for the stranger, humble and the poor is so genuine—in short, it shows so many fair sides of lovable qualities that it blinds the average voter to such prodigious evils of its rule as a police screening crime for pay, levying blackmail on worthy enterprises, and pledged to swear falsely to protect one another against true charges of corruption;⁶ officials taking bribes for betraying the highest interests of the people; and judges flourishing the lash of the penal law to whip in refractory followers, and always ready with whatever judgment is called for to further its particular scheme,—this blinded voter can find companionship, sympathy and help nowhere else, and naturally, he sticks to Tammany closer than a brother. You can no more make him see that it is under the control of anti-popular interests than you can make

⁵See Eaton, *The Gov. of Municipalities*, 136-140, for fuller details.

⁶Interman testified to this fact; W. T. Stead, *Satan's Invisible World Displayed*, 70.

a mother admit the faults of her darling child. The concealment of this control from the ardent partisans of Tammany, is the acme of plutocratic art. But it is manifest to experts. We have already described the Verdict's cartoon of the Tammany tiger limed with campaign contributions of the corporations, and we might take from this same journal, which made its start so late as December, 1898, whole pages of the strongest proofs that these corporations disregard and trample upon the rights and comfort of the citizens by reason of the support they receive from Tammany. We will quote a recent utterance of another and clear-sighted observer, which is pertinent here:

"Tammany is controlled by a combine of corporations, [with a prominent street railroad magnate and democratic politician] at the head. The democratic machine in Chicago is also a corporation 'combine' in the management of which [the same man] has something to say."⁷

The worshippers of Tammany may cheat themselves into believing that the municipal monopoly corporations are but the custodians of its exchequer, but the real truth is, that its present cohesion and permission to exist, depends solely upon the plutocrats greedy for franchises, jobs, official and political partiality and favoring legislation and action of government. If Tammany did not do their bidding, it would soon be pushed aside for a machine that would.

The Trolley Strike in New York City, of July, 1899, is a proof which we will cite. The statute is that in cities of more than 100,000 inhabitants, "ten consecutive hours of labor, including one half-hour for dinner, shall constitute a day's labor," in operating street railroads. The employees were kept at work longer than the law permitted, and they consequently struck. The police at once went to war with them and gave each running car safe convoy through all resistance. The president of the Brooklyn police proclaims that "no help from the militia or any other source

⁷Mr. Louis F. Post, *The Chicago Public*, July 29, 1898.

is required. Let the people keep off the streets and attend to their own affairs. Our chief understands his business. No disturbance of traffic will be tolerated, and the companies shall be made safe even if their cars must be actually run by the police. It is our duty to protect the property of individuals and corporations, and we shall in no wise neglect this duty."

Commenting upon this, an able socialist paper says:

"The most reliable promises are given by the police to capitalists and property owners; and we know that these promises will be kept to the full. But, we ask, what as to the workers? what have the police done to protect their rights? . . . The strikers are struggling to protect their labor-power, which is their property, but no president or chief of police declares 'we will bring it about that the law enacted to make safe this property of the workers shall be executed.'"⁸

The street railroads of New York refuse to obey the ten-hour law. They likewise break the law commanding them to fit their cars with fenders and other safety appliances. The Tammany machine is directed by the street car and other municipal franchise magnates, by whom the mayor, and every subordinate officer and every man on the police force, from the chief down, is not only selected, but the action of each one—whether he enforces, neglects or disobeys the law—is actually dictated. The control of the city party machine does not stop with carrying elections and filling places, but it keeps every branch and organ of the government subservient at all times to the interests and wishes of the plutocracy.

The foregoing as to Tammany, is but a sketch of what now exists, or will soon exist, if not prevented by the people in every American city.⁹

⁸Wochenblatt der N. Y. Volkszeitung, July 22, 1899.

⁹Philadelphia with its small and New York City with its large foreign population, the former ruled by a republican, the latter by a democratic machine, when compared prove that the evils of American government are due not to one or the other political party, nor to the absence or the

Why, in Atlanta, a city of 100,000, twenty years ago only two or three streets had a railroad, and there was no street railroad politics. Now city and county government are in large part dominated by men whom the municipal monopoly corporations elect or influence. In this short space of twenty years, Atlanta has made presents of franchises to the corporations, of the value of at least \$10,000,000, and got nothing in return therefor, but debauched and corrupt government. The only public service she holds is water. The franchises for all the others she donates to the rich and she keeps on grinding nearly a million per annum of taxes out of the citizens she has robbed.

One line explains fully: The public franchise corporations have acquired almost absolute sway of the party machine of the city and the county.

And here we end our long and over-tedious treatment of the subject of this and the last two chapters. We hope that we have revealed to you the importance both of the State power as the foundation and fountainhead of all other authority in our Union, and also of the municipal power, its immediate and direct derivative, which has become of transcendent importance, now that it is certain that the great majority of our population will soon be living in cities and towns. We have shown you how the popular enemy has stolen into what our forefathers, with a wisdom and patriotism exceeding all that had gone before, had builded as citadels of equality and democracy, and how every one of our States and all our cities are entangled helplessly in a web of steel, which the plutocrats have thrown over them with more than Satanic

presence of large numbers of non-native voters, but to the influence of plutocracy, which is the same everywhere. Bryce's sketch of the Philadelphia gas ring has justly become celebrated. We must recommend the article of Clinton Rogers Woodruff, (*The Outlook*, Sept. 21, 1901, 169-172) entitled "Philadelphia's Republican Tammany," to the reader. It handles important affairs of recent date. Its descriptions of typical abuses are vivid. In spite of its brevity it is wonderfully complete and satisfactory in exposing both the workings of the machine, which is the servant, and the plutocrat, who is the master.

art. But brave men and women are never to despair of the republic. As we contemplate the hostile forts, we take courage by remembering that every impregnable place has its weak point, which will disclose itself if sought for in earnest. After several union generals for three years had marched directly upon Richmond in vain, another found that Petersburg was the expugnable part of its defences. Careful reconnoissance has shown that the State machines are the keys to the main and cardinal position of the plutocrats, and that the people can seize these keys by exercising their power of direct nomination. The people are slowly rising and preparing for this move, as we will tell you in our Third Book.

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CHAPTER V.

THE PLUTOCRATS AND THE NATIONAL PARTY MACHINE.

AT the head of the syndicate running the national party machine, stand the plutocrats of finance. We tell of them in detail in the next Book.

The Trusts are so closely connected in interest with the plutocrats last mentioned, that we put them next. The coal, oil, iron, steel, sugar, meat and paper trusts—we need not enumerate exhaustively—keep watch and ward over congress and the executive, to advance their interest by smothering investigation of transportation discriminations, and by procuring tariff duties, bounties and drawbacks to be placed at the figures they desire.

Those who have fat contracts, such as for building ships and making plate armor; those who entertain great expectations of new jobs, such as the ship subsidy now in sight—in short, all who supply the United States with anything on a large scale, are of the same ilk. Everyone of them is resolved upon two or three prices at least for whatever he delivers.

With the gigantic spoliation by the Pacific roads fresh in memory, the great combination now about to unify all the railroads in the United States, confidently hopes for still greater prizes of plunder. When it is granted its contemplated pooling bill, and an interstate commerce commission of its own selection to settle rates it will absorb practically all the profit of the busi-

ness of the country outside of the trusts in which it is a partner.

The telegraph, almost without allies, the most odious corporation of all, is by itself in a class of its own. For some years it has been tottering under the unanimous demand of the business community that it be annexed to the post office, as has been done in England. And its early nationalization in whole or in part, will probably mark the commencement of the United States to take over public utilities. Frightened by the menace, and greedy to extend its lucrative monopoly to our new acquisitions, it is one of the most liberal contributors to the national party chest, and perhaps the most shameless solicitor of government favor that can be found in all the Washington pack.

This catalogue of the masked managers of the national machine is but fragmentary and provisional. But it will serve as a beginning to the average American, whose eyes are opened to the situation, and he will complete it after a while from his own observation.

Let us cast a brief glance at the immediate purpose of these plutocrats in wielding the machine.

Command of the senate gives a check upon hostile legislation, and also upon appointment to office—especially judgeships—of such men as they disapprove. It also admits of their turning the treaty-making power into an instrument of their own. Possibly the motive of the proposed Hay-Pauncefote treaty, which lately startled the country, was to attach such unpopular conditions to our inter-ocean canal, called for by all sections, without distinction of party, as would prevent it from being made, the conditions being suggested by the transcontinental railroads wanting no short water route competition.

It is, of course, evident that the concurrence of the senate is an indispensable factor in positive legislation. Now that the plutocrats sway it at will, it often withholds its consent to a tariff or some other necessary bill until provisions desired by them are

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inserted therein. In fact, the senate has lately achieved leadership in congressional legislation.

Without control of the house of representatives, the plutocrats would be brought to a standstill, and could not budge in their undertaking to complete the subjugation of the general government.

These hints having been made, it is enough to say that the plutocrats move heaven and earth to get a majority following in each house of congress. They do not draw party lines. For example, the sugar trust, as its president testifies, has found its account in helping both parties.

We must remark parenthetically that although the members of congress are nominated and elected by the State machine, the latter is geared to the national machine and is its most important part.

The power of the president as a factor in legislation and appointment to office, and over the army and navy—to omit all other things—demands that the plutocrats see to it that such a man, whether republican or democrat, be always selected for the high office, as will be pliable to their desires in all matters. He must discourage, and if necessary veto, bills they oppose and recommend and approve those they favor. He must place at the head of each department whomsoever they name, and wield resistless pressure to fill all the more important subordinate places with their faithful servants. Especially must nobody be made president who will ever name for a seat on the federal bench one who can possibly incline to the people's side against plutocratic interest in any case that he may judge.

In the foregoing chapters we have told you of what we may term the State and municipal plutocrats. We have here in hand what we may term the national plutocrats, and we are now to narrate their management of the national party machine. As the latter is in great part but a union of the State machines, with a directorate of its own, and these machines have been de-

scribed by us with much detail, our present task will not prove very long. The national plutocrats see to it that the national executive committee, which is seemingly the central authority of the party, and all organs and offices of the machines in every State and municipality are their fast friends or dependents. The personnel of the committee last mentioned can always be found in many current publications; and should the reader study the bias and business connections of each one of its members, as we gave an example of doing, when we considered the Georgia State committee, he will acquire a new demonstration of how well the plutocrats attend to their political business. The State and municipal machines are integral parts of the national machine, and all belonging to them—bosses, leaders, workers, voters—accept it as a self-evident truth that one is not fit to represent them, or officially serve a State or municipality, or even hold the humblest position as a laborer in any public department, unless his professed creed and uniform behavior have proved that he is ever ready to make willing sacrifice of the most precious local rights to help the party in a national campaign. Many people in Atlanta believe that a very popular candidate for mayor lost the nomination a few years ago because it became known shortly before the primary was held that he had not exercised his opportunity to vote at the last preceding presidential election.

The State boss is the strongest connection of the local with the national machine. The tendency strengthens to combine the position with that of United States senator. You think at once of New York, Pennsylvania and Ohio. As the president must ask the senate to confirm his nominations, it has long been the custom to concede appointments from a particular State to the senators therefrom, if they belong to the same party, and, if one belongs to the opposition, to the other. When one of these senators is the State boss, all these offices are distributed at his say so. Such a boss dispensing the entire local and federal patronage in his State is a power indeed, in our corrupt politics.

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It is not to be wondered at that he soon becomes a despot in his territory and a prominent millionaire. But you must never forget that his command of the State, unlimited as it appears to be, is uniformly exercised according to the dictation of the national plutocrats.

It is an easy step to the national boss, who has just made his appearance. He secures the nomination of his choice for president by a bargain with certain members of the convention, as the press of his own party asserts, and collecting a gigantic campaign fund from his brother plutocrats, he secures the election of his choice. Many believe that his seat in the United States senate was bought; and they likewise believe that he had the president to manage two wars, every department of the army and navy, and all purchases, supplies, contracts and work for the government during these wars, so that he and his colleagues should be reimbursed their campaign contributions and turn a penny or two besides. In the popular estimation, he is more than the king-maker Warwick. He is president-maker, and commander of the president. But with all this striking parade of the badges of absolutism, he is not an autocrat. In his true analysis he is only the senior oligarch, and the visible head of the Public Department of the national plutocrats, just as the State boss is the visible head of that department of the State plutocrats.

We had purposed to devote some paragraphs to the party national convention. But that would be useless, as we have already told you that its delegates are selected in each State by the machine, the local workings of which have been fully explained. One thing only need be emphasized. The State convention selecting the delegates is much further from the people than a primary, and the national convention charged with nominating the president and the vice-president is more distant still. Therefore, the machine is relatively stronger here, and the plutocrats more easily get all they want.

The unscrupulous use of money to carry presidential elections

has of late become common. A larger fund is raised for every campaign. That of the successful party of 1896, is estimated at \$19,000,000. There is strong circumstantial evidence that a part of it paid for false counting in some of the pivotal States. It has lately come to light that certain plutocrats, by reason of their contributions to this fund, claimed and received substantial pecuniary benefit in apportionment of deposits of public moneys from the administration which it helped to put in power. How long, oh, how long, will our people endure it that the successors of Washington, Jefferson and Lincoln are elected not by votes, but by bribes, and that they who advance the bribes thereby get license to loot the Treasury and property of the United States!

We have outlined in the foregoing the national party machine as the means by which the plutocrats fill all places of power and trust under the federal government, with those who are to take commands from themselves, and not from their so-called constituents. It matters not whether the one or the other of the two parties nominally wins the election, those are always elected who are adherents to the plutocratic cause, for the plutocrats are wise and make it their business to keep command of each machine. And so republicans may go out and democrats come in, and republicans may come in and democrats go out, but the plutocrats are always in and never go out.

CHAPTER VI.

THE PLUTOCRATS AND CONGRESS.

WE have told you how the spoils system, having developed in a particular State, was carried into the federal government, and thence disseminated over the country. Plutocracy has almost run a parallel to this, to narrate which will, we think, be a right commencement of this chapter. The American ought to understand the course by which congress became the tool of the plutocrats.

The Bank of the United States was a solitary and premature example of plutocracy, which when it went down under the mighty stroke of President Jackson, left no succession. The plutocracy of to-day belongs to the railroad era, and begins actually, we believe, with the Camden and Amboy Railroad Company. Mr. Larrabee graphically tells how the Legislature of New Jersey, in February, 1830, simultaneously chartered the Delaware and Raritan Canal company and the railroad just mentioned, and how within a few months, Robert Field Stockton, a young man of wealth, backed by a rich father-in-law, acquired control of the canal, and at the next session of the legislature got an amendment of its charter, "which apparently only authorized the enlargement of the canal, but in reality empowered the canal company to construct a second railway;" how this amendment coerced the other company into uniting with the former on Stockton's terms, which consolidation the legislature was influenced

to sanction on stated conditions, a remarkable one of which was that the State protect the consolidated company from competition; how this company, under Stockton's lead not long afterwards bought a controlling interest in a rival railroad, thereby effecting another consolidation; how it had passengers to alight and walk over the bridge at Trenton, and when they had gone on by rail to Jersey City, it contended that as it had not carried them over that part of the bridge which was in New Jersey, it had not, in fact, carried them entirely through the State, and thus evaded the charter requirement that the State be paid ten cents on each through passenger; how the charter provision that the fare between New York City and Philadelphia should not be more than \$3.00 was construed by the company to refer only to the through travel, and it collected \$2.50 from New York City to Trenton, and \$1.50 thence to Philadelphia, thus getting \$1 more than was lawful; how Stockton got the company to purchase Jacob Ridgway's steamboat carrying passengers from Philadelphia to Trenton for one-third of the railroad charge, and also the terminal facilities at Philadelphia and Trenton; how the company controlled the legislature in spite of all complaints against it for repeated violations of its charter; how in 1844 Stockton procured an amendment of the constitution which deprived the State of the right reserved it in the charter of acquiring the company's property; how most of the investors were pillaged and a ring revelled in the huge profits; and on and on through many diversifications of legislative corruption and plunder of the people, reading wonderfully like tales of the present, until the Camden and Amboy attained a development in monopoly justifying the distinguished author in comparing it, as he does, with the oil trust.¹ Stockton, whose successful career commenced in 1830—thirty-one years before the civil war broke out—is perhaps to be catalogued as the first full grown American plutocrat of this era.

¹Larrabee, *The Railroad Question*, 102-113, 114-123.

The spoils system originated in New York State, and it seems that American plutocracy originated in New Jersey. Each one has gone forth and made full conquest of every State, large municipality, and the national government. They further resemble in the fact that the spreading of each from its starting point was slow until it received the impetus of national example. The spoils system did not show vigorous expansion before President Jackson avowed his conversion to it; and likewise, there were many communities in which plutocratic methods did not become respectable until after the American people had been familiarized with the doings in congress which we are now to narrate. We commence with the legislation procured by the whiskey distillers; and this we will follow with the legislation procured in the interest of the promoters of the Pacific railroads; for these two affairs are the beginning of the wholesale corruption of the federal government at the instance of special interests.

In 1862, as one of the taxes to pay the expenses of the interstate war, then in its second year, congress laid twenty cents on every gallon of distilled spirits. The tax was increased in amount several times afterwards, but the increment would be laid not on existing liquor, but always only on that to be made after the new law came of force. The effect of the increased tax was to raise the market price of the stock of liquor on hand, although this stock was exempt. To illustrate the economical effect, suppose cotton seven cents a pound, that you have one thousand bales, that is, 500,000 pounds, and a tax of three cents a pound is effectually imposed upon the entire cotton of the world to be produced afterwards. This would add the tax to the cost of production; and the market price of all cotton including yours, which is untaxed, would approximately rise to ten cents. This tax on future production, of which you pay not a farthing, is a legislative donation to you of three cents on each of your 500,000 pounds, that is, \$15,000.00. March 7, 1864, the tax of twenty cents a gallon, mentioned above, was advanced to sixty

cents, there being then on hand in the United States about 70,000,000 gallons. This added some forty cents a gallon to the market value of this stock, a bounty by congress to its owners of more than \$25,000,000. The tax was advanced, July 1, 1864, to \$1.50, and January 1, 1865, to \$2.00 a gallon; and the reader is asked to keep in mind that the existing stock of liquor was always made exempt from the additional tax.

A veritable wishing-purse had been brought from fairyland to the distillers and speculators. They would secretly concert with congressmen that at a stated date, a certain increase of the tax should be made by a new law, and the distilleries would then be run to their full capacity, turning out an immense product in time to dodge the new tax, while the amount of the latter was added to its market value. A writer says:

“All the available evidence indicates that the profits realized by the distilleries, dealers and speculators, through congressional legislation having reference to the taxation of distilled spirits from July 1, 1862, to January 1, 1865—a period of two and a half years—and exclusive of any gain accruing from evasion of taxes, and with every license for overestimates, must have approximated \$100,000,000.²

We ought to see that the government could not have been robbed as it was without the clandestine collusion of congressmen making to order the laws which gave the liquor jugglers their opportunity. A number of members of each house of congress showed at the time such lively concern in the market price of liquor, it is manifest that their hands were with those of the distillers and speculators deep in the wishing-purse. And the increment of market value given existing stocks by augmenting the tax on future manufacture, gigantic as it was, did not satisfy the greed of the ring. A vast quantity of spirits was produced and sold which paid no tax at all, although it brought the highest tax-paying price. Congressmen secretly concerned, and the

²David A. Wells, *Practical Economics*, 198.

United States officers having anything whatever to do with the matter, almost without exception conspired with the distillers and speculators to collect and pocket the liquor tax without accounting for it.

Exposure of the ring and its collapse came in 1875. Some of the prominent members were convicted. But so strong was the ring it influenced the president to pardon four of the principal offenders before they had served out their sentences.³

At the end of his fairy tale, the author whose narrative we have abridged in the foregoing, teaches the historical importance of the Whiskey Ring in the following passage:

"Such . . . is a brief but probably as exact a narrative as it is possible now to give of what may be regarded as the first of a long series of subsequent and successful operations in the United States, which have had for their object the spoliation of the general public, for the benefit of the comparatively few, through legislative enactments or the abuse of corporate privileges, and which was almost unnoticed at the time of its occurrence by reason of the far greater importance of other and contemporaneous events. The transactions under consideration, nevertheless, mark an era in the history of the United States almost as important as the war itself; for, before that time, frauds in this country against the government and trafficking in the interest of the community, were always comparatively small, and were never systematized on a large scale. The moral sense of the community previous to that time seems to have been also more impressible and less inclined to tolerate and overlook the prostitution of influence and position on the part of men prominent in public office or trusts for the sake of private gain. It was, moreover, the first occasion when the outside influences subsequently termed the 'lobby,' gathered around the halls of congress in notable numbers, and

³D. A. Wells, *Practical Economics*, 194-234, gives what is as yet the best history extant of the actings and doings of the Whiskey Ring, summarized in the text.

with acknowledged influence and organization, for the purpose of influencing legislation in behalf of private and selfish interests. It was the opening of the flood gates for an issue of corruption which has since then almost seemed to pervade the whole land, and which the press and the pulpit have not been able to roll back. Since then, also, nothing in this direction has been too audacious to venture, and there has been little in the way of attempt which the public has not tolerated, condoned or speedily forgotten, more especially if the attempt has been accompanied by success."⁴

The author⁴ is right in all that he says in the quotation, except that he overlooks the early history of the Camden and Amboy, and does not couple with the Whiskey Ring the ring promoting the Pacific railroads, and also the Wall Street ring swaying the United States at pleasure in legislation as to coin, currency, public securities and money, as ought always to be done. As the Alamance and Lexington and Concord open the struggle for American independence, the exploits of these three rings begin the conquering career of our plutocracy in gigantic plunder, achieved by frauds upon the government. The people, however, lost, while the plutocrats won, their first battles, and, therefore, to the latter, the Whiskey Ring, Credit Mobilier, the conquest of the United States treasury and the forged law demonetizing silver outshine the Alamance and Lexington and Concord in glory.

The Credit Mobilier chapter of the Union Pacific, properly begins what we have to say here of the Pacific railroads. It had become usual for railroad promoters to be both a railroad company and a construction company, publishing and avowing their interest in the former, but masking it in the latter under the names of other pretended corporators and stockholders. Thus they can and do deal with themselves on their own terms, in such large matters as the disposition of donations, issue and sale of bonds and stock, and fixing prices for construction and equipment of the

⁴D. A. Wells, *Practical Economics*, 198, 199.

railroad. The road generally costs at least twice, often three or four times as much as it ought to; and this excess of cost is secretly appropriated by the "inside combination," as the construction company is called in the minority report of Mr. Pattison, to be noticed later on. Railroad construction plunder, made up of lavish donations of land, bonds, stock subscriptions and money, commissions upon the sales of and deals in the securities of the road, speculation in real estate affected in price by the location of the route, extortion from communities which will pay any possible price rather than have the road go elsewhere, jobbery in the contract to build, and in the equipment, and of still other items, excels in opulence and magnitude even that of the richest mines of the precious metals and diamonds. When the promoters of the Union Pacific acquired control of Credit Mobilier, a Pennsylvania corporation, and turned it into the construction company of their road, they did nothing new and strange. Afterwards they did do something new and at the time unprecedented. Congress was to be induced lavishly to devote gifts of public lands and financial aid to the construction, and to be restrained from such hostile action as revoking grants and regulating fares and freights as was then menaced in bills contemplated or pending; and to realize the purposes just mentioned, these promoters enlisted influential members of both houses in their schemes by making them stockholders in Credit Mobilier. In 1865 or 1866, Oakes Ames became connected with the railroad and Credit Mobilier, and in August, 1867, he obtained a contract for building over 600 miles of the road. Being director in each corporation, and a member of the house of representatives, he was given special charge of distributing Credit Mobilier stock among senators and representatives. In his memorable letter to McComb, dated Washington, January 25, 1868, occurs the following as to this stock in which we underscore certain passages:

"You say I must not put too much in one locality. I have assigned, as far as I have gone, two from Massachusetts, one

from New Hampshire, one Delaware, one Tennessee, one Ohio, two Pennsylvania, one Indiana, one Maine; and I have three to place, *which I shall put where they will do the most good to us. I am here on the spot, and can better judge where they should go.* I think that when this dividend is paid, we should make our capital \$4,000,000 and distribute the new stock where it will protect us. *Let them have the stock at par, and profits made in the future.* The 50% increase on the old stock I want for distribution here and soon."

When this letter was written, the expectation then prevailing of great profits, had raised the stock above par. But it mattered not how high the market price was, Ames, executing the suggestion he had made in the letter, sold shares to congressmen at par; and he carried the stock of those without cash until they could pay for it, either out of their own means or the dividends. His private memorandum book, produced in evidence before the Poland committee, showed that two congressmen, one of whom afterwards became president of the United States, bought on credit, ten shares, that is, \$1,000.00 of Credit Mobilier stock; that afterwards each ten shares received an 80% dividend in bonds, which netted \$776.00, and also received a cash dividend of 60%; and that thus the purchase money debt for the stock, with interest, was discharged, and a balance of \$329.00 paid each of the two purchasers, who had never paid a cent of the purchase money.

As the evidence taken by the Poland committee seemed to show that the then vice president of the United States had, while he was formerly speaker of the house, acquired and held some of this stock, it was referred to a committee to report whether the same authorized in law his impeachment. February 24, 1873, this last-mentioned committee made a report, from which we take this extract, italicizing that which deserves special attention:

"It might be claimed from the evidence that in the winter of 1867-8, *he became the owner by purchase at par, and interest on that value, of certain stock in the Credit Mobilier Company, from*

Oakes Ames, *when that stock was known to be worth very much more than par, and that he received the profits or dividends, while Ames held the stock, and still holds the same for him, although the beneficial interest in it, if not legal title, remains in him down to to-day; that during the sessions of congress of 1867-8, while holding such interest in the stock, he, as a member of the house of representatives, and its speaker, presided over its deliberations, during which sessions certain matters in which his personal interests as such stockholder were attempted to be advantageously or injuriously affected by legislative action.*"

This laboriously softened statement as to the behavior of the speaker comes far short of propriety in the opinion of any impartial person who studies the evidence referred.

Ames said at an early stage of his operations that his enterprise needed more friends in congress; and, as the event proved, he took the right way to get such. It was his cunning wisdom that congressmen, holding Credit Mobilier stock, would, as he phrased it, "look after their own property," that is to say, that these men in exalted places of public trust as members of the senate and house of representatives—one of them being the speaker of the latter, with almost absolute control of its proceedings—would influence congress to lavish illimitable bounty of the United States, ostensibly upon a national improvement of the highest need, but really upon themselves, and postpone the rights and welfare of the people to the gains of the company in which they were stockholders.

The salient features of this unique league between congressmen and public swindlers were dragged into light, in 1873, by the investigation and reports of two house committees—one being usually called the Poland committee, and the other the Wilson committee. A member of congress has recently said of the Poland report, that it "created intense excitement at the time, implicating, as it did, among other public officials, one member of congress who afterwards became president of the United States; one

speaker of the house of representatives, afterwards vice-president of the United States; two other members of congress who afterwards became vice-presidents of the United States, besides several United States senators.”⁵

Mr. Hudson calls this report “that cemetery of political reputations.” He says also, “that a score of the most promising careers were cut short by the discovery that they had been used by the Pacific railway speculators.”⁶

Next in importance to the Credit Mobilier reports of the Poland and Wilson committees is the minority report of Mr. Pattison, of Pennsylvania, chairman of a commission appointed by President Cleveland to investigate the methods and accounts of the railroads which had received aid from the United States. It deals with the Union Pacific and four other roads, telling in detail how their promoters received as aid from the United States half a billion in money and lands;⁷ how they filched the most of it, leaving each road unable to discharge its debt to the government; how they got congress to postpone the lien of the first mortgage, indemnifying the United States for its advances, to that of the second mortgage by which they had raised a huge amount, which they likewise filched; in short, this document, which has become almost as famous as the two Credit Mobilier reports, tells how these conspirators trampled law and justice under foot in every place where they could despoil the people, all with the connivance, or rather, the co-operation of congress. These astounding facts are now but an old tale, which is briefly alluded to here merely to suggest that the control of our national legislature by greedy robbers is the actual sequel to the partnership of congressmen in the Whiskey Ring and Credit Mobilier.

⁵Speech of Hon. Albert M. Todd, in House of Representatives, Dec. 7, 1898.

⁶The Railways and the Republic, 460.

⁷Compare this from Mr. Hudson: “The public are familiar with the record of this creation of stupendous wealth out of the loan of a government subsidy and the gift of an empire in lands.” *Id.*, 264.

It is appropriate to mention now that the plutocrats of finance demonetized silver in 1873, by palming off a forgery of their own upon congress in place of a provision of contrary meaning in the pending bill which a majority of the members intended to pass, committing a crime of the same heinousness as that of the sharper who has a testator disinherit his children by procuring him to execute a simulated will.

We will now round up our selection—which could be made greatly larger—with a striking example of how the plutocrats can whip congress into doing their bidding.

To aid in constructing the Northern Pacific, congress made to it a grant of a huge quantity of land on condition that the road be equipped and running by July 4, 1879. When that time arrived the condition had not been performed, and much of the land had been occupied and improved by settlers. Some time afterwards a bill to forfeit the grant because of the broken condition was introduced. But the railroad wanted to hold the land. The bill was referred to the judiciary committee of the house of representatives, of which committee a congressman, afterwards of great fame as speaker, was chairman. He reported against the passage of the bill, taking the extreme ground that congress cannot declare an absolute forfeiture of such lands and restore them to the public domain. A part of the sequel was thus told in 1890, by Mr. Stone, of Missouri.

“Since the distinguished gentleman made that report in 1883, to this day he has been the recognized friend and zealous champion of that great, arrogant and corrupt corporation on the floor of the house. These corporations know their friends, and stand by them most loyally. It is an open secret which has been audibly whispered throughout the country, that no influence was more potential in the organization of this house than that exerted by the Northern Pacific railroad and the system of roads with which it is associated.”

This last sentence means that the chairman of the judiciary committee mentioned a moment ago had now become speaker.

The speech from which the last quotation is taken, was made upon a land forfeiture bill, as it was falsely and facetiously called, then pending, such a bill declaring a forfeiture of only that part of the lands granted which the railroads did not want. Should the bill become law, the courts would hold that all further right to declare a forfeiture is gone after it has been once exercised; and that accordingly the effect of the law forfeiting a part of the lands is to confirm to the railroad the remaining 40,000,000 acres, said by General Wheeler to be 75 times as large as Rhode Island, and worth \$200,000,000—in irrevocable grant.

Further, there was a reservation of mineral lands in the grant. Some years after it had been made settlers developed that it covered large quantities of such lands, of very great value, and many mines thereon were now being worked. Here the courts would again rush to help the unpopular and wronged corporations, by deciding—to quote General Wheeler again—“that mineral lands . . . not known to be such when the grant was made, go to the railroad the same as agricultural lands.”

It is also to be stated that besides mining improvements many valuable agricultural improvements had been made *bona fide* by settlers now in actual occupation, cultivating the soil; all of which would fall to the railroad without one cent of compensation paid if the bill passed.

We must explain that the land to be abandoned was situate in a region now become the territory of another railroad in operation, into which territory it would be disastrous for the Northern Pacific to go with its road in effort to earn the four millions of acres which the bill proposed to forfeit.

The foregoing discloses the essentials of the affair when the bill is on its passage, which essentials are the undoubted right and duty of congress to retake and save for the people \$200,000,000 of their own money; the deceitful title and contents of the bill

under which cowardly members shuffle off their dirty work on the willing courts to do; the luminously wise and just judicial doctrines that if congress reserves something actually in existence, but not then known to be in existence, it does not reserve it at all, and if it takes back a part of its own it thereby throws away the rest; the disregard of the worthy claims of our brave and hardy miners and settlers; who was speaker at the time, and his precedent relations to the Northern Pacific. Now every art of trickery is used to push along the bill. Copies have not been distributed to the members. When it is called up, the speaker "for some inexplicable reason" as General Wheeler says, refuses to have it read. The member in charge of it asks to dispense with the reading by unanimous consent. Wheeler demands that it be read. The speaker declines to submit this request. He and the member in charge of the bill together succeed in keeping the house quite ignorant of its provisions, as Wheeler says; and the measure is crammed down the throats—not of the majority, for the party lash having been cracked over them, they swallowed it without a grimace—but of the minority, who would, if they understood what is doing, try to hinder.

When one notes and considers the high standing and influence of this speaker, maintained all the years since he helped, in the face of the nation, to consummate this stupendous public robbery, he has reasons for believing that our plutocrats could and would whitewash Benedict Arnold with the fairest patriotic fame were he resuscitated, and did he in a public trust help them to the people's treasury. We disclaim any intention of imputing corruption to this man whose honesty and conscientiousness shows on a par with his admirable courage. But we do emphasize, in his case, that power of transmutation possessed by the plutocracy, which is more wonderful than alchemy, with which it hardly ever fails to change the best men acting as law-makers and judges, unconsciously to themselves, into most faithful and incorruptible servants of wrong and injustice.

It is not time yet to close our testimony. The average American in his idolatrous worship of the federal government can see nothing but its excellence and glory. Prolonged effort is required to induce his belief of the charges which we are now making, although their truth is trite and hackneyed to the few from whose eyes the scales have fallen. It will not do to dismiss him with a few illustrations and some positive assertions. To convert him, he must, as it were, be knocked down and snowed under with a huge volume of the most convincing evidence. Therefore we have told with much detail the incipience of plutocracy and its marvellously perfect development for a beginning in New Jersey, and also its coming forth afterwards in congress and its rush forward therein to complete domination. We must give many proofs of more recent date than the foregoing, which commence in 1862 and end in 1890. So we shall now have the reader to saunter with us through the legislation of 1897-1899, that is, of the fifty-fifth congress, contained in the thirtieth volume of the United States statutes at large. The unimportant acts, of which there is a multitude, as is usual in all the later volumes, we will leave to themselves and attend only to some which involve plutocratic interests.

Our best beginning is with the tax laws affecting, as they do, the income and products of everybody, from the millionaire at the top down through every other class to the humblest wage worker. We will, therefore, consider the Tariff act of July 24, 1897, and the War Revenue act of June 13, 1898. The prominent characteristic of both these acts, which cannot be emphasized too often, is that the taxation under them is mainly indirect, therefore really not laid upon wealth and property, but on want and consumption; which is to say, that the poor are kept poor and even made poorer by paying taxes which make the rich richer. What specially concerns us here is how the plutocratic section of property owners is affected by the incidence of this taxation. As we proceed with the examination it will appear more plainly at every step that the

taxers, who are the plutocrats, always as far as possible tax others and not themselves.

This last view is much too narrow. The plutocrats do not stop with throwing the burden of government support off of themselves; they use tariff, stamp, excise, license and all indirect taxes to increase the price of their commodities, monopolize industry and markets, reimburse their campaign contributions, and especially create a surplus out of which they may subsist their machine, increase the profits of banking, collect three prices for government work and supplies, subsidize ships, and do many things making themselves big money.

The Dingley law, as a general rule, greatly increases the duty on imports. This gave, while it was in contemplation and pending, an opportunity to importers to pocket an increment of value made merely by legislation, like that afforded the distiller to whom his congressional partner had whispered that at such and such a day in the future an increased tax on all whiskey made afterwards would come into effect. As the distiller would be ready with a vast quantity of whiskey to exploit the new law raising its price without expense to him, so the importer who had received confidential information from knowing members of congress had accumulated vast importations in anticipation of their enhancement in value by the Dingley act taking effect from the time of its passage.

An open-eyed member of the opposition in the house said five days before the law was passed:

"The great manufacturing corporations, such as the sugar trust and the woolen manufactories . . . have been ever since this extra session of congress was planned by them, loading down every ship to the water's edge with foreign wool, sugar and products of every description from abroad, so that they can enjoy an enhanced value on their foreign raw material and the finished products."⁸ About the same time a prominent member of the

⁸Speech of Hon. Albert M. Todd, July 19, 1897.

party supporting the measure said on the floor of the house of these importations:

"It is estimated that \$40,000,000, which, under the ordinary course of business would have come to the treasury . . . from imports has been anticipated under the lower rates of duty, and to that extent the treasury will be defrauded.

"Notably has there been an enormous increase of free wool; enough, it is said by those who claim to know, to run the factories of the United States for two years, and deprive the wool growers of any direct protection under the Dingley law; but still more notable and still more aggressive has been the action of the importers of sugar."⁹

This, from Secretary Gage's report for 1897, is to be compared with the last two quotations:

"Owing to the heavy importations which were made in anticipation of the measure [i. e., the Dingley Tariff act, of July 24, 1897] the customs revenue received during the first three months of the act has been diminished."

These plutocratic importers bought the raw material with the tariff off. After the new law is passed they sell their manufactures from it with the tariff on. Thus it appears that they are enabled, by colluding congressmen, to collect and appropriate to their private use what is really a part of the public revenue, and to turn what is a grievous tax on the masses into a fabulous booty to themselves.

It ought not to surprise you if you discover that a percentage of the profits of the opportune importation gets, in some round-about way, into the bank account of the clandestine informer.

The gain to these tariff favorites, from the appreciation of their stock of raw material, bought when they knew, and the sellers did not know, that the domestic price would soon be much higher, has been enormous. But this huge sum embezzled from the people put at their mercy by the people's pretended representatives, can be

⁹Congressional Record, §105.

snatched only now and then. After the season of lucky speculation is over, the higher duty steadily squeezes all the consumers of the country for the benefit of the manufacturers, and the consequent gains to the latter are incalculably large. It is our business to keep you reminded that congress—and the president, too, as a part of the law-making power—are conscious parties to these outrages upon the people. The letter of the president to the chairman of the committee of Ways and Means, which was read to the house in 1894, illustrates how even a chief magistrate will now and then openly abet plunder of the public. Of this letter, Mr. Lloyd says: "He [i. e., the president of the United States] joins the sugar lobby by recommending, unofficially, legislation in its favor."¹⁰

Had not our sensibilities become indurated from familiarity with the unvarying course of speculation and betrayal of public trusts of every kind, the disclosures contained in the quotation first to be made hereinafter would provoke indignation meetings of the people all over the land, ending in fit instructions to their congressmen. As it is, this unemotional and colorless statement by a writer fully acquainted with the facts is a melancholy proof that the bribery and corruption of congress by rich corporations is now regarded as a common and every day affair.

"The enormous profits of the [sugar] trust have been possible because of the preferential duty on refined sugar in every tariff bill since 1877. It has a hold on the United States senate, through its non-partisan contributions to elect the State legislators who elect the senators, and through the leaders on both sides of the senate who are interested in the same corporations as are the trust officers—a hold that has never failed to produce results beneficial to itself.

"The McKinley bill of 1890, the Wilson bill of 1894, and the Dingley bill of 1897 were all juggled in the senate and made to yield more protection to refiners than the house was willing to allow. In the last two instances the tariff bills had to be 'held up'

¹⁰Wealth against Commonwealth, 40.

in the senate for several months before the 'senators from Havemeyer,' as they were not inaptly called, had their demands complied with, but in each case the trust got substantially all it asked for, though the scandals in connection with the bills became great, and, in the case of the Wilson bill, led to an investigation."¹¹

This tariff bill, like prior ones, "provides for a rebate on drawbacks of 99 per cent. of the duties paid on materials used in the manufacture of articles in the United States which shall, after their manufacture, be exported and sold in foreign countries. . . . Thus the American consumer is obliged to pay for the privilege of using American made goods ninety-nine times the tax that the foreign consumer pays for goods from the same factory shipped the same day from the same box or barrel."¹²

The drawback is the complement to the duty on imports. The latter gives the trust manufacturers monopoly of American trade at home; the other gives him monopoly of American trade abroad.

The Dingley Tariff bill enacts that reciprocal trade provisions can be made or revoked at the discretion of the president. Let the reader bear in mind the fact that this highest magistrate is the creature of the plutocrats, and weigh this comment of Mr. Todd:

"Who derived any benefit from the practical operation of the reciprocity clause of the McKinley law but the pork-packing and beef-packing, the milling and sugar trust? The sugar that the Havemeyer trust had bought up in Germany and Cuba under the high protective tariff prior to the arrangements for reciprocity treaties was thus let in free under such reciprocity, with an advantage of several millions of dollars to that trust, and resulting in driving Mr. Spreckels, their great competitor prior thereto, into their combination; while the pork and beef of the packing trusts were then admitted free, or practically so, into Germany, and the flour of the milling trust into Cuba. There is absolutely no pro-

¹¹Byron W. Holt, Article in Review of Reviews for June, 1899, 685.

¹²Hon. Albert M. Todd, Speech of March 25, 1897, in U. S. House of Representatives.

vision in this [Dingley] bill, as there was none in that [i. e., the McKinley bill] whereby the manufactured goods or clothing that the masses of American consumers and laborers must have, can be admitted free, or at any reduced tax. It is all in the interest of certain few trusts, who are given the benefits likewise of the protective features of the bill."¹³

One who has never made his way through the fog of duties on imports, and of drawbacks and reciprocity provisions, gulps down without effort the current twaddle of protection and encouragement of American enterprise and forcing foreigners to pay our taxes. To such a soft head the tariff seems no tax at all, but a never-failing well-spring of bounty to all our industries, the small and the large; and he maintains that the law was intelligently made by the whole people. But whoever digs down to the real truth and learns how our tariff law systematically, scientifically and perpetually transfers the money of the masses into the coffers of the magnates of trust in coal, iron, steel, lumber, sugar, paper, borax, salt, and other necessities, will unavoidably know that from its first word to its very last it is a draft according to the instructions of these magnates. And this tariff act, which required an extra session, and the whole of it for its making, of itself alone is enough to demonstrate that its makers—the senate, house and president—are trained and obedient employees of the plutocracy.

The foregoing somewhat extended discussion of the tariff dispenses with the necessity of a long examination of the War Revenue law.

The \$2.00 a barrel on beer, and the taxes on tobacco, cigars, cigarettes and snuff, seemingly fall upon the manufacturers and sellers. But in fact they fall upon the producer of the raw material and consumers of the manufactured products. Under pretext of these taxes the manufacturer lowers the price of what he buys from the grower, and when he sells to the customer he expects an addition to his charge because of the tax, which addition

¹³Speech in the House of Representatives, March 25, 1897.

is, as a general rule, more than the amount of the tax and interest upon its advance. When we come to deal specially with the liquor plutocrats in our second Book, we will explain in detail how taxes on tobacco and liquor are really laid at the instigation of the large manufacturers and sellers, with the purpose to force weak competitors to the wall and establish monopoly in the hands only of those who can pay these taxes in advance. Refiners of petroleum and of sugar, and those who own or control a pipe line for transporting oil or other things, pay one-quarter of 1 per cent. on gross receipts in excess of \$250,000. A few people may believe that this small exaction is really a burden upon the oil trust and the sugar trust, forgetting that they have long been in complete control of the prices of their products, which at all times they diminish or raise at will. These all-powerful combinations, after advancing the tax, collect it back from their customers with an enormous interest, and complain to the gulls who will listen that they are unduly burdened. When the draft of the provision now in hand was finished, one can see with his mind's eye the trust magnates and the draftsmen laughing in their sleeves together over the prosperity of their jest.

Note the small sum assessed against the banks, while, on the other hand, their customers, whose money and trade make the profits of banking, must buy stamps for every check, draft, certificate of deposit, bill of lading, exchange, protest and every paper transaction.

Policies of life, casualty, marine and inland insurance are taxed, which means that the holders and not the companies pay.

Railroads escape, while bills of lading, seats in palace or parlor cars and berths in sleeping cars are taxed.

The telegraph also goes free, but the millions using its lines must each pay a cent on every message.

Who, reflecting over these provisions of the act, can doubt that they were framed by congress at the dictation of the tax dodging plutocrats?

So much for the War Revenue act.

For years a failing debtor has, under the sanction of the law of his particular State, preferred certain of his local, to the exclusion of his distant, creditors. Manifestly the main motive of the bankrupt act of July 1, 1898, is to put an end to such preferences. This is done not to prevent fraud and to insure fair play with all of the creditors, as was pretended; but in the interest of the great trusts of trade and banking, intending thereby to overturn the strongest support of their small competitors whose business they watch to scoop.

Some of the acts of the fifty-fifth congress authorize railroads to go through the Territories, forest reserves and other lands of the United States; usually adding telegraph and telephone franchises to the railroad franchise. One act permits the building of a dam across the Mississippi, between Coon Rapids and the north limits of Minneapolis to get water power. No compensation is required in any of these acts for the grant of such valuable property rights.

The act of February 17, 1899, amending the navigation laws, forbids all vessels except those of the United States to carry freight or passengers from any one of our ports to another. This is an additional and important step forward of the transportation plutocrats. They have practically consolidated all our railroads; the act last mentioned gives them command of the coast; when they consummate their ship subsidy system they will be despots of all our inland, coast and ocean transportation, and maintain a much closer blockade of the entire United States than the union fleets ever did of the Southern Confederacy; for the latter was only external, while this will be both internal and external.

One more example from the fifty-fifth congress, and we will drop it:

Compulsory arbitration has brought industrial peace to New Zealand. Its unwonted success has influenced many to propose the substitution in America of this remedy for government by injunction. To head off this movement is the purpose of the act of

June 1, 1898, concerning carriers engaged in interstate commerce and their employees, usually called the Arbitration act.

Its verbosity and prolixity, at first sight, seems to cover all needs. Should a controversy occur the chairman of the interstate commerce commission and the commissioners of labor are to try their hands in an attempt to settle it amicably. Should this fail, then there can be a submission of the controversy to a board of three arbitrators, one to be named by the employer, the other to be named by the labor organization to which the employees belong, or, where a majority of such do not belong to any organization, this second arbitrator is to be named by a majority vote of the employees; and the two are to select the third commissioner of arbitration. Hearings, proceedings, filing the award in the United States circuit court, and the procedure of its enforcement—all such things are prescribed at length. And only think of it, while the transportation and manufacturing plutocrats decline to recognize labor organizations, this law recognizes them and treats them with great respect. It is but a sop to the Cerberus of labor. For the chairman of the interstate commerce commission and the labor commissioner can come only when requested, and they can make no settlement unless both parties are willing, and there can be no board of arbitration had without the consent of both parties. The act, with its extended and wordy provisions, merely gives the parties to a labor dispute what they already had—a power to arbitrate, if they are both willing. After one has studied the several pages of this big document and learned what a solemn sham it is, he will call it The Non-Arbitration Act.

Here we must close the proofs of the proposition of the chapter, although it is extremely easy to multiply them more than a hundred-fold. They ought to be sufficient to every one who will honestly allow evidence its due probative effect. And we need not tell of the Public Department, nor of the caucus, nor of the lobby, nor how the speaker's chair and the committees of the senate and house are at the beginning of every congress filled with the favorers of

plutocratic schemes, and an adequate following on both floors resistlessly supporting, skillfully organized; for all these things so closely resemble the corresponding parts of the system by which the State legislature is managed, and which we have described in detail, that they will come to the reader of themselves.

The character of the different laws reviewed in this chapter is alone enough to prove the case beyond all doubt. When you taste these congressional fruits they are each and all manifestly and unmistakably plutocratic. Therefore the tree from which they have fallen dead ripe is plutocratic.

Q. E. D.

CHAPTER VII.

THE PLUTOCRATS AND THE EXECUTIVE DEPARTMENT OF THE NATIONAL GOVERNMENT.

IN a constitutional government the entire executive department is actually dominated by the legislative. The latter makes and un-makes the law controlling everybody; it settles contests over office, as congress did with the presidency a few years ago, and the Kentucky legislature with the governorship the other day—a good many believing that the rightful contestant was decided against in each one of the two cases; it can impeach and remove; and what is still more important, it alone can open the door of the treasury. So when we convince you that the plutocrats have congress to do their will you may know it is thereby proved that they likewise have the president and all other authorities of the national executive to do the same.

They nominate the president, and contribute the money which elects him. They never nominate for this lofty magistracy, which is furnished with far more than the powers of an English monarch, any man who is not at heart and soul with them in their designs upon the government. To begin with, he belongs at least by connection and sentiment to their class, and the consequent bias powerfully inclines him to their side of every question of public policy. Further, how can he forget the efforts of the friends

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without which he never could have won, and how can he withstand their appeals for government favor to reimburse their millions which they poured into his campaign chest? Gratitude reinforces bias.

The actual facts more than corroborate—they establish—the conclusion just reached by deduction.

Make a list of all affairs in which the plutocrats have enriched, or are now enriching, themselves, out of the people, including not only those recounted in the last chapter, but also the thousands which we have omitted; and as to each one compare the official utterance and action or non-action of the then president, and it dawns upon you that it matters not to what party he belongs, he habitually refrains from checking the plutocrats in their incursions upon the public property and revenues, and that very often he is outspoken in recommending and advocating the same. There has hardly been a single veto by any president since the war of such anti-popular legislation as we notice in the last chapter. You can see for yourself by searching a late reliable compilation.¹ If these presidents had really represented the people the anti-plutocratic vetoes of each ought to surpass in number the anti-pension ones of Mr. Cleveland. This demonstrates that the presidents are kept under the same influence as the two houses of congress.

It is a more striking display of the power of the plutocrats that they can get these exalted potentates to turn their coats conspicuously before the world. Thus one who championed bimetallism in congress became as president soon afterwards an extreme advocate of the gold standard. A president who in recommending a lowering of customs duties, said in a message:

“I think the reduction should be made in the revenue from a tax upon the imported necessities of life,” and afterwards during

¹Messages and Papers of the Presidents, 1789-1897. The references under each president's name in the Index to the 10 Vols. will lead the reader to his veto messages.

his first term, in another message, preached a moving sermon from the same text; this very president, in a later term, as we narrated in the last chapter, used all the influence of his place to secure the tariff on sugar, which the trust wanted.

Still more remarkable is the somersault of the other president in the same term on the Porto Rico tariff.

There is but one explanation of these variations—the plutocrats who make and rule our presidents demand them.

We may say, in conclusion, as to the presidents since the civil war, if you study their letters accepting nominations, their messages, appointments, vetoes, and especially their failures to veto, and their exercise of influence upon the making of laws and the general administration of government, you discover that the plutocrats have made each one their willing, although often unconscious tool; and as you approach the present time the devotion of these presidents to their creators increases in something like geometrical progression.

We now turn to glance at the different executive departments. We may infer that as the plutocrats always fill the presidential chair with one of the faithful they will, *a fortiori*, never permit an anti-plutocrat to get any prominent place in these departments. Let us inquire as to the antecedents of each man now at the head of these different departments. If one has held high State or federal office, or place, or has been active and widely known in local or national politics, he has manifestly been a power in the machine, which shows that he has served the plutocrats diligently; if one has been a prominent corporation lawyer, or banker, or an important railroad official, that proves him to be still closer to the plutocrats by dependency or interest. We shall give only such notorious facts as are found in the Congressional Directory, Who's Who in America, and the concurrent statements of the press of each party.²

The secretary of state was active in the presidential campaigns

²The reader is to remember that this chapter was written in May, 1900.

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of 1876, 1880 and 1884; 1881, he represented the United States as the president of the International Sanitary congress; and from March, 1897, to September, 1898, he was ambassador extraordinary and plenipotentiary to Great Britain. We could give other facts; but these are sufficient to show that he has for a long time been very agreeable to the plutocrats.

The secretary of the treasury had been for years in the banking business. He resigned the presidency of a prominent national bank to accept his present position. We need look no further—not even into his correspondence with New York bankers, lately submitted by him to the senate—to know that he is hand-in-glove with the plutocrats of finance.

The secretary of war was since 1867, until his appointment, an eminent corporation lawyer of our greatest city; 1883-85, he was United States attorney for the southern district of New York; and in 1894, was delegate at large to the State constitutional convention, and chairman of its judiciary committee. He has been prominent as a republican campaigner.

The attorney general has been for years a corporation lawyer in that State, wherein all of the trusts prefer to be incorporated—New Jersey; where he has also had a political career as member of the general assembly, as State senator, as president of the State senate, and as governor of the State.

Evidently the secretary of war and the attorney general are a pair of aces in the hand of the national plutocrats in their game of draw poker with the American people.

The postmaster general was for years a prominent New York, and later, a prominent Pennsylvania politician. It is hardly needed to suggest that the machine of these two States is controlled by the plutocrats most despotically.

The secretary of the navy had practiced law for many years in Massachusetts, was a member of the legislature four years; was speaker of the house during the last three years; was lieutenant governor in 1879, and governor 1880-82; and has also been

a congressman for several terms. Does he not seem to be another ace in the hand mentioned a moment ago?

The secretary of the interior has manufactured plate glass on a large scale; holds extensive railroad interests; was 1897-8, minister, and 1898 ambassador to Russia.

The railroad magnates have done what is popularly called, "a land office business" with this last mentioned department. It is as natural for them to want it to be in charge of one of themselves, as it is that the money magnates wish a bank president to be secretary of the treasury.

The commissioner of agriculture has been a member of three successive general assemblies of Iowa; has been railroad commissioner of that State, and was, 1873-5, a member of congress.

This review of the heads of the executive departments demonstrates that the entire batch is pro-plutocratic.

Now that we have disclosed to you a plutocratic partisan in charge of every department, it is in order to give a series of examples showing how this great advantage is made use of. We will not pursue any supposed logical course. Our main purpose is to present illustrations of such force and in such numbers, as will necessarily awaken you fully to see the enormous power over the federal executive which the plutocrats now possess, and the unscrupulous exercise which they make of it. In our next Book we give such a full statement of the doings of the money plutocrats with the treasury, that we need not make any mention of them here except to ask our reader to repeat the essentials of that statement mentally in this place. We must remind you that they are the most powerful and influential section of the syndicate controlling the national executive.

We will tell how the oil combination was advantaged in a head of the treasury department. It imported tin plate, and exported tin cans containing its oil, wherefore it claimed rebates of large amount, as well as drawbacks, on the steel hoops of the barrels of its exported oil. It also received millions of postal subsidy

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annually. All these matters had to be passed upon by the secretary of the treasury. When one connected in business with the members of the combination was appointed secretary, it looked as though it were something more than a lucky accident.³

Some time before this, the secretary of the navy had been connected with the oil trust. It was a secretary of the navy who got congress to pass subsidies for the steamships of the combination. He got a million appropriated for him to purchase nickel ore for armor plate, and it turned out that the oil magnates owned the then only nickel mine in America. As this mine was in Canada, the secretary favored the owners further by inducing congress to take off the high tariff imposed at that time on such ore.⁴

We must now devote considerable space to the railroads. The land-grant railroads have, as a rule, done these things: They leave the title to their land as long as possible in the government, by delaying application for certification of their patents, thus dodging taxes which they ought to pay; by failing to locate their grants they allow thousands of settlers to occupy the lands and make valuable improvements, and then eject them without compensation; and in any contention with the settler, they take him at a disadvantage, as they have means to employ the ablest counsel and he has none, or as good as none, so that even if his case is indubitably right, he is tired out in the end by litigation too expensive for his small purse; these roads are permitted to take timber for construction from adjacent lands, under pretext of which provision they have taken it from places 150 miles distant; if lands have been withdrawn from the market because of a projected route of the road, and its location is afterwards changed, the department allows the road still to hold these lands; by various tricks which we cannot stop to tell, the roads have grabbed broad acres not covered by their grants; although the grants excepted mineral lands, the road got the courts to rule,

³Lloyd, *Wealth against Commonwealth*, 400, 401.

⁴*Id.*, 401, 402.

as we have told above, that this exception was only of what was known to be mineral when the grant was made—a most ridiculous and flimsy pretense—for, who would know of mines in wild lands? and the Northern Pacific seized valuable mines and ejected the miners.

It is in place here to quote Mr. Hudson, as “to the extraordinary tenderness towards the land-grant corporations shown by one great department of the government during two administrations, and by another department during at least a portion of the time.”⁵ He goes on to say: “Nothing seems to be clearer than that those corporations should have been held to a strict construction of their bargain with the government. The territory which the government could hold open for settlement by the people, was rapidly being occupied; the royal generosity of the nation to these corporate favorites had in nearly every instance been abused, and a number of these companies had notoriously failed to carry out the conditions on which the public domain was granted to them. Surely the duty of the executive department charged with such matters was plain. There might have been legal technicalities by which the forfeiture of the land grants could be avoided. There might be some doubt whether congress should not take the first steps towards restoring the forfeited lands to the public. But it was not the part of a faithful administration to decide these questions against the people. They should be left to the courts, while the executive should hold what it could of the disputed territory for actual settlers. The contrast between what should have been done and what has been done, reflects severely upon the integrity of these administrations. Legal rulings, by the law department of the nation, recognized the lands as still the property of the companies. Patents were issued by the Interior Department, on these rulings, between the closing of its offices at night and their opening next morning. Lands were handed over by tens of mil-

⁵The Railways and the Republic, 455.

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lions of acres to corporations which had obviously failed to fulfill the conditions of the grant."⁶

The second assistant postmaster general provides for carrying the mails, and the railroads generally make sure of the place. During 1885-93, although there was a change of administration in 1889, it was held by one who had been as the general manager of an important railroad receiving thrice as much salary as he got while in this public office. When he went out of the latter, he took his old railroad position again, and another railroad manager became second assistant postmaster general, who likewise gave up a high for a lower salary.

We now must show how it profits to keep a friend in the place under consideration. Post office cars must be had. The railroad prevents any legislation authorizing the government to construct its own cars, and so cars must needs be hired; and having congress at its feet, and also a pliant tool in the belonging division of the post office, it extorts its own terms from the government, when the latter applies to the only place where post office cars can be had. The railroad makes the cars and then hires them to the United States for one year, at a price exceeding the entire cost. This goes on, year in and year out. The report in 1887 of Postmaster General Vilas, gave the full details of this unblushing squeeze. Ordinarily full exposure puts an end to such practices. But our plutocrats, when they threw away their consciences also threw away all shame, and this post office car abuse is more rife now than ever. At the time of the report last mentioned, the amount paid annually for post office cars was \$1,800,000; but over \$3,000,000 was paid for hire of such cars for the year ending June 30, 1897.

After collecting the unconscionable overcharge for its post office cars, one would think that the railroad would ask nothing for transporting the cars. It is dealing with Uncle Sam,—not hauling the cars of the express company, the sleepers of the Pull-

⁶The Railways and the Republic, 455, 456.

man company, or the tank cars of the oil trust,—and a still more exorbitant bill is collected.

The average haul of the mails is not more than 442 miles. For this the roads get eight cents a pound, which is \$8.00 a hundred, \$160.00 a ton. The express company pays only \$8.00 a ton for the carriage of second class matter a longer distance.⁷

Sugar is carried across the entire continent at a half a cent a pound, that is, \$10.00 a ton.⁸ Mr. John Davis estimates that our mails are carried by the railroad at 36 times the average freight rate.⁹ Whether that estimate be above the mark or not, we will not stop to inquire. We may assume with absolute certainty that the railroads charge the government at least twenty times as much as they do other customers for the same service.

But more of the enormity remains to be told. The last straw is yet to be laid upon the camel's back. Quadriennially the mails carried over a particular territory are weighed for each one of thirty consecutive days in order to ascertain the average. The roads concerned are interested to make this average the maximum possible. To the people along the railroad it has become a "chestnut" how the mails are stuffed at these periods. Heavy sacks of government documents, under the frank of colluding congressmen, and huge packages of newspapers published by railroad organs, addressed to station agents, and even to as high an officer as the superintendent, run hither and thither along the line, weighed as they go forward and weighed again as they come back by the next return mail. This business has the right of way over all other during the thirty days, and it is done by the railroads with the rarest energy and devotion.

While this old game was being played on a certain road in 1896, the postmaster general unexpectedly took a hand. The guilty parties being detected, the case was put in the

⁷Cowles, *A Freight and Passenger Post*, 241.

⁸*Id.*, 180.

⁹*Public Ownership of Railroads*, 14.

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hands of the proper United States prosecuting officer. But he could not find any warrant of law for prosecuting. And in January, 1897, the second assistant postmaster general gave the company which had procured to be carried over its road 900 pounds a day of false and suppositious mail letter matter, a contract for the next four years, in which its compensation was increased 42%. It is a memorable part of this affair that the manager of the road defended himself and his agents upon the grounds: (1) there was no law against stuffing the mails; (2) his road in stuffing did only what all others did.¹⁰

Suppose this: A merchant employs a drayman by the year to do all his hauling. The latter charges him (1) for the year's use of the dray, which is loaded and unloaded by the merchant, the dray's full cost in the market; (2) twenty times as much per hundred as he does his other customers; (3) and contriving to make his loads seem much larger than they really are, he exacts 2,000% overcharge for the counterfeit overweight. What would you think of the merchant if he persisted in employing this drayman, in spite of the clearest demonstration made again and again of the extortion, cheating and swindling just described? Would not the care and management of his business be taken out of his hands and given to a guardian, whose first act would be to fire the drayman for another who would be content with usual terms?¹¹

As was to be expected, the railroads were quick to seize the opportunity offered by the war with Spain. The president of the Pennsylvania railroad, and the president of the "Trunk Line Pool"—to use the language of Mr. Todd—"asked and received permission from the secretary of war to take charge of the government transportation business, maintain the 'pool rates,' and

¹⁰See the summary of Senate Document, 177, 54th Congress, 2d Session, Cowles, *A General Freight and Passenger Post*; compare *Id.*, 239, 240.

¹¹See Appendix , for further.

as 'government officers' contract with and to themselves, as railroad presidents at fabulous rates."

It had been reported that the then vice president of the United States, was, at that time, a director in a branch of the "pool." Whether or not he had any part in this business, has not been disclosed. Although Mr. Todd's pertinent resolution of inquiry, of May 2, 1898, was followed by such emphatic popular disapproval of the conduct of the secretary of war that he did not make the proposed appointments, yet the railroads and their sworn brothers, the ship owners, grabbed a rich booty. One illustration, which is an average example, will suffice here. The act of July, 1898, to supply deficiencies in appropriations for support of the army,—to quote from Mr. Todd—appropriates for transportation, "approximately three times the amount provided for food and subsistence for the army for the same period. This transportation item is furthermore four times the amount required for the regular supplies, . . . and is nearly double the combined cost of food, subsistence and regular supplies. It is also nearly identical with the amount needed for the entire pay of the army—officers and men."¹²

As to this, the speaker cogently exclaims: "Can it be possible that it costs three times as much to carry our soldiers once across the country and back, as it will to feed and care for them or twice as much as it does to provide their subsistence, camp equipage, and the thousand various things with which our loyal troops should be provided for a period of six months."¹³

How camps were located in places unhealthy, without good water and inconvenient, and troops were carried by rail over circuitous routes and even forwards and backwards in utterly useless trips, in order to serve the interests of the railroads—this has also become a hackneyed tale.

Besides the railroad and steamship plunder of the United States treasury, during the war with Spain, it was plundered by those

¹²Speech in House of Representatives, June 20, 1898.

¹³Id.

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who sold vessels and transports to the navy, and who furnished all kinds of supplies to the army and navy. The connection of men conspicuous in place and office, with these dirty plutocratic jobs leaks out more and more every day, in spite of the systematic efforts on the part of those in power to suppress the proof. It is to be hoped that an adequate investigation will soon blazon the full details everywhere. For the people cannot be too well educated in the corruption of their government.

However many other pages in the record we must, perforce, skip, the plate armor frauds are too celebrated and too important to be skipped. A part of the subject, to-wit, the coercion of congressmen by the manufacturers, would serve well, to illustrate our last chapter, but as the navy department is at the same time deeply involved, here is a proper place for its treatment as a whole.

The great steel company had contracted to furnish the United States with nearly 9,000 tons of armor plate, for over \$600.00 a ton, which was more than double the price it was then receiving from another nation at a profit, for plates of the same quality. This overcharge aggregated about \$3,000,000, but this was too inadequate. How it was sought to add other gains to the overcharge, came to light in an investigation made by the house committee on naval affairs in 1894. It had been provided in specifications that certain things be done to insure the proper condition and safety of the armor, but it appeared that these things had not been done, and yet the government inspectors had been made to believe otherwise by intended deception. Thus specimen plates had been stretched without knowledge of the inspectors, so as apparently to increase their tensile strength; specimens better than those selected by the inspectors for the test, were secretly substituted for the others; even the testing machine was repeatedly manipulated by order of the superintendent of the mill, in such manner as to make the strength of the plates seem greater under the test than it was; and the specimens were juggled in measurement, to augment their apparent ductility. There was

like simulation as to plates selected by inspectors for ballastic test. It was falsely reported that the bolts to hold the armor on had received the two treatments stipulated for in the specifications, when, in fact, they had received but one. "Blow-holes" in the plates, (as they were popularly called), were artfully concealed by the contractors.¹⁴ We need not detail the other falsehoods and tricks. The armor delivered to the government, while it had been made to look as though it was up to the specifications, fell very far short. Considering the great body of testimony, the committee use this strong language:

"If the criminality of a wrongful act is to be measured by the deliberation with which it is committed, the magnitude of the evils likely to result from its perpetration, and the want of provocation with which it is done, the frauds which your committee have found, are worthy to be called crimes. The servants of the . . . Steel company [whether with or without the knowledge of the company] to increase their gains, deliberately continued for many months, to commit acts, whose natural and probable consequence would be the sacrifice of our seamen in time of war, and with them, perhaps, the dearest interests of the nation."

A subtle, resistless influence had the committee to suppress the important fact of all, in this horrible business, that is, the complicity both of the great captain of industry and of his lieutenant in the crimes. And yet, the fact loomed upon them, when their report mentioned that the company still kept in its employment the two superintendents shown by the evidence to be the principal parties to the frauds. No man would retain employees in his service after he had learned that they had been systematically using and operating his works to defraud his customers, unless he approved this conduct of theirs. Did he not approve, he would

¹⁴The foregoing as to these frauds and false reports is an extremely condensed summary of their recital in the report of the committee, (53d Congress, 2d Session, No. 1468). This Report was made in August, 1894.

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feel that their discharge was not only their due punishment, but also his own vindication from suspicion of having sanctioned the wrong-doing from which he has profited.

The majority of both houses of congress, the president, and the navy department are fast friends of the manufacturers; and in spite of the disregard of the lives of our blue jackets, and the glory of the stars and stripes on the ocean manifested by attempts to palm off upon the navy, faulty armor held on by worthless bolts;—in spite of the exposure which stunned and sickened every good man and woman in the land, these manufacturers have tightened their grip upon the United States.¹⁵ Although everybody sees that congress ought to erect a public plant, they easily prevent this from being done; they induce the building of unnecessary war ships, and establish more firmly than ever their monopoly of armor supply; and they extort their own price for armor, which price is twice what it should be.

We could almost infinitely multiply examples; but to what use would this be? He who is not already convinced as to the proposition of the last chapter, and also that of this chapter, would not be changed in opinion, if we emptied upon him all the contents of the gigantic folio of proofs now to hand. Disregarding such an exceptionally incredulous one, we will conclude the chapter with a glance at the treatment of our new acquisitions by the federal executive department. Cuba and Porto Rico ought to be governed for the advantages of their own inhabitants, and also that of the American people, needing cheap sugar, tobacco and tropical fruits, but they are governed for the advantage of two or three trusts, and of the plutocrats snatching franchises and valuable properties therein. The Philippine war will be, at least, a three years' war, costing some \$300,000,000, if not greatly more. The pretended

¹⁵The salient points of the famous plate armor affair are set forth quite fully, and with adequate comment, by Mr. Albert M. Todd, in his speech in U. S. House of Representatives, Feb. 5, 1898.

compensation is the annual Philippine trade, overestimated at \$70,000,000, and some \$50,000,000 annual China trade. This enlargement of trade will be of no appreciable benefit to our people, it will add only to the income of the plutocratic carriers and traders. For this \$300,000,000 war, we get not a cent of actual return; but we do get for it an increase of industrial and economical distress; and a disgrace of the American name which our fathers never thought possible. A formidable regular army, not to defend the country against external enemies, but to provide appointments for the sons of government and machine favorites, and to protect the railroads and the mining and manufacturing trusts in their sacred right of fleecing producers and laborers—as that is the very apple of his eye to every one of the plutocrats,—they are to have it at our charge. They have blinded both parties to her high opportunity now beckoning to America, making the one to defend and the other attack the windmill of imperialism. The day of great trade expansion, which is inevitably to be ours, because of the command of the Pacific by our long western coast, and not the day of distant territorial expansion, is commencing. A tithe of the money that will be wasted in the useless and criminal expenses just mentioned, would dig our inter-ocean canal, and procure for us the necessary coaling and naval stations—that is, fully furnish us for our new and glorious career—a career of peaceful trade around the world, not of war, subjugation and despotism, as the plutocrats now would have it from the executive department of the United States.

CHAPTER VIII.**THE PLUTOCRATS AND THE JUDICIARY.**

WE distributed what we had to say of the legislative and executive each, in the foregoing, under State, municipal and national heads, but for reasons already given, this chapter will pay but little attention to these divisions. It will become more and more manifest to one, as he reads it, that the lines making American government tripartite—that is, State, municipal and national—are not drawn hard and fast through the judiciary as they are in the legislative and executive, and therefore our proper treatment of the judiciary requires that these lines be much more often disregarded than kept in view.

We must tell you at first, how the plutocrats fill American courts to suit themselves; and we begin with the State courts.

In more than half of the States judges are elected by the people, in some by the legislature, and in the rest they are appointed by the governor. Under the command of the plutocrats, the machine irresistibly leads on the primary, or convention, or caucus of the legislature, nominating, or the executive appointing, to name only those whom they want for judges. The candidacy of a non-plutocrat is always prevented if possible.

With every decade they find it more easy to avoid objectionable candidates. The constitutions direct that nobody but a lawyer can be a judge. As a general rule, only a lawyer of some

reputation will be an available candidate. To gain this reputation he must have had a fair practice. For a generation or more anti-corporation practice has steadily become less, and corporation practice more lucrative, and consequently corporation lawyers now lead the bar everywhere, and, as a general rule, there are no others that will come into the mind of anybody when a judicial vacancy is to be filled. It is now nearly the fact all over the country, that nobody but a corporation lawyer can get an important judgeship; and it is quite the fact that the proportion of those on the bench who have been non-corporation lawyers is rapidly diminishing.

Think for a moment of making a judge out of one who for many years has represented as a lawyer those who get franchises and renewals of the same by bribery, maintain unreasonable rates by watering stock and other falsehood, habitually commit all the many frauds which have become common things in corporate activity, and especially who can keep up their contemplated profits only by corrupting every arm of the government, the judiciary included—think of such a lawyer for a judge. Whatever opinion he may have once had, he has learned to think all these things to be but legitimate business, just as the southerners deemed slavery wrong at first, but, after some generations had lived by it in prosperity and comfort, they became so convinced of its rightfulness, they waged a gigantic war in its defense.

We will illustrate by the case of a corporation lawyer appointed in the year 1900 to a judgeship of the New Jersey supreme court. Immediately afterwards he said to a newspaper reporter:

“I have already resigned as president of the New Jersey Title Guaranty and Trust company, and I shall at once resign as director of the Third National Bank, North Jersey Street Railway company, Jersey and Bergen Railway company, Newark Passenger Railway company, Newark Plank Railway company—in fact, from all the offices I hold with corporations. I cannot very well dispose of the stock I have in these corporations, and for

obvious reasons; but I can and will be perfectly free from all official connection with them. I believe a justice of the supreme court should be absolutely free and independent the moment he ascends the bench. I believe he cannot be too cautious, and he should remove every obstacle that might hamper the workings of this high court of justice."¹

He really believes that, if only he is not an officer, his being a stockholder in the corporations named will not be a sinister influence upon him when he judges cases of other corporations on points which may affect his own dividends. But were he to dispose of his stock, he would not thereby change the corporate bias acquired in his career at the bar, and in business, and belonging associations. For that is unalterable; and so long as controversies touching the plutocracy come before his court, that bias will be an obstacle in its way to a just judgment. Let us concede him to be, as doubtless is true, the acme of conscientiousness. Would he then make an impartial arbiter between the people and the corporations? Why, one knows that an average honest-minded white man in the south will not be more inclined to take the part of another white man contending with a negro, than this judge will be inclined, without his even observing it, to take the part of the corporations. The better he is a man, the better judge he will be for the plutocrats, and the worse for the rest of us;—in his great conscientiousness he will think it right to make wrong decisions. Can you seriously doubt that his acceptability to them was the real cause of his appointment?

In a State where the machine organization is old and well developed, the judge buys his nomination, pays large assessments for campaign expenses, and furnishes to order decisions and judicial action furthering the cause of his party. He can get re-election or promotion on no other terms. More and more everywhere, State and city judges have become agents of the machine, and a growing

¹N. Y. World, July 20, 1900. Abraham Q. Garretson, of Jersey City, is the new made judge whose language has just been quoted.

number develop into efficient politicians. It is hardly needed for us to suggest again that of all American institutions, the machine is that one of which the plutocracy is most entirely in charge.

The judge, whether just made, or promoted, or re-elected, knows how he has been helped to his place by the plutocrats, what contributions to his campaign expenses or what efforts were made by each one of them in his behalf with the machine or the appointing power, and many, many other things by which they advanced the candidacy of their favorite. And thus the leaning given by his practice as a corporation lawyer, officer and holder of stocks and bonds, has been greatly increased.

After a corporation lawyer has been made judge by the corporations, they pour upon him an interrupted rain of favors. Railroad passes, telegraph franks, various money accommodations, opportunities to invest in all kinds of good things, such as ice trust stock—these are but a part of the catalogue. And thus he is kept dependent upon them, and under their rein.

As appears from the foregoing, the great majority of the State and city judges must needs be biased resistlessly in favor of the rich and influential corporations. Even those who are of the utmost honesty and integrity—and these are the great majority—habitually breathe an atmosphere in which no anti-plutocratic sentiment can live except as a hypocritical profession.

So much for the judges who decide the law of the case.

The plutocrats likewise attend to the jurors who find the facts of the case. The pro or anti-corporation sentiment of each man subject to jury duty is accurately noted in the secret catalogue of the law agent of the corporation—as he is termed in common parlance. And there is ever and anon tampering with the jury list, by which anti-corporation sympathizers are adroitly removed or excluded. Members of the panel, who are of strong influence, are slyly put under obligation or expectation of favor, in time to affect a verdict in prospect. We need not go into detail. We may only say that while the plutocrats can never make full con-

quest of the jury list in the State courts, they have achieved wonderful ability to win a verdict, or, failing that, to procure a disagreement, in almost every important case. They are experts in dodging juries, and in packing them when they cannot be dodged.

And of everybody else taking part in forensic business, whether master, auditor, referee or what not, the plutocrats have as absolute control as they have of the judge. Especially must it be noted that the plutocratic side of a case involving a large interest, is always represented from beginning to end by the very best lawyer to be had, who is generally a decided overmatch in skill for his adversary.

We may sum up as to judge, jury, master, auditor and referee, by saying that a law case of concern to the plutocrats, is generally disposed of in the State courts, not by impartial judges of the law and impartial triers of fact, but by arbitrators, a majority of whom are chosen by the plutocrats. If this should not prove to be a true account of what happens at first, it will usually be true in the end under the rulings of the appellate court.

We now pass to the United States courts. The plutocrats pay more diligent attention to making federal than they do State judges, because the most important of their cases are disposed of in these courts. If a federal judge shows a will of his own, and cannot be led, they tempt him off the bench by a lucrative corporation attorneyship or even a place in the cabinet. They have not yet disposed of an objectionable judge as it is charged they got rid of a governor of Kentucky. They need not come to that. The people cannot always be controlled, and they will sometimes elect the anti-plutocratic candidate. But now that the plutocrats have waked up to the importance of the subject, the president, who is elected by their campaign contributions, and the United States senate in which the influence of railroad magnates and corporation lawyers predominate, who lay their heads together in deep conference, the president naming and the sen-

ators confirming, will never repeat such a mistake as was made in seating Harlan and Caldwell. When all those die or have been retired, who were appointed before the corporations made their solemn covenant with one another, that an anti-plutocrat shall never again get a federal judgeship, no more sermons against plutocracy will be preached in dissenting opinions. And there will be no more such close shaves as the income tax and the insular decisions rendered by a majority of one only.

In the federal courts the plutocratic litigant does not need the expensive descriptive catalogue of the multitude of names on the jury list, which we noted that the law agent keeps for use in the State courts. The clerk, and a jury commissioner, each one appointed by the judges, themselves appointed at the suggestion of the corporations, place not less than 300 names in the box, from which grand and petit juries are drawn. One puts in a name, then the other, and so on alternately until the box is full. They can select from persons having generally the qualifications of jurors in the State courts. They are to select without reference to party affiliations, says the statute. And with a further show of fairness, it directs that the commissioner shall be "a well known member of the principal party in the district in which the court is held, opposing that to which the clerk may belong." At the present time one of the two will belong to the republican, and the other to the democratic party, which is the same as to say, that both belong to the plutocrats. While the two selectors obey the statute and do not regard party affiliations, they attentively heed plutocratic and anti-plutocratic affiliations, making a very sparing selection from those of the latter; and this is not against the statute, as you see. It is very rare that a decidedly anti-corporation man gets into the box. From the box of some 300, filled as just told, there is drawn a panel of eighteen, from which the jury to try the case must be taken, each party having three peremptory challenges. This panel can be kept through the entire term of several months. In the United States circuit

court, at Atlanta, Georgia, it is usual for a panel to serve six weeks, when another is drawn to succeed it. Many of the jurors in these federal courts live at distant places in their districts, and it is by no means an uncommon occurrence to find among them passes from railroads litigating in the court. Further, it is generally developed by the first two or three verdicts who are the few anti-corporation members of the panel, after which, all such are kept off of every jury by the challenges of the corporations. It is understatement to say that a retention of the same panel for such a long while, exposed to the secret and wily arts of corporate corruption, is a willful disregard of the constitutional guaranty of impartial jurors.

The general result of what has been told in the foregoing is that the box, the panel, and the jury are virtually made up by the plutocrats. Add that the judge in the United States court controls the findings of juries far more than is common in State courts. And, therefore, it must not be wondered at that many a plaintiff sues a corporation in the State court for only \$2,000, when he is rightfully entitled to receive a much larger amount. If he should claim full damages, his case—as every one of these corporations is usually a citizen of another State—would be removed into the United States circuit court, where the juries will surely either find against him, or much less than \$2,000 for him.

In many States issues of fact in equity causes are tried by a jury. But this is not so in the federal courts. The masters, both general and special, and auditors, who dispose of most all the important issues of fact in non-jury cases, why, they are uniformly plutocratic in sentiment. Nearly all the cases of greatest moment—when the United States is to be stopped from collecting income taxes laid by congress, or a State or city from reducing charges for public service to reasonable figures, or a railroad extending through different States is to be reorganized so that all claims against it but those of the projectors of the new company will be cancelled—such cases as these go to the equity

side, where the plutocrats are more sure of getting facts found as they desire than they are even before their packed juries on the law side.

Costs and expenses which must be prepaid, disable many from litigating to the end, and many more from even commencing to litigate in the United States courts. These courts are permitted by statute to dispense with payment of costs in favor of a poor person whose case appears to the pro-plutocratic judge to be good. But if the poor suitor has lost below, as is generally the case, and he wishes to appeal, he must pay cash down for the necessary transcript of the record, and for the printing of the same, and of the law-brief of himself or counsel. A considerable number of cases have gone from the United States circuit court, at Atlanta, Ga., to the proper court of appeals since its establishment, in 1891, but in no one of these was there any exemption of the appellant from the expenses indicated above. From this destruction of the poor by reason of their poverty the corporations derive great gains.

Let us now glance at the ways by which the plutocrats can get their cases into their favorite courts. A comparatively small number of cases involving such subjects as the receivership of a railroad in different States, patent right, copyright, not to mention others, belong exclusively to the federal jurisdiction. These cases are now and then of exceptional concern to the plutocrats, and they originate only in the United States courts, and are finally disposed of therein. It is the jurisdiction of the United States circuit courts, concurrent with that of the State courts, that is of especial importance here because of its large and constantly increasing scope. The railroad, insurance, telegraph, trust, and a few other companies which are ubiquitous in business, are each a corporation of a particular State, and under the decisions a citizen only of that State. If one of these has a demand for over \$2,000.00 in amount against somebody in any one of the 44 States besides its own, it can sue upon it in the United States circuit court of the defendant's residence. And if it itself is sued

In the court of any State except its own on a demand of like amount, it can remove the cause into the United States circuit court of the particular district. Under these two privileges of a citizen of another State the great bulk of cases litigated in earnest by the plutocrats get into the federal courts. And a corporation litigating with citizens of its own State usually keeps in hand a string by which its cases, whether it is plaintiff or defendant, can be pulled at its option into the federal court. For example, bond holders are generally citizens of another State, and these can initiate proceedings in the United States circuit court.² It is generally only a gosling of a counsel for a corporation who cannot get every one of its large cases into a United States court.

But the plutocrats do not always avoid the State courts, even when they can. It is a part of their business to discipline and hold these courts in check. They effect this under the jurisdiction of the United States supreme court to examine on a writ of error and reverse or affirm the final judgment of the highest court of a State in these three cases:

(1) Where the validity of a treaty, or statute of, or an authority exercised under, the United States, came in question, and the State court decided against their validity;

(2) Where the validity of a statute of, or an authority exercised under, any State was questioned as being repugnant to the constitution, treaties or laws of the United States, and the State court decided in favor of their validity;

(3) Where any title, right, privilege or immunity is claimed under the constitution, or any treaty or statute of, or commission held or authority exercised under the United States, and the State court decided adversely.

If you remember that cases in which clauses of the federal constitution limiting the powers of the States are to be interpreted, belong here, and you have learned from observation how nearly every alleged important right of the plutocrats is bottomed

²Old Colony Trust Co. v. Atlanta, 83, F. 39.

by them upon their peculiar construction of some one of these clauses, although these cases fall far short of being all the subjects covered by the three provisions just stated, you will begin to understand how portentous is the scope of this corrective jurisdiction by which the supreme court coerces the State courts to follow whatever meaning it may choose under plutocratic suggestion to give a provision of the federal constitution.

To sum up the foregoing as to the United States courts—There are some cases of which they alone have cognizance, and they are of weight; there are others of which the State courts have jurisdiction which can either be brought in the United States courts or removed from the others thereto, and which are so numerous as to constitute the great bulk of litigation in which the plutocracy is interested; and then to be remembered at the last is a wide variety of cases involving what are called federal questions, which either cannot be got out of the State courts, or which the plutocrats prefer to have them dispose of, in which cases the final decision will be made or commanded by the supreme court of the United States, or commanded by the precedents it has set.

Thus, so far as the plutocrats are concerned, the entire American judiciary has been nationalized. The transcendent significance of these facts will be conceived when you remember that the plutocrats sway the national government much more absolutely than they do the State and municipal governments. They would nationalize all the State legislatures and executives if they could.

It is next in order to emphasize the power and inclination of our plutocracy-created courts to make and enforce their own interpretation of the written and unwritten laws. They can compare a State constitution or statute or an act of congress with the United States constitution, or they can compare a State statute with its constitution, and in every instance declare the law to be void because of an alleged conflict with some provision of the fundamental law. When matters of large pecuniary con-

cern to the plutocrats demand that a statute be either set aside as unconstitutional or sanctioned as constitutional, whatever is necessary to be done by the court to effect the end, whether it be to change a well established meaning of the clause of the constitution, to add a new provision or subtract an old one—to alter, to enlarge, to restrict the fundamental law—is usually done with a will. Likewise when a novel and strained construction of a statute not questioned as unconstitutional, or an unheard of meaning of an old doctrine of the unwritten law, is required by the plutocrats they are also furnished by the courts.

These are startling propositions to the great multitude who regard our judiciary with a blind and superstitious fetish worship. They are nevertheless true, in every particular, as we will now demonstrate from rulings of the supreme court of the United States.

From its appellate jurisdiction over many cases in the federal and State courts, and its commanding influence in all other cases because of its exalted place, this court has become the ultimate and absolute judicial authority of entire America; and one may know that what the plutocrats have it to do in the way of desired interpretation of the law and enforcement of such interpretation, all the courts of the land must do likewise. Besides proving our proposition, it is our purpose to give you incontrovertible evidence of a bold and decided advance of the plutocracy lately made all along its front by means of its almost full control of the United States supreme court.

The income tax decision made in 1896, in its surprising and utterly unexpected departure from a well established construction of the federal constitution, in order to trample under foot a law made by the congress of the United States, and stop the collection of just taxes from the plutocrats, serves us best as a beginning.

The act of congress of 1894 laid a tax of 2% on the excess of incomes of over \$4,000.00. The non-professional reader will

bear in mind that it did not apportion the tax between the States. The government was proceeding to collect, whereupon "The Farmers' Loan and Trust company and the Continental Trust company of New York—two of the largest trust companies in the United States,"³ in a case which soon reached the supreme court, contended that the tax was such a direct one, as is mentioned in the clause of the constitution, commanding that representatives and direct taxes shall be apportioned among the States according to their respective numbers, and further that because it did not apportion the tax it laid on incomes, the act was in conflict with the paramount law, and therefore void. After notable vacillation, followed by a half-way judgment, a re-hearing granted and second argument heard, a majority of one in a divided court decided the act to be void.⁴

We now ask your best attention to facts which demonstrate that the question had been settled the other way by a huge mass of most unanswerable reason and most unquestionable authority. And we must remind you at the outset that the question in the case was not how the dictionaries and economists of to-day define "direct taxes," but the question was in what sense was the term used by the framers when they introduced it into the constitution. At that time, the term had no settled meaning, as is shown conclusively by the testimony of Alexander Hamilton, perhaps the very best qualified of all his contemporaries to testify as to the fact.

"Hamilton, referring to the distinction between direct and indirect taxes, said it was 'a matter of regret that terms so uncertain and vague in so important a point, were to be found in the constitution,' and that it would be vain to seek 'for any antecedent settled meaning to the respective terms.'"⁵

³D. A. Wells, *Theory and Practice of Taxation*, 366.

⁴*Pollock v. Farmers, etc., Co.*, 157 U. S., 429; S. C., 158 U. S., 601.

⁵Dissenting opinion of Harlan, J., *Pollock v. Farmers*, 158 U. S., 641, citing *Hamilton's Works*, Vol. VII., 8:5 (original ed.).

In 1794, which was only seven years after the framing, and only five years after the adoption of the constitution, a bill laying a tax on carriages without apportionment was pending in congress. Madison—of whom we will say more after a while—contended that the tax was direct, and, therefore, within the constitutional mandate of interstate apportionment. But the bill passed by 49 to 22, and Washington, who had been president of the convention that framed the constitution, approved it.

This congress contained many of the framers of the constitution, who, of course, had attended to its different provisions during the deliberations of the convention. And one may know that all the other members had made diligent study of the constitution—especially of those parts of it affecting the rights of the States—during the earnest and heated debate over the question, whether to ratify or reject, which shook the whole country. The action of this congress and of the executive approving the bill, is, therefore, an interpretation of the constitutional clause by those who of all people in the world best understood it. It will come out clearly as we proceed that they knew that carriages and incomes were not contemplated therein as subjects of direct taxation.

Two years after the act was passed, it came in question before the supreme court as laying, without apportioning, a direct tax, and the same contention as that made by Madison mentioned above was renewed. Two of the justices had been prominent members of the constitutional convention. The gist of the construction of the clause of the constitution made in the decision, is that it means no direct taxes, save capitation and poll taxes, and taxes on real estate.

This was again the construction of congress, in 1798, 1813, 1815, 1816 and 1861, when it laid direct taxes and apportioned them between the States. There was such great need of revenue at every one of these dates that we may be sure congress would have laid other direct taxes, if it had believed it had the consti-

tutional power to do so; but these direct taxes were confined to real estate and, in all of the acts except the last, to slaves, who were regarded as part and parcel of the land. Poll taxes had become too unpopular to think of.

It was again the construction of congress in the act of January, 18, 1815, imposing duties on pig iron, candles, hats, caps, umbrellas, etc.; and also in the act of the same date laying *ad valorem* duties on household furniture, and gold and silver watches. These two last mentioned acts may be said in common language to tax personal property directly. And mind you, they did not apportion these taxes. From March 4, 1809, to March 4, 1817, Madison was president of the United States, and he approved every one of the acts mentioned in the last, and in this paragraph, which were passed during his presidency. This action shows what he understood were apportionable and what unapportionable taxes. And as a tax, say, on hats, umbrellas, furniture or watches, is as much a direct as one on carriages, when he approved the former he must have changed his opinion of 1794, that the latter cannot be justified under the constitution if it is not apportioned.

This was again the construction of congress in the nine income tax acts passed from 1861 to 1870, which laid a tax of at least 3% on the excess of incomes, from any kind of property and all sources whatever, over \$800.00. Under these income tax acts the United States collected \$350,000,000.

These acts laying taxes on land and apportioning them, and the acts laying taxes on personal property and incomes and not apportioning them, are the construction of the legislative, and also the construction of the executive department of the national government, adopting the judicial construction given in the *Hylton case*, in 1796, and following it in letter and spirit without the slightest variation. From the carriage tax act of 1794, to the income tax act of 1894, all the congresses and presidents had been at one upon the principle justifying an unapportioned income tax.

We must now return to the judiciary. The same construction, to-wit, that under the constitution, no taxes except capitation and land taxes are direct, which, as we have seen, was ruled by the supreme court in 1796, was afterwards solemnly affirmed by the same court in four ably argued and extremely well considered cases: one decided at December term, 1868;⁶ the next at December term, 1869;⁷ the next at October term, 1874;⁸ and the fourth at October term, 1880.⁹ It is to be especially emphasized that the last and the first of these four decisions sustain the constitutionality of an unapportioned tax laid by congress on incomes.

The second ruled that a tax on bank circulation, and the third that a tax on inheritance of real estate, were not direct taxes. In every one of these four decisions, the *Hylton case* is expressly adhered to as a precedent, and the construction therein given of the constitutional clause as to direct taxes is adopted and earnestly supported and justified.

Thus it appears that these four cases following, and the *Hylton case* leading, stand together, saying the same thing as we have heard from congresses and presidents, to-wit, the only federal taxes to be apportioned are those on polls and real estate.

The same is said by all the text writers and constitutional historians. Glance down the roll of these high authorities: Kent, Story, Cooley, Miller, Bancroft, Pomeroy, Hare, Burroughs, Ordronaux, Black, Farrar, Flanders, Bateman, Patterson, Von Holst.

One of the dissenting judges says vigorously: "This doctrine has become a part of the hornbook of American constitutional interpretation, has been taught as elementary in the law schools, and has never been anywhere authoritatively questioned."¹⁰

But this Olympus of harmonious precedents—declarations of congress and presidents, again and again for an entire century,

⁶Pacific Ins. Co. v. Soule, 7 Wall., 433.

⁷Veazie Bank v. Fenno, 8 Wall., 533.

⁸Scholey v. Rew, 23 Wall, 331.

⁹Springer v. U. S., 580.

¹⁰White, J., Pollock v. Farmers, etc., Co., 157 U. S., 619.

five solemn rulings of the same court, and a library of text writers and historians—was lifted up and placed topside down by the famous income tax decision of 1895. How was this mighty feat accomplished? By invoking and misapplying the good old rule of interpretation that words are to be taken in their usual and ordinary signification. It is an exception as well established as the rule, that the latter applies only when it does not appear that another sense is intended. The ordinary signification of the term, direct taxes, *at the present time*, undoubtedly includes an income tax. But the evidence which we have detailed, shows that the term was used in the constitution only as another name for capitation and real estate taxes. It is plain then, that the court ought to have applied the exception and not the rule.

We will make this plainer by an illustration: The ordinary signification of *malice* is ill-will towards another. But, as used in the criminal law, it means intent to do an act which injures another, which act is known by the doer to be unlawful. If the courts should now, in interpreting the penal code and indictments, give the word its ordinary sense, they would subvert all the protection of human life devised by the law against violence. And they could justify their turning the murdering robber loose in the same way that the supreme court justified its changing a clause in the constitution, by saying: "It was charged that the prisoner killed with malice. Malice must have its ordinary signification of ill-will. All the evidence showed that the prisoner did not even know the deceased, but that he killed him without any ill-will at all against him, merely to get his watch and pocketbook."

The grounds and reasons of this most astounding judicial tergiversation in all the record of jurisprudence will be looked for in vain in the briefs and arguments of the able counsel pro and con, and in the opinions of the majority and of the minority. They cannot be found here, or anywhere else, in the long report. But they are as clear as a church by daylight to him who understands the newly awakened sense of power which the plutocrats feel, and

their firm resolve to use the power. The real reason of the decision is that they demanded that the supreme court do what they could not get the senate nor president to do. Of course, the members of the senate were opposed to taxing their own incomes, and the president wished to favor those who had given him his office. But both senators and the president had short terms and unsatisfied political aspirations. And so the senate dared not refuse to pass the bill, while the president would not approve it, and he dared not veto it. The plutocrats got from the judges holding for life, a nullification of a constitutional act requiring just taxes of them.

Who can but admire their conduct of this great cause? Failing in the court below they bring the case by the fastest process to Washington, and get the earliest possible hearing. They achieve a really wonderful success in the first decision, to-wit, that a tax on rents or income of real estate is a direct tax within the meaning of that term used in the constitution, although congress had in other acts before that of 1894, laid unapportioned taxes expressly on rents, all of which had been collected. In this first decision, the court is equally divided as to income from personal property, which division if let alone, will result in keeping much the larger part of the incomes of the plutocrats exposed to the tax gatherer. They wrest from the court a speedy rehearing, and by a lucky change of opinion of one of the justices, they get a majority. What if it is only a majority of one? It serves; and they gain the greatest of all their victories,—a victory which parallels the glory of William at Hastings, or Napoleon at Marengo, who each by sublime firmness of purpose conquered on a hard-fought field after what seemed irretrievable disaster had befallen him.

As we dismiss this wonder of wonders, we recall to you that the case illustrates how the judiciary can change at will, even the federal constitution. For 106 years that constitution contained a provision granting congress power to lay an unapportioned tax

on incomes, but at the end of that time the supreme court, by the smallest possible majority, struck that provision out.

We will now give you a case in which the same court struck out as to seamen, the provision of the federal constitution, abolishing slavery—the Arago case,¹¹ as it is popularly called. The following statement compressed from a headnote of the report, gives you the core of the matter:

“Sections 4598 and 4599, of the United States Revised statutes, in so far as they require seamen to carry out the contracts, contained in their shipping articles, are not in conflict with the Thirteenth Amendment forbidding slavery and involuntary servitude.”

Some seamen, arrested on the charge of running away from the Arago, a private vessel, and held in jail until the vessel should be ready to start, had petitioned for *habeas corpus*. Their petition was grounded mainly upon the proposition that the congressional legislation just mentioned contravened the constitutional prohibition of involuntary servitude, except as a punishment for crime. The opinion of the court supports the denial of the *habeas corpus* prayed for, by reviewing the English and American legislation on the subject, and somewhat diligently marshalling the belonging parts of the old maritime law, under all of which the seaman was undoubtedly the slave of the master of the vessel during his term of service; and it rests in the conclusion announced in a headnote, as follows:

“The contract of a sailor has always been treated as an exceptional one, and involving to a certain extent the surrender of his personal liberty during the life of the contract.”

The silencing answer to this flippant trifling is that the constitutional amendment prohibiting involuntary servitude, except as a punishment of crime is the supreme law of the land, abrogating at the time of its enactment twenty odd years before the arrest and imprisonment of these seamen all inconsistent customary and

¹¹Roberts v. Baldwin, 165 U. S., 275. It was decided Jan. 25, 1897.

statutory law, including the act of 1790, from which, section 4592, of the Revised statutes, cited above, is codified.

We give two extracts from the dissenting opinion of Mr. Justice Harlan, which lucidly exposes the error of the judgment.

“The condition of one who contracts to render personal service in connection with the private business of another, becomes a condition of involuntary servitude *from the moment he is compelled against his will* to continue in such service. He may be liable in damages for the non-performance of his agreement, but to require him, against his will, to continue in the personal service of his master, is to place him and keep him in the condition of involuntary servitude. It will not do to say that by ‘immemorial usage,’ seamen could be held in a condition of involuntary servitude without having been convicted of crime. The people of the United States by an amendment of their fundamental law, have solemnly decreed that ‘except as a punishment for crime, whereof the party shall have been duly convicted,’ involuntary servitude shall not exist in any form in this country. The adding of another exception by interpretation simply, and without amending the Constitution, is, I submit, judicial legislation.”¹²

“The thirteenth amendment although tolerating involuntary servitude only when imposed as a punishment for crime of which the party shall have been duly convicted, has been construed, by the decision just rendered, as if it contained an additional clause expressly excepting from its operation seamen who engage to serve in private vessels. Under this view of the constitution, we may now look for advertisements, not for runaway servants as in the days of slavery, but for runaway seamen. In former days, overseers could stand with whip in hand over slaves, and force them to perform personal services for their master. While, with the assent of all, that condition of things has ceased to exist, we can but be reminded of the past when it is adjudged to be consistent with the law of the land for freemen who happen to

¹²Robertson v. Baldwin, 300, 301.

be seamen, to be held in custody, that they may be forced to go aboard private vessels, and render personal service against their will."¹³

And what may follow from this ruling of the court is thus told by the same justice, in words that ought to be compared with Lincoln's apprehension that the effect of the Dred Scott decision would be to spread slavery over the north:

"It is our duty to look at the consequence of any decision that may be rendered. . . . If congress, under its power to regulate commerce with foreign nations and among the several States can authorize the arrest of a seaman who engaged to serve upon a private vessel, and compel him by force to return to the vessel and remain during the term for which he engaged, a similar rule may be prescribed as to employees upon railroads and steamboats engaged in commerce among the States. Even if it were conceded—a concession to be made only for argument's sake—that it could be made a criminal offense, punishable by fine or imprisonment or both, for such employees to quit their employment before the expiration of the term for which they agreed to serve, it would not follow that they could be compelled, against their will and in advance of trial and conviction, to continue in such service. But the decision to-day logically leads to the conclusion that such a power exists in congress. Again, as the legislatures of the States have all legislative power not prohibited to them, while congress can only exercise certain enumerated powers for accomplishing specified objects, why may not the State, under the principles this day announced, compel all employees of railroads engaged in domestic commerce, and all domestic servants, and all employees in private establishments, within their respective limits, to remain with their employers during the term for which they were severally engaged, under the penalty of being arrested by some sheriff or constable, and forcibly returned to the service of their employers?"¹⁴

¹³Robertson v. Baldwin, 165 U. S., 302, 303.

¹⁴Id.

Somehow the popular excitement over the Debs and income tax cases has prevented the public from bestowing fit attention upon the Arago case; and this justifies the large space which we have devoted to it. It needs not here to add anything to Mr. Justice Harlan's invective; and we leave the ruling to the sober contemplation of our reader as the extreme advance of the United States supreme court in its disregard of the federal constitution. In all probability the plutocrats will push the courts into extending the rulings. Which class of their employees will next be made slaves? The answer is that which they ask from the judges in their service and pay. And when judicial amendment of the constitution on this subject is complete, the old clause which many people thought had been swept away by the Thirteenth Amendment, will reappear in wider scope, being substantially as follows:

"Any person held to service or labor under contract, shall be delivered up wherever found in the United States or its possessions, on claim of the plutocrat to whom such service or labor may be due."

We pass now to another striking example of pro-plutocratic interpretation of the federal constitution by the supreme court in the Nebraska maximum rate case.

The constitution of Nebraska empowered the legislature to establish maximum railroad passenger and freight rates. The legislature accordingly passed an act prescribing such rates. In a bill filed in the United States circuit court, the railroads contended that for them to obey this statute would reduce their earnings from their business within the State below operating expenses of such business, and an injunction of the officers of the State charged with enforcing the act was prayed. The roads won, and on appeal the supreme court sustained the circuit court upon certain alleged constitutional grounds which impressively show what plastic material the federal constitution has become to that high court. The rulings pertinent here, with our comments on each, are as follows:

1. Whether rates prescribed for persons and property within the limits of the State are reasonable or not, must be determined without regard to the profits derived by the road from its interstate business. The State cannot by showing these profits to be large justify the unreasonably low rates on local traffic. Interstate commerce is regulated by congress, and the latter alone is empowered to fix interstate rates.

The meaning of this is, that that part of transportation of persons and things by a railroad which begins in the State and goes out of it, or which begins out of it and ends within it, or which comes from or goes to other places entirely across the State, which belongs just as much to the business of the railroad as its transportation between two places within the State—this part of the business must be ignored, and even if an unconscionable profit be arising from it, rates on its State transportation must not be reduced by the State authorities below such a figure as will give the road a reasonable profit on that considered apart from the interstate transportation.

You must look outside the report in order to find the purpose of the plutocrats directing the court, when they procure this arbitrary severance of a matter which is in its nature inseverable and entire. And when you look in the right place, you find the reason to be, that the railroads prefer to magnify the sphere of the interstate commerce commission, which commission they have at last fashioned to their mind, and restrict the sphere of the State, which they find it hard to keep in as complete subjection as they do congress. Accordingly, the court invoked the constitutional power of congress to "regulate commerce . . . among the several States." To all the world, this clause means, as to this particular matter, that after the act establishing the commission went into operation, a State cannot prescribe interstate rates. But the court stretched the prohibition further, and makes it mean that the State cannot even take interstate rates into con-

sideration when it exercises its indubitable power of preventing extortionate charges for public service within its borders.

2. Having made the ruling just stated, the court compared the statute with the provisions of the Fourteenth Amendment against depriving of property without due process of law and denying the equal protection of the laws, and held it to contravene these provisions because of certain evidence showing that under the prescribed rates, no profits could be earned on State traffic. It mattered not if the loss was more than compensated by an undue profit from interstate traffic.

The way that the court by a juggle of construction removed the support which justice and right gave the law was bad enough. But our chief concern is with the exhibition which the court makes of itself as the protector of the railroads. It checks the commission from proper regulation of interstate rates, as will be told later, and these rates are what the roads themselves fix, and, therefore, always too high; and, on the other hand, it prevents the State from making these overcharges a reason for so reducing the State rates as would cause the entire business of the carrier within its borders to yield no more than a reasonable income. If the supreme court had done its duty by the commission, and thus made it what it was intended to be, there would have been no undue interstate profits to justify the Nebraska act, and it probably never would have passed. But had it been passed, and reduced rates unreasonably, the setting it aside by the court would have been applauded by all, instead of producing the shock which the decision gave the entire country.

It was a convincing proof, added to many others, that that tribunal stands ready to read any clauses of the constitution just as the plutocrats desire.

3. The Eleventh Amendment of the federal constitution provides that a State cannot be sued in a federal court by citizens of another State. And this was really a suit by such citizens against the State of Nebraska, in order to prevent her from enforcing

the new rates. But as stated in a headnote, the court said: "A suit against individuals for the purpose of preventing them, *as officers of a State*, from enforcing an unconstitutional enactment to the injury of the rights of the plaintiff is not a suit against the State within the meaning of the Eleventh Amendment."

And such was held, and shown by citations of previous rulings, to be the "settled doctrine" of the court.

A plutocrat can always sue a State in a federal court in spite of the Eleventh Amendment if these two conditions concur:

If he show that his pocket is deeply touched by the execution of a law of the State.

And, if, in the next place, he show the law to be such that the federal courts will say it contravenes the constitution of the United States, although it does not. The income tax decision—not to mention several others—proves this.

He can then—to illustrate from the Nebraska case—file his bill against men who are respectively such State officers as the attorney general, secretary of state, auditor of public accounts, State treasurer, and commissioner of public lands and buildings, who constitute the State board of transportation, and allege therein, such facts as have been already suggested; and, at last, he gets a judgment really against the State, and it is really enforced against the State. But, mark you, he has not sued the State. He has done a very different thing. He has merely sued and stopped from official action as individuals, those officers of the State by whom it must act if it acts at all. If you were ordered to stop a horse, and you did nothing but tie his legs so securely he could not use them, that would be stopping the legs, not the horse; and it would not avail you as a defense against the charge of disobedience to show that the horse moves only by his legs, and that when you stopped them you stopped him.

Having in the three cases just reviewed, illustrated the interpretation by the supreme court of the federal constitution ac-

ording to the wishes of the plutocrats, we will now illustrate its similar interpretation of statutes.

In 1883, congress passed the act creating the interstate commerce commission, the main purpose of which act was to prevent transportation abuses. The first section prohibits all unjust and unreasonable charges for service. Sections follow forbidding discrimination, undue preference, higher charges for the short than the long haul, and pooling, and directing that the carriers prepare and publish schedules of rates. A section creates the commission. Another section, as amended by the act of 1889, empowers the commission to inquire into the management of their business by all common carriers, and demand from them full and complete information. Then occur these words to which we would have you give special attention: "the commission is hereby authorized to execute and enforce the provisions of this act." The act is complete, both in its prohibition of distinctly defined transportation abuses, and the machinery created for enforcing the prohibition. The railroad owners and managers so understood the act, as appears from their objections against it profusely strewn through the newspapers and magazines of the time. The country at large had the same understanding. So had the commission, which, for ten years after its organization had confidently claimed and exercised "authority to prescribe maximum reasonable rates in contested cases."¹⁵ During these ten years many controversies between shippers contending that a rate was unreasonably high, and carriers contending on the other hand that it was not, were heard by the commission on the evidence of both sides. No better way of determining what is a reasonable rate can be suggested. Having heard arguments and considered the evidence the commission would decide what was a reasonable maximum rate for the particular service involved in the case, and it would prescribe that for the future. And surely it will not be questioned by any one

¹⁵12th Annual Report of I. C. C., 23.

disinterested, that this action was not only a wise, but also a lawful execution and enforcement of the statutory provisions prohibiting unreasonable charges. But the carriers were no more willing for the commission to settle what should be their reasonable maximum charges on interstate business, than they were for the Nebraska legislature to do that for them on State business, and so they did in this case the same thing which they did in the other—they called in their accommodating interpreter to interpret out of existence the enactment which was the foundation of the interstate commerce commission. The decisions made by the supreme court in their favor sufficiently appear in this headnote, taken from the report of the last one:

“Cincinnati, New Orleans & Texas Pacific Railroad v. Interstate Commerce Commission, 162 U. S. 184, [decided March 30, 1896,] and Interstate Commerce Commission v. Cincinnati, New Orleans & Texas Pacific Railway Co., 167 U. S. 479, adhered to, to the points that congress has not conferred upon the interstate commission the legislative power of prescribing rates, either maximum, or minimum, or absolute; and that, as it did not give the express power to the commission, it did not intend to secure the same result indirectly by empowering that tribunal, after having determined what, in reference to the past, were reasonable and just rates, to obtain from the courts a peremptory order that in the future the railroad companies should follow the rates thus determined to have been in the past reasonable and just.”¹⁶ The effect of these decisions is well stated in a dissenting opinion of Mr. Justice Harlan:

“The commission was established to protect the public against the improper practices of transportation companies engaged in commerce among the several States. It has been left, it is true, with power to make reports, and to issue protests. But it has been

¹⁶I. C. C. v. Midland Railway Co., 168 U. S., 144.

shorn by judicial interpretation of authority to do anything of an effective character."¹⁷

The different instances of the interpretation mentioned in the last sentence have been happily termed "the discoveries and decisions of the courts giving to the act an interpretation contrary to the general understanding of its scope and purposes."¹⁸

We will now give you several cases under the Sherman anti-trust act of July 2, 1890, which illustrate how the act is interpreted to protect conspiracies in restraint of trade which are gigantic and powerful, to smash those which are small and weak, and also crush labor organizations striking to enforce a contract which plutocratic employers have repudiated.

We begin with the Sugar Trust case,¹⁹ which was decided January 21, 1895. The American Sugar Refining company, better known as the sugar trust, was a corporation organized under the laws of New Jersey, "for the purpose of buying, *manufacturing* and *selling sugar* in different parts of the country."²⁰ Before March 4, 1892, the trust had acquired all the refineries in the United States except one in Boston, turning out about 2%, and four in Philadelphia, turning out about 33 1-3% of the product of the United States. All these companies were actively competing with the trust. About March 4, 1892, the latter got control of the four Philadelphia refineries by the purchase of their stock, for which it paid the holders certain shares of its own stock, and thus united under one management, the entire business of refining and selling sugar, with the exception of the 2% of the solitary independent in Boston. Although the court below decided in favor of the trust, it said that its object in purchasing the four refineries, "was to obtain a greater influence or more perfect control over the business of refining and selling sugar in this country,"²¹

¹⁷I. C. C. v. Ala. Midland Ry., 168, U. S., 144.

¹⁸11th Annual Report of I. C. C., 6.

¹⁹United States v. E. C. Knight Co., 157, U. S., 1.

²⁰Dissenting Opinion of Harlan, J., id., 18.

²¹Quoted by Harlan, J., in his dissenting opinion, U. S. v. E. C. Knight Co., 157, U. S., 18.

and there can be no doubt that this was the object, and that the result was to give the trust a practical monopoly. Surely here was a palpable violation of the Sherman anti-trust act of 1890, which,—to quote its language—makes “every contract, combination in the form of trust or otherwise, or conspiracy in restraint of trade or commerce among the several States or with foreign nations,” a misdemeanor; and under the jurisdiction conferred the circuit court ought to have dissolved the monopoly and restrained all further violation of the act by the parties to the purchases. And the United States district attorney, under the direction of the attorney general of the United States, as provided in the act, had filed a bill in the proper United States court against the four Pennsylvania corporations owning the Philadelphia refineries and the American Sugar Refining company, setting out the facts which we have told, the ground of which bill, as stated in the opinion of the supreme court, “was the existence of contracts to monopolize interstate or international trade or commerce, and to restrain such trade or commerce, which by the provisions of the act could be rescinded, or operations thereunder arrested.”²²

It was contended in this bill that the court should either rescind the illegal contract of purchase of the stock creating the monopoly, or should enjoin the parties from performing these contracts.

If the case had been before unbiased judges, it would have gone for the government both below and above; for all the material allegations of the bill, which we have shown to be amply sufficient in law, were proved—nay, virtually admitted—and there was really no pretense of any valid defense.

But the Supreme court delivered the combination, proved to have acquired 98% of the sugar trade of the United States, by an easy stroke. It resolutely ignored the trust's monopoly of the sale of sugar among the States, which sprang into the eyes as the most striking fact of the case, and willfully assumed that only a monopoly of manufacture in Pennsylvania had been created by

²²United States v. E. C. Knight Co., 157 U. S., 9.

the transaction described. Refining sugar in one State bears no direct relation to commerce between the State or with foreign nations, says the headnote. And the opinion, after admitting that the products of the newly acquired refineries were sold among the States and to foreign nations, thus makes an acute discrimination in the fine phrase: "but this is no more than to say that trade and commerce served manufacture to fulfill its function."²³

This opinion should stand high among your select specimens of reasoning which support a distinction without a difference so seriously and elaborately that they cannot be thought ironical. It is, perhaps, only surpassed by Mr. Justice Peckham, further developing the same distinction in the two live stock exchange cases soon to be noticed.

By reason of their conspicuousness, the exploits of the sugar trust in obtaining the good will and co-operation of the senator and president of the United States in its business, have been applauded and celebrated all over the country, but the procurement of the decision of the supreme court interpreting the anti-trust act not according to the rules announced by eminent judges and text authors, but according to the wishes of the trust, has not yet received a tithe of the praise due to so great an achievement.²⁴

Now for the live stock exchanges cases.²⁴ We begin with the first cited in the last footnote. In our statement we will make some use of the circuit court report.²⁵

These are the two material questions:

(1) whether there was or not a combination in restraint of trade;

(2) whether, if there was such a combination, the trade restrained was interstate, or not.

As to the combination. The Kansas City live stock exchange owned the only stock yards at Kansas City. The members of

²³U. S. v. E. C. Knight Co., 157 U. S., 17.

²⁴Hopkins v. United States, 171 U. S., 578; Anderson v. United States, Id., 604. They were decided Oct. 24, 1898.

²⁵United States v. Hopkins, 82, F., 529.

the exchange were commission merchants, receiving each consignments of live stock, feeding the stock and preparing it for market in the yards, and then selling it for the owner. Under the rules, a minimum rate of commission on sales of live stock was fixed, no prepaid telegrams or telephone messages quoting the market could be sent, and members were not to have any dealings and business intercourse as to live stock with non-members or members suspended for violation of the rules. The result was that "persons attempting to carry on business without joining the exchange, were systematically blacklisted and boycotted, and thus effectually prevented from securing or transacting business."²⁶

The exchange as such did no business. The members as individuals did all the business, competing with one another under the strictly observed rules, and maintaining commissions as railroad pooling agreements maintain rates. The live stock owner had only Hobson's choice in selecting a commission merchant. It would be a waste of time to argue that this combination of the members of the stock exchange was not one in restraint of commerce in live stock. Even the majority of the supreme court did not deny this.

Now as to the second and main point, whether the commerce restrained by the combination was interstate or not. Attend well to the facts. The live stock which we have mentioned is that of Nebraska, Colorado, Texas, Missouri, Iowa, Kansas, Oklahoma, Arizona and New Mexico intended for market away from home. Only a relatively small portion of it is consumed in Kansas City and the vicinity. The great bulk of it is habitually sold by the commission merchants, who are members of the exchange as already narrated, to markets in the east in other States, especially Chicago, St. Louis and New York. These commission merchants strive diligently for the patronage of the live stock producers by sending solicitors, and advertising, among them. It is a part of their business to advance a liberal portion of the value of consign-

²⁶United States v. Hopkins, 82 F., 529.

ments on drafts, with bill of lading attached, and the banks everywhere in the live stock territory discount these drafts. Now is this stock business interstate commerce or not? The Kansas City merchant solicits live stock from a ranch owner in Texas for sale on commission. The latter accordingly ships it out of Texas into Kansas consigned to the merchant at Kansas City. The merchant may sell and deliver it to a local speculator or buyer, or he may sell and ship it to a distant market, say, to a Chicago packing house. The affair which we are examining commences in the State of Texas, goes thence to the State of Kansas, whence it may go on no further, or it may go on to the State of Illinois; and whether the stock is delivered in Kansas City or in Chicago, this affair does not end until the commission merchant has remitted the ranch owner the proceeds of the sale less commissions. In the first case it belongs to commerce between Texas and Kansas, not to mention other States through which the stock is carried en route to Kansas; in the second case it belongs to commerce between at least Texas, Kansas, and Illinois, not to mention other intervening States. It is never entirely performed, all of it done, in a single State. When you analyze what this commission merchant is doing down to its real essence, it appears that he is only a go-between for producers in one State seeking buyers in another State. As to him, the middle man, and as to the seller of the stock, and the purchaser of the stock, the commerce is undeniably and palpably interstate. But Mr. Justice Peckham, with signal ability to show one thing to be another, transforms it into something widely different. With painstaking ratiocination he argues away every essential of the live stock business done by the members of the exchange, replacing them with others of contrary nature, so that in the end he has metamorphosed what was manifestly interstate into an exclusively Kansas City affair.

The last case was against members of the Kansas City Live Stock Exchange, which you recollect owns the only stock yards at Kansas City. The case now to be considered was against mem

bers of another exchange—the Traders' Live Stock Exchange²⁷ an unincorporated association; and these members did business at the stock yards of the other exchange. They were not commission merchants as the members of the other were, but they were purchasers and speculators. It will be convenient to distinguish the two by calling the Kansas City Live Stock Exchange, the commission merchants' exchange, and the other the traders' exchange. Like the commission merchants' exchange, the traders' exchange did no business itself, its members freely competing with one another. Under its rules, they did not recognize any yard trader unless he was a member of the traders' exchange, where there were two or more persons trading together as partners every one of them had to become a member, and no member could employ a non-member as buyer or seller. It was shown by affidavits that members of the traders' exchange by vigilant interference habitually kept every commission merchant at Kansas City from selling live stock to any yard trader not a member of that exchange—an important fact which received no notice from the court.

The members of the traders' exchange dealt in what they called "stockers and feeders." This is live stock "not intended for any other market, and the demand for which is purely local."²⁸

The rest of the live stock that daily overflowed the stock yards was sold by the commission merchants elsewhere, as was mentioned in our account of the other case. The commission merchants' exchange owned the stock yards to which all the live stock must come; and its members permitted none of it to be sold at Kansas City to a non-member of the traders' exchange. It is clear that the traders' exchange differed from the other exchange only in name, just as the railroad construction company is usually but the other self of the railroad company. Now was this working together of the two exchanges a combination in restraint of trade? We have shown you above that the owner, whether his

²⁷Anderson v. United States, 171 U. S., 604.

²⁸United States v. Anderson, 171 U. S., 614.

stock is intended for the local market at Kansas City, or whether it is to go beyond, must pay the minimum commission fixed by the rule of the merchants' exchange, and this is clearly restraint. But if he has sent stockers and feeders to be sold at Kansas City, while he must pay this minimum commission on these, he is under still another restraint, which is, that his commission merchant can sell to nobody but a member of the traders' exchange. What is all this in its final resolution but to demonstrate he can get nothing for his stockers and feeders but the price offered by the buyer, who prevents all competing bids? Plainly he who sells at Kansas City is under more restraint—so far as the evidence in these two cases shows—than he who has his commission merchant to sell to the east; but the supreme court said that the actions of the members of the traders' exchange were not in restraint of any kind of trade, and therefore it was not investigated whether the commerce in which they were engaged was interstate or not.

The facts show that this business without any exception—whether that of the members of the merchants' exchange or that of the members of the traders' exchange—is necessarily interstate commerce, and further that the combination of the two exchanges has acquired a complete monopoly of it all.

Kansas City and the stock yards mentioned are each partly in the State of Kansas and partly in the State of Missouri. The suit against the members of the commission merchants' exchange was in the proper United States court of Kansas, that against the members of the traders' exchange in that of Missouri. Each was brought by the United States attorney of the particular district under the direction of the attorney general of the United States, as is provided in the anti-trust law. To understand the amazing reversal by the supreme court of the judgments of the circuit courts you must remember that the attorney general is as much the creature of the plutocrats as the judges themselves. Had a really searching *bona fide* investigation of the subject matter of these cases been desired by the United States government, one petition only would

have been filed, setting out the interrelations of the real owners of the stock yards, the two exchanges, the railroad managers, and the great packing houses, alleging a combination of them all in restraint of the interstate live stock trade. The result of such a suit, prosecuted with average diligence, in a non-plutocratic court, would have been the fit sequel to the work of the United States senate committee which some 10 years ago reported "that the overwhelming weight of testimony from witnesses of the highest character, and from all parts of the west, is to the effect that cattle owners going with their cattle to the Chicago and Kansas City markets find no competition among buyers, and if they refuse to take the first bid are generally forced to accept a lower one."²⁹

What made the supreme court render judgment in these two cases against fact and law? What was the *ratio decidendi*? The answer is easy for one who has studied the situation. The consolidation of our railroads rapidly approaches completeness; and a parallel consolidation is going on. It is mentioned in the answer of the members of the commission merchants' exchange that there are similar exchanges in Chicago, East St. Louis, Illinois, Omaha, Indianapolis, Buffalo, Sioux City and Fort Worth. These exchanges are the screens of the railroad managers who have consolidated the live stock business of the country. These managers and the plutocratic trusts are in secret partnership. The live-stock combination, a part only of which exhibits itself in these two cases, is the chrysalis out of which comes the butterfly of the meat trust—a trust ranking in power over the courts with the oil and sugar trusts. If the chrysalis was destroyed there could be no butterfly. The opposeless influence of the butterfly brought the two decisions saving the chrysalis.

Having seen how the supreme court interprets the anti-trust law where the plutocratic trusts are interested, we will now look at a case in which a non-plutocratic upstart of a trust was questioned under the same law.

²⁹Lloyd, *Wealth against Commonwealth*, 25.

Six companies in all—one of Ohio, one of Kentucky, two of Alabama, and two of Tennessee—had formed a combination among themselves to control the furnishing of cast iron pipe to municipal corporations, and gas and water companies in a large territory. Their joint output was 220,000 tons, for which they were content to get from \$13.00 to \$15.00 a ton at their foundries. When you compare this \$3,000,000 of gross receipts with the \$21,000,000 net profits of the Carnegie concern you realize what a small affair was this alleged pipe trust. It was investigated in the same kind of proceedings as the sugar trust, and live stock exchanges were.³⁰ We need not trouble you with the details of the evidence, from which it satisfactorily appeared that the purpose of the combination was to restrain both the manufacture and sale of iron pipe among several of the States. The fact that it contravened the Sherman act, as we have learned from the foregoing, is unimportant. But there is an important fact appearing in the report which we have not yet mentioned. It is that this concern had the advantage of lower freight rates over the large pipe foundries in New York, Eastern Pennsylvania and New Jersey, on contracts to deliver pipe in its territory.³¹ It is probable that these foundries convinced the attorney general of the United States it was very wicked for this puny corporation to put on the airs of the sugar trust and defy the Sherman anti-trust law. The suit commenced under his direction was successful, and this so-called trust was dissolved.

We must mention in this connection that the treatment of striking and boycotting labor organizations by the United States circuit courts as conspiracies in restraint of interstate commerce, to be proceeded against under this same anti-trust law, has received the approval of the supreme court in the Debs case, which we will consider more fully a little later.

We close this review of anti-trust law cases with the two decisions against railroad combination.³² The idolaters of the United States supreme court, who are either plutocrats or their

³⁰Addyston Pipe and Steel Co. v. U. S., 175, U. S., 211. ³¹Id., 224.

claquers, constantly parade these cases as convincing evidence of its independence and impartiality. Why, in the last, the court dissolved a combination which fixed rates and charges on 31 railroads carrying between Chicago and the Atlantic coast—a combination to which the most opulent railroad, trust and money magnates of the country all belonged. You, working men, ought not to take it so hard that the court refused to release Debs and his companions. It puts grievous loads on us too. It is without fear, favor, or affection—a court of ideally perfect justice, disciplining the poor and the rich alike. Therefore, all of us should bow without murmur to its righteous judgments.

Recollect that these suits against combinations alleged to be in restraint of interstate commerce, are brought by the United States attorney of the district under the direction of the attorney general of the United States. There can be no budge of initiative until the latter gives the word. Who makes the attorney general of the United States? He is appointed at the dictation of those who make the president. Now think of the parties to the Joint Traffic Association. The railroads upon which the wealthiest and most populous communities of the United States depend, were in it. The coal, oil and steel, grain, meat, sugar and other trusts were really in it. And that trust which holds the reserves of all the others, financing the treasury of the United States, and dictating, just as it pleases, what shall be the standard of value, what legal tender, the volume of the currency, and the price level—the gigantic money trust was in it. The plutocrats who control the constituted authorities of American government, from those of the township and the militia district, through the entire list up to those of the nation, and make each one do their will in all things, at all times, had united in this the most economically and politically potent combination ever seen in this country. Think

²²United States v. Trans-Missouri Freight Association, 166 U. S., 290, decided March 22, 1897; United States v. Joint Traffic Association, 171 U. S., 505, decided Oct. 24, 1898.

over it, and then let us see if you can be the gump to believe that the attorney general moved against the Joint Traffic Association without its own invitation.

We may not yet divine exactly the purpose of this suit; but, for all that, we can be certain that neither the attorney general nor the supreme court did anything in it that the great combination did not want. The suit and judgment will probably be made in some way to further the project of the railroads for congressional legislation, authorizing pooling agreements, with a pliable interstate commerce commission as arbiter over rates. When this is accomplished, the weaker roads, which the most stringent traffic agreements cannot now keep from cutting, will be coerced into maintaining the rates which the stronger ones fix.

Having shown how the supreme court interprets the constitution and acts of congress, we will give you two examples of how it interprets the unwritten law, which is called the common law, or better, the general law. The non-professional reader will understand its importance when he is told that it is by far the larger part of the body of the law. We illustrated above the interpretation of certain clauses of the federal constitution by the Nebraska maximum rate case. We must use that case again to illustrate the interpretation which the supreme court makes of the term "reasonable," as qualifying rates, which word belongs to the vocabulary of unwritten or general law.

The point which we wish to enforce is that the supreme court by its rulings enables the carrier to nullify any reduction and disregard any maximum rate prescribed by a State or municipality, under the pretext that such reduction and maximum are unreasonable. The reasonableness or unreasonableness is made a question of fact to be tried by plutocratic masters and judges. Consideration of the probable increase of business because of the reduction is not permitted, and the great volume of franchise concealing water in the securities of the railroad is energetically protected against

confiscation. Having thus properly prepared you to consider it, now attend to the rulings which we quote:

“The basis of all calculations as to reasonableness of rates charged by a corporation maintaining a highway under legislative sanction must be the fair value of the property used by it for the convenience of the public; and in order to ascertain that value, the original cost of construction, the amount and market value of its bonds and stocks, the present as compared with the original cost of construction, the probable earning capacity of the property under particular rates prescribed by statute, and the sum required to meet operating expenses, are all matters for consideration, and are to be given as much weight as may be just and right in each case.”³³

The value of no property is better settled by the market than that of railroads. If one acquires all the outstanding bonds, and all the capital stock of a railroad, he can cancel the bonds and become sole and absolute owner. This demonstrates that the value of these bonds and stock in the market is the fair value of the property. Why did not the supreme court apply this axiomatic rule, which it had solemnly approved in a prior ruling,³⁴ to ascertain what is the true amount of corpus or principal on which the income should be reckoned? Because the railroad will none of it. They want the water which hides the value of the franchise, for which they pay nothing, recognized as a part of their capital which should make earnings, in order to conceal the unconscionable profits which they derive from their small actual investment. And so the court formulated a rule which suited its wards. Besides the market value of the securities, the original cost of construction, present cost to be compared with that, amount disbursed for permanent improvements, probable earning capacity under stated rates, necessary operating expenses—these were also to be considered—each one of these items being a hotly contested

³³Smyth v. Ames, 169 U. S., 466.

³⁴State Railroad Tax cases, 92 U. S.

issue of fact between the railroads on one side magnifying their investment to make their receipts appear relatively small, and the public on the other side alleging—and proving inflation—to show the receipts to be relatively very large. On such issues the railroads have the advantage before their particular triers of fact; and when the latter report in their favor, the partial judge will hold that their findings are amply supported by evidence. In fact there will always be a great volume of the semblance of evidence, on that side. The magnates of the road, its bookkeepers, and all its big and little accountants exhibit such large items of original and present cost, of permanent improvements, of operating expenses, and such small earnings that on a balance it appears the road was losing money before the reduction was made, and must inevitably go into a receivership if it is enforced. This is always the case, although it has occurred almost without exception that when rates are lowered patronage is thereby so greatly stimulated that profits increase. The evidence of the railroad just indicated always turns the scale. Had the supreme court laid down the right rule, the State or city contending for a reduction could simply call reputable bond and stock brokers, and in a flash, the fair value of the railroad property would be made too clear to be seriously disputed. The remaining items necessary to be inquired into, such as receipts, expenses, and earnings from given rates, could be easily settled by the books and all belonging papers of the company.

The supreme court energetically affirmed the ruling now in hand.³⁵ Under these two decisions all public service corporations, telegraph, telephone, street railroad, gas, and electric light companies, as well as long distance railroads, are practically given unlimited power to maintain the old rates established before the cheapening processes and methods and the lowered prices of the present came in, just so long as they please. What is this but judicial

³⁵Chicago, etc., Ry. Co. v. Tompkins, 176, decided Jan. 22, 1900. It is commonly called the South Dakota maximum rate case.

sanction of public robbery? No good citizen can feel that Mr. John Davis, of Kansas, goes too far, when he calls the Nebraska maximum rate case another Dred Scott decision.³⁶

We have now come to the famous Debs case. Shortly before it was made, employees had struck because of the breach by a railroad of its contract with them as to hours and wages. That and connecting roads applied to the United States circuit court, and it issued a process enjoining the strikers from quitting service. An engine runner quitted after notice of the injunction. The court fined him \$50.00 for contempt, announcing that a second offense would be visited with both fine and imprisonment.³⁷

A distinguished lawyer comments thus: "Here the laborers did the only thing they could do to make the railroad keep its contract. It will be noted that this court . . . within whose jurisdiction lived both the working men and this corporation, made not the slightest effort to prevent the corporation from breaking its contract and working the men longer hours and for less pay than they had contracted for. But the same court which had shut its eyes and folded its arms at the lawlessness of the corporation took the helpless working man by the throat, and under penalty of jailing him without a jury trial, compelled him to do a thing which he had not contracted to do."³⁸

Thus government by injunction commenced its career in self-governing America. Not very long afterwards, the Debs case occurred, as to which we must begin with a word of introduction.

Unions of railroad workers had always been confined to those of a particular class; but in 1892, Debs founded the American Railway union, which admitted to membership "every employee from the section man and engine wiper to the conductor and engineer."³⁹ In a short time, men promiscuously from all ranks

³⁶Public Ownership of Railroads, 57.

³⁷Toledo, etc., Ry. Co., v. Penn. Co., 54, F., 746.

³⁸Address of John W. Akin, Esq., before the Ga. Bar Association, July 7, 1898, 22.

of the railroad service had joined it, and it counted its members by myriads. The first important strike it ordered was on the Great Northern. "The road was successfully tied up from St. Paul to the Pacific ocean, and the company forced to restore the wages of all employees, amounting in the aggregate to many thousands of dollars a month."⁴⁰

This was proof of the strength of all the sticks united in the same bundle. It was also proof of the grasp of the situation by Debs, and that he had rare gifts of leadership. The workers were joyfully hailing the promise of shorter hours and decent wages. But the railroad owners are no more willing to give this due to their employees than they are to submit to a rightful reduction of their extortionate rates at the hands of the interstate commerce commission, or the State. The General Managers' Association resolved that the American Railway union must be crushed before it became stronger. Under its influence, certain railroad employees were discharged for being members of the union. Contemporaneously the wages of certain other employees of the Pullman company, likewise members of the union, had been severely cut and they had struck. The plutocratic press assiduously asserts that Debs meddled with business not his own, when he came to the aid of the Pullman employees; but this is nonsense. A war was actually waging against his union, and this Pullman affair was a part of the war. It was but a defensive measure for him to side with the strikers. And so under his lead as president, the American Railway union combined with them in a boycott of the railroads entering Chicago carrying Pullman cars, and thus all trains containing such cars were stopped. The railroads could easily have left the contest where they found it, by not carrying the boycotted cars. There was surely no obligation upon them to discontinue all the rest of their business, because that of and with the Pullman company was checked. While they denounced the union for enlisting in a controversy between others, they thought it right

⁴⁰Appeal to Reason, Sept. 1, 1900.

⁴¹Id.

to do the same thing, and they made the cause of the Pullman company their own. When their trains were held up in consequence, they cried out to the United States government, "These boycotters are interfering with interstate commerce, and the transportation of the mails. The Pullman cars of our trains are an instrumentality of interstate commerce, and these same trains carry the mails." As the mails are not carried in the Pullman cars the government ought to have replied to the twenty-two railroads, "It is you, and not the boycotters who have stopped the mails. The mails will go if you detach the Pullman cars." It is true that some interstate travel uses the sleepers, but what proportion was not made to appear; nor how much of it would have gone on in the passenger cars rather than injure the cause of the strikers. The only justifying ground of intervention by the government was unintentionally left in the dark; and under the direction of the attorney general of the United States—we have already told you how the plutocrats make him do their bidding—the United States attorney of the northern district of Illinois, filed a bill in that jurisdiction against Debs, as president of the union, and its other officers, alleging an obstruction of interstate commerce and of carriage of the mails, praying injunction.⁴¹ The only true explanation possible of this action is that the railroads, the Pullman company, the express company, and all the other plutocrats in the land sympathizing had resolved to use to the full the powers of the United States government to win a decisive victory over organized labor. The sequel shows that they had their will from the attorney general of the United States, from the circuit court of the district mentioned, from the president who sent them the regulars when the governor of the State said they were not needed, and lastly and most important of all, from the supreme court. The injunction—not to mention its many specific prohibitions—commanded Debs and the other officers of the union to desist and refrain from interfering with or hindering any of the twenty-two

⁴¹United States v. Debs, 64 F., 724.

railroads in doing their interstate business of carrying the mails. But the injunction did not start the cars. Debs officially maintained the boycott, peacefully and lawfully. His generalship and his conduct were superb; and had the United States circuit court administered only the law, he would have succeeded gloriously and righteously. He was charged with violating the injunction. It was proved that threats of violence were used by others in furthering the boycott. But Debs had from the first to the last, exerted himself to prevent all unlawful conduct. It is never to be forgotten, that he was placed upon trial on an indictment charging participation in these illegal acts, and no evidence could be had to support it. But when the contempt was heard, Judge Woods assumed that these threats and violence were in law his acts. He was convicted, and sent to jail for six months. He petitioned the supreme court for *habeas corpus*. We must say something of the judgment denying the writ.⁴² It would seem to one who had not specially studied the case, that Judge Woods had gone to the very extreme in satisfying the demands of the plutocrats. The supreme court went far beyond him. He had relied mainly on the Sherman anti-trust act to sustain his jurisdiction, treating the boycott as a conspiracy in restraint of interstate trade. The supreme court founded its judgment upon a broader ground. This broader ground, as declared in the opinion, is that the United States has unlimited power over interstate commerce and transmission of the mails; that this power has been assumed and put into practical exercise by congressional legislation; that in the exercise of this power, the United States may remove everything on natural and artificial highways which obstruct the passage of interstate commerce or the mails; that the executive can use force in the premises; and that the courts can remove or restrain such obstructions by injunction.

What impelled the court to go so far? Why, the plutocrats

⁴²In *re Debs, Petitioner*, 158 U. S., 564. The decision was made May 27, 1895.

wanted explicit proclamation from the highest authority in the land substantially as follows:

“You laborers employed upon railroads and boats and vessels engaged either in interstate commerce or carrying the mails—that is, upon all railroads in the land, and in all the more important water transportation between the States—must do nothing which can tend in any way to interfere with such carriers in their business. It matters not how employers lengthen your hours, give you insufficient pay, and cut that at will, and heap upon you other wrongs and oppressions; if these things drive you to boycott the agencies of transportation, the president, not waiting for a call from the governor of the State, shall send the regulars to shoot you down, and the federal courts shall proceed against you without a jury, convict you and imprison you at will.”

The plutocrats got the new law made to their order, and promulgated over land, river, lake and sea, by the supreme court. And, henceforth, it is to be government, either by the regulars or by injunction or by both, at their good will and pleasure.

Note how proud the court is of the efficiency of government by its injunction. The opinion quotes with manifest satisfaction, the testimony of Debs before the United States Strike Commission, that it was the United States court and not the soldiers that ended the strike. He testified: “The men went back, . . . and the strike was broken up . . . not by the army, and not by any other power, but simply and solely by the action of the United States court in restraining us from discharging our duties as officers and representatives of our employees.”

This shows a keen appreciation by the court of its great claims upon the plutocrats. It is as much as to say to their favorites: “The police, the militia, the regulars cannot all together do more for you against a strike or boycott than to ward off attacks upon your property or upon the men you employ to take the places of the strikers. That does not take your business out of its standstill. But we are the ones who can start your wheels and keep

them rolling as before. We can capture and jail the officers of the labor organizations, the leaders of your revolting men, and this leaves the latter in your power to do with them as you please. We alone possess this inevitable weapon against labor organizations, to be used in your behalf whenever you ask."

Government by injunction has developed and expanded its territory rapidly since it was made so respectable by the decision of the supreme court in the Debs case. It is the emulation of all federal judges dealing with strikers. One of these justifying injunction in a case where there was no obstruction of highways used in interstate commerce or transporting the mails, but which involved nothing but the business of manufacture at a particular place, said of the Debs case, "It is all sufficient for every court."⁴³ It is further to be noted that while this judge did not have the regulars in competition with his deputy marshals, he took occasion to state how the city authorities and police failed to keep the streets open against the strikers.⁴⁴ He plumes himself after the manner of Judge Woods, and also of the supreme court, in the opinions in the Debs case, upon the superiority of United States marshals, armed with injunction process, to police, with clubs and six shooters.

Shortly before the case last cited was decided, a thoroughly peaceful boycott was enjoined. Here is a brief statement of the material facts and the cardinal point ruled:

A combination of members of a labor organization to compel a manufacturer to discontinue the use of certain machinery in making barrels by warning customers not to buy the barrels so made, and by notifying members of other organizations not to buy products packed in such barrels, is an unlawful conspiracy.⁴⁵

Caldwell, the circuit judge, dissenting in the case just cited,

⁴³Hammond, J., *American Steel and Wire Co. v. Wire Drawers*, 90 F., 515.

⁴⁴*Id.*, 620, 621.

⁴⁵*Hopkins v. Oxley Sta o.*, 83 F., 912.

refutes the ruling by such a vigorous *reductio ad absurdum*, that we give the pertinent passage:

"Their [the defendants'] purpose was to drive the plaintiffs' barrels out of the market by giving preference to the barrels produced by their labor, and this purpose was to be accomplished by means of the coopers' union everywhere refusing to buy the barrels manufactured by the plaintiff or any of the commodities packed in them by any one. . . . This is precisely what the defendants proposed to do and all they proposed to do. And it is this the court has enjoined them from doing. . . . If the defendants are not allowed to determine for themselves what they will not buy, they ought not to be allowed to determine what they will buy; and the court's guardianship should go a step further, and tell them what to buy. If the court can enjoin the defendants from withdrawing their patronage and support from the plaintiffs and persuading others to do the same, it is not perceived that it cannot by a mandatory injunction make it obligatory upon the defendants to purchase the plaintiffs' barrels and their contents and persuade others to do the same."

We wish that our space allowed us to give the whole of this opinion of Judge Caldwell. On one side there is pictured the corporations and trusts, boycotting and crushing out weaker rivals, establishing monopolies, reducing wages, raising the prices of necessities, locking out and blacklisting their laborers, and denying them the right to organize combinations, while on the other side, they do all the things just told by combining among themselves. To the courts what the capitalists do is lawful competition; but when the laborers unite to save themselves and their families from starvation and rags, that is conspiracy, and must be enjoined.

Judge Caldwell is especially strong in exposure and denunciation of the new doctrine now coming into vogue, under which when it is firmly established—to use his words—"a federal judge can,

at his pleasure, slip an injunction noose over every neck in the republic."⁴⁶

He cites the belonging law authorities. He justifies his positions with the New Testament, Bascom, Cardinal Manning, President Lincoln, Dr. Lieber and Sir John Lubbock. This opinion, in comprehension of its momentous subject, in its fit development with due presentation of every important part, in the riches of its learning, in the felicity of spontaneous expression, and its earnest and moving eloquence—we can but compare it to a bold spring and a great sheltering rock—the only shade and cool water in the arid desert of the Federal Reporter. It ought to be separately printed and circulated far and near, as a model defense of the primary rights of mankind, which our courts are seeking to trample out in the interest of the corporations. It is the very top of our anti-plutocratic literature.

But government by injunction marches on. It was only the other day that two State judges issued injunctions, the one against contributions to support strikers, the other against mere persuasion of a laborer not to become a scab.⁴⁷

Judges dealing with a strike remind the looker on of a court martial trying an insurgent or a rebel. It shows through the entire proceedings that it was ordered and that it sits for the sole purpose of convicting the prisoner. Our judges intervene not to try the merits of a strike, but to break it at the earliest possible time. They care not whether there be proper verification of the application, or notice of the injunction issued; especially do they ignore utterly the wrongs committed by their masters which have driven the long suffering laborers to revolt. Often the injunction issues after midnight and is served upon the leaders of the strike before day. Then the plaintiff corporation makes a showing that it cannot possibly be ready within such and such

⁴⁶Hopkins v. Oxley Stave Co., 83 F., 934.

⁴⁷Since this paragraph was written the Federal Judges Jackson and Keller have pushed forward, far in advance of the decisions mentioned in it.

a time, and the hearing is set for that day in spite of the convincing proofs and reasoning of the defendants demanding an earlier assignment. The hearing is so far off, that the wretched workers, out of funds and their wives and children starving, must needs abandon the strike and return to their places. The judge is applauded by the plutocrats around the land. Observe him on his next vacation. He goes with his family in a special car to a distant watering place or other resort. From what you see and hear whispered you have reason to suspect that his good friends pay his hotel bill as well as furnish the special car.

This degradation of the bench from impartial judges into overseers and slave-drivers for the plutocrats is the plain sequence and development of the judgment of the supreme court in the Debs case.

The case has just received its most luminous commentary from the anthracite strike of 1902. The demands of the miners were for merely living wages and hours, right limitation of the ton of product by which they were paid, honest weighing of the coal they mined, and an arrangement for a definite period. To concede these demands out of the far more than ample profits earned was only to give the strikers conditions of a tolerable American existence, and their cause was seen by the country to be as righteous as that of Finland against Russia. The suffering of the public from the scarcity and rising price of anthracite was fearfully increasing. But neither conscience nor public opinion, nor the public necessity made any impression upon the barons. The stalwart political potentates of plutocracy, Hanna, Quay and Platt, alarmed as they thought of the autumn elections; the great public aghast at the menace of a fuel famine in the winter near at hand; and the president of the United States; all tried their utmost to effect a settlement. Mitchell offered for the strikers to submit their case to the arbitration of the president and resume work at once. What did the barons say? They wanted the attorney general to order a bill filed at once enjoining Mitchell and

the other officers of the United Mine Works, and they wanted their iron and coal police enforced by the relentless regulars in place of the soft-hearted Pennsylvania militia, who seemed to regard the strikers as human beings. These were their right under the Debs case, and if President Roosevelt would only do the duty he had too long neglected to do, the miners would be driven back to work, and the coal famine which these wicked anarchists had caused would soon be over.

It ought never to be forgotten that it was the rulings of the supreme court of the United States, in the Debs case which, more than all other influences combined, hardened the hearts and stiffened the necks of the coal barons in the greatest of their many crimes.

The detailed examination of its decisions which we have made in the foregoing, ought to convince every unprejudiced reader that clauses of the federal constitution, provisions in acts of congress, and rules of the general law are to this high court nothing but pretexts of double meaning, which they interpret so as always to suit the demands of the plutocrats.

We are especially concerned that you note the forward movement of the plutocracy shown in these decisions. Therefore, we help you with the following itinerary:

January 21, 1895, the decision in the sugar trust case was made.⁴⁸ It shows that a majority of the court was pro-trust, and could be confidently relied on to support any plutocratic trust in completing and maintaining its desired monopoly in the teeth of the Sherman act and all other adverse legislation.

April 8, 1895, it was decided that rents of real estate were not taxable by congress without interstate apportionment;⁴⁹ and May 20, 1895, on a rehearing, the court conceded the demands of the plutocrats to the full, exempting their entire incomes, whether from rents or from any other sources, from direct taxation by

⁴⁸United States v. E. C. Knight Co., 156, U. S., 1.

⁴⁹Pollock v. Farmers' Loan, etc., Co., 157, U. S., 429.

congress unless such taxation be apportioned among the States according to their respective numbers.⁵⁰ The plutocrats wrest untold millions every year from non-plutocratic property owners and the toilers by usurping the powers of government at will, and to collect all taxation from them alone would fall far short of effecting full restitution; but the income tax virtually makes them entirely tax free.

May 27, 1895, the Debs case was passed upon.⁵¹ It permits the plutocrats engaged in interstate or mail carrying transportation on land or water, to have the regulars to shoot or bayonet the striking employees, or the still more formidable United States marshals to lasso them with mandatory injunctions, for the asking. And under the same decision, the power to use the strong arm of the military and the long arm of the judiciary against organized labor, has been given to all other plutocrats. The supreme court connives at combinations and conspiracies in restraint of trade, boycotts and strikes by plutocrats; but such things are too wicked in working men to be tolerated. If they do not like long hours, small pay, cheating weights, irregularity of employment, fines, overcharge for material, transportation, tools or what not, high rents, and the extortionate prices of the company stores, or anything else, and they decide they can endure them no longer, there is nothing left for them to do but get out and go elsewhere. The court suggests to them but two lawful remedies against their employers—their ballots and their suits in the law courts. The first is powerless against the machine, controlled by the plutocrats; the second is utterly illusory, for their employers are really the judges who will try their cases.

To sum up the Debs case in a word, it practically dissolves labor organizations, and places the working men of the United States at the feet of the plutocrats.

Is not 1895, with the sugar trust decision, the income tax de-

⁵⁰S. C., 158 U. S., 601.

⁵¹In re Debs, Petitioner, 158 U. S., 554.

cision and the decision of the Debs case, the *annus mirabilis* in plutocratic history?

March 30, 1896, the supreme court nullified the grant of power to the interstate commerce commission to settle maximum reasonable rates for interstate transportation.⁵² On the same day in a case which we deemed it unnecessary to mention in its order above, it gave interstate railroads license to charge two or more times as much for carrying American, as they do foreign freight between the same points, and it may be in the same car.⁵³ These decisions as was intended, have inverted the relation of the interstate commerce commission and the railroads. At first it was over them; now it is under them.

January 25, 1897, the Arago case was decided.⁵⁴ When that and the Debs case have been fully developed by the United States circuit courts as it is doubtless in contemplation to do, each will be the complete complement of the other. The doctrine of the Debs case will keep the laborers of the plutocrats at work while they stay, and that of the Arago case will catch and bring them back when they run away. It occurs to us now that possibly the Arago case does not repeal, as we contended above that it does, the constitutional provision against involuntary servitude, but that it only legalizes and enforces voluntary servitude, that is, contractual servitude. We may yet hear of American laborers who, refusing to go out free, have been brought to the door or door post and had their ears bored through with an awl, after which they will serve their masters forever.

March 22, 1897, the supreme court posed as the enforcer of the Sherman anti-trust law, and dissolved the Trans-Missouri Freight Association.⁵⁵ We reserve comment until we reach the Joint Tariff Association case.

⁵²Cin. N. O. & Tex. Pac. Ry. Co. v. I. C. C.; and I. C. C. v. Cin. N. O. & Tex. Pac. Ry. Co., 162 U. S., 184.

⁵³Tex. & Pacif. Ry. v. I. C. C., 162 U. S., 197.

⁵⁴Robertson v. Baldwin, 165 U. S., 275.

⁵⁵U. S. v. Trans-Missouri Freight Association, 166 U. S., 290.

May 24, 1897, the court energetically approved some previous anti-interstate commerce decisions;⁵⁶ and November 8, 1897, it did the same thing again.⁵⁷

March 7, 1898, was the decision of the Nebraska maximum rate case.⁵⁸ This completes the good work commenced for the railroads in the decisions by which the interstate commerce commission was stripped of the power given it by congress to make interstate rates reasonable, by stripping the State of its reserved power to make rates on transportation within its borders reasonable—the result being, that the railroads can now charge what they please on both State and interstate carriage.

The two live stock exchange cases were decided October 24, 1898.⁵⁹ These are companion cases to the sugar trust case. In each one of these a combination in restraint of interstate commerce, palpably violating the letter and spirit of the Sherman bill, was white-washed by the court. We will say a little more about these cases a moment later.

Also October 24, 1898, was the decision against the Joint Traffic Association.⁶⁰ The thirty-one railroads concerned, wished, as the knowing ones believe, the association to be dissolved in order to make a greater apparent necessity for their contemplated congressional legislation. They posed as defendants, and helped to get a desired judgment against themselves pretending to resist.

December 4, 1899, a combination in restraint of interstate commerce entirely too small to be considered a plutocratic trust, was annihilated doubtless at the secret instance of rival plutocrats.⁶¹

This is the last case involving the Sherman anti-trust law. Recall the others arising under the same—the first one, ruling that a combination controlling 98% of the sale of sugar in the United

⁵⁶*I. C. C. v. Cin. N. O. & Tex. Pac. Ry. Co.*, 167 U. S., 479.

⁵⁷*I. C. C. v. Ala. Midland Ry. Co.*, 168 U. S., 144.

⁵⁸*Smyth v. Ames*, 169 U. S., 466.

⁵⁹*Hopkins v. U. S.*, 171 U. S., 578; *Anderson v. U. S.*, *id.*, 604.

⁶⁰*U. S. v. Joint-Traffic Association*, 171 U. S., 505.

⁶¹*Addyston Pipe and Steel Co. v. U. S.*, 175 U. S., 211.

States is not, and the Debs case virtually ruling that a peaceful boycott by laborers of interstate railroads is, a combination in restraint of interstate commerce; the two cases against the railroad combinations; the two against the stock exchanges; and consider them with that of the little cast iron pipe combination—seven in all—and though they appear at first blush to be inconsistent with one another, yet when carefully studied in the light of all their surroundings they show an undeviating consistency, which is, that every time and all the while plutocratic interests are furthered and protected. This consistency is not one of construction of the Sherman act in the question, but it is one of supreme fidelity to the plutocrats.

January 22, 1900, the Nebraska maximum rate case was affirmed.⁶² The judge of the United States circuit court had done the work of a master, in finding the facts and the conclusions from them. In this he had followed the example of Mr. Justice Brewer, who heard the Nebraska case in the circuit court, but he had not followed his example of finding for the railroads. Of course, the supreme court, with great show of reason, detected and pointed out error. Reversing the judgment and sending the case back, the court said it would be better to refer it to "the most competent master, general or special, that can be found, to make all needed computations and find fully the facts," which means, when read between the lines, that the master in such cases must always be one for whom the railroads will vouch that he has the necessary qualifications. And so the shackles forged for the States by the Nebraska case have been very greatly strengthened and tightened by the South Dakota maximum rate case.

Our itinerary is complete. It commences January 21, 1895, the date of the sugar trust decision, and ends January 22, 1900, with the South Dakota decision—a term of only five years and one day. Russian aggression upon China, since the Amur was

⁶²Chicago, etc., Ry. Co. v. Tompkins, 176 U. S., 167. (It is usually called the South Dakota maximum rate.)

seized in 1857, suggests itself as a parallel. But there have been intervals of inactivity in that determined aggression, while the invasion just described of our dearest rights of self government, property, personal liberty and pursuit of happiness has known no halt, pause or check. In a series of judicial victories, the most brilliant and decisive ever won by a class, the plutocracy has gained proportionally more of the territory it essays to subdue, in five years, than Russia has acquired from China, in forty years. All of us look intently at the Russian advance, and talk and write of it all the day long; but nobody outside of plutocratic circles seems to be aware of the other advance, which is a far greater menace to human welfare.

There has been much exclamation over the insular decisions as the most revolutionary of all. And yet they mainly involve other countries. A nation can trample upon and plunder dependencies while scrupulously preserving the freedom of its own people, as the Athenian republic did during its career of empire, and as England has long been doing. Such cases as the Arago, the Debs and the Nebraska maximum rate seriously impairing the constitutional pillars of American liberty, are of incalculably greater concern to us than any ruling as to the power of congress over distant foreigners, treated as subjects.

The decision which has just upset practically all the recent anti-trust enactments of many of the States deserves a word, to show it has not received its appropriate comment. It is a striking one of the many illustrations which can be cited of how the plutocrats slyly fashion inimical legislation which they cannot openly defeat. They got into the Sherman law a provision limiting all proceedings under it to such only as are ordered by their creature, the attorney general of the United States, and they likewise got into the State anti-trust statutes the discrimination in favor of agricultural products, which, of course, rendered the statutes void. When the farmers and planters, prompted by the unrecognized suggestion of the trust plutocrats, demanded the insertion of the discrimination,

the latter feigned earnest opposition while they secretly rallied all their legislative following to its support.

Of course these insular decisions and the other are to be attended to, but it needs not that we open our itinerary closed January 22, 1900, to give these later cases full description.

It was right for us to explain carefully how the plutocrats can get most of their cases into the federal courts, which follow, of course, the rulings of the supreme court with alacrity; also to explain carefully how those cases which they cannot get out of the State courts or which they wish for their own reasons to remain in them, can at last be passed upon by the United States supreme court; and it was also right for us to take great pains, as we did, to make you understand the mastery which the plutocrats have acquired over the high court which can correct all others. When you have learned all this, there will be but small need for you to investigate the relation of the plutocrats to the State courts, for you will know that these courts belong to them, too. You will infer this to be the fact from what we told you at the outset of the chapter of how their machine fills the bench, and you will again infer it from the steadily and increasingly exercised control of these courts by the federal courts, which in their totality have become unmistakably a division of the plutocratic executive.

Plunge into the reports of any one of the States, and examine the rulings upon any subject affecting the plutocrats, and you discover that they generally shape the judgment. The judges stubbornly oppose all attempts to bring in government ownership and operation; they set aside statutes regulating service and fares, and they sustain anti-scalping statutes and others giving the public service corporations undue advantages. Especially to be emphasized is the great batch of rulings upon the different demands of the workers. The State must not command that wages be paid frequently and at stated times; nor that they be paid only in money; nor that coal be screened or weighed before it is paid for by weight; nor that the company store be forbidden to take a greater price from

the employee than it does from others; nor keep the laborers from waiving all right to recover damages for personal injuries or any cause of action occurring against the employer during his term of service; nor empower the employee to demand the reason of his discharge; nor require the owner to employ a competent foreman to inspect the mine daily in order to guard the miners against dangerous places.

The army of the unemployed must be recruited from every country under the sun, that a swarm of the hungry and needy may stand everywhere eager to step into the places where laborers strike for a paltry advance of their small pay. Accordingly the State must not forbid corporations to employ Chinese or Mongolians; nor must it impose a tax on employers of persons foreign born and unnaturalized. It is right that the competition of foreign manufacturers be shut off by the tariff in order to give the American trust manufacturer complete control of the American commodity, but it is a heinous crime to shut out the competition of the foreign born laborer, to give the native laborer complete control of the American labor market.

The laborer is of no use in the world except to supply the plutocrats with all the labor he needs and at the very lowest possible price. His master has the right to work this slave from light to light, and as much longer as he can be driven by the whip of need for himself and family. So hold these courts. They set their faces against acts which shorten hours of work.⁶³

When plutocratic employers combine to raise the price of their wares to their customers, the courts are powerless to stop them, as the United States supreme court held in the sugar trust case. But when the working people combine and invoke a boycott to raise the price of labor, which is their only ware, to their customers,

⁶³One of these cases—the Colorado case—was reversed by the United States supreme court, on the ground that the State can police the mines, and not on the broad ground of its absolute right to regulate labor.

the employers just mentioned, the State courts are just as stubbornly opposed as we have seen the federal courts to be.

We need not go further. The region spreads out so far in all directions that the federal judges usually support their plutocratic judgments by citing State court decisions. The State judges habitually play the same tricks of ignoring or misreading anti-plutocratic written and unwritten law as does the United States supreme court.

There is at this time just one quarter where the State courts are commencing to antagonize the plutocrats. The Michigan and New Jersey cases in 1901, and then the Illinois case, ruling that the franchises of public service companies ought to be assessed for taxation at their market value, begin the redemption of the American judiciary. The popular ground swell, which as yet moves no faster than a glacier, is here and there loosening the hold of the puissant tax dodgers upon the State courts. It may be some years yet before the people gain full control of them. But as the expenditure of city and State governments grows prodigiously from their rapid assumption of new functions, an increasingly larger part of the means to cover the expenditure must be raised by taxation of plutocratic property. The people of the States getting more and more command of the courts will turn them more and more into engines of their own. And this must in time lead to a resistless demand by the nation that the federal courts be likewise made subject to the people.

But when we turn from this bright spot, and contemplate our federal and State courts, we find every one to be but the tool of our oppressors. Story and Cooley's constitutional manuals, Dwaris, Sedgwick and Bishop on statutory construction, and the great treatises on the leading subjects of the general law do not teach interpretation in a case of large plutocratic concern. As soon as the issues become clear, it is resolved that the utmost advantage possible must be given the plutocrats by the ruling to be made. When the terms of this ruling are settled, then the judges select

from the authorities that rule of interpretation which most plausibly supports the proposition to be vindicated by the court, and this is gravely feigned to be the reason and ground of the judgment rendered.

We have proved that a large majority of the State judges are in fact, selected really by the corporations from corporation lawyers trained in a long career to fleece the people contending with their clients; we have proved that almost all of the federal judges are plutocratic partisans, and it must be remembered that these judges can nearly always be invoked as final arbiters in cases which concern us in this chapter. There are but few of these State judges and hardly any at all of these federal judges who, if they were lawfully put upon a panel would ever escape the peremptory challenge of an anti-plutocratic party, if such a challenge could be made. Really according to the true spirit of the law, these judges are all incompetent to sit in the cases which we now have in view. For the law strives to give every party an impartial and fair judge more energetically even than to give him an impartial jury. When it is discovered that the court's officers have been persuaded or hired by a party to summon only his friends as jurors, there is an outcry against the packed panel. But the State and federal bench is every year more and more fully packed with the creatures of the plutocrats, and no one raises his voice. Yet everybody ought to be studying the decline of our judiciary. For centuries in the land of our forefathers, the majestic virtue of the average judge has overtowered kings, lords, commons, statesmen, generals—the eminent of every sort; and during the first seventy years of American independence, our judges were coequals. To adapt an old eulogy, they heard the small as well as the great; they did not respect persons in judgment, nor were they afraid of the face of man. They judged the people with just judgment. But this has been all changed, and it should sorrow every good American to think over the hideous degradation of our courts. Our judiciary has been

appropriated by a class, filled, as a rule, by the adherents and dependents of that class, who have no conscience as judges except to find and do its will. A class contending with another strives to get control of some branch or office of the government for its especial protection. Thus the working people want the choice of factory inspectors. The wealthy men of old Sparta gradually converted the Ephors into instruments of their own to guide administration as they wished. But the most fit example for our purpose is the Roman tribunes, which the plebeians forced the patricians to allow them to elect from their own ranks. Very soon after their creation the tribunes, in the military levy, taxation and civil and criminal procedure, when appealed to by a plebeian, could and often did give the appellant his will against even the law and the highest officers. Later they got a veto, not only upon all legislation, but also upon the official action of consuls, censors and the other magistrates. This means that the plebeians, through their tribunes, had at last acquired the power to stop all action of the government as they desired. Our judges are far more than tribunes of their class. They not only veto the passage of new laws, but by interpretation they repeal or amend the old laws and constitutions or make new ones; they stop the execution of any law or the action of any official; they prevent employees from quitting service when the master lengthens hours and cuts wages against his contract; and they are striding on to hunt down runaway laborers and coerce them to work in chains. The government of the nation, the government of the State, the government of the municipality, and the people at large—all these have been brought under the despotism of this organ of the plutocrats. Our courts are not alone the tribunes, but they are the federal and State constitution and law-makers, the federal State and municipal executive, the police, militia and army, the executioner, hangman and strike-breaker—all in one—of the plutocracy.

While no widespread clamor or outcry against the judiciary has broken out, the people are instinctively moving against it as they

are moving against the machine. The adoption of the Australian ballot in many States and cities, and the steady enlargement of the scope of primaries over the nomination of all State and municipal officials and representatives, and especially United States senators, are instances of instinctive popular movement against the machine. The popular movement against the judiciary is shown by the persistent struggle of the people of the United States to get the election of their judges. They have succeeded in thirty-three, and it is probable they will succeed in most of the remaining States, within a comparatively short time. They must not stop with revolutionizing the State judiciary; to leave the federal judiciary untouched would be to keep the popularizing of the State courts from bringing forth good fruit; for the plutocrats' cases therein could still be removed or finally reviewed by the federal judges. A president and congress of the people can easily deplutocratize the United States courts. An act of congress must increase the members of the supreme court so that the new ones will be a majority. The president appointing the latter and the senate confirming the appointments must be as careful to select every one from the faithful servants of the people as the president and senate now co-operate in selecting federal judges only from the faithful servants of plutocracy. Thus the command of the entire American judiciary will be transferred from the plutocrats to the people. Of course, the sugar, oil, meat, and steel trust magnates, and their compeers, will swoon with horror at this suggestion. To change the supreme court from being the dread engine by which a few wrong everybody else, and convert it into a dispenser of right to all, without fear, favor or affection, would be in the opinion of these immaculate moral purities, the expulsion of justice from the earth. But notwithstanding their throes and qualms, and the sneers and shudders of Mrs. Grundy to boot, the movement will never pause until the terms of the federal judges are shortened, and they themselves be made elective. That they shall hold during good behavior, that is for life, is the most undem-

ocratic provision in the federal constitution, and it can no more resist the progress of to-day than the provisions which protected slavery.

The advocates of the plutocrats hypnotize the mass of our people with their praise of non-elective life-tenure judges. "Oh," they spurt forth, with well feigned fervor and earnestness, "a judge ought to be independent, which he cannot be, if he is elected by the people, and does not hold for life; and if judges each go out at the end of a short term, there will be a pernicious ununiformity of decisions." The right answer to this balderdash is that our country wants no more of these judges independent of the people and dependent alone upon the special interests who train and put them on the bench, and our country wants no more of the uniformity of judicial decisions always pro-plutocratic. Experience counsels that we need not fear short judicial tenure. The Roman prætor could by his inaugural edict alter the law at will for his term of office, and he was perhaps clothed with the highest degree of judicial power of any judge in all history. But he held for one year only, and he was not allowed a second term. In spite of the change of prætors year by year, the prætorian law, gradually constructed by these short term judges, was the most consistent and the freest from antimonies and conflicts of any system that has ever existed.⁶⁴

We will give an example nearer home. The Vermont judges are elected by the legislature for a term of only two years. Every one worthily filling his office is re-elected as a matter of course. These Vermont judges are just as independent as those of Massachusetts, and the law of the State just as stable and free from doubt and conflicts as that of Massachusetts, where the judges are created for life. It will be a great amelioration of the Vermont system for its short term judges to be made by free and non-machine popular nomination and election.

⁶⁴See our *American Law Studies*, §§ 1254-1258 for the statement of details.

We have said enough in this overlong chapter, we hope, to remove the scales from the eyes of our attentive readers so that they can discern the leading strings in which our judges are held at all times by their plutocratic masters. Should their vision be thoroughly purged, they will be forever converted from fetich worship of our judiciary, and they will long for the day when the United States supreme court can be given over to the people, and stand ready to name the congress which does that good work, The Blessed.

CHAPTER IX.

THE PLUTOCRATS AND THE ORGANS OF FORCE.

THAT part of the executive which directs the different constituted organs of force in order to repress disorder and preserve the public peace, to carry out the laws of the legislature, to enforce the mandates of the judiciary, and to see that its own orders are executed, is so disconnected from the rest that it properly receives in this place separate treatment by itself. And it is important that the reader be impressively lessoned in the design of our plutocrats to transform our free government into one of force under themselves. To accomplish this design they have won much, and are seeking to win complete control of the different organs of force, as will now be briefly told.

The sheriff, as the commander of the posse conitatus, is our proper start. The plutocrats always provide themselves, if possible, with one like the sheriff at Hazleton, who will promptly at their suggestion turn musketry loose upon unarmed and peaceful laborers walking the highway, or one like the sheriff in St. Louis, selecting his force from the anti-labor classes who desire nothing more than a plausible pretext for firing on strikers. They expect that if such conduct can be made usual, it will keep their hungry and starving working men submissive under all oppression, and so familiarize the rest of the community with their command of the sheriff, that

no serious resistance will be offered to their acquiring full sway of him everywhere.

The United States marshal and his corps of deputies, which can be enlarged at will, is the counterpart of the United States courts to the sheriff and his posse of the State courts. How the plutocrats have lately learned to make increasingly effective use of the arm of force of the United States courts has been sufficiently told in our history of the rise and rapid progress of government by injunction.

The business and population of our cities are now rapidly growing at the expense of the business and population of the country. This fact gives growing importance to that division of the public force which preserves order in the cities—the police. We have recently had some vivid illustrations of how well the police are under the control of the plutocrats. Not long ago the police of New York city besides suppressing all violence among the striking street car employees, likewise showed themselves able to step into the shoes of the men who had quitted work, and keep the cars going. And the reader has but to look about himself to find similar examples. The effective management by the plutocrats of what we may call the military functions of the police, is but to be expected from the various machine duties which, we have seen above, the police are constantly made to do. The plutocrats are everywhere in absolute command of the machine, and the police are not only appointed, promoted and removed by them, but they are really directed by them in all of their actions.

Note the proposals by the plutocrats of late years to furnish the police with more deadly small arms, and also with light artillery, such as Gatling guns, for the quick and easy suppression of riots. The outbreaks of boycotts, strikers and riots are provoked because of the tightening monopoly by the plutocrats of the opportunities of labor and production, as they well knew, and as they propose to hold on to and augment the monopoly they also propose to keep themselves supplied with janisaries of ade-

quate numbers and arms to quell the greater resistance which is naturally to be expected.

We ask the reader to reflect over the fact that, with the exception of acts of disorder provoked by certain crimes of violence and inter-race disturbances, there is hardly any lawlessness in our country but the rising of grossly mistreated employees of the plutocrats against their oppressions. With this in mind, as he further contemplates the assiduous industry with which the plutocrats gather around themselves a larger array of force every year, he will see plainly that they are preparing for still further conquests of our liberties.

As we write this paragraph, the militia are assembling to uphold the anthracite coal barons in their extortionate freight rates, refusal to treat with organized labor, overcharges for blasting powder, restriction of purchases to the company store, levy of the physician's salary on men who do not want him, payments of inadequate wages;—to uphold these domineering squatters who, under the laws which their own agents make and interpret, have seized the full supply which nature has donated to all.¹ If the coal barons provoke a strike to manipulate the market price of their product or their securities by wronging their helpless laborers, when the strike commences, the militia come not to suppress the injustice, but to maintain its perpetrators. This glaring paradox is only explicable by the fact that the wrongdoers are in command of the constituted powers which move the militia.

Of late years the militia has received great attention from the machine. As far as may be, its rank and file are taken from anti-labor circles, and its offices can generally be relied on by the plutocracy.

Observe the armories rising at strategic points in all of our cities, the careful drilling of efficiently armed volunteer companies of infantry, cavalry and artillery, the imposing parades; how we saw, as

¹As the text describing the strike of 1900 fits that of 1902 so well, we let it stand unaltered.

we considered the Illinois legislature of 1897, that the people at large are kept from learning military evolutions and the use of arms; and look closely until you discern the hidden wires by which the plutocrats enlist, arm, train and officer the militia, and you will understand what future use of it is purposed.

We must interpolate here a brief word as to the private military force of the plutocracy. The Pinkertons fighting the strikers at Homestead; the body of an hundred armed employees, with a cannon, who forcibly prevented the independent pipe line from being laid under the railroad at Hancock, New York, the swearing-in by the coal barons of their own retainers as deputies in the late anthracite strike of 1900; the coal and iron police of 1902:—we need not multiply instances. The plutocracy must have troops of its own until our standing army is so much increased in numbers as to permit the stationing of detachments of regulars wherever the railroad and trust magnates want them.

The federal constitution provides that the United States shall on the application of the legislature, or of the executive (when the legislature cannot be convened) protect a State against domestic violence. Under this there is nothing to be done by the United States except upon the application of the legislature or executive of the particular State to be protected against violence. But we have seen how the supreme court in the Debs case amended this clause of the law with a provision justifying the president without application from the legislature or the executive, in sending United States troops into any State, to repress violence which interferes with interstate commerce or the carriage of the mails—a warrant of authority wide enough to cover almost every case where the plutocrats might want the assistance of the United States regulars in a conflict with their working men. A president elected by their campaign contributions, and nearly always desiring renewed contributions to elect him as his own successor will be far more inclined to help the plutocrats with force than any local authority, as the latter has not yet been so fully brought under

their control. By reason of the decision last mentioned, it matters not now whether the State authorities fail to apply, as was the case in Illinois in 1894, or whether they do apply to the United States, as recently happened in Idaho, the plutocrats can always have the regulars when needed. These soldiers are utterly without local sympathy and will not fire over the heads of those they are commanded to shoot, as occurred at Fourmies, in France, a few years ago; and their officers are incurably biased against the class from which strikers and boycotters come. It is otherwise with the State militia, in which there must needs be an appreciable percentage of officers and men who sympathize with the suffering and wronged. As the plutocrats have resolved relentlessly to use the black-list and force to crush not only organized but unorganized labor, they choose for their purpose the reliable military arm, that is, the regular army of the United States, and they purpose a large increase of this army. The late war in the Philippines was mainly sustained by three motives. The first is the opportunity it gives of the plunder of rich natural resources and franchises. The second is that it multiplies offices and places to increase the strength and efficiency of the machine. And the third, just as potent as the others, and perhaps more potent, is its pretext for increasing the standing army to the figure which the plutocrats desire. If they fully carry out their plans, it will not be long before there will be a body of United States regulars in easy supporting distance of every plutocratic corporation which is a large employer of labor.

To keep the working men down in the depths of want and dependence is the unalterable resolve of the plutocrats. That is not all of their resolve. They plan to protect their usurpations of the control of our money and the price level, of the modern highways of country and town, of the world's supply of minerals—in short, they plan to defend all their fell seizures of the property of the people and functions of government with an adequate standing army. And if the present development is not checked,

democracy in America will be entirely displaced by plutocracy, and self-government by absolutism.

The dark cloud pictured in this chapter showed a silver lining the other day in San Francisco. There being a strike, the street railroads applied to Schmitz, lately elected mayor by the labor vote, for the police, expecting such services as the New York police rendered in the trolley strike. He said that the police must merely maintain order, and he should see that all disorder of either side was repressed. The just strike was won at once. Cleveland, president of the United State, without any warrant of right, hurried the regulars to help the railroads against employees whom they had criminally provoked to strike, and that just strike was lost. The humble man by his righteous and impartial behavior rebukes the foul offence of the chief magistrate and wins the applause of the nation. There is another lesson besides the moral one, which this contrast teaches. It is that the voters can lodge the command of the organs of force either in friendly or unfriendly hands.

CHAPTER X.

THE PLUTOCRATS AND THE ORGANS OF PUBLIC OPINION.

THE reader whose eyes have been opened to the situation by an attentive meditation of the facts dealt with in the foregoing chapters of this book will not need any very elaborate treatment of the subject of this chapter. Some fragmentary paragraphs on the different pertinent topics will suffice. From these he will of himself easily supply all important omissions. The daily, weekly and monthly press—newspapers and magazines—supply the average public with much the larger portion of its reading. Especially is the daily snatched at on all sides as soon as it appears. Items of interest concerning war, politics, crops, manufacture and other large matters, and a great number of other of less and less importance down to the smallest affair of business or mere gossip, are scattered over its columns, making it an object of necessity or desire to the whole community, from the merchant and trader, with their eyes on the markets and the movement of gold, on through every class, to the typewriter out of employment consulting the want advertisements, and the women learning what was worn at the ball. All these readers must necessarily sip at least a little of the editorial and graver reading. It is here that the plutocrats turn the paper to their account. So well trained are the writers of the original matter, and those who select the non-original matter, it is rare that an anti-plutocratic sentiment ever finds expres-

sion. News unfavorable to the plutocrats, such as the late overwhelming vote of the people of Boston against the railroads wishing to relay their tracks along two streets crowded with travel and traffic, the popular favor shown municipal ownership and primaries in the Chicago referendum of 1902, the amendment of the Oregon constitution a few months later establishing a system of easily workable direct legislation, and the progress of socialism abroad and at home is never given. And sly and adroit advocacy of plutocratic schemes is met at every turn. Thus, there has recently appeared in the leading dailies many denunciations of the frauds of the railroad ticket scalpers. The purpose of these is to deceive the people into believing that they ought to favor the anti-scalping legislation desired by the great railroads, not for the prevention of fraud, but to promote lapses of tickets, and to force the weaker roads into maintaining passengers rates. The readers of these dailies never hear but one side, and naturally they incline against the other of which they can learn nothing. A striking instance is the effect which the persistent defense of what is called sound money has lately wrought. It has caused the great majority of those living in and near leading commercial centres to believe that a dollar which is of stable value, and therefore honest is dishonest, and that the dollar of the plutocrats, which is of unstable value, and was appreciating constantly to the ruin of all the non-plutocratic productive classes until the late increased gold production most unexpectedly thwarted the schemes of the money jugglers, is the only sound and honest one. Thus the daily papers make black white and white black, as it suits the designs of the plutocrats.

These newspapers express the views and sentiments of those to whom they really belong. In the large cities, notably in New York and Chicago, some of the papers exhibit irreconcilable and deepening hostility to monopoly and machine rule; which fact is one of the most significant of the many signs now showing that the people will soon close with plutocracy in decisive encounter. The present state of things in Atlanta, a city of one hundred thou-

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sand, is fairly representative. It has two dailies. In neither of these has there been of late years any unfriendly criticism of plutocratic schemes save during the late war between two rival street railroads, when each paper fought the other vigorously, denouncing a particular one of the two roads as a public enemy. The war is over, and these dailies lie down together in political harmony and good feeling. You may occasionally find in their columns some reprehension of corporate wrongdoings in other parts of the country. But they never say anything of such all-important matters as these: despotic control of the Georgia senate by the railroads; the State executive committee and the county committees, all actually filled by the railroads; the State committee appointing crop-time for the political campaign and the primaries, on purpose to keep the rural voters away from meetings where they would be rightly instructed how to choose between rival candidates for governor and members of the lower house of the legislature; management of every branch of party machinery by the railroads so absolute that State and county primaries, State, congressional and senatorial conventions are all made, in the main, to do the will of these railroads—as to all these things, and many more of the same sort, not a syllable is to be found in either one of these Atlanta dailies, each one of which says the last and decisive word in either national and local politics to a very great number of both the country and town population of Georgia.

“The country press so-called—the newspaper of the smaller cities and towns—are less under capitalistic control. Many a country editor looked down upon and snubbed by the newspaper world,—many a poor devil who has to rustle around and collect bills before he can obtain his next week’s paper supply—is more independent in his editorial utterances than his lordly brother of the metropolis, who can touch electric buttons and call in his heads of departments. The country editor owns little, perhaps, but he controls it, and what is greater than all else he is master of his own opinions. Being a poor man and a hard worker, he is also closer to the strug-

gling masses, and he comes nearer, naturally, to voicing their opinions. But let us not paint too bright a picture of the country press. The capitalist is reaching out for dominion in that field also, and he is acquiring it with great rapidity. The country editor, with large necessities and meager revenues, is often an easy subject."¹

The foregoing shows you the plutocrats conducting the city and country press.

We need not dwell upon the weekly press and the magazines, which enliven our Saturday evenings and Sundays spent with our families; for, as soon as your vision has been purged you will discover these to be in the service of the plutocrats also.

Let us now round up as to our newspapers and magazines. We begin with the exceptional ones. A few metropolitan dailies, a few of the weeklies, such as the *Outlook*, the *Public* and the *Commoner*, and a few of the magazines, such as the *Arena*, become more or less outspoken against certain evils of plutocracy; and their success demonstrates that there is an increasing patronage of a non-plutocratic press. The *Appeal to Reason* is a weekly, ably fighting for extreme socialism, and its large and rapidly growing circulation is a marvel. But such as these are as yet only a drop in the bucket of the average newspaper and magazine supply of the masses. What they almost exclusively read, day by day, year in and year out, comes hot from the plutocratic press; and there is never a line in all of it, which is not the utterance of the machine, which you will never understand until you see in it the masked champion of plutocracy. The especial business of the current newspapers and magazines is to hypnotize the people into believing that they are prosperous while they steadily become poorer, and that they are free while in fact they are the chattels of the plutocrats: and this business is most energetically and effectually done.

¹W. A. Spalding, Official Report of the National Anti-Trust Conference, 151.

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We need say only a word of the clergy. We may well begin by paralleling Mr. Spalding's distinction of the city from the country editor. The city preacher is called and paid by plutocrats, or those depending upon or wishing to be plutocrats, while the country preacher is called and paid by non-plutocrats. The country declines in production and population, while our towns and cities grow rapidly in both, and so the influence of the city preacher mounts while that of his rustic brother steadily falls off. The latter must preach to suit his customers, as we may call the members of his church. He can denounce ad libitum the promotion of drunkenness by the liquor seller, the deeds of the brothel and the gaming house, but he must never hint at the prolific root of these evils, which is the want and constraint consequent upon the plunder of the masses by the plutocrats.

Is not the well informed editor of a plutocratic journal a little less lower in the moral scale than the well informed preacher who can keep his place with a plutocratic congregation? Think over the question. Put it to yourself this way. Assume that there is really a hot fire of which one must receive after death according to the deeds done in the body, of the two whose chances would you prefer for yourself, if you were now dying? The longer you meditate the firmer will be your conviction that the editor is a common criminal, while the other is many Judases in one, who has betrayed Jesus with a kiss every Sunday of his preaching.

Oh for those in the pulpit who will preach against the plutocrats as Jesus did against the scribes, pharisees and hypocrites! When these are called—as some day they surely will be—the working people will go to church again, and true religion will flourish once more.

Our higher educational institutions are conducted by those who diligently train the students to be experts in the sophistry of plutocracy. The most painful chapter in the history of American education is that which tells of learned, able, true and good men who

have lost their professorship for teaching truth injurious and unpalatable to the plutocrats.*

Books on political economy, and all matters pertaining to government and the rights of the people—these must either declare for plutocracy outright, or speak of its evils with bated breath, or the author must turn aside from the leading houses in order to find a publisher.

It is disgusting and wearisome to go on. We stop with the statement that all the instruction which the masses get from newspapers, magazines, preachers, professors and books is carefully censored by the plutocrats.

At the end of the last chapter of this Book I., let us shortly sum up.

The State, municipal and national machine does the bidding of the plutocrats.

The legislative, executive and judiciary of every part of American composite government are each and all directed by the plutocrats.

The plutocrats also direct sheriffs and United States marshals and the force under each, the police, the militia and the standing army.

They instruct every different instructor of the people, whether editor, preacher, professor or author.

Demosthenes said that the Delphic oracle philippized. We may say that all the organs of our politics, government, public force and public opinion plutocratize.

*By far the bravest and completest treatment which this momentous subject has received is Prof. Will's article, "A Menace to Freedom: The College Trust," in *The Arena* for September, 1901.

BOOK II.

THE PLUTOCRATS IN BUSINESS.

CHAPTER I.

THE MONEY LORDS, OR THE PLUTOCRATS OF FINANCE.

NATURALLY plutocracy followed close upon the institution of private property in land, and the instruments with which land was artificially made more productive. Flocks during the pastoral era, and slaves during a long period after the commencement of the agricultural era are the most important examples of such instruments. We cannot do more than merely allude to the subsequent development of landed plutocracy which marked the progress of all communities upwards in civilization, for we must hurry on to our own time, in which while the owners of mines, gas and oil fields, forests, terminals, water fronts, water power, business sites in cities, etc., etc., are indeed, plutocrats, yet they influence the government and fleece the masses far less than others not owning land largely, who have to be treated at the outset in this, our Second Book. The plutocracy which we deal with is mainly new, almost entirely the child of the present. And the student will see that even our landed plutocracy has been so modernized as to show but small resemblance to the ancient.

Of all the members of our existing plutocracy, bearing in mind that our landed plutocrats are really modern—those that give

this chapter its heading are the eldest. This is our justification for beginning with them. Further, they have been permitted by us to appropriate the money function of government, the due exercise of which is an indispensable condition of prosperous civilized society, as we shall try to explain in the next chapter.

The career of the money lords opens in England in the seventeenth century. Until that time coinage of money had been a royal prerogative. It was for the king to settle the material, the forms and denominations of money, the ratio between gold and silver, whether the coin should be cried down, debased, its commodity value increased—in short, the king's power over money was unlimited. If any one else should coin money, even of more value, or melt the coin, or export it, or even hoard it, it was a crime visited with severe punishment. In those days there came a few wise ones whose occupation had given them alone a knowledge of how considerable gains could be made from doing certain things with the coin. The landlords knew that to contract the volume of coin in circulation would counteract the serious rise of agricultural produce in price consequent upon the recent influx of the precious metals from America, and thereby stop what they felt to be a ruinous diminution of income from their rents; the London goldsmiths knew that if they could convert coin into bullion and vice versa, *ad libitum*, as the market price of one or the other suggested at any particular time, a new and ever flowing source of profit would be opened to themselves; and the coinage ratio of England being fifteen weights of silver to one of gold, while that of India was nine to one, the members of the East India company knew that if it got the privilege of exporting the silver coin of the realm, it could exchange it for the gold of India, and make 66 2-3% in every transaction by selling this gold in England for silver. And accordingly these three special interests—landlords, goldsmiths and members of the East India company, co-operated under the lead of the company, and keeping secret what they knew, as we have told above, they duped king, lords and commons by a series of meas-

ures disguised with false pretexts, and, at last, in 1666, got the coinage laws changed to suit themselves.

Briefly stated, this alteration was the repeal of the prohibited export of coin and bullion, the abolition of government seigniorage, and lastly, a monopoly of coinage to the East India company and the goldsmiths.

We beg the reader to complete the meager sketch just given, by studying the work of Mr. Del Mar, referred to below, in which the dire beginning of modern financial legislation for the benefit of the few, at the cost of the many—such legislation being always procured by forgery and fraud—is appropriately told.¹

The sequel of what the author just cited calls the crime of 1666, has been the development of the financiers of Great Britain, France and Germany, and lately of the United States, into what we may call the The Money Trust of the World.² The doings of this international trust will engage us, for awhile, later on. At present we must deal particularly with the progress of the mon-

¹The Crime of 1666, pp. 7-48, of the book entitled, "Barbara Villiers, or A History of Monetary Crimes." N. Y., 1899.

It is the right commencement of the study of plutocratic finance, founded as that finance necessarily is upon legislation which can be got only by fraud and chicanery. Macaulay has told with enchanting interest the coinage abuses in the reign of William, and how they were well reformed by a few great contemporaries. Whoever compares this narrative of Mr. Del Mar with that of Macaulay just mentioned must note how the American mastery of the true science of money made him see clearly what the native historian overlooked, that is, the causes of the evils so graphically described by him. In these days of the riot and revelry of the money lords in every department of the federal government, how medicinal and refreshing it is to turn from the utterances of college professors, unani- mously advising to put their employers in charge of the nation's money, to the sturdy and unanswerable maintenance of the right by Del Mar. It makes one know that for all of the smiles which Mrs. Grundy lavishes upon the subservient corrupters of our youth and their triumphant mas- ters slyly whispering them what to say, the day is coming when the American people will disenoble the money lords and set up a Mrs. Grundy of their own.

²Consult the following passages in Mr. Del Mar's works: *The Crime of 1870*, *Barbara Villiers*, 77-86; *The Science of Money*, 3d ed., 90-94; which will give one a good start in learning how all countries, ours in- cluded, are squeezed by this all-powerful association.

eyed plutocracy in America, in which it has made great and novel advances beyond what has occurred in Europe. It would seem that in Europe, the moneyed plutocracy must maintain itself without other help—where it is, in fact, the only complete example of the new and modern plutocracy to be found—while, in America, the plutocrats of the entire land and water, long and short distance transportation, and those of the trusts (not to mention any more) are allies, or rather its branches and connections, and, therefore, its power and influence in the United States is far more widespread and mighty than it is across the ocean.

The history of our moneyed plutocracy need be nothing more than a bare skeleton, as late popular discussion has drawn attention to every important detail. We hope, however, to show far more clearly than has heretofore been done, the rationale and actual consecutiveness of the different parts.

In sore need of money with which to prosecute the civil war just begun, the United States applied to the bankers of Wall Street. They advanced the money asked for, charging 12%.^{*} Here commences the existing supervision of the money system and Treasury of the United States by the plutocrats of finance. It is noticeable that at the very first they did not fully understand their legislative needs. And so the act of July 17, 1861, authorizing an issue of \$50,000,000 of Treasury notes, and the amendment of the 5th of the next following month were passed, under which the notes mentioned were virtually made legal tender for all dues to and from the United States. And it seems that the money lords overlooked the act of February 12, 1862, which provided for an issue of \$10,000,000 Treasury notes.

But they woke up and took care of their business as gold and bond brokers by having it provided in the act of February 25, 1862, (1) that the greenbacks made legal tender for everything else should not be legal tender for import duties and interest

^{*}See Mr. Henry Clews's account, and note his justification of the high rate charged; 28 years in Wall Street, 40.

on the public debt; (2) that these greenbacks be receivable at par in payment of all loans sold or negotiated by the United States.

By the two provisions just noted, the lords secured the following advantages:

1. Opportunity to exchange greenbacks continuously depreciating *at par* for a bond, paying interest in coin semi-annually. It was a great and increasing paradox that a stated sum of greenbacks bought for the people less and less, and for the lords more and more during all the war subsequent to the passage of this last mentioned statute. The lord could always get par for his greenbacks from the government, but the soldier's wife had to lose the depreciation when she bought necessaries for herself and children.

2. An unfailing supply of gold during all the while that gold would be getting dearer and dearer. There was at that time practically no silver in circulation, and, therefore, the coin interest of the bonds would always be paid to the lords in gold.

3. An enforced demand for their commodity; for the importers must buy gold at a premium from the lords to pay duties. The importers would pay it to the United States, and then it would be returned to the lords without premium exacted in payment of bond interest. Here first appears the "endless chain" by which the lords are supplied by the United States with gold at will.

The provisions favoring the money lords which we have just considered were substantially repeated in all the other acts for raising loans passed during the war.

It must be mentioned that these bonds were tax free.

Still another most lucrative favor was lavished upon these patriots who were spending their money so bravely for their country. Under the act of 1864, a deposit of not less than \$50,000 of these gilt edge bonds with the treasurer by an association organized to do national banking business, would receive from the United States bills, furnished at the expense of the latter, amounting to 90% of the face value of the bonds deposited. These bills set up the

Association in the profitable business of banking. A prohibitive tax of 10% on notes of any person, State bank or of a town, city or municipal corporation used for circulation, drove out all such notes, and gave the field of banks of issue wholly to the association just described. Should a law require that milk be sold only by corporations of a prescribed minimum of capital, such an expulsion by it from the milk business of all unincorporated sellers, would closely resemble the exclusion from circulation of all other notes than those of the national banks and greenbacks. These national bank notes which were redeemable in greenbacks, were made receivable in all public dues except duties on imports and payable for all except interest on the public debt. The last mentioned provision kept these bank bills at par with greenbacks, although they were not a legal tender as the latter were.

Certain national banks can be designated by the secretary of the treasury as depositories of the public money. Large deposits are the main thing in prosperous banking. It has been established by experience that a bank, in ordinary times, can safely keep three-fourths of its deposits loaned out on short line. The United States charges no interest on its deposits. The richest national banks have a pull, and get practically all of these—a subject which will engage our attention later on.

Let us make a brief *résumé* of the special privileges of the national banks, under the law, before these privileges were increased by the act of March 14, 1900. In consideration of their buying bonds at such a low figure that the yield of the investment was without parallel, the United States loaned them money, as good as greenbacks, to the amount of 90% of the par value of the bonds without interest for twenty years. Really the government pays bond interest on this money; for, as suggested by Hon. John P. Jones, it could itself issue the bills directly to the people, and secure the bills by depositing the bonds in the treasury. Think of lending your money for nothing, and also paying interest upon it to the borrower.

Next the United States gives these pets a monopoly by suppressing all competition, which is to say, that they are the only banks of issue in the land. Lastly, they are made the sole depositories of the money of the United States, and thus millions and millions are added to their loanable funds without any cost to them.

A few pages back we illustrated the suppression of the other banks in favor of the national, by supposing a monopoly of milk selling given to certain corporations, with a minimum of \$50,000 capital. To make the comparison complete, we must further suppose that the milk favorites receive 20 year loans from the government of all the money they need, with interest paid to them on the same; and also, that the government owns a multitude of the finest milch cows, which it houses with the monopolists alone, who are permitted to milk them *ad libitum*, without charge, the government feeding and tending the cows.

If you lose sight of these special privileges the apologist of the national banks by expertly comparing them with mere banks of deposit to the advantage of the latter, will make you believe that they hardly pay expenses, and to forget that these same money-losing institutions assiduously keep money making ones out of business.

We now take up the thread which we dropped when we turned aside to describe the national banks.

The civil war was over, and the public debt was immense. While some of the interest therein was payable in lawful money, that is, greenbacks, and more of it in coin, all the principal was payable in greenbacks under the legal tender act of February, 1862. And from the close of the war in the spring of 1865 until the commencement of President Grant's administration in March, 1869, the greenback dollar, fluctuating in value every day, was worth in the New York market, at any particular date, 70 cents in coin, or a few cents more or less. The lords resolved to avoid if possible receiving payment in depreciated greenbacks, although

that was the obligation of their bonds, and to get par in coin. They had actually paid an average of not exceeding 50 cents in coin for each dollar of their holdings, and for every one of these dollars they now schemed to get 100 cents in coin. A large proportion of these war debt bonds was held by bankers in Europe, whose fathers and fathers' fathers had cherished in affectionate memory, and imitated whenever opportunity offered the great achievement of the English financiers in 1666 narrated above, and handed down to their descendants consummate training in political and legislative intrigue. Through their influence the republican platform of 1868 spoke plainly in their favor. They tried to get the same from the democratic national convention, but although the agent of the Rothschilds was its chairman, and doing his best for them, the convention passed a resolution that all obligations of the government, not declared on their face or in the law authorizing their issue, to be payable in coin, ought in right and justice to be paid in greenbacks. But the lords did not give up the fight after this failure. They got Pendleton, who was the logical candidate of the greenbackers, withdrawn, and Seymour, a non-greenbacker, nominated as the democratic candidate for president.

The campaign opened, and the fighting was soon hot and violent. The republicans, the declared party of the lords, were led by General Grant, then worshipped everywhere as the savior of the union. But against this portentous prestige, the democrats, though deprived of the leader of their choice, bravely appealed to the people upon the resolution mentioned. The right of their cause became clearer and clearer. Soon after the Revolutionary war, public creditors made a claim against our government similar to that now made by these bondholders, and Jefferson said of them:

"Justice will be done . . . by paying to all persons what this money actually cost them, with an interest of 6 per cent. from the time they received it." And in 1868, John Sherman, who had not then abandoned the people's side, said: "I think the bond-

holder violates his promise when he refuses to take the same kind of money he paid for the bonds."

The chances for the democrats brightened every day, and within a month of the election it began to look as if there was going to be a landslide for Seymour. But the lords taught us a new lesson in the game of national politics. The agent of the Rothschilds, of whom we have just spoken, controlled the *New York World*, a leading newspaper, which was then the accepted organ of the democratic party. Manifestly at the instigation of this man and a few others interested in the ownership of the paper or the cause of the foreign bondholders, and all of whom were but tools of the latter, October 15, 1868, when the election was but a little more than two weeks off, there appeared an editorial in this paper, which declared that Seymour could not be elected, and advised that some other candidate be put up. This editorial did the work intended, and General Grant, standing upon an anti-greenback platform was elected. Nobody familiar with his career can believe that Grant was not the extreme of conscientious integrity. But he had drunk deep draughts of the idolatry and adulation of the money lords, and they had heaped pecuniary favors upon him. Without civilian experience, in his simple-heartedness he always believed that all those with whom he dealt were as honest as he was himself, and he was easily influenced to take their suggestion. Thus he was often the efficient agent of the money lords without his being aware of it. Two most striking instances are his promotion of the credit-strengthening act and his co-operation with the gold cornerers. The largest part of his short inaugural address was advocacy of the cause of the bondholders, and it was, doubtless in furtherance of their ulterior purposes that they made him say therein that payment unless otherwise provided for in the contract should be in *gold*. When one compares what he really thought of silver, as appeared subsequently in his letter to Mr. Cowdrey, he may be sure that if another had not put words in his mouth, he

would have used in place of that word gold some expression that meant specie and included silver.

We here give the principal part of President Grant's first message, which the reader must recognize as the language of the bondholders.

"A great debt has been contracted in securing to us and our posterity the union. The payment of this, principal and interest, as well as the return to a specie basis as soon as it can be accomplished without material detriment to the debtor class or to the country at large, must be provided for. To protect the national honor, every dollar of government indebtedness should be paid in gold unless otherwise expressly stipulated in the contract. Let it be understood that no repudiator of one farthing of our public debt will be trusted in public place, and it will go far towards strengthening a credit which ought to be the best in the world, and will ultimately enable us to replace the debt with bonds bearing less interest than we now pay." Yes, the lords, secretly prompting the president as Mephistopheles does the astrologer, made him say that if every half coin dollar's worth of greenbacks which they had put into the bonds, were not paid with a gold dollar, our national honor would be soiled, and they had him to brand as a repudiator unfit for any public trust whomsoever was unwilling that this unconscionable overpayment be made; they enlisted him for ruinous contraction of the money volume, and the earliest possible resumption; and they got him to help befool the people with the proposal to bring in bonds with a lower interest rate. This achievement has not yet been booked with their golden deeds as it deserves. It was therefore in place to deliver this eulogy upon it before going on with the immediate sequel of his momentous message. That sequel is that 14 days after the date of the message the credit strengthening act of March 18, 1869—the very first legislation of the new congress—was passed.

These are the provisions of the act, digested and separately stated.

Solemn pledge of the faith of the United States to pay the greenbacks in coin or its equivalent, and to make provision for their redemption in coin at the earliest practicable time. (At this time \$100 in gold coin was worth \$131.3 in greenbacks.)

Solemn pledge of same to pay in coin or its equivalent, all interest bearing obligations of the United States not expressly directed by the law, authorizing their issue, to be paid in lawful money or currency other than coin.

No interest bearing obligations not already due were to be redeemed or paid before maturity unless resumption had commenced, or United States bonds bearing lower interest than those to be redeemed could be sold at par in coin—another provision intended to work the greatest possible appreciation of inferior securities.

We add the comment of a most reliable authority: "By virtue of this act the government of the United States, without any consideration whatever, improved and enhanced the value of the bonds it had issued under the act of February 25, 1862, and its sequels, which bonds it had sold at half price because of their sale and redeemability in greenbacks. It also, and likewise without any consideration, improved and enhanced the value of the greenbacks, by promising to redeem the same in coin, whereas when they were issued they were sold at half price for war supplies largely on account of their irredeemability in coin.

The passage of this act was equivalent to the payment to various European banking houses, holders of the five-twenty bonds, of at least 275 million dollars, over and above what they would otherwise have received in the form of interest and principal for the bonds which they held or controlled. It really amounted to more than twice as much."⁵

⁵Alexander Del Mar, *Barbara Villiers; or, A History of Monetary Crimes*, 73.

The narrative entitled "The Crime of 1868"—(Id., 60-76)—from which the quotation in the text is made contains full details of the plot by which European bankers, with the aid of accomplices on this side of the water,

The audacity of this entrance into American politics by the foreign money lords; their advanced and masterly handling of both parties at the same time, so as to beat the man they did not and elect the man they did want, for president; their making the president proclaim their sentiments as his own in his inaugural; getting the credit strengthening act as the very first legislation of the new congress; and the great booty they thereby seized—was ever a first, novel, and seemingly impossible undertaking crowned with such complete success?

Just a word as to the booty. The Spaniards plundered the Indians of America of great heaps of the precious metals; but they never made a haul of 500 millions at one time, as these invaders of civilized America did when they got the credit strengthening act passed.

The tax-free, coin-interest-paying, monopoly banking, rapidly appreciating bonds were too good a thing to be given up. Accordingly the lords got the refunding act of July 14, 1870, passed empowering the issue of \$200,000,000 of 10-year 5 per cent., \$300,000,000 of 15-year 4½ per cent., and \$100,000,000 of 30-year 4 per cent. bonds—all these bonds redeemable in coin of the then standard value, to be exempt from federal and other taxes, and to have the condition specified above set forth on their face, so that any repeal of the act authorizing them would not alter the obligation thereof as to *bona fide* purchasers.

The people were bamboozled by being told that the new bonds

manipulated the party advocating the payment of the bonds in greenbacks, and at last defeated it by signal treachery, in order to assure the success of the other party which gave them the credit strengthening act at the very commencement of the new administration; and to this narrative we refer such of our readers as desire to study the advent of foreign money lenders into our national politics.

The whole work is to be recommended as the best and most readable of all books which explain the corrupt methods by which the money lords of our day have acquired their tremendous power with governments. Barbara Villiers is really a collection of short stories, each of an important monetary crime, and of breathless interest; and the stories are all true ones more wonderful than fiction.

bore a lower rate of interest than the old, whereby great saving would accrue to the taxpayers, and also by being told it would be too hard on them to pay off the war debt now, and it would be better to wait until times had improved. The lords concealed from them that even the lowered rate of interest was above the market rate, and that great profits would come to the bondholders from the appreciation of the gold coin in which the lords had already resolved that final payments should be made.

The lords preferred the highest interest bearing bonds, and they got the act of January 20, 1871, passed, increasing the 5 per cent. from \$300,000,000, as provided in the refunding act of 1870 to \$500,000,000.

Refunding commenced. The 5 per cents. were first sold. "About 65 millions of these were exchanged at the beginning bond for bonds, for 6 per cent.;"* which fact eloquently shows the greater desirability of long term new bonds to holders of the old about to mature. The entire \$500,000,000, called the loan of 1881, was taken. By the summer of 1879 all the redeemable debt was refunded. In 1866 the principal of the public debt was some 2,700 millions, and it was some 700 millions less when refunding had been completed. This apparent reduction pleased gullible people, while the holders of the bonds, understanding the rise in value of gold, were pleased to know that the debt had been really increased and would continue to increase.

The lords having jackscrewed their depreciated currency up to par in coin interest bearing bonds payable in greenbacks, had afterwards jackscrewed the principal of these bonds up to par in coin, as we have told. We are now to tell how they gave a few more turns to their jackscrew and elevated the value of their bonds a hundred per cent. above par in bimetallic coin.

To make our readers not versed in monetary science understand this last move of the lords, we must explain the different workings of the double standard and the single standard, as

*Circular No. 143, U. S. Treas. Dept., No. 143, p. 8.

they are popularly called. Our metallic money then consisted of gold and silver, each freely coined at the rate of 16 to 1, and made full legal tender. The effect of such parity is not to keep both sorts of coin always in circulation, side by side. One time the commercial value of gold rises a little above its coin value, and it is consequently exported or melted down. This gives the silver coin remaining more work to do as money, increasing the demand for it, and its commercial value may rise above its coin value. Then it will go away, and gold, which has been cheapened by the diminished demand for it, returns. These alternations go on perpetually. And like the unequal expansions and contractions, under changes of temperature, of the metals composing the gridiron pendulum, which balance one another and keep the length of the pendulum the same, so the variations of value just mentioned result in an approximate stability of the relative value of gold and silver coin; and if, perchance, gold coin alone was in circulation at a particular time, it was not correct to say that silver had been practically demonetized. The effect of maintaining parity between the two metals has been well stated as follows:

“A very great part of the world adhered to the bimetallic system, which made both gold and silver legal tender, and which established a fixed ratio between them. In consequence, whenever the value of the two metals altered, these countries [in which both metals were monetized] acted as equalizing machines. They took the metal which fell; they sold the metal which rose; and thus the relative value of the two was kept at its old point.”¹

The lords had resolved to demonetize silver, so that their bonds payable in coin would then be payable only in gold coin. To demonetize silver would raise the value of gold as the destruction of soft coal would raise the value of anthracite, the destruction

¹Walter Bagehot, *London Economist*, July 16, 1876, cited Geo. H. Shibley, *The Money Question*, 233.

of pork and mutton would raise the value of beef, and the destruction of Indian corn would raise the price of wheat; and gold, released from its enforced parity with silver, would rapidly rise in value because of the increased demand for it as money when it must alone do all the work which both of the metals used to do. If the project of the lords should be realized, they would receive at the maturity of their bonds cent. per cent. increase of the principal, and they would in the interim be collecting their interest in a steadily appreciating dollar.

We must now tell you how the lords succeeded in their undertaking beyond even their own greedy wishes. And as our narrative will not be complete without due attention paid to what was accomplished in this affair by European intrigue and agency, we must commence some years back of the demonetization of silver in this country.

The scheme commenced with the formation of the Latin Monetary Union in Paris, December 23, 1865; the ostensible object of which was to assimilate the gold and silver coinage of Belgium, France, Italy and Switzerland upon the basis of the French franc. But the real object of the great financiers, who secretly controlled the Union as was subsequently made plain, was the ultimate demonetization of silver in all the more advanced nations of the world. Among these wire-pullers of the Latin Monetary Union were large holders of American government securities; and the defeat of Seymour and the election of Grant in 1868, the credit strengthening act of 1869, and the refunding act of the next year, already mentioned by us, were due to them. In 1870, a few months before the conspirators had got the refunding act of that year passed in the United States, they procured a piece of legislation in England which, as it is the origin of the subsequent law of the United States demonetizing silver, must be briefly told.

The English act of 1816 had closed the mints to silver, while leaving them open to gold. Under it, however, "the Sovereign

. . . . had the power by proclamation to re-open the mints to the private and unlimited coinage of silver."⁸ The power mentioned in the quotation just made having never been exercised, the practical effect of the act of 1816 was to demonetize silver, and greatly raise the value of money. The intent of this act, passed the next year after the long wars with Napoleon had closed, was to give the holders of British funds, bought during the suspension of specie payments caused by the pressure of these wars, a gold pound for every depreciated paper pound placed by them into these funds.⁹ The act of 1816, practically and indirectly demonetizing silver in England had had its day. In 1870 the magnates of finance wanted something more. They wanted silver demonetized permanently in Europe and America. The right beginning was to take away by legislation the power saved to the British sovereign, by the act of 1816, of re-opening the mints to silver. Then such legislation was to be re-enacted by the United States congress. They could succeed only by feigning a purpose different from their real one. But they have been experts in duping law-makers and executives ever since they tricked Parliament and Charles II. in 1666; and on this occasion they showed even more than their usual ability to deceive. In February, 1870, a bill was brought into the house of commons, pretending only to amend the laws as to coinage and the mint and abolish the useless office of mint master. As then drafted, it fully protected the prerogative of silver coinage. But it was artfully metamorphosed in committee, so that when it came back it was without the provisions protecting the prerogative mentioned, and an abolition of the prerogative had been made by the addition, at a most inconspicuous and unnoticeable place, of a few words the meaning of which would appear only on

⁸Del Mar, Barbara Villiers, 82.

⁹See what Hon. John P. Jones, citing Doubleday's Financial History of England, says on this subject. Speech in the United States Senate, in Oct., 1893, 241.

reflection.¹⁰ The next day the bill was "considered as amended," and three days later it passed its third reading, as it had passed the others, without discussion. It was got through the house of Lords by the same kind of jugglery. April 4, 1870, it became law.

As Mr. Del Mar, whose luminous narrative we have compressed very greatly, says: "From beginning to end, neither in the house of commons, the house of lords, nor in the committees of either house, was any intimation made of any purpose to curtail the queen's prerogative of silver coinage, nor did any discussion take place on the subject."¹¹

Thus was the royal prerogative of silver coinage clandestinely and perfidiously destroyed by a law, not enacted at the demand or in the interests of the people at large, but enacted to effect the selfish and fraudulently concealed purposes of the plutocrats of finance.

They likewise demonetized silver in other leading nations of Europe. But we are here specially interested in what they did in our country.

"Within a fortnight after its enactment in England, this mint bill [that of 1870, just described] which it was alleged contained 'no innovations and no new principles,' was in the hands of the comptroller of the (paper) currency at Washington, Mr. John Jay Knox, a young man and a new man, entirely ignorant of coinage, and one whose office had no connection with coinage or the mints. There it became the basis of a bill which purported, like its prototype, to be merely a codification of the existing laws relating to the coinage, but which also like its prototype, really curtailed and destroyed the ancient prerogative of the state with

¹⁰The amendments made in committee were really two. First, the provision allowing coinage of silver was stricken out. There then remained a provision empowering the sovereign by proclamation "to regulate any matter relative to the coinage and the mint which are not provided for by this act." The second amendment was to put into the clause just quoted the passage underscored, so as to make it read: "to regulate any matters relative to the coinage and mint within the present prerogative of the crown, which are not provided for by this act."—An average legis-

regard to the coinage of silver and the making of silver coins (national or foreign) legal tender for the payments of debts."¹²

A bill, modeled upon this English act of 1870, was introduced in the United States senate by John Sherman, near the end of the same month in which the former had been enacted, its title stating that it was "to revise the laws relative to the mint, assay offices, and coinage of the United States." It was a compilation of all the laws on the subject. Its intent was to demonetize silver indirectly by making no provision for coining the standard dollar of that metal. This was the bill mentioned in the quotation just made, and as the treasurer stated, when he sent it to Sherman, its preparation had been supervised by Mr. Knox, who, as narrated a moment ago, had in his possession both the original and the final draft of the English bill.¹³ Sherman, who in 1868 introduced a bill in the senate providing among other things, that the coinage of silver dollars be discontinued, was now the chairman of the committee on finance, and this probably explains why the bill of 1870 was referred to that committee. We have not space to follow it particulaly, but can only say that when it was reported back and came up in the senate no attention was called to the dropping of the silver dollar, nor was any mention made of it throughout the discussion; and that it went to the house,

lator would at first flush think that the purpose of these underscored words was to retain the provision which had been stricken out. The trap was skilfully set, and it caught the game.

¹²Barbara Villiers, 84.

¹³Del Mar, Barbara Villiers, 85. In a footnote to the first sentence of the quotation, it is stated, "The original bill had been in his hands from the outset of the intrigue in England." At another place, Mr. Del Mar says of the same subject: "Mr. John Jay Knox, one of the officials who in 1869-70 lent his assistance to the preparation of the American mint code, when the matter was brought home to him acknowledged his part in it, and boasted that he was proud of his work;" citing London "Economist," December 26, 1885, as authority. History of Monetary Systems, Chicago, 1896, 442.

¹⁴All this and more as to Mr. Knox in this affair is told by Mr. Shibley, The Money Question, 295, whose citations and references will prove a good starting point for one who wishes to give this subject more study.

where it died without making any stir, by the termination of the session.

The anti-silver intrigue was pushed in the next congress. A new bill was introduced in the house by Kelley, who explaining it afterwards, said it had been prepared in the treasury department, and its purpose was to codify the mint laws, that the only cardinal change it effected was to create a director of the mint, with headquarters in the treasury department. It is controverted whether the standard silver dollar was omitted or not in this bill. In 1879, Kelley said, in a speech in the house, that it provided for both the standard silver dollar and the trade dollar. The original has been lost, which may well be spoliation of evidence, corroborating Kelley's declaration. When the bill had come back from the committee and was up, the standard silver dollar had been dropped. Potter, of New York, remarked upon this, reprehending the provision that legal tender coin be made of only one metal, and opposition became so strong the supporters of the bill pretended to abandon it, and brought in a new one as a substitute, which they asserted obviated all the objectionable parts of the original bill. The house was thus induced to pass the substitute; and the senate likewise. President Grant signed it February 12, 1873.

Let us trace the winding ways of indirectness and concealment by which this act did its work. Its purpose was not revealed in its title, given above. Had it been honestly drawn it would have been in part as follows: "An act to make gold coin legal tender for every debt, to substitute the trade dollar for the standard silver dollar, and to restrict silver coin as legal tender to debts not exceeding \$5.00 in amount." There are 67 sections of the act in all. The first 12 contain various minute provisions as to the mint and its belongings. Sec. 13 is especially to be considered. It enacts that 900 of every 1,000 parts of either gold or silver coin be of pure metal and 100 of alloy; that copper be the alloy of silver, and copper, or copper and silver, the alloy

of gold coins, the silver in no case to exceed 1-10 of the whole alloy. This section would suggest to every American familiar with the coin system of his country, and not in the secret of the promoters of the bill no other intention than to preserve unlimited the parity of gold and silver coin. Expressed and located as it is, this section 13 is one of the most ingenious and effective screens ever placed in a statute by a special interest.

Certain provisions in the 14th, 15th and 17th sections are now to be noted. At the outset of the 14th is a long enumeration and description of gold coins, in which the dollar is prescribed as the unit of value, and following is an enactment that these gold coins be unlimited legal tender. The 15th section says that the silver coins shall be a trade dollar and halves, quarters, etc., providing at the end that these silver coins be legal tender for any amount not exceeding \$5 in one payment. Bear in mind that the standard silver dollar is not named in this 15th section, nor anywhere else in the act. The 17th section says that no gold or silver coins "shall hereafter be issued from the mint other than those of the denominations, standards and weights herein set forth."

Let the reader, with a copy of the act before him, pick out the parts which we have just emphasized. He will be impressed to observe how far apart they are from one another, how inconspicuously set, how mixed up and confused with other matters, and how darkly and circuitously they express their hidden meaning.

By the cheating and swindling described above, silver was indirectly rather negatively demonetized. The final consummation was yet to be made, and it was made in the Revised Statutes passed in June, 1874, in which this enactment occurs. "The silver coins of the United States—[this expression, mark you, including the standard silver dollar, which was not mentioned in the act of 1873]—shall be a legal tender at their nominal value for any amount not exceeding five dollars in any one payment."¹⁴

¹⁴Id., § 3586.

The declared intent of this revision was to compile the existing statute law, without alteration. The committee on revision had reported that no new law had been added. It was impossible for the members of congress to inform themselves accurately as to a hundredth part of a bill more voluminous than Webster's unabridged dictionary. We have just seen how an act of only 67 sections was misunderstood by congress. There are 5,601 sections in the Revised Statutes. Of course congressmen had to trust the representations of the revisers. And to speak it in plain English, the last quoted section had been added to the old law by some of these revisers, and the addition was concealed from congress by falsehood. When the Revised Statutes were enacted in bulk, as they were, silver was affirmatively demonetized. As stated in the report of the United States Monetary Commission of 1876:

"No law was ever passed by congress of which this language of United States Rev. Statutes Sec. 3586 can be considered a 'revision'. . . . Whoever may be responsible for this *error* in the Revised Statutes, the ancient money of the country, instead of being *legislated* out of existence by congress was *revised* out of existence."¹⁵

There is an overwhelming mass of proof that the congressmen passing this legislation were utterly ignorant of its effect.¹⁶ It is notorious that President Grant was also similarly ignorant when he signed the bill and for a long while afterwards.

¹⁵Compare as to this subject, Del Mar, Barbara Villiers, 90, 91.

The student, wishing to learn who were the real actors in the demonetization of silver and their purpose, how they got the legislation they desired in Europe, and the efforts and co-operation which procured similar legislation in America, will find nothing yet published that approaches in excellence the three divisions of Del Mar's Barbara Villiers, entitled respectively, "The Crime of 1868," "The Crime of 1870," and "The Crime of 1873," *Id.*, 60-91.

¹⁶See Mr. Shibley's collection of declarations of prominent members of both the senate and the house, showing that they did not know at the time it was passed that the act of 1873 dropped the silver dollar, *The Money Question*, 301-303—Compare Ridpath, *The Bond and the Dollar*, 21-29 (The Arena Pub. Co., Boston, Sept., 1896).

Thus did the plutocrats of finance demonetize silver. Now that they have in the last two presidential elections struck down finally, as it seems to them, all serious popular resistance, they but sneer and scoff when one mentions the crime of 1873. That does not wipe it out. It is the blackest forgery, the basest example of *crimen falsi* in human annals. The perfidy and turpitude of those who deliberately deceived congress and the president in consummation of their plot of years to sell their own countrymen to foreigners are matched only in Benedict Arnold and Iago. It behooves all who love the right and the land of their fathers to keep this most gigantic of all the many monetary treacheries in the unfading and unforgiving memory of the American people.

The reader not old enough to remember these events is to learn that there was no coin in circulation from about December, 1861, until the beginning of 1879—a period of 17 years. It was the time for irredeemable greenbacks and national bank bills, and during it nothing was further from the thoughts of the average American than the subject of our coinage. This explains why silver had been demonetized for 2 or 3 years before the fact became generally known. But although the people were inattentive, the lords kept on the alert, moving towards their goal without ceasing. They got the resumption act of January 14, 1875, passed, and to keep the people still asleep to the fact that silver had been demonetized, they prefixed to the act this false and deceptive title: "An act to provide for the resumption of specie payments." What an excruciating joke this word "specie" must have been to them when they talked the affair over with one another! The only provision of this resumption act which concerns us here is that on and after January 1, 1879, the legal tender notes were to be redeemed in coin, if presented in sums of not less than \$50 at the office of the assistant treasurer in New York city. As silver had been made legal tender only for debts not exceeding \$5 and greenbacks could not be redeemed in sums less than \$50, the effect was that there could be no redemption of green-

backs at all except in gold coin. An honest title of this part of the act would have been something like this: "An act to make greenbacks redeemable in gold coin only." But such a title would have dragged the crime of 1873 too soon into the light of day.

The provisions in this act that the redemption of greenbacks, like the provision in subsequent acts, that the exchange of gold coin for bars¹⁷ can take place only in New York, was to consult the convenience of the lords, whose headquarters are there, and maintain their monopoly. Of course these favors were not sought. They are merely rewards by congress for the unselfish public services of the lords narrated in some detail in this chapter. As soon as the secret of silver demonetization was out, the people bestirred themselves so powerfully for its remonetization that the result was the act of February 28, 1878, promptly passed over President Hayes's veto.

Thus was resumption in gold coin alone at the commencement of the following year, as skilfully effected by the lords in the law we have described, defeated. But the lords got a provision into the act of 1878 validating contracts to pay in a coin named, under which nearly all the long term indebtedness of individuals, corporations, States and municipalities is now expressly payable in gold coin of present weight and fineness. And when resumption actually commenced with the year 1879, they influenced the secretary of the treasury—an officer whom of late years they control at will—to allow the public creditor to take gold or silver at his option, in disregard of the letter and spirit of the bond which gave the United States the option to pay in either metal. This precedent has been persistently followed. While the act of 1878 intended to remonetize silver as to all creditors, both private and public, the secretaries of the treasury actually demonetized it as to the lords holding the coin obligations of the United States. That is to say, that while President Hayes's veto could not prevent

¹⁷Act of May 26, 1882, and amending act of March 3, 1891.

the passage of the act, the veto of the secretary has effectually stopped its enforcement in the payment of the obligations just mentioned.

Here is a place to make an estimate of the winnings of the bondholders from the credit strengthening, refunding, resumption, silver, demonetizing acts, and the veto of the execution of the remonetizing law of 1878 by every secretary of the treasury, the effect of which, as may be stated generally, was to raise their depreciated greenbacks, first to par in bimetallic coin and next into par in greatly appreciated gold coin. And just before commencing with the estimate, a word as to the proofs of the appreciation of gold because of the demonetization of silver, which appreciation we deductively showed a few pages back.

The tables of current wholesale prices of staple articles made by Mr. Augustus Sauerbeck, an Englishman, have proved themselves to be so accurate, that his example has stimulated the making of similar tables by other economists in England, Germany and the United States, to mention no other countries, which are authoritative. The common use of these tables is to show the variations of prices of commodities. As prices are values measured in money, the tables assume the value of money to be constant. But when you invert the tables, as it were, noting how the prices of commodities rise or fall approximately together, it appears at once that these variations are due mainly to a single agency, and that alterations of the value of money must be the principal cause of fluctuating prices. Should money go up in value, commodities must go down; should money sink in value, they must rise. The calculus of chances demonstrates that it is the changing value of money which is the leading factor, and that for all the staple articles which keep so closely together in the rise or fall of their prices, as they actually do, to be in fact changing in value as they appear in the tables to be doing, is an improbability so huge that it amounts to an impossibility. Thus we see that the single thing money can alter its value in relation to that of the commodities, thereby

explaining the results tabled, but we cannot see how the value of the many commodities shall each rise or fall at the same time to points on nearly the same plane, and that money remain unchanged in value. When we perceive the average level of prices moving up or moving down in the tables, we are under an illusion similar to that, when we see the sun moving forward in its apparent path around the earth. As the real motion of the earth is transformed in our eyes into that seeming motion of the sun, so the actual rise or decline of the value of money produces the most of what the tables show to be movements of prices. While there are temporary risings and fallings in the tables since the demonetization of silver there is also a persistent movement downwards until the last three or four years of suddenly increased gold production. This can mean but one thing, to-wit: that during this period the value of money, that is to say, gold, had constantly increased.¹⁸ For the 20 years succeeding 1873—the year when silver was demonetized—gold rose some $2\frac{1}{2}$ per cent. in value yearly, or 50 per cent. by 1893.¹⁹

Having thus tried to make you see what the plutocrats so industriously conceal—that is, the steady appreciation of gold—during the period we have on hand, we now sum up the profits of the bondholders.

From 1862 to 1868 the United States sold \$2,049,975,700 of bonds, receiving therefor \$1,371,238,000—say \$1,400,000,000; which is 67 per cent. of the face value. In 1893 as stated by Hon. John P. Jones, whose figures we are here giving, for the amount last mentioned \$1,756,000,000 had been paid by the government in principal alone—\$385,000,000 more than had been

¹⁸See the short table of Sauerbeck, given by Senator John P. Jones, containing average wholesale prices of vegetable and animal food, sugar, coffee and tea, minerals, textiles and sundries, year by year from 1873 to 1891, in which the index number falls, with some variations from 106 in 1873 to 75 in 1891, the same having been 65 in 1889 and 1890. Speech in United States Senate, in Oct., 1893, 451.

¹⁹Id.

paid for the bonds. And \$2,538,000,000 had been paid as interest, with \$58,000,000 premium on bonds bought in. Thus it appears that in 1893, for the \$1,400,000,000 paid by the lords for their bonds, they had collected from the United States \$4,352,000,000.

No note of the enhancement of the amount paid the bondholders from the increased value of gold is made in the foregoing. We will now translate these sums of money into the prices of wheat and cotton, which have been more permanent than the price of gold.

One billion seven million bushels of wheat would have paid the sum advanced for the bonds. And, as Mr. Jones said, in 1893: "We have already as principal alone paid to the bondholders the equivalent in money of 1,986,000,000 bushels of wheat; we have paid as interest the equivalent in money of 2,974,000,000 bushels; and as premium 62,000,000 bushels, making the total payment of principal, interest and premium, 5,022,000,000 bushels of wheat, or 5 times the purchasing power which the people received from the bondholders." And as he said, there remained enough of the debt to consume another 1,007,000,000 bushels of wheat.²⁰

Next Mr. Jones shows that if cotton be substituted for wheat, the bondholders had been paid 7 times over, and were still to get more cotton than the equivalent of what they paid for the bonds.

Mr. John Clark Ridpath in 1896 made a detailed comparison of the amount paid by the bondholders to the United States, the amounts of principal and interest paid to them, and the balance of the debt unpaid, with the values of certain other staple commodities besides wheat and cotton. He thereby shows that the national debt, in spite of the enormous payments made upon it for 30 years, had been reduced in appearance only, and that the balance remaining at the close of the summer of 1896 had greater purchasing power than its entire amount March 1, 1866, when it was at its maximum. This excess of the balance July 1,

²⁰Speech in United States Senate, in Oct., 1893, 268.

1896—when it seemed to have been reduced more than one-half—over the maximum just mentioned, in purchasing power, in the case of wheat was 956,794,231 bushels; of flour, 150,748,164 barrels; of cotton, 12,034,583,333 pounds; of mess pork, 115,463,587 pounds; of sugar, 14,960,497,840 pounds; of wool, 3,629,811,321 pounds; of bar iron 4,096,865,566 pounds; of farming lands (approximately), 733,333 acres. It was less in the case of beef by 2,767,213 hundred weight.

The author adds: "It is seen that the purchasing power of the debt at the end of the summer of 1896, is far greater than it was March 1, 1866, on *eight* of the nine great staples enumerated, and that it is less by a comparatively small per cent. on only *one* of the articles enumerated. There is an overwhelming preponderance on the average of the whole list in favor of the debt as it stands at the close of the current summer. That debt, in a word, is worth more to the holders than it was at its nominal maximum more than 30 years ago."²¹

Thus it is demonstrated that the lords are marvellously gifted with the arts of alchemy and of hocus-pocus. By these arts, for every tale of 67 cents, or probably a less number, invested in United States bonds they have been paid five or six dollars, and how many more they will eventually be paid no prophet can tell; and under their hocus-pocus the more that the United States pays them on its debt the larger that debt becomes.

We need make but brief mention of the unconditional repeal November 1, 1893, of that part of the Sherman bill of 1890, directing the purchase and coinage of a large amount of silver bullion—such repeal being made under the influence of a severe panic created by the lords to that end.

Having got control of the coin, of course the lords must also get control of the paper money of the country. But this was far more difficult than it had been to demonetize silver. As we have already explained the latter was not at all in the public

²¹The Bond and the Dollar, The Arena Publishing Co., Boston, p. 9.

mind because the circulation of all coin had been displaced by greenbacks, used everywhere and at all times by the people, who were only eager to get more and more of them. The struggle of the lords was long, and for a while it appeared desperate. At last, with their accustomed sagacity, they found a road to success. Very astutely they created the condition which was made to appear to a great many unthinking people as an unanswerable reason for retiring the greenbacks. Bear in mind that at first they were not redeemable in coin, and that by rationally restricting their volume and keeping up a demand for them by appropriate taxation in payment of which they were to be receivable at par, they could have always been prevented from depreciating—a point which we shall make clear in the next chapter. But the lords, for their own purpose, made them redeemable in coin by the resumption act of 1878, as we have told—and thus the lords empowered themselves to raid the treasury gold reserve, and force issue and sales of bonds from time to time to restore it, the result being an alarming increase of the United States bonded indebtedness. How thoroughly President Cleveland, in his annual message, dated December 2, 1895, sets forth the evils of the greenbacks! He renews his attack upon them afterwards, and in his last annual message, dated December 7, 1896, he says, as his legacy of sound monetary doctrine to his country:

“I am more convinced than ever that we can have no assured financial peace and safety until the government currency obligation upon which gold may be demanded from the treasury or withdrawn for circulation and cancelled.”

Had the true cure of the evils against which he inveighed so earnestly been suggested to him, that is, to have the government issue all paper money, to make this money non-convertible into coin, and maintain it at par with coin, the champion whom the lords had chosen to vanquish Blaine in 1884, would have flourished it aside with the air of Podsnap, conscientiously believing that to give it consideration would be unpardonable treachery to

his benefactors. No other one of our many presidents made by the plutocrats, has rendered them more substantial services in the high place than Cleveland did in such capital matters as demonetizing silver, after it had been remonetized, in making opinion against the greenbacks, in refusing to sign the income tax act, and in setting the precedent of disregarding a governor, willing, ready and able to maintain order, and sending the United States troops to suppress a strike within the State and in lavishing millions upon bankers for illusorily keeping up the gold reserve. If he spoke his real meaning when he lately said: "Give the rank and file a chance," it indicates a marvellous change of heart.

We must now go forward with a hop, skip and jump to 1896, when, by turning loose their barrels in some quarters and threatening refusal of all credit in others, the lords won such a decisive victory in the presidential election that they at once commenced to rule with a higher hand than ever.

Their revelry and riot in the revenues and property of the United States with the aid and help of the custodians is vividly pictured in the letter of Secretary Gage to the senate, of date January 10, 1900.²² The time covered by the letter is from March 4, 1897, the beginning of the administration of Mr. McKinley, to January 4, 1900, the date of the senate resolution calling for the information given. We will describe some of the more important contents of this document.

Nearly 60 millions for the sale of the Union Pacific; the taxes of large amount in time of peace and increased by reason of the war with Spain until the receipts of the United States were a million a day—thus we roughly indicate the piles of money which the secretary of the treasury was depositing in banks which

²²56th Congress, 1st Session, Document No. 71, Letter from the Secretary of the Treasury, transmitting, in response to Resolution of the Senate of Jan. 4, 1900, a full report regarding the deposit of public funds, bonds and revenues of the Government of the U. S. with the National City Bank and the Hanover National Bank of the City of New York, together with correspondence with said banks.

had put up United States bonds as security. Under the rule of the department 4, 5 and 6 per cent. bonds get par in deposits, 3 per cent. get 95 and 2 per cent. get 85 per cent. It is almost incredible that no interest is charged by the United States on deposits. Its vast amount of free deposits yields millions to the happy depositories whose funds for lending it enormously enlarges. The great banks are plentifully supplied with bonds bearing the highest interest, and thus grab the larger proportion of deposits. The scarcity and dearness of these bonds operate like high liquor license to drive those of small means out of the business. At this point monopoly of the immense deposits of the United States emerges into view. But this is only the beginning. The communication between the head of the treasury and his subordinates on one side, and the magnates of the two favored banks on the other, somewhat resembles the correspondence of a rich and doting mother with her avaricious children who know how to give effective hints for money and to be pleasant in thanking her whenever she takes a hint. We will furnish some examples, numbered consecutively, presenting in each only the core of a letter asking for money. We often render into plainer language, and now and then we express what, although it is not written, can be read between the lines. We do not give parodies, but translations, with proper commentary in the context—that is, faithful paraphrases, which are therefore more accurate than ordinary translations. As we, in our footnotes, carefully refer to the originals, a reader dissatisfied with any paraphrase can make for himself what he deems a better one. Here begin our selections:

1. We qualify as depository of proceeds of sales of Union Pacific soon to be made, in the hope that a considerable portion of them will be left with us long enough to afford a reasonable profit on expense of purchasing the necessary bonds. Dealing largely in bonds, as we do, of course we will not pay so much for them that the interest they yield will not prove a good profit. But, dear mother, we want more than this; we want to make bank

interest for several months on the deposits which cost us nothing and yield you nothing. You know we largely control the rate of bank interest here.²³

2. Call money 5 per cent., and stringency increasing. Though deposits of city and investments very large we know you will confer a favor on business interests—that is, the great financial institutions—by leaving so much of the deposits here as may be available for current uses. We do not, dear mother, have such an opportunity as the present every day in the year.²⁴

3. The consensus of opinion of our leading financiers is that just as much of Union Pacific money as possible be left in banks here, where it will be available for commercial uses to their great advantage. The securities of the reorganized Union Pacific are on the market, and certain of our railroads are refunding their obligations at low interest. American investments are distrusted abroad because of the silver scare and the uncertainties of our currency system. These securities must be absorbed at home. If you will let the United States money stay here we will become as rich as the Rothschilds, and purchase all of these securities ourselves, which will be a good thing for us, and will appear to the people to be a good thing for them.²⁵

4. Thanks for your withdrawal of deposits in installments on alternate days. That is a quiet way of doing the thing which we like. It is to the interest of the country at large that the New York banks, in their aggregate statement through the clearing house, made once a week and telegraphed everywhere, show their reserves to be as strong as can be. Do not let the public know that a large part of these can be removed by you at an early day, otherwise it might discover that its confidence in us

²³Letter of Vice-President of Nat. City Bank to Sec. of Treas., Oct 27, 1897, Document aforesaid, 60, 61.

²⁴Vice-Prest. of Nat. City Bank to Sec. of Treasury, Dec. 20, 1897, Document aforesaid, 75.

²⁵Prest. of Nat. City Bank to Sec. of Treasury, Dec. 23, 1897, Document aforesaid, 75.

is not justified. Therefore please leave the balance of Union Pacific deposits until July.²⁶

5. My dear mother, money market quite unsettled. We have loaned liberally to allay apprehension, but at such rates as tended to force liquidation in highly speculative securities. But the uneasy feeling will not subside for some few days. It will help matters if you can see your way to deferring the payments we are to make on account of Central Pacific money, each for one week. To-night we have call loans of \$55,000,000 and cash in our vaults of \$31,000,000. Because of the forced liquidations and the high rates just mentioned, we are swimming in clover. Please let us keep your money to the end of this golden opportunity.²⁷

These five letters will serve as specimens of how the children beg for deposits. How wise it is of them to tell their mother of the handsome profit they get out of the stringent market, for that makes her more willing to deposit additional sums.

These appeals, and many more like them, always got the money. And mother would also often whisper to her children of coming deposits in time for them to prepare for getting them by buying or borrowing the necessary bonds.

The behavior of the secretary is like that of an employee of the great bankers, proud of the trust of his masters and eager to rise higher in their confidence and esteem. They are well aware of this, and pay him extravagant compliments when he has been more than usually obliging. We give two letters illustrating:

6. I congratulate you upon the beneficial result from your wise action in offering to buy a sufficient amount of United States bonds to prevent stringency. The late growing uneasiness was largely due to an impression that the administration would not thus relieve the market, but now as its policy has been disclosed, confidence has been restored. The only adverse criticisms are from

²⁶Vice-Prest. of Nat. City Bank to Sec. of Treasury, April 8, 1898, Document aforesaid, 91.

²⁷Prest. of Nat. City Bank to Sec. of Treasury, April 8, 1898, Document aforesaid, 119.

money lenders, dealing in comparatively small amounts, who can see nothing beyond getting high rates of interest for themselves. They do not know that one lucky deal in a large amount of government bonds yields more than their pinhook fishings of a whole year. Among *prominent men*—those who, being favored with a tip, will buy up all the bonds to be had, and later sell them at a great profit to the government when its entry of the market to make large purchases has raised the price, approval of your resolve to buy largely of their bonds is unanimous. Messrs. Morgan & Co. especially ask that their appreciation be conveyed to you.²⁸

7. I beg to offer my congratulations on the result of your increasing the government deposits in the national banks—that result being that we get more free money to loan at rates that force liquidation of highly speculative securities and make favorable purchases of American railroad and industrial bonds, now that we have given foreign investors a silver and currency scare.²⁹

The secretary shows that he worships the money magnates as unreservedly as his predecessors have done. He impressively emphasizes the fact that the war loan succeeded because it was supported by “great financial institutions.” The offer of the National City Bank and its associates, the Central Trust Company, of New York, and Vermilye & Co. on the very day that the books were opened, to take at par and accrued interest all of the bonds not taken by the public, and the subscription on the same day by J. P. Morgan & Co. and “their associates, numbering fifteen of the greatest financial houses of the country” for the entire issue or for what might not be subscribed for by the public—these offers to take at par 3 per cent. bonds worth more than par in the market are fulsomely lauded by the secretary,³⁰ who is too

²⁸Prest. of Nat. City Bank to Sec. of Treasury, Nov. 10, 1898, Document aforesaid, 105.

²⁹Prest. of Nat. City Bank to Secretary of Treasury, Dec. 19, 1899, Document aforesaid, 124.

³⁰Document aforesaid, 3, 4.

blind in his idolatry to discern that it was the familiar scent of the lucre in purchasing its securities directly from the United States and not the ardor of patriotism that instantaneously assembled this school of mighty bond sharks.

We must give another example of the secretary's regard for the great financiers. A bank president writes: "My dear Mr. Secretary," that in a conference with Mr. J. P. Morgan and another prominent financier, they both express concern for the money market during the winter and following spring, unless a very considerable portion of the government money now on deposit with the New York banks is left there during that time; and as Mr. Morgan has just spent two months in Europe, and with other prominent bankers he has been trying to place the large 3½ per cent. loan, we think an interchange of views and information between him and yourself would be mutually agreeable. "He would appreciate having a conference with you, but is rather loath to go to Washington without . . . some intimation from you."³¹

No Juliet "too fond" was ever so flattered when her lover wants to see her. He must be gratified, but the proprieties must be observed. The meeting must be well concealed. And so the secretary replies that the presence in Washington of such a large holder of government deposits without interest would be more disturbing than an order on the banks to transfer all of their money to the sub-treasury. People will naturally think if he comes here it is to protest against the probable withdrawal of these deposits, and that might make a panic. The secretary adds that at 2 P. M. of an early day he will be the guest of the Bank of North America, in New York city, and three-quarters of an hour before that he will be at the Walton to meet Mr. Morgan, or any one else whom the correspondent may desire.³²

The United States senate wanted to know whether this appoint-

³¹Prest. of Nat. City Bank to Sec. of Treasury, Dec. 21, 1897, Document aforesaid, 76, 77.

³²Document aforesaid, 76, 77.

ment was met, and what there transpired, but lovers generally keep their compromising secrets until they fall out.

The high importance of this mass of correspondence between the plutocratic bankers and the secretary of the United States treasury justifies the detailed notice we have given it. The document ought to stand on the shelf beside the Huntington letters.³³ When all the disclosures therein are deciphered and understood—we have given but a small part of them³⁴—it will appear plainly that the money lords have united the national treasury with

³³See Hudson, *The Railways and the Republic*, 469; 2 Bryce, *American Commonwealth*, 159 (3d ed.); briefly indicating the contents of these letters.

³⁴Here are some additional points culled at random.—Dec. 29, 1898, Document aforesaid, 111, it is suggested by the department—not asked by the Bank—that the express charge of \$38.85 on bonds to be forwarded by the National City Banks to Washington, could be diminished by the assistant treasurer's sending them in charge of "two reliable employees of his office," at the cost of the bank for travelling expenses, the government of course losing the wages and work of the employees during the trip. Is not this genuinely motherly?

The same bank makes application to be the fiscal agent of United States in the Philippines, and while it is not fully granted, opportunity is promised the applicant to toll the moneys which are to be sent to its disbursing agents in the islands. Document aforesaid, 94, 96.

The newspapers said that this bank paid below value for the old custom house. On this point we are without information. It is, however, to be presumed that the assertion is true, as the plutocrats never give full compensation to the government, although good form requires that they always protest that they do.—The striking features of the transaction may be illustrated thus. You sell a house which you are to occupy for an indefinite time afterwards to your uncle with whom you are depositing large sums of money without charge for interest. He binds you to pay insurance, repairs and taxes during the rest of your occupation, and also pay him rent. He pays you the purchase money by debiting the deposit account with the amount, on which amount he makes you pay interest as rent. The upshot is, that you loan him the money to purchase the house and pay him interest on it and also do the landlord's duties of taking care of the house after it has become his. Document aforesaid, 35-59.

The desire of the president of the bank to keep the matter concealed from the public, as appears in his letter of September 12, 1899, *Id.*, 54, is comment sufficient.

To make the comparison to run all-fours, we must suppose that you continue depositing largely with your uncle, and love him better than ever.

their private business, and that the secretary is their official and not that of the United States.

Not long since it was discovered—so the newspapers say—that a large slaughterhouse had a network of secret pipes by which it used the city water *ad libitum* and gratis in its business. This illustrates the connection between the money lords and the United States treasury. And the comparison really does injustice to the more improved and complete system of the lords, in which the United States officers carefully lay and hide the pipes between the big banks and the treasury, and keep them in repair and perfect working order. The people get nothing in the way of compensation for this private use on a gigantic scale of their money. But there is a ring the members of which do get pay. You may guess who they are from this passage taken from a letter of a financial magnate.

“We should like to remain a United States depository as at present. Of course the bank is very strong, and *if you will take the pains to look at our list of directors you will see that we also have very great political claims in view of what was done during the canvass last year.*”⁸⁵

This language means this: “Dear Mr. Gage: If you are as grateful to us as you ought to be for the large contributions which we made to the fund of the last campaign, you will divide with us the spoils of the victory which we helped you to win and give us deposits and other favors in quantity sufficient to reimburse us our advances with bankers’ profits.”

The sequel, as we have told it above, shows that the “very great political claims” prevailed with the secretary.

“In New York City the banks and trust companies have practically formed a trust through consolidations, interchange of directors, and intimidation of the smaller concerns. The Standard

⁸⁵Letter of A. B. Hepburn, Vice-Prest. of Nat. City Bank to Sec. of Treas., June 5, 1897, Document aforesaid, 60. The italics in the quotation are ours.

Oil company is the organizer and banker of the combine. Through railroad discriminations it is swallowing the other trusts. Credit is the very breath of life for modern business. The bank monopoly dwarfs every other monopoly, because, sooner or later, it can depress their stocks and force them to sell. Having got the bank monopoly, every other corporation is eager to have a Standard Oil man in its board of directors. He has more influence than the entire board, for he controls their credit and the credit of their competitors. The tobacco trust, with a Standard Oil director, recently forced an independent tobacco manufacturer to sell because he could not get credit from the banks."³⁶

The facts which we have patiently detailed in the foregoing serve to make you understand the political and business potency of this greatest of all monied combinations that have yet appeared in the world. That it felt too secure in power to deem further concealment of its designs necessary, one would infer from its audacity in procuring the passage of the act of March 14, 1900, on the eve of a presidential election. This re-enacts all of the special measures of the lords described seriatim in the foregoing. They are now established, not obscurely and indirectly or by the mere pretext of a secretary of the treasury as were the only ways in which some of them could be effected, but this act now plainly and unmistakably writes them in the statute-book. In all their different phases they look but one way, and are tersely compressed in the provision of the first section "that the dollar consisting of 25 8-10 grains of gold 9-10 fine . . . shall be the standard unit of value, and *all forms of money issued or coined by the United States* shall be maintained at a parity of value with this standard *and it shall be the duty of the secretary of the treasury to maintain such parity.*"

The words just quoted signalize the complete triumph of the gold champions.

³⁶Prof. John R. Commons, Address to the Anti-Trust Conference, Official Report, 327.

This statute is much more than mere codification. It gives the lords special privileges which we must now mention:

1. The most valuable one of these is the displacement of the greenbacks and the treasury notes issued for the purchase of silver bullion by the bills of the national banks commencing at once, and which will necessarily be entire in a short time. We will, after a while, tell you how the lords will use their control of the paper currency in conjunction with their control of the world's gold supply to contract or expand our money volume at will, always to their private advantage, which is the disadvantage of the non-plutocratic millions.

This stripping the national government of the paper money function and giving it to private persons, after millions of greenbacks had stood at par for nearly a generation, is emphatically *The Monetary Crime of 1900*.

2. The act of 1900 perpetuates the national debt and the issue of United States bonds. One may know that with a secretary of the treasury who is bound to keep all our paper money undepreciated as compared with the gold coin, an easy way will be found to raid the gold reserve, and then long term bonds will be copiously fed to the greedy cormorants. These long term bonds will be a far superior security to the coin bonds, for they will all be on their face payable in gold.

The profits made by the purchase of these bonds from the government is an item not to be overlooked. Our readers will remember the thirty-year bonds sold by the United States for \$1.04½, when bonds bearing the same interest within 12 years of maturity commanded more than \$1.12 in the market. This famous sale was really a gift of over \$7,000,000 to the bond-buying, gold-selling syndicate.

But the ordinary profits, interest paid every quarter, and the principal paid at maturity in dollars twice the value of those loaned the government—these are more than enough. A large amount of the money of the banks of Wall Street is loaned out

to those in the country for 2 per cent. interest per annum and less. The "endless chain" supplies the lords not only with gold, but with United States bonds also, bearing a higher rate of interest than they can get elsewhere. Under their constant conquest of the business and possessions of weaker competitors there is to the lords a constantly growing surplus from their earnings. How to keep this from being idle, how to make it safely productive, is a problem more and more difficult of solution every year. United States bonds free from taxation, guaranteed by the government which is not only the richest in the world, but which has fallen most fully of all under the sway of the money lords, are to them the most desirable of all investments of their surplus. As this surplus grows they purpose that their holdings of United States bonds shall correspondingly grow.

3. The increased favors to the lords of banking is the last point which we need notice in considering this act of March 14, 1900.

Under the former law circulating notes to the amount of only 90 per cent. of the par value of their deposited bonds were given them; now they receive the full amount of such par value.

Under the former law the bonds were at a premium averaging over 10 per cent. The act just mentioned relieves the banker from this high premium by giving the privilege of refunding in 2 per cent. bonds, intended to sell at par. But even with the low rate of interest the new 2s command a considerable premium, which premium, while admitted to be rather remarkable, is explained by a high commercial and banking authority to result from these three things: their being payable in gold, their capacity in spite of their low interest to get par value in circulating notes when used in banking, and the reduced tax of $\frac{1}{2}$ per cent. on such circulation while this tax still remains at 1 per cent. on all circulation obtained by depositing the bonds which bear a higher rate of interest.⁸⁷

This suggests a substantial tax reduction made to the bankers

⁸⁷Investment Guide, compiled by Henry Clews & Co., N. Y., 1900, 86.

whose expenses are lessened and their means of making money largely increased.

The following table, showing the profits to these bankers from being furnished with circulating notes under the new law, is taken from a circular of brokers dealing in the 2 per cent bonds:

"TWOS" AT 106.

Table showing the percentage of income realized on the actual cash investment.

\$100,000 "Twos" would cost at 106.....		\$106,000
Less circulation issued against same.....		100,000
		\$6,000
Actual cash investment.....		\$6,000
On which income would be received as follows:		
Interest on \$100,000 "Twos" per annum.....		\$2,000
Less tax of half of 1 per cent.....		\$500
Less sinking fund to retire premium to be improved at 4 per cent.....		107
Less expenses, cost of printing, etc.....		100 707
		\$1,293
Net income		
Equivalent to 21.55 per cent. on investment of \$6,000.**		

It is now in place to summarize somewhat in detail the prominences of the situation under the dominance of the money lords. There are four points to be considered, namely: the gold standard, as it is called; the issue of all paper money by the lords; their complete control of the credit of the United States, and lastly their resulting power of denying bank credit to whom they please.

1. Gold being the sole international money, and its convertible

**This table quoted from a circular of Price, McCormick & Co., 71 Broadway, N. Y., by The Public, of Chicago, April 28, 1900, 39. The accompanying comment of Mr. Louis F. Post, the editor, is very entertaining as well as instructive.

equivalent in value being the sole medium of all domestic payments, the lords naturally strive to get and keep control of the world supply. The great bankers of London, Paris, Frankfort, and lately of Wall Street, manifestly have this control. Not long since a syndicate loaned \$80,000,000 of gold to Italy, then another \$200,000,000 to Australia. A large amount was loaned to Japan, another to the United States, and \$10,000,000 to Chile.

This gold all escaped, almost as soon as it was turned loose in each country borrowing.³⁹ It went back to the money centres in obedience to the law thus stated by Mr. Del Mar: "The tendency of money is always to flow towards the place where it circulates most rapidly, where it is used and re-used most frequently, where it can be loaned most readily."⁴⁰ The released carrier pigeon does not go home more surely than gold flies back from the large borrower to the lenders. Comparison in time between runs on the treasury reserve and the loans negotiated to restore it proves that gold drawn out of the treasury was immediately reloaned to it. While a substantial consideration is paid for the lending, the gold after it has been loaned, works its way back to the lords without expense to them. This is like the trained negro slave, running away whenever sold and returning to his master to be sold again. Governments must frequently issue bonds in large sums, and they must have gold to pay the interest, and after a while to pay the principal, and their gold reserves must be replenished as fast as they run down. New populations of millions are brought every year under the gold standard. Until the unprecedented yield of the mines set in three or four years ago the annual product was absorbed in the arts. It is instantly hoarded in war chests and government and bank reserves. As the demand increases steadily and rapidly by reason of the facts stated, the available supply becomes proportionally smaller and smaller. Silver, which could greatly enlarge the quantity of metallic money, is resolutely dis-

³⁹These examples taken from Del Mar's *Science of Money*, 3d ed., 91, 92.

⁴⁰Del Mar, *History of Money in America*, 70.

carded. It is the iron purpose of the lords to keep the world's stock of the money of final redemption so small that they can always corner it at will, as they now do; and to limit the amount in circulation in spite of the prodigiously increasing demand so as to make their special ware dearer and dearer. Thus they get a higher price for their yellow slave every time they sell him, and the sales multiply. This sale of the same thing, over and over, which just as soon as it is sold comes back to the seller, and is always sold again for more and more—this is the special thing to be understood. What we call the "endless chain" when the lords go one time to the treasury for gold and another time for bonds, is in fact but a small subsidiary to the greater endless chain, in which gold goes out from the plutocrats of money to every corner of the earth in consideration of a large premium and which they soon get again without giving premium. The enormous profits of this high finance are strikingly exemplified by what was made out of the United States under the famous Rothschild-Morgan contract in 1895.

So much for the gold brokerage of the lords. They have another great interest in maintaining the sole standard, which can be made plain in a few words. All the indebtedness held by them, whether government, State, city, railroad, industrial, is payable in gold. As it does not depreciate, and is nearly always appreciating, it is not only a ratchet, but an incessant lifter under the value of their immense holdings. Suppose the aggregate of principal of this indebtedness in 1873 to be ten billions; it has nearly, if not quite doubled since from the mere appreciation of gold, to say nothing of interest. The real economists are agreed that persistently falling prices take away all margin of profit from the average producers. They are but blights to industry. Under the gold standard there are persistently falling prices for all but the lords, who alone are blessed with the boon of rising prices. Gold, and obligations payable in gold, perpetually rise in price. Therefore the wares which they produce become more and more valuable, and they rush forward by leaps and bounds, into greater and greater accumulations.

For all remaining producers there is nothing but falling prices. The exchangers of gold and its equivalent for other forms of property get continually increasing gains while the exchanges of property for gold constantly lose. This is unavoidably true when all values are measured in gold, which daily rises in value. Thus by a process as subtle as osmosis or decomposition under the action of electricity, the wealth of the masses is resistlessly transferred into the coffers of the gold lords.

Some objector, who sees only what is here to-day and not what will come to-morrow, will contend that there is no uninterrupted decline of prices; that they fluctuate—being up this year and down the next; and this is all of it. Such fluctuations do occur; but at the same time the gravitation downwards persists. Any temporary rise stimulates to larger outlay, which may for a year or sometimes several years yield a profit, but in due time under the continuous rise of gold, which is the continuous depreciation of all things else, this outlay will but increase the loss of the producing class.

The large output of recent years from the mines is a grave menace to the brokers. It may possibly for a season at least break their international corners. For a long while the lords will prevent a serious decline in the value of gold by restricting the volume of paper circulation. It is their scheme should gold in spite of all their efforts become inconveniently abundant and cheap to demonetize it and remonetize silver, which, by that time because of its diminished supply, will have become dear. They will tolerate no sudden great fall of gold, for that would be to impair the value of their mountainous holdings by millions. When such a thing befalls, silver will be the only money of redemption, and their holdings converted into silver ones. That will be no harder for them to accomplish than it was for them to get gold dollars for their depreciated greenback dollars invested in United States bonds; in fact, with their experience and greater subjugation of the United States government it will be easier.

2. A few lines as to the entire control of the issue of paper money by the lords.

Two points are to be stressed. In the first place, a monopoly limits production to get a high price for its product. Of this, the coal barons, with their monthly agreements between gentlemen, is a familiar example. A wild cat bank will make excessive issues, but our national banks are of a different house. Each one is but a branch of the great trust which we described above, and it is the adamant resolve of this trust to maintain a high interest rate by a contracted money volume. So long as these trusts remain the supply both of coal and money will always be far less than what the country really needs. In the second place, by contracting money volume and credits, the lords can lower, and by expanding them they can raise the price-level at will. As they keep their own secrets, they are the only ones who know when to buy and when to sell. Thus are indicated the two processes, one constant and permanent, the other irregularly periodical, which prodigiously impoverish the entire country to enrich the lords.

An issue of \$20,000,000 of greenbacks by the United States allayed the panic of 1873. The lords will have no more such interference of government with what they consider their private business. When they get the greenbacks and treasury notes, and silver except as subsidiary coin, all retired, and the federal government committed to the doctrine that the issue of paper money is the function only of the national banks, the nation will have practically abdicated all of its power to protect the people against the double evils of a money volume which private interests keep too small and make fluctuate as they please. Then all who have any means will be squeezed by their banks all the while, and many of them will lose their little holdings at forced sales every four or five years.

3. We will in the next chapter tell how New Zealand following an example of colonial America, beneficently helps the common man with loans. But the lords know that if our people were

allowed to get money from the United States government, the usury which now yields great gains in every corner of the land would at once take wing. Government credit is such a good thing they have resolved to take all of it for themselves.

4. By reason of the three special things just explained, the lords have become absolute masters of all credit. Read Mr. Lloyd's narrative of how Toledo trying to give her citizens a supply of natural gas, found the sale of her bonds stopped in every market by the Standard Oil combination desiring to furnish the gas.⁴¹

Consider the call lately made by plutocratic papers taking the side of the steel trust in the great strike of 1901, upon the lords of finance to boycott McKeesport in all its applications for credit, so long as her Mayor should stand by the strikers and refuse to take his commands from the trust. Consider how men in all branches of large business are careful to conceal any sympathy they may have felt with Bryan in his two campaigns. This power of the autocratic syndicate to say what bonds shall float or not, what securities shall be raided or not in the market, who shall have bank accommodations or not—to sum up, what business enterprises shall receive or be denied their necessary money, is the most tremendous of all its engines. We shall have something more to say of it when we consider what are the elements of trust development and maintainance.

Meditate the four particulars which we have shown you to be the active principles of our existing monetary and credit system. When you grasp these in their utmost reach, you will clearly understand what has lately become the most powerful factor in the decline of all considerable non-plutocratic industries. The multiplying evils of this fearful system must be endured until the people return to power and replace private money and credit for the few only with public money and credit for all. In the interim, the lords will riot in arrogant display of their powers and in plunder

⁴¹Wealth against Commonwealth, 334-336. The entire chapter, headed "High Finance," 326-340, ought to be meditated.

on all sides. They will cause panics to scare the people their way; and out of every one of these panics they will carry great booty. They will also give short seasons of good times for some desired political effect and during these they will unload with huge profit. And by extending or refusing credit as their insatiate acquisitiveness prompts, they will soon hold the entire business community in their chains. Our country already shows a parallel to the sufferings of our forefathers under British monetary oppression, the syndicated money lords of Europe and America standing to us in the relation that the British bankers and merchants stood to the colonies. The repression of the efforts of the latter to supply themselves with an adequate money circulation by paper issues of their own, was the real cause of the Revolutionary war, as has lately been pointed out.⁴²

The enormous abuses which we have most inadequately detailed are but part and parcel of private assumption of the monetary credit and price level-regulating functions of the federal government. Its department just indicated the lords have turned from being a vehicle of exchange and a restraint of fluctuation of values, serving all the rich and the poor alike equally and impartially, into a mechanism of appalling efficiency, expelling the many from their property and occupation, and pampering the few with wealth almost incomputable. Of this mechanism, an American statesman now too much neglected, whose penetrating insight into the true nature of money and the essentials of what is good money, has never been surpassed, if equaled, has truly said:⁴³

⁴²Del Mar, *History of Money in America*, passages referred to in index under "Revolution, Causes of the American;" Prof. Frank Parsons, *Rational Money*, 13, 168.

⁴³John C. Calhoun, Speech in United States Senate on his Amendment of the Bill authorizing the Issue of Treasury Notes, October 3, 1837.—The context ending with the passage just quoted above, deserves studious attention. It begins by comparing money to the blood of the human system, and after clearly stating how values rise and fall with the expansion and restriction of the circulation volume, shows how if private persons can regulate this volume they can "raise or sink prices at pleasure," and accordingly acquire the property of the country.

"Never was an engine invented better calculated to place the destiny of the many in the hands of the few, or less favorable to that equality and independence which lie at the bottom of our free institutions."⁴³

We have followed the money lords from the Crime of 1666 to the Crime of 1900.⁴⁴ Their record is complete and without hiatus. Their doings in statute books, party platforms, elections, executive action, market reports, panics, are more plainly demonstrable than ever were those of robber and murderer by tracks and bloodstains. Their morality has always been that of a great financier of Europe, spreading a false report of the event at Waterloo, and then buying largely of securities he had thus caused to fall in price, or that of a great one of America, perfidiously securing the cooperation of the unwitting president in cornering the gold market. And so, when they pose, as they never cease to do in the deliverances of their hired advocates—editors, college professors, congressmen and even presidents—as guardians of the public faith and public honor, we can easily show them up for the unspeakable knaves and hypocrites that they are.

But we must remember that their powers are in inverse proportion to their morality. They have won every presidential election since the war. They have defeated all champions of the cause of the people—Blaine, Hancock, and Bryan. They have never failed to carry through, at last, any important measure undertaken in earnest. While the dependence of all of us on the railroads is great and palpably increasing, our dependence upon the lords is still greater, as everybody must have a banker and every banker is in the harness of the lords. The relation of the most of us to the railroads is indirect, while to the lords it is direct. Where the railroads as such can coerce one the lords can coerce a hundred.

Besides this in the fog which the lords have raised over "sound money," as they impressively mouth the phrase, every person of in-

⁴³See p. 238.

⁴⁴See Appendix, p. 510, for notice of the Fowler bill.

come, from rents, interest, dividends, salary, or from anything yielding a fixed amount, all who try to accumulate savings, and all whose holdings are definitely priced in the market, now grope instinctively towards the dollar which in its appreciation adds to their values. It is to be noticed that prominent working men, whose places are more or less permanent, and who make the opinions of the great mass of unskilled workers upon almost all important subjects, are the same way. The political influence of the aggregate of classes just indicated is resistless whenever it bestirs itself. The statesman-politician shows his genius for leadership by securing its support. That was the rare gift of Jefferson. This coalition of settled and fixed house-holders—to sum up its different constituents in one word—is just at this time a bulwark and buttress of the lords stronger than is even the machine. It was a supreme blunder of the democrats in 1896 and 1900, to give the members of this coalition what appeared to them cause for fearing a depreciation of the dollar. Through all the regions of the State power, the railroad stands forth as the ubiquitary of the plutocracy. This conspicuous fact has deceived the majority of even close students of the American situation into believing it to be the most powerful of all the plutocrats. But attentive observation shows that the bankers finance the transportation companies as well as all governments. For the last fifteen or twenty years a great banker has been uninterruptedly reorganizing railroads. There is still another banker among the five or six men wielding the “community of interest” in our entire transportation agencies lately consummated. These wizards hidden at the strategic centres, initiate and guide, or govern absolutely when they choose, the courses of all the other plutocrats. It is clear that when we review the plutocrats in the order of their potency, the money lords must be placed first. The people can never overthrow their power till the States have been rescued from the machine into their own hands. Until that is done, it is Quixotic to engage them in the arena of national politics with hope of decisive success.

CHAPTER II.

OUR DELIVERANCE FROM THE MONEY LORDS.

THE dirt road could no longer serve for all inland transportation, and the iron road, the railroad, came in; likewise, metallic money became insufficient in quantity to effect all the greatly multiplied exchanges of the present and paper money came in. As the railroad constantly leaves less and less business for the dirt road, so paper money constantly leaves less and less for metallic money.¹ We will place another instructive parallel beside that just made. When we look away from countries like England and the United States, in which the plutocrats of finance really govern, we note a steady movement towards public ownership of railroads and government issue of all paper money. The movement towards the latter is not as manifest as the other, but it is perceptible to the close observer of evolution. The most of us are already convinced that public ownership and operation of the railroads is the only cure of our transportation evils, and to every one who looks through and beyond the course of plutocratic development, and sees it to be but a local retrogression of the rising tide of universal democracy, it is plain that a great majority of those who form public opinion will soon agree that

¹See the table given by Mr. Del Mar, *The Science of Money*, 6 (3d ed.), showing that of the whole money "in circulation in the European world, (including America and the Colonies)," the percentage of paper was 25 in 1829, and that this percentage steadily rose until it was 55½ in 1896, the last year covered by the table.

the only cure of our money evil is the absolute monopoly by government of the issue and volume of money. When that monopoly is established, as it surely will be, paper money will have so nearly superseded coin, that the complete retirement of the latter will be in sight.

But every proposal of paper money not kept at all times redeemable in coin is pooh-poohed by the politicians and self-styled economists in the pay of the money lords. They spurt out in over-confident positiveness that such money must always go the way that the bills of John Law's bank, the French assignats and the continental currency of our Revolutionary war went, and they consign the paper money heretic to everlasting popular damnation, with rhapsodies over keeping the public faith untarnished, and psalms to sound money in incoherent and asthmatic exclamations. These very conspicuous and world renowned instances of failure are kept in the front, where they conceal a number of many other not very well known instances of the complete success of paper money irredeemable in coin. But it has been demonstrated that each one of these failures was due to the defiance of the true principles of a sound paper money.²

²Mr. Watson has lately given full details of the first, showing with most correct economic insight, that had John Law stuck to the plain and sound doctrine with which he commenced, his enterprise would in all probability, have been a grand success. This narrative is one of the very few in literature which makes finance entertaining and romantic. *The Story of France*, Vol. I., 611-630.

The same author graphically tells how the assignats went out under overexpansion from repeated issues by the government and flood after flood of counterfeits, *Id.*, Vol. II., 997-999.

The continental money has recently received its merited treatment from a foremost economist. It is shown by him how colonial bills and other moneys competed with it; how the issues were often secret and on the whole "excessive beyond belief"; how they were counterfeited on a gigantic scale; and how for nearly two years the continental money kept at par. *Del Mar, The History of Money in America*, 93-116.

We ask the reader to attend to the conclusions drawn by the author from the facts:

"That amidst this rabble of rival moneys, all struggling into circulation at once, the continental notes managed to retain any footing at all, affords one of the strongest proofs that can be offered of the vitality of paper

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These principles were wisely adhered to in some places in America, as we will now show by illustrations.

"Between October, 1771, and October, 1774, [the colony of Connecticut] . . . issued £39,000 in bills for the expenses of government, reasonable and sufficient taxes being provided for their redemption. These 'irredeemable' bills were not even a legal tender, except for taxes, and yet 'as they did not exceed the sums required by the trade of the colony, they did not depreciate.'"³

The author last quoted asserts that New York and New Jersey, "during their colonial days possessed an independent paper money that did not depreciate until the English Parliament destroyed its legal tender quality."⁴

Before we go on with our examples, our reader is asked to bear it in mind that the paper money with which we are now dealing was entirely different from a bank bill which is redeemable in gold or silver coin, or either, on demand. We are trying to make him understand from evidence, that paper inconvertible into and irredeemable in coin has been made money in itself, just as good and acceptable as coin of standard weight and fineness.

money. Properly issued and guarded against counterfeiting, the limits of issue rigidly maintained, and the field left entirely to themselves, all other money being forbidden, these notes might not only have retained their original value, they might in time have advanced to a premium in coins of like denomination. This is the objective point towards which all paper issues should be directed; the command of a premium in coins of like denomination. When this object is once demonstrated to be within the compass of practical attainment, the use of gold and silver coins as money will fade into the barbarous past, *Id.*, 116.

The brief Sketch of Prof. Frank Parsons handles the continental money with freshness and great ability. *Rational Money*, 14-18. (The Book is published by C. F. Taylor, 1520 Chestnut Street, Philadelphia.) Prof. Parsons closes by saying: "The continental money did not die a natural death. It was mortally wounded on the field of battle, while bravely fighting for its country, from which metallic money had fled at the first sign of danger. It won the fight before it breathed its last, and conquered Great Britain with all her gold and limitless resources," *Id.*, 18.

³Prof. Frank Parsons, *Rational Money*, 12. The quotation at the end is from Dr. Bronson's *Connecticut Currency*, 84.

⁴*Id.*, 12. Attention is here called to the authorities vouched by Prof. Parsons for the statement quoted by us.

There is really no other kind of paper money. The bank bill just mentioned is, in fact, an accepted order for coin, and, therefore, an equivalent of and substitute for coin.

We now come to the most successful paper money of the American colonies.

“For half a century, beginning in 1723, the colony of Pennsylvania had an independent or ‘irredeemable’ paper money, which did not depreciate but kept its value, and was an important factor in the unparalleled prosperity of the colony during the period named. The money was issued and the whole financial system managed directly by the government. Some of the money was loaned at low interest on the security of lands and houses, a part of the principal being repaid each year with the interest. The rest of the money was issued in payment of salaries and other public expenses. The bills were not redeemable in gold or silver, but were made full legal tender, and not being issued in excess of the needs of business, they did not depreciate.

In 1764, Benjamin Franklin, “full of years and wisdom,” wrote of the independent money of the middle colonies:

‘It has continued now nearly forty years without variations upon new emissions, though in Pennsylvania the paper money has increased from £15,000 to £600,000 or near it. Nor has any alteration been occasioned by the paper money in the price of the necessaries of life when compared with silver.’”⁵

Prof. Parsons lucidly explains how the Pennsylvania colony maintained for forty years of extraordinarily rapid development an adequate and sound paper money; how this money proved under its right management, an exhaustless fountain of prosperity; how the great Franklin, who thoroughly understood it, decisively defended it against the arguments of the English seeking to overturn

⁵Prof. Frank Parsons, *Rational Money*, 12, 13. The quotation from Franklin is from his works, edited by Sparks, Vol. II., 351. A number of authorities supporting other statements of fact are given by the author in a footnote.

it under the hypocritical pretext that it was injurious to the inhabitants, and how these English who could not refute him resolutely took away the good and excellent money, and substituted for it their coin, which action while it yielded them a profit paralyzed the industry and arrested the marvellous growth of the colony.⁶

The following is testified to by Thomas Jefferson: "In the war of 1775, the State [i.e. the Colony of Virginia] issued a paper currency, bottomed on a specific tax for its redemption, and, to insure the credit, bearing an interest at 5%. Within a very short time not a bill of this emission was found in circulation. It was locked up in the chests of executors, guardians," etc.

"We then issued bills bottomed on a redeeming tax, but bearing no interest. These were received and never depreciated a farthing."⁷

These two instances given by Jefferson, are, in their antithesis, very instructive. The former shows paper money preferred to hard money and hoarded, the other shows paper money circulating undepreciated along with coin.

The foregoing by no means exhausts the history of independent paper money in the early days of America. That part of this history which covers the colony Louisiana and the colony of Massachusetts, has lately been written by Mr. Del Mar,⁸ the writer

⁶Rational Money, 12-14; Appendix A, Id., 161-169. Besides the facts which it gives, this appendix contains very valuable notices of such authorities as Franklin, Hume, Phillips, Peter Cooper, Twells and Macfarlane. What is told therein of the demonstration by the last, from the record of contemporary prices, that the paper money of the colony never depreciated though its volume was increased from the equivalent of \$75,000 to that of \$3,000,000 during the 40 years of its existence, ought to receive especial attention.

⁷History of the Currency of the Country, and of the loans of the United States, from the earliest period to June 30, 1890. Prepared by Wm. F. De Knight (Offices of the Register) under the direction of J. Fount Tillman, Register of the Treasury, Washington: Gov. Printing Office, 1897, 10.

⁸The History of Money in America, 65-85, The Crime of 1742, (Del Mar, Barbara Villiers, 49-59), is taken from the part of The History of Money in America, devoted to that of the Massachusetts Colony.

who has of all the deepest and most accurate insight into the true nature of money, of whatever material made. It is full of facts and examples, demonstrating that unconvertible and irredeemable paper money, properly managed, is far more reliable and satisfactory to everybody except the money lords, than coin and paper redeemable therein. Franklin and Jefferson—who, with Washington, are the very greatest of the fathers of the republic—had a large practical experience with the subject. Hear what each one of those wisest of statesmen say:

This from Franklin:

“Paper money, well founded, has great advantages over gold and silver, being more light and convenient for handling large sums, and not likely to have its volume reduced by demand for exportation. No method has hitherto been found to establish a medium of trade equal in all its advantages to bills of credit made a general legal tender.”⁹

This from Jefferson:

“Bank paper must be suppressed, and the circulating medium must be restored to the nation to whom it belongs. It is the only fund on which they can rely for loans; it is the only resource which can never fail them, and it is an abundant one for every necessary purpose. Treasury bills, bottomed on taxes, bearing or not bearing interest, as may be found necessary, thrown into circulation will take the place of so much gold and silver, which last, when crowded, will find an efflux into other countries, and thus keep the quantum of medium at its salutary level.”¹⁰

⁹Works, ed. by Sparks, Vol. IV., 2.

¹⁰Jefferson, Works, Vol. VI., 199.

Both passages referred to in the last two footnotes cited by Prof. Frank Parsons, *Rational Money*, 160.

While all that Jefferson has said at different times in favor of government paper money is collected in Foley's *Jeffersonian Cyclopaedia*, under the title “National Currency,” not a single one of these passages is given in Forman's late work, although it professes to “include all of his most important utterances on public questions.” Forman presents Jefferson's denunciation of bank paper in such a way as to make the reader unfamiliar with the subject, believe that they apply to paper issues by govern-

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Just now a great many of our people duped and dazed by the confidently asserted falsehoods and the puerile sophistry of the advocates of the money lords—especially the editors of daily newspapers and writers on economics to which the machine does not allow them to hear any reply, know nothing of these impartial and weighty judgments. It cannot be always thus. A day will come when these words of Franklin and Jefferson will be plainly inscribed upon the banners of an anti-plutocratic host, marching forward resistlessly to recover the rights of the people.

That which the facts of our early American independent paper money, and Franklin and Jefferson, have said in favor of it, must now be corroborated by able and honest economists.

Adam Smith's epoch-making book appeared in 1776. It shows that although he had not completely mastered the essentials of the subject, he was groping towards the truth; for he notes that Pennsylvania had always been more moderate in emitting paper money than the other colonies, and that accordingly, its paper was said never to have sunk below the value of the gold and silver current in the colony before the first emission.¹¹

Ricardo came much nearer to full understanding of the subject, as is shown by his famous work published in 1817. In this he says: "It is not necessary that paper money should be payable in specie to secure its value; it is only necessary that its quantity should be regulated according to the value of the metal which is declared to be the standard."¹²

John Stuart Mill's Political Economy came out in 1848. He says of keeping the denominations of paper at a value correspond-

ment. Is this accidental, or is it designed in the interests of the anti-greenbackers?

By the by, it is to be noted that Jefferson would have paper money issued by the U. S. only as a war measure, all the issues to be absorbed by taxes as soon as convenient after the restoration of peace. He did not have Franklin's superior grasp of permanent government paper money.

¹¹Wealth of Nations, Book II., Chap. 2.

¹²Political Economy. Chap. 27, 125 (Gonner's ed., 342).

ing to those of coin: "This is not impracticable, even with an inconvertible paper."¹³

In 1875, Prof. Jevons wrote: "There is plenty of evidence to prove that an inconvertible paper money if carefully limited in quantity, can retain its full value. Such was the case with the Bank of England notes for several years after the suspension of specie payment in 1797, and such is the case with the present notes of the Bank of France."¹⁴

In order to fortify our position with the very strongest authority we have cited only the most celebrated and eminent economists. And our selection shows the development of the true doctrine, from Adam Smith's obscure conception of the soundness of the Pennsylvania money down to Jevon's almost complete grasp of the subject taught as he was, by the two great examples which he adduces.

It is not our intention to suppress the fact that these authors do not recommend inconvertible paper. We called them as witnesses only to prove that an inconvertible or irredeemable paper issue can be kept at par. These English economists were warped in favor of metallic money just as the southern statesmen were all born into pro-slavery partisanship; and they could not look from the standpoint of Franklin and Jefferson, who had had ample opportunity to observe paper money as a beneficent native institution, and who, by reason of this fortunate experience, discerned its superiority to coin. Naturally the American is far better than foreign monetary doctrine. The illustrious Franklin and Jefferson have found fit followers in Calhoun and Del Mar. And when America saved the union by greenbacks, she enlightened the world with a signal and unanswerable demonstration of the superiority to coin of a rightly managed independent paper currency.

What we are now to say has been foreshadowed in the foregoing. We must have paper money, which will be a restoration and

¹³Principles of Political Economy, Book III., Chap. 13, § 2, (Vol. II., 92, N. Y., 1874).

¹⁴Money and the Mechanism of Exchange, 234.

improvement of the greenbacks. While it is not to be redeemable in coin, just as the greenbacks were not so redeemable until after the resumption act went into effect, it is to be receivable for public dues of every kind, not excepting import duties. It is not to be made a legal tender, as nobody but the government issuing should be coerced to take it and be robbed by it when it is depreciated. And it is to be scrupulously kept at par with coin by such measures as will be told a little later on.

Of course, a chorus of dissent will instantaneously rise from all those who know nothing of monetary science, except what they have been taught by editors of gold standard newspapers and professors striving to keep their places in our plutocratically endowed universities. They will explain in heat there can be no money which is not a legal tender; that inconvertible paper can never be made sound money; and that to try to keep such paper at par with coin is a futile attempt.

The brief refutation which we have already made in this chapter of the last two of these three contentions of the hard money men, will be added to after a while. It is of commanding importance that we now convince you that legal tendership is not an indispensable of good money. To do this is the very best way of showing you what is its real essence.

Now, what is it that gives currency to gold and silver coin which has long been what may be called the natural money of the world? The longer you look the more plainly you see that the answer to this question is the receipt by the government of this coin in payment of taxes and other of its dues. It will not receive foreign coins in such payment; and consequently such coin, although made of the precious metals constituting natural money, do not pass as money with us. The receipt of bank bills by the government for its dues works the same effect upon them as it does upon coin, as is lucidly expounded by Calhoun with an insight superior even to Ricardo's, in this passage, which deserves far more consideration than it has yet received.

“A bank note circulates, not merely on account of the credit of the institution by which it is issued, but because the government receives it like gold and silver in all its dues, and thus adds its own credit to that of the bank. It, in fact, virtually endorses on the notes of every specie-paying bank ‘receivable by government in its dues.’ To understand how greatly this adds to the circulation of bank notes, we must remember that government is the great money dealer of the country, and the holder of immense public domains; and that it has the power of creating a demand against every citizen, as high as it pleases, in the shape of a tax, or duty, which can be discharged as the law now is, only by bank notes or gold and silver.” “Suppose the government were to take up the veriest beggar in the street, and enter into a contract with him that nothing should be received in payment of its dues or for sales of public lands in future except gold and silver and his promissory notes, and that he should have the use of the public funds from the time of their collection until the time of their disbursement. Can any one estimate the wealth which such a contract would confer? His notes would circulate far and wide over the whole extent of the union; would be the medium through which the exchanges of the country would be performed; and his ample and extended credit would give him a control over all the banking institutions and moneyed transactions of the community.”¹⁵

Calhoun speaks of our banks in existence 60 years ago. The reader doubtless perceived as soon as he finished the quotation that everything said therein fits our national bank bills to a T. Being receivable by government in payment of all dues except duties on imports, they keep at par. In one particular these bills more strongly support our proposition than the bills which Calhoun had in mind. The latter were of specie paying banks, that is, they were redeemable on demand in gold and silver coin, while

¹⁵Speech in the United States Senate, Sept. 19, 1837, in the Bill Authorizing the Issue of Treasury Notes.

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the national bank bills were down to the act of March 14, 1900, redeemable only in greenbacks.

Let one diligently think out what would be the consequence if the government of a country ceased to take gold and silver coin or any equivalent thereof in payment, and received instead something else, say wheat and cotton. Should he do this he will prove to himself that in a short while there would be such small demand in that country for coin that the most of it would go elsewhere, and cotton and wheat, just as it is said that cattle once did, would be serving most of the uses of money. And although the law enacting that gold only should be a legal tender for private debts might remain in force, creditors would generally collect in cotton and wheat. Almost the only ones who would have need for gold would be those engaged in some branch of international commerce, who would use it as bullion, rather than money.

The proper conclusion is, that good money circulates of itself, not because it has been made by law a legal tender, but because of the demand created for it by the government's taking it in payment. And it follows as part and parcel of this same conclusion that if the government treats independent paper in its manifold transaction with its citizens as money at par with the denominations of the current coin, it will serve these citizens as money, and circulate as money, even if not made as legal tender.

Now, as to the contention of the gold lords, that inconvertible paper cannot be kept at par with coin. Our reader will recall the contradiction of this given in the colonies of Pennsylvania, Connecticut, New York, New Jersey and Virginia, already narrated by us. But there is a later American example, which is the more instructive because the paper remained at par for almost a generation after its legal tendership had been destroyed. It is thus told by Calhoun:

“North Carolina, just after the Revolution, issued a large amount of paper, which was made receivable in dues to her. It was also made a legal tender, but which, of course, was not obligatory

after the adoption of the federal constitution. A large amount, say between \$400,000 and \$500,000 remained in circulation after that period, and continued to circulate for more than 20 years at par with gold and silver during the whole time, with no other advantage than being received in the revenue of the State, which was much less than \$100,000 per annum. I speak on the information of citizens of that State, on which I can rely."¹⁶

This entire paper money period was in the lifetime of Calhoun, who was born in 1782, in South Carolina, adjoining North Carolina, and was all his life a citizen of the former State; and it therefore appears he had most ample opportunity to prove and verify his statement, just quoted. No man was ever more scrupulously diligent and honest in collecting and narrating facts. What he says of this money of North Carolina was spoken in the hearing of the nation more than 60 years ago, and it has never been successfully challenged.

This North Carolina case teaches by example almost the whole science of a sound inconvertible paper. The paper need not be made a legal tender. The government must receive it at par with coin, and if it is so received, although its volume be considerably in excess of the annual public revenue, so long as such volume is not further expanded too much this independent paper money will keep at par with coin.

The common dangers which beset independent paper money are redundancy and lack of resources in the government issuing.

The volume must bear a certain proportion to the sum of receipts and disbursements by the government. The volume of the North Carolina paper mentioned was something more than four times the annual revenue of the State, and yet the treasury notes remained at par with gold and silver coin.

Whether or not the issue is excessive will be a fact of experience and observation. Whenever the bills show a depreciation as

¹⁶Speech of Sept. 19, 1837, in U. S. Senate, on Bill Authorizing the Issue of Treasury Notes.

compared with the standard coin, there is unmistakably a redundancy. The currency must then be contracted until the depreciation disappears. This can easily be brought about in certain ways, some of which will now be mentioned. Call bonds bearing low interest may be sold. They will be in demand, even if the rate of interest is only 1 per cent. per annum, as the government takes the paper now depreciated at par. Taxation may be augmented, which will likewise absorb a part of the paper in circulation; and if this be carried far enough, the depreciation of the bills will disappear. Reissue may be stopped for a while during which time the depreciated bills will pour into the treasury. Expenditures must now be met for a while out of the coin reserve. And the government can buy its depreciated paper in the market by selling coin. For some years after the war and before resumption, the United States sold about a million of gold a month. This was nothing but buying its depreciated currency. And had these purchases gone far enough the currency which was not then redeemable in coin, would have been brought to par.

We are contemplating a system for the ordinary times of peace. In these the difference between the price of coin and that of the independent paper will never be allowed to become large or to continue for any considerable time. Contraction will be commenced by the government with the first sign of depreciation, and in a day or two the public paper will be again as good as coin.

Suppose an administration entirely free from the influence of the money lords, the real creature and representative of the whole people, and a secretary of the United States treasury under the new system we herein advocate established and perfected as much in earnest to maintain an inconvertible, irredeemable paper currency in good standing as our secretaries have lately been to keep a sufficient gold reserve, and to establish the gold standard in fact, and suppose there is no money in circulation but this paper and coin. So soon as the paper shows any depreciation the secretary contracts its volume until it comes to par. He has a great coin

reserve, never depleted by the endless chain, out of which he can cover expenditures while reissues are stopped, or he can purchase the outstanding paper either with coin or call bonds. And he can replenish the reserve by buying coin largely when it is cheap, and thus be prepared for all emergencies—even with a war chest richer than that of any other nation.

So it appears that redundancy is a mere bugbear. When the money lords have been overthrown and the people come into power, the latter can contract the volume of independent paper as easily as the money lords now contract the volume of coin and its equivalents in circulation; and it will be beneficent to the whole country beyond expression that their contraction will never be pushed to the point of a detrimental fall of prices.

That there would be no danger to the paper of the United States by reason of our want of means is clear. Let us call Calhoun to give us counsel again. Advocating, in 1837, the issue of treasury notes, he said:

“We are told the form I suggested is but a repetition of the old continental money—a ghost that is ever conjured up by all who wish to give the banks an exclusive monopoly of government credit. The assertion is not true; there is not the least analogy between them. The one was a promise to pay when there was no revenue, and the other a promise to receive in the dues of government when there is abundant revenue.”¹⁷

This distinction is all-important. New or revolutionary communities just beginning a career of insurrection or independence, which are without certain revenues, which may, as the Southern Confederacy was, be afraid to lay sufficient taxes to absorb much of its paper, and which are without a well established administrative system, are like young men commencing to do business. There is really no security for the loans which they get, and the paper both of such governments and of such men is soon at a

¹⁷Speech in U. S. Senate, Oct. 3, 1837, on his Amendment to the Bill Authorizing the Issue of Treasury Notes.

heavy discount. But England suspending specie payments while warring with Napoleon; the United States fighting the war for the union with greenbacks; France, after she had been drained of her gold by paying the war indemnity, expanding her circulating volume by paper—a course far wiser and more considerate than the rigid contraction with which the money lords followed our civil war—all these countries had ample resources, and, though their paper may have somewhat depreciated, it ultimately came to par.

A writer of to-day says with great force:

“Paper money has succeeded or failed, according as the correct principles have been followed or violated. In this respect, it is just like the grocery business, brick making, farming, or any other business undertaking; it will succeed when correctly managed and fail when badly managed.”¹⁸

The colonies of Pennsylvania and Virginia, the State of North Carolina, and the United States—to mention no other instances in our country—have shown the ability of Americans rightly to manage paper money. And when the advocates of the money lords warn us against trusting to it because that of various infant governments and nations has collapsed, they are like one who seriously advises an old hunter to let powder alone for the reason that children who play with it always get blown up.¹⁹

¹⁸C. F. Taylor, Prefatory Note to Parsons' Rational Money.

¹⁹The reader is asked to consider this quotation in which Calhoun summarizes the essentials of good paper money:

“On what ought a paper currency to rest? I would say on demand and supply simply, which regulates the value of everything else—the constant demand which the government has on the community for its necessary supplies. A medium resting on this demand, which simply obligates the government to receive it in all of its dues, to the exclusion of everything else except gold and silver and which shall be optional with those who have demands on government to receive or not, would, it seems to me, be as stable in its value as these metals themselves, and be as little liable to abuse as the power of coinage. It would contain within itself a self-regulating power. It could only be issued to those who had claims on the government, and to those only with their consent, and of course, only at or above par with gold and silver, which would be its habitual state; for, so far as the government was concerned, it would be equal in every respect to gold and silver, and superior in many, particularly

Independent paper money is coming to stay. Whether or not silver will be remonetized cannot now be decided. One thing may be regarded as sure—for a while after our return to paper money it will be a companion to coin, whether the latter be gold only or both gold and silver, and no permanent depreciation of this paper will be tolerated. It may also be regarded as sure that the people resuming their power, which has been filched from them by the plutocratic machine, will keep the volume of circulation as large as is compatible with maintaining the paper money at par. The benign effect of this policy will be to save the debtor from over, and the creditor from underpayment, and also to save business of every kind from the paralysis of falling prices. And as the years roll on we will gravitate with acceleration towards the tabular or multiple standard.

We explained in the last chapter how Sauerbeck, and others following his lead, average the prices of a large number of commodities which are most in demand into what they call an index number. Under the new system the value of a definite portion of such commodities will be taken as the standard dollar. This composite unit will be far more stable in value than the coin unit.

in regulating the distant exchanges of the country. Should, however, a demand for gold and silver from abroad, or other accidental causes depress it, temporarily as compared with the precious metals, it would then return to the treasury, and as it could not be paid out during such depression, its gradual diminution in the market would soon restore it to an equality, when it would again flow out into the general circulation. Thus there would be a constant alternate flux and reflux into and from the treasury, between it and the precious metals; but if at any time a permanent depression in its value be possible from any cause, the only effect would be to operate as a reduction of taxes on the community, and the only sufferer would be government itself. Against this its own interest would be a sufficient guaranty." Speech in U. S. Senate, Sept. 19, 1837, on Bill Authorizing the Issue of Treasury Notes.

It was but a momentary inadvertency of Calhoun in the foregoing to assume that exportation of our gold and silver coin would depress the paper currency remaining at home; for no author—as is shown by all else that he has said on the subject—ever knew better than he that to diminish the money volume is to augment the purchasing power of the dollar. That correction being made it would be difficult to find in monetary literature a passage of the same length, which is such a complete, clear and convincing statement of fundamental principles, as this quotation.

Prof. Jevons says: "As the articles into which it is convertible are those needed for continued consumption, its purchasing power must remain steady compared with that of gold and silver, which metals are employed only for a few special purposes."²⁰

When we have learned to value scientifically and accurately the dollar in staple commodities, our secretary of the treasury, assisted by his market experts will keep currency at par with the commodity dollar. We will then have secured a reliable automatic regulator, under which the money volume will contract and expand precisely as trade demands. To proportion the volume to the number of heads is far better than the present system, under which selfish bankers contract it just when it ought to be fearlessly expanded, and expand it when it ought to be contracted. But the maintenance of a given amount per capita is irrational. The rational way is to take the word of business itself for expansion or contraction. When a dollar of government paper comes short of buying its settled quantum of staples, that is the undeniable assertion of business that the circulation is excessive; and when it buys more, business infallibly pronounces that the circulation is too limited. In the former case, our—not the money lords'—secretary of the treasury will purchase with call bonds or from the coin reserve enough of the currency to bring back normal prices; and in the latter case he will bring them back by reissue or new issues.

It takes but short reflection to show one how vastly superior the commodity standard when established will be to all previous standards.²¹

²⁰Money and the Mechanism of Exchange, 327. In order to conform this quotation to our context we have made a slight change in the author's language which does not alter its meaning.

²¹Prof. Frank Parsons, *Rational Money*, 124, 125, in the footnote, has briefly noticed the belonging literature from the first proposal of the multiple standard as a medium of payment of obligations of distant maturity, on to the demand of many economists of the present day that it be made the measures of all values.

He has also given the multiple standard adequate treatment upon its merits, *Id.*, 124, 147, the latest and best which has yet appeared.

When the grand restoration of the people to power in the United States is consummated, the country will profit by the example of the colony of Pennsylvania in the eighteenth century and the example of New Zealand in our day. The government of the former advanced "to private people, at interest, and upon land security to double the value, paper bills of credit, to be redeemed fifteen years after their date."²² Another Englishman says: "Half the value of his land was advanced to the head of the family in notes which circulated as money. With these notes he could hire labor and purchase implements of husbandry and cattle; and thus, where without these notes, one acre could be cleared and stocked in a year, ten would by the assistance of the paper money advanced be reclaimed from the forests and rendered productive."²³

Governor Pownall, of Massachusetts, said in 1768: "There never was a better or wiser measure,—never one better calculated to serve the interest of an increasing country; there never was a measure more steadily pursued or more faithfully executed for forty years together than the loan office in Pennsylvania, founded and administered by the assembly of that province."²⁴

Thus did the colonial government of Pennsylvania beneficently help the farmers to get the capital which they needed.

The government of New Zealand borrows money at 3½% to lend it to settlers. "The rate of interest charged on the advances to [. . . them] is 5% a year, but the amount paid each 6 months is at the rate of 6 per cent. The extra one per cent. is repayment of principal. There are 73 semi-annual payments, so that the whole debt is cleared off in 36½ years. On a loan of \$500 the borrowers pay \$15 every 6 months for 36 years. The last payment is \$9."²⁵

Practically all men and women in New Zealand of average diligence and reputation by pledging their little belongings to the

²²Adam Smith, *Wealth of Nations*, Book V., Chap. II., part I.

²³John Twells, cited by Prof. Frank Parsons, *Rational Money*, 169.

²⁴Cited by Prof. Frank Parsons, *Id.*, 13, 14.

²⁵Henry D. Lloyd, *Newest England*, 307.

government, can get in the way just described the amount of money adequate for their business. Their lender is lenient, allowing them full credit for all sums paid before maturity and hardly ever foreclosing. The loans have steadily increased since the new policy commenced in 1893, and there has been no loss. It is probable that the interest rate will soon be reduced. Content and happiness reign among these people who prosper more and more under the course of government, wisely and benevolently helping the community at large, and plucking out the roots of plutocracy. For further detail we must refer our reader to the work last quoted.

This comparison of the colony of Pennsylvania and New Zealand teaches an instructive lesson. While the latter has lightened the task of repayment by greatly lengthening the terms of the loans, it is far behind the earlier example in that it does not issue its own money to lend. The colony of Pennsylvania did not undertake the expense of borrowing money—it just issued paper money, which it conscientiously and diligently kept at par, and it was this money it loaned to the inhabitants. If New Zealand did the same she would save still more interest, and have a money of her own insuring the stability of domestic prices.

One day America will set the example to the world of the cheapest, soundest and most excellent of money, and of the best system of safely lending what of it is needed by the masses. But along with the struggle for proper money facilities we must also fight for proper transportation facilities. The one will not work its full benefit without the other, as we will try to show in a future chapter.

In contrast with the improved system which is to come contemplate for a moment our present system. Our volume of money and credits is almost absolutely controlled by the national banks. At the first adverse whisper they take fright, curtail their issues, call in their loans, and pile up higher their cash reserves. The amount of loans thus called in in 1893 was \$320,000,000. Exactly the opposite of what the banks do at such times ought to be done in

order to allay the panic which they make more acute. Let the government be banker as well as paper money issuer, not for the money lords, nor for any special class, but for the entire people; and let it be empowered to lend liberally on security in times of distress, as well as to relax the money tension by a new issue. What an advance and improvement this would be. A panic would hardly ever come, and if it did, it would not last a week.

We have pointed out the way—no, we have merely allowed the facts to point it out—by which we are to have a stable, sound, elastic currency and credit—one that contracts fitly when its volume becomes too large, and expands adequately as the requirements of the country, for the time being demand. And it will disentitle and overthrow those most sordid of all tyrants, the money lords. They have dictated the financial policy of the federal government from the time the civil war broke out. Whenever they pleased they have said to congress, the president and the secretary of the treasury, do this or that for their selfish advantage, with the public debt, the bonds, the coinage, the greenbacks, the standard of value, the issue of paper money, and they have always coerced obedience. Whatever they have coveted which millions opposed with right, they have got. At every turn they have caused the sweat, tears and blood of their countrymen to run in floods of purpose to transmute them with cruel alchemy into heaps of glittering gold for themselves. The essence of their power is that they have been licensed by the government to exercise its monetary and banking functions, and as a class so privileged always does they have governed solely for their private aggrandizement and not for the general weal. That the government take upon itself entirely the making and control of all money, and impartially deal out its credit to all needing it and offering undoubted security, is our sure and only deliverance from the money lords.

CHAPTER III.

THE PLUTOCRATS OF TRANSPORTATION.

THE railroads being the principal carriers, are our chief concern, and we need say but little specially of the lake, river and ocean plutocrats. The latter are alluded to here in order to remind the reader at the outset that the complete system of transportation includes water as well as land routes. We have already said much of the railroads and we shall say something more in other chapters; and there are many good books, such as those of Adams, Hudson, Stickney, Larrabee, Lewis, Cowles and H. D. Lloyd, and also numerous magazines and newspaper articles, which books and articles taken together treat almost exhaustively every phase of the subject, and give it a better and far more complete literature than any other section of the plutocracy, excepting that of municipal monopoly can show as yet. And so we need not go into much detail in this chapter. It would be a loss of time to discuss such hackneyed themes as the following:

How contributors and investors are fleeced by the ring which constructs the railroad.

How the road is located in the interest of the ring, which has acquired mineral or agricultural lands, or town sites, and not along a natural channel of traffic, as is in the interest of the public.

How a completed road is paralleled by a new one, in order to induce the former to purchase the other, the directors of both se-

cretly colluding together and dividing large gains, which are but a loss to the investors in the old road.

Constant inflation of bonds and stock, now to enrich a ring, now to conceal profit of operation from the public, and often to give an apparently good reason to the railroad commissioners to permit rates to be raised.

Manipulation of the market by the ring in control depressing the securities of their road by bad management, unfavorable reports, cutting rates, etc., when they would buy, and enhancing them by opposite conduct, when they would sell.

Such baleful consequences of neglect by government of its plain duty to run all the roads as one system, as competition and low rates for through and foreign traffic, and no competition and high rates for local traffic which is the main business of every road; and payment of commissions for diverting passenger traffic or for influencing or routing freight, ostensibly to outsiders, but really to officials adversely interested against their road in having these commissions made as large as possible.

Disseminations for or against persons, localities and businesses.

For these and other such abuses, we must refer our reader to the publications just mentioned, which give all necessary information and light. The first point which we must stress is that private ownership of railroads is for all of its commonness here really abnormal and exceptional. A diligent compiler made, in 1895, a list of fifty-four governments, owning their railroads wholly or in part.¹ All the enlightened and great nations are among them, except Great Britain and the United States, which two, with such backward communities as Persia, Mexico, Spain and Morocco are in the other list of eighteen governments keeping their hands entirely off the railroads.² The British colonies break away from the example of the mother country, and their success with their state-owned and operated railroads has been more than satisfactory. It is to be noticed that the cities of Great

¹Vrooman, *Government Ownership*, 211.

²*Id.*, 213.

Britain and the United States show a strengthening tendency to acquire their street railroads, thus impressively protesting against private ownership of the highways permitted by the nation and State. February 20, 1898, the people of Switzerland, which is the purest and most advanced of all democracies, voted by an overwhelming majority upon a referendum, to own and operate the railroads of the country. For all of the advancement of the south, she clung to slavery when it had disappeared elsewhere in the enlightened world. Great Britain and the United States persistently conferring on private persons the railroading franchises of government are almost as far behind the enlightened world as the south was in maintaining slavery. As slavery passed away so private ownership and operation of railroads will also pass away.

We must note next that railroads are public property of inestimable value, and it is heinous robbery of the people by government, to give away this property for nothing. Let us make a striking illustration which the American people have long been looking at without seeing.

In the commencement of the railroad making era the State of Georgia constructed a railroad; and she paid for it in due time. She operated it down to the year 1870. Since that time she has leased it. Just now she receives for it an annual rental of \$420,000.00. The length of the road being about 135 miles, the rental per mile is something over \$3,000.00. Georgia could have made and paid for all of her railroads. Had she done this, she would have located each in its proper place, just as she did the Western and Atlantic; and possibly 3,000 miles of such State located road would have sufficed instead of the more than 5,000 miles which she now has. As it is, some of the present roads are useless and unnecessary. She could easily lease the rest of such 3,000 miles on approximately the same terms as she does the Western Atlantic, in which case her net revenue from her railroads alone, would be nine millions—($\$3,000 \times 3,000 = \$9,000,000$) which is three times what she now scrapes and rakes up from

all her resources as annual revenue. Had she this nine millions every year from her railroads, as ought to be the case, she would have money to increase sufficiently instead of cutting down the appropriations for education and for the pensions of our dear confederate veterans and their widows, to say nothing of making proper provisions for other crying public needs.

The case of Prussia must be mentioned. She now operates her railroads, which she purchased at a high price, and they yield her more than half her public revenues.

This point is so important that we must enforce it further by an illustration. Suppose you own a parcel of land, fabulously rich in gold and silver locked up deep under the surface. The priceless metals cannot be procured without the employment of great capital. It is proposed to you by a few adventurers that if you will give them an exclusive license for fifty years, they will procure and erect machinery, employ labor and do everything else necessary to work your mine. Mind they do not offer you a cent of compensation for the license. The expense of investment and of operating is too great to admit of their paying you anything, as they say. They will supply a great public want—they are surprised that it has not occurred to you that the need of everybody for hard money is boundless. They will meet this important demand by furnishing gold and silver at the market price, and be assured you shall always have as much of it yourself as you can buy. This appeal is irresistible, and you agree with the worthy patriots upon their own terms. They now charter themselves as the Great Self Sacrificing, Public Spirited, Gold and Silver Mining Company. The company issues a batch of bonds secured by a first mortgage of your mine, sells the bonds, secretly pockets at least half of the proceeds, and with the rest opens and operates your mine. Vast heaps of precious metal are taken out, none of which ever falls to you, except what you purchase at the price exacted from everybody else. A part of it goes to pay interest, a part for improvements and operating expenses, and the large

balance remaining to the inside ring controlling the company. To the general public, it appears that the adventurers have invested largely in this mine, and that the handsome income which they are drawing is but the yield of their own money. Even the courts assume this, and gravely declare that the rights of these investors must be kept inviolate. But the fact is, that the large investment was really most wastefully made out of your money, and no money except yours ever went into the enterprise. And while the company makes thousands from the use of your money and consumes the value of your property, you get no return at all except in the end, a worked out and exhausted mine.

The franchise of a commercial railroad, or of a street railroad, is the principal part of the railroad's property, and out of it all its other property really grows. This franchise belongs to the people. It is really a gold mine, far more valuable than the one just supposed, for it can never be exhausted. To work it profitably a road bed must be made, a track laid, cars and other equipments procured, and many workers employed. The means to do this is raised by the sale of bonds, secured by a first mortgage of the franchise, to which road bed, depots, and everything else belonging to the road are but accessories—that is, by a mortgage of the property of the people and not of the company. The people make a present to the railroad of the means to start and continue in business, never requiring it to account for any part of this prodigious amount of advances—the people give it sole and unlimited use of their gold mine—a mine, the richness of which augments steadily with the growth of population and business.

In the former case suppose, you were a fool for not leasing your mine for a paying rental or for not working it yourself; in the other case, the people were fools for not getting proper compensation paid them every year for the working of their gold mine, or for not operating it themselves.

All of the people cannot be fooled all of the time, as Mr. Lincoln said. And they have begun to arouse themselves everywhere

in the United States to recover their property from the squatters who impudently claim title to it, and they will surely win. When they recover their property, they will at first, in their great lack of ready money, manage it more for revenue than for public convenience. But this stage will not last long. The example of New Zealand shows that when the people get full control of transportation, they will gradually reduce rates to the cost of service.

In the foregoing we have tried our utmost to make you understand the pernicious abandonment by government to private persons of an inestimable public property. We now consider the harm of government's devolving upon the same private persons its high duty of furnishing the citizens their due transportation service. One of the greatest authorities, who is a prominent railroad official, thus vividly pictures the indispensableness of this public service to every member of modern society:

“Railway transportation, under present conditions, is to the industrial world what the atmosphere is to the physical world; it pervades and is essential to all industries. As in the physical world no man or beast, no plant or shrub can refuse to breathe the air without death ensuing, so in the industrial world no industry and no human being can refuse railway transportation except under similar penalties. . . . When one buys food, clothing, or fuel, he buys railway transportation. When he builds houses, or stores or manufacturing establishments, churches or school houses he buys railway transportation. When he buys horses and carriages, jewels or stationery, paintings or books, theatre tickets or lecture tickets, or indulges in the luxury of doctors or lawyers, he pays for railway transportation.

“Who would consent that a few men should have the power to dictate upon what terms the air should be breathed? It is idle to talk about railway transportation being a mere article of commerce, owned by the company, ‘who, as such owners, may sell it or not, as it may see fit, or, if it elect to sell, may demand such

price as it choose or can obtain.' It is nonsense to call that merchandise which no one can refuse to purchase."³

In the United States the railroad managers—to use Mr. Stickney's cogent phrase—do dictate the terms upon which the air shall be breathed by average producers and distributors. Monopoly price is exacted for passenger and freight carriage from all except the few who are in business partnership with the roads. Travel and traffic pay not as they ought, merely the cost of service, but they pay the value of the service—that is the utmost which they can bear—the consequences being that the railroad sucks up like a sponge the profit of average farming and all non-plutocratic business. We must look away from our own "land of the free" to find plain proofs of the resistless movement towards equalizing transportation privileges to everybody. In 1889, Hungary changed from mileage to zone passenger rates, thereby reducing the charge for travel to about one-fifth of its former figure. Travel increased so greatly, that ten years afterwards the revenue of the railroads had doubled. Russia, Denmark, Sweden and Prussia have adopted the Hungarian system, with more or less variation and with similar results. The success of Russia has been wonderful. A zone rate for milk in a certain locality of our country is thus described by Mr. Lloyd: "The railroads bring the babies of New York their daily supply, charging one rate, no matter what the distance may be. They charge no more for milk brought 300 miles from the western part of the State than that hauled from Orange county, a few miles out of the city."⁴

The zone rates of our street cars and suburban railroads will occur to the reader.

³Stickney, *The Railway Problem*, 31.

⁴Newest England, 79—Compare James L. Cowles, *A General Freight and Passenger Post*, VII.-X., 121, and the trenchant criticism of the hostile action of the I. C. C., *Id.*, XII., 122; consider the instances of what are really zone rates on coal; potatoes, "grain, flour, and other similar products," *Id.*, 124; a five cent fare over the 20 miles of the Blue Island Line, *Id.*, 212, and the hundred miles of the Manhattan Elevated, *Id.*, 127.

But these American instances given in the text and last footnote, significant as they may be as signs that the movement for equalizing travelling and commercial conditions has commenced here are but a mere drop in the bucket, and do not color even faintly its contents. We must examine railroads operated by government, such as those of Europe which have recently established zone rates, and particularly those operated by such vigorous democracies as the English colonies, in order to discern what will some day be done to ensure carriage *ad libitum* to all. Mr. Vaile had been agitating, in New Zealand, for a zone system much nearer perfection than that which Hungary afterwards introduced. As Mr. Lloyd says: "In Hungary the zones reach only from one station to the next. But Mr. Vaile proposes that the zones be measured by distance, no matter how many stations are included."⁸ "From an attentive and accurate observation of present affairs, he had come to the conclusion that the prime cause of poverty is the inability of the people to make use of the land, and . . . that one great cause of this is the system, or no system, of railway management. *By basing the rates on mileage and putting toll gates at every mile*, the railways drive out of the country and crowd into the cities the people and their industries. These must shorten the distance between each other if they are to live. To remedy this, Mr. Vaile invented his scheme for railway zones. Instead of making the railway charge, as now, increase with the mileage, he proposed to make the rates dependent on the average cost of the service and the density of the population, and to vary them not by the miles, but by stages miles long, longest in the thinly peopled districts, shortest where the population is dense. The length of these stages is to be readjusted after every census. The advantage given to the smaller places and the sparsely populated and poorer regions under this method would disappear as they made the expected gains in population and wealth. The number of stages would then be increased and their length made

⁸Newest England, 80.

less, so that these prospering districts would take a larger share of the general burden."⁶

What would be the finale is thus told: "As the business of the roads increased, Mr. Vaile would enlarge the zones, carrying people farther and farther for one fare, until ultimately, there would be one price only for any distance."⁷

The post office system of the same charge for every distance would thus be gradually reached. The example of the post office must unavoidably prove more and more contagious until in the end, just as a two-cent stamp now does a letter, a small rate will transport a passenger or a ton of freight to any place in the land. Then all places and all businesses, both large and small can breathe the breath of industrial life to the full; and everybody everywhere, will always be in the country and in the city, in the interior and in the border, in the north and in the south, in the east and in the west, at one and at the same time. The surplus population of the city will return to the country, to find health, comfort and prosperity by working on the land. This high duty of government to convert opportunities now exclusively belonging to a few into equal opportunities for all is more shamefully neglected in the United States than in any other enlightened nation. When you suggest to one of our railroad partisans the cheap carriage of European, East India and New Zealand railroads he lets fall at once his cut and dried answer, "Why, their passenger cars are too inconvenient and their freight trains too slow for us." You think to yourself how you would like to see our people given the option of the same rates, even on the same kind of cars and trains, knowing that the present high priced lines, for all of their superior accommodations and speed, would soon go a-begging. When you ask him why a river, with its slow propellers and a canal with its creeping boats, are made such formidable rivals to railroads, he becomes impatient and irate. Our privately owned and operated railroads oppose cheap rates, although

⁶Newest England, 76. The italics are ours.

⁷Id., 78.

they prodigiously stimulate traffic and more than double revenues, as has been demonstrated by many experiments.* Why is this? Why this stubborn opposition to what seems to be their very greatest interest? The answer is found in the instinctive perception by the managers that to base rates on service cost would take away the gates, placed only a mile apart along the entire route, at which toll is inexorably collected from all non-plutocratic travel and traffic, and the people thus relieved from their iron bands of economic constraint would be masters of the railroads and coerce their operation for the good of the public instead of a few. This would stop the managers from freezing out the owners of such great values as coal, iron and steel and other mines and also stop their acquiring controlling interests in the large trusts. Therefore, the plutocrats prefer to maintain conditions which they believe will keep firm and strengthen their present power and finally give them every desirable property and business in the land. Why should they "madly fling a world away" for only a temporary increase of legitimate carriage earnings, however great?

We have shown you how government is recreant in protecting the property of the people, and in failing to give them cheap and convenient transportation. It also shamelessly shirks its duty of making the railroad service safe. In 1896, 6,448 persons were killed by railroad accidents, and 38,687 injured. For the years 1891-1893, the annual railroad casualties were about the same figure, or larger.⁹ There were fewer killed and wounded in the Debs strike than would have been killed and injured by the railroad had there been no strike. At that time the aggregate of casualties on all our railroads was about 3,000 a month, that is,

*Mr. James Lewis Cowles has marshalled the proofs of this assertion in invincible array, in *A General Freight and Passenger Post*. If one will con the preface to the 3d ed. he must needs read all the book and be convinced.

⁹Statistics of Railways in the U. S. for 1896, 87. While by reason of the federal safety appliance law there is, in coupling, a gratifying decrease of injuries to railroad employees, yet those caused by falling from cars and engines in motion have increased. 15th Ann. Report, I. C. C., 63, 65.

1,500 for half a month. The strike stopped about one-fifth of the railroads of the country for half a month. Had they been operated during this half a month, the casualties resulting would have been one-fifth of 1,500, that is, 300. But in the strike there were only 100 persons killed and wounded.¹⁰

Mr. Vaile, an American, comparing the casualties occurring upon the privately owned and operated railroads of the United States with those on the government owned and operated railroads of Germany and Austro-Hungary, says: "It is 6 times as dangerous to be a passenger here as in Austro-Hungary, and 8 times as dangerous as it is in Germany. It is 4 times as dangerous to be an employee here as in Germany, and 7 times as dangerous as in Austro-Hungary. Not safety, but dividends are the chief concern of private management."¹¹

The last quotation mentions only railroad passengers and employees. [But the railroads maim and slaughter others in great numbers. Hear what Mr. Stead, an Englishman, testified in 1894: "[Chicago] with a million and a half of population is stretched over a gridiron of rails which cross and recross the city, and form a complex net work of tracks every inch of which is stained with human blood. It is not for nothing that the dismal bell of the locomotive rings incessantly as it tears its way into the heart of Chicago through the streets. In England the locomotives use the whistle, and not the bell, and this solemn weird tolling of the bell is very impressive to the imagination of the visitor who hears it the first time, sounding every hour, year in and year out, summer and winter. As regularly as the sun rises these great engines slay their man in and upon the streets of Chicago."¹²

The carnage wrought in Chicago by the railroads among those

¹⁰See John Davis, *Public Ownership of Railroads*, July, 1898. Girard, Kansas, 34, from which what is said in the text as to the Debs strike has been abridged.—The comment of Mr. Davis, which we wish our space admitted of quoting, is weighty and moving.

¹¹*National Ownership of Railroads*, N. Y., 1897, 37.

¹²*If Christ Came to Chicago*, 193.

who are neither carried nor employed by them is exceptional. But it vividly exemplifies what is always to be expected from the operation of privately owned American railroads through dense populations. It is a sad truth that government everywhere in our country at all times connives at this wholesale murder and mayhem of innocent human beings, whom it ought to shield with the care which a mother gives her child.

To manage the common property, which is of value far more than enough to relieve us from all our direct and indirect taxes, and provide for nearly every need of the community; to develop dutifully the economic condition of the farmer and other small business men, which could easily be made such as to give comfort to the masses; and to keep safe the persons of thousands of railroad passengers and employees, and of the millions whose concerns leads them at all hours across the tracks along which cars of Juggernaut unceasingly dash backwards and forwards at reckless speed—these three transcendingly important public functions have been abandoned by government to railroad magnates, who prosper by slighting them.

The next phase of our subject is the invasion of property and business by railroad managers. Suppose them interested in a coal mine on the road. By their refusing equal facilities to the other mines reserved by the road, such as the same rates, and an adequate supply of cars, these rival owners are frozen out, and their mines go to the managers at the only price offered. In this way nearly all such adjacent properties of great value, as coal and iron mines, oil wells, natural gas fields, timber lands, etc., have fallen into the ownership of railroad managers. This dispropertying by those who control the railroads of owners to whom impartial transportation is indispensable has been in active progress so long, and has had attention called to it so often, and so impressively, that we need not dwell upon it.

We must now note how these despots of transportation force themselves into all the most lucrative business of the country.

A creamery using a process by which 15 cans of milk were condensed into one of cream was established on the Ontario and Western railroad. This process effected a great saving in the cost of carriage. After a while the general freight agent of the road just mentioned in a letter to the owners complained of the loss of revenue to the road, and announced that it had resolved to put up creameries of its own, to build up, if possible, the milk business of the road to what it was formerly. This sentence closes the letter.

"We do not of course want to do anything to hurt your business, but, at the same time, we feel that this is one of the finest milk territories in the east, and should be worked for all it is worth."

The sequel was that the railroad got the creamery at its own price.¹³

It needs no argument to make you see that its owners, instead of being frozen out by the railroads, ought to have been encouraged with transportation service, fair and impartial.

Compare this case with that of the Delaware, Lackawanna and Western Railroad, which, in 1894, paid its milk contractor 20% of its entire milk traffic from which he netted \$52,000 in one year.¹⁴ With one who has studied the evolution of railroad management in America, the statement just made is enough to excite a belief, almost as reliable as that generated by a strong array of credible positive evidence, that while the contractor gave his personal voucher for the \$52,000 the larger part of it went secretly into the pockets of the railroad officials, by what in imitation of the designation of a freight train of which no record is kept, we may call a "ghost payment."

In the light of these two last examples, let the reader meditate afresh the black treason of our government in permitting the business of its citizens to be wrecked, and despoiled by those to whom it gives its protection in trust.

The railroad owners are in secret league with the large manufac-

¹³Cowles, *A General Freight and Passenger Post*, 52. ¹⁴Id.

turing and trading enterprises, and they regulate transportation to advance their private interests and kill off their competitors. This is the active principle of rebates, rate discriminations, and the unfair and partial supply of all carrying facilities. It likewise prompts the iron control by railroad owners of terminal facilities, stockyards, grain elevators, public warehouses, cotton compresses, river, lake and ocean connections—in short, of all the entrances and exits by which traffic must reach or leave the railroads. We will give some of the pertinent details when we consider the plutocratic trusts, the main support of which is railroad favor to themselves and railroad disfavor to rivals.

The last stage of our subject is advancing railroad combination, keeping step with advancing combination of the large business enterprises, each one being really a half of the same whole. When combination first raised its head in the era of active and wide spread competition the large shipper had the railroads under his whip. But the day is near when the two indispensable vehicles of exchange, one being money and credit, and the other transportation, and when the leading manufacturers, the domestic, wholesale, and the export and import trade, will all be in the hands of one syndicate. Mr. George Fred Williams has lately said: "Already the signs of combination among the banks are sufficient to demonstrate that soon, very soon, a few mighty banks if indeed more than one, will sway the business of this country with an absolutism which no oriental despot has surpassed. . . . [This] banking domination is now sought by the very men who are rapidly absorbing the other great properties of the republic. We see the names of the same men in the list of those who combine railroads, organize gas and street railway syndicates, own the mines and the oil wells, and run the banks and the treasury of the United States. Like a bunch of angle worms, we cannot find where one begins or the other leaves off."¹⁵

These striking words come short rather than exaggerate. If we

¹⁵Address before Anti-Trust Conference, Official Report, 259.

lie still for but a year or two a few men will have in their hands banking and credit, long and short distance transportation, trust manufacture and sale, command of all other large industry, and dictation of the figures at which each day we shall borrow, buy and sell. Food, clothing, shelter, a place outside of the street where we can rest or sleep with our families, pure air—in a word, all necessities of life—will be dispensed to us only at the pleasure and monopoly price of some six tyrants ruling land, river, lakes, the ocean boundary, and all therein. But the people are arousing and planning to follow the example of New Zealand. In 1890 the colony rebelled against monopoly which had struck its roots so deep and wide it looked unassailable, and in 10 years had plucked it up and cast it out.

CHAPTER IV.

OUR DELIVERANCE FROM THE TRANSPORTATION PLUTOCRATS.

THE problem expressed in the title of this chapter has been solved in various communities. The railroad is but the modernized highway of the long period extending from barbarism to the steam engine, and Prussia, New Zealand, Switzerland, and other nations, recognizing that fact, have made the ownership and operation of the railroads public. In the former days it was enough for government to provide and maintain the dirt and paved roads, leaving to individuals to supply themselves with vehicles and traction power. But the locomotive and the cars are integral parts of the railroad, and necessarily belong with it to the same owner. And it is now admitted on all sides that we must in time follow the example of the countries mentioned.

How shall we begin? Such an immense change from present conditions as the expropriation of the plutocrats of transportation will be, must be effected along the line of least resistance carefully searched for and surely found. The discoverers sent ahead by us to spy out the way, are almost unanimous in their recommendation of the first things to do. When by direct nomination and direct legislation we subvert the machine, and make a new beginning of real rule of the people we must regulate, with progressive severity and efficiency, the carriers in matters of police, service rates, and all other important things. This will wholesomely convince these monsters that they cannot defy the curb bit and goad of the new democ-

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racy, and that they are to be conquered and tamed. Taxation, which is not a sham, will be set to work, light at first in order to thin the edge of the entering wedge, and afterwards steadily made heavier and heavier, until there is left hardly any margin of profit to the owners.

The restored democracy will probably use two of its levers with great effect. Taking the hint from New Zealand now agitating for a line of government steamers, the United States will go into the ocean carrying business, charging only the cost of service. This will cause a wholesome tumble in the rates and prices of the railroads and their partner trusts whose coast terminals have at last been eluded by the non-plutocratic millions. Next the United States will build and operate some trunk railroads of its own, charging on these also only the service cost. The inland terminals are thus eluded. Soon the railroad magnates will be as much in favor of, as they are now opposed to government ownership, and they will be in haste to sell out before the commencing decline in the market value of their properties goes much further.

The final stage will be the operation by the United States of all our railroads. The post office, carrying letters, papers and parcels to the man around the corner, or in the next county, or in a distant State, or across the world—the same agency performing most excellently all required mail service, whether local or general, domestic or foreign, will be the model of the new railroad management.

As part and parcel of this system all inland water and all coast and ocean lines will be nationalized.

CHAPTER V.

THE TELEGRAPH AND TELEPHONE.

PROF. FRANK PARSONS, with Herculean industry spurred on by unquenchable zeal against undemocratic monopoly, has supplied the public with ample materials, logically sorted and luminously expounded, for treating the telegraph. In fact, his treatment of the subject is all sufficient, leaving to us only to quote, cite or in some other way repeat what he says.¹ We need make only a very greatly abridged presentation of the more important parts of his latest work on the Telegraph.

¹The Telegraph Monopoly, published by C. F. Taylor, 1520 Chestnut Street, Philadelphia. Price 25 cents. This book reproduces the famous series of 14 articles by Prof. Parsons, commencing in *The Arena* for Jan., 1896, and it also contains considerable accretions. The author says in his preface, it "is . . . much more than a reprint, the whole discussion having been carefully reviewed, much of it rewritten, and the data brought down to date whenever the clearness, force or accuracy of the treatment seemed to require it. The chapter on the English telegraph has been specially enriched, and several other chapters have been materially improved."

Compare Senate Documents, No. 205, 54th Congress, 1st Session, and No. 65, 56th Congress, 1st Session. The last is much the larger containing a reprint of *The Arena* articles. It is useful for correcting some serious typographical errors in the Philadelphia book. For example, on pp. 45, just after the 30th line, and 143 just after the 24th line, from the top respectively, by comparing the corresponding passages on pp. 31 and 100 of the Senate Document the entire lines omitted in the book can be restored. To note the additions subsequently made by Prof. Parsons, which appear from further comparisons, often proves very instructive to the student.

We must not fail to emphasize here the production of Judge Clark, of the N. C. Supreme Court, found in the two Senate documents mentioned above in this footnote.

In all the advanced countries of the world besides the United States and Canada, the telegraph, because of its instantaneous transmission of such important business and political news as ought to be known at once, has become an indispensable part of the post office system. Even the plutocrats of America, who profess to believe that municipal water supply and steam railroad transportation, should always be in private hands, acknowledge that the government alone ought to carry letters, newspapers, and current periodicals. They will not see that this is an admission that the telegraph ought to be taken from them by the nation. The non-plutocratic American statesman of the time when the use of the telegraph commenced, saw the truth clearly. Reflect upon what two of them said in the very beginning of the telegraph era.

In 1844, Henry Clay said:

"It is quite manifest that the telegraph is destined to exert great influence on the business affairs of society. In the hands of private individuals they [i.e. its private owners] will be able to monopolize intelligence and perform the greatest operations in commerce and other departments of business. I think such an engine should be exclusively under the control of the government."²

Shortly afterwards, Postmaster-General Cave Johnson deprecated giving to private persons "the most potent instrument the world ever knew to effect sudden and large speculators."³

Since the words just quoted were uttered, the privately owned telegraph has spread its wires all over our country and into every corner of the earth, and as we observe how a few favored speculators in secret command of the wires constantly use them to undo many who have wares and property on the market, we are little less than astounded at the inspiration and true prophecy of Clay and Johnson.

And the men of that day well understood the telegraph in another important particular as appears from the report of the house committee of ways and means, made in 1845, which takes its

²Parsons, *The Telegraph Monopoly*, 101.

³*Id.*, 100.

stand upon the constitutional grant of power to congress to establish post offices and post roads, stating that "the functions thus devolved on the government of performing for the people the office of universal letter carrier and news carrier, is a matter of the very highest consequence in every light in which it can be viewed." It postulates for the government the right and duty to adopt better methods, as fast as they come in, so that the mails shall not "be outstripped by the pace of ordinary travel and commercial communication."

And this paragraph is almost as good a demonstration that the telegraph is an essential part of the post office as could be written by the foremost expert, at this time, which comes after more than fifty years of manifold and continuous experience and development.

"This great and fundamental principle upon which the department acts (of not being outstripped in the transmission of correspondence and intelligence) led necessarily to using the steam engine in the service of the post office, and it must and will lead with equal certainty to the adoption of any other newly discovered agency or contrivance possessing decided advantages of celerity over previously used methods. The same principle which justified and demanded the transference of the mail on many chief routes from the horse drawn coach on common highways to steam impelled vehicles on land and water is equally potent to warrant the calling of the electro magnetic telegraph—that last and most wondrous birth of this wondrous teeming age—in aid of the post office in discharge of its great function of rapidly transmitting correspondence and intelligence."⁴

The wisdom of these teachings of American statesmen who looked with clear seeing eyes upon the beginning of the telegraph, has been amply vindicated by the subsequent experience of other countries. In some, as France and Germany, the commencement was with government telegraphs; in others, as Holland and England,

⁴Parsons, *The Telegraph Monopoly*, 23, 24.

the telegraphs were private at first, but later they gave way to public ones.

And in all such countries, whether of the former or of the latter class, government operation has proved so satisfactory to the community at large that there has not been in a single one any serious movement in favor of substituting private operation.

The course of England is of such value to America as a lesson we must consider it somewhat at length. Whether the first line was built in 1839, or 1843, or 1846, we must not stop to discuss. Down to 1870, the telegraphs of Great Britain were in private hands. "By 1854, there were numerous complaints of error, extortion and inadequacy."⁶ "In 1855, the Edinburgh Chamber of Commerce called the attention of Lord Stanley, the Postmaster-General, to the telegraph question, showing that the rates were unreasonably high, the transmission unsatisfactory because of delays and inaccuracies, the treatment of the press unfair, and many towns and districts wholly unprovided for."⁶ Discussing two other proposed remedies, it recommended that the telegraph be incorporated with the post office. Frank Ives Scudamore was deputed by the Postmaster-General to "inquire whrther the telegraph might be beneficially worked by the post office."⁷ Scudamore was able and honest. In his reports of 1866 and 1868 he showed up the abuses of the then system and told how other countries had cured such by establishing a postal telegraph.⁸ A powerful agitation followed, with the result that January 29, 1870, the telegraphs of Great Britain were all attached to the post office, having been purchased from their private owners for a greatly excessive price.

Steadily and rapidly telegraph lines were extended into districts without them, and the rates were reduced to two-thirds or

⁶Parsons, *The Telegraph Monopoly*, 133, note.

⁷Id., 134.

⁸Id., 134.

⁹Prof. Parsons goes into much detail as to the labors of Mr. Scudamore in the good cause, and what he says is of great concern to us of America. See *Id.*, 134-145.

one-half of former figures. An increase in use of the telegraph by the people at large ensued, which in the very first year quadrupled any ever made any year in America. In 1869-1899, the rate of increase of business was twice that of our telegraph; and as during the time mentioned, the population of the United States grew three times as fast as Great Britain's the rate mentioned was actually six times as much as ours.* Under public ownership, the telegraph of the United Kingdom has been elevated from serving only a few into giving the whole people impartially the inestimable advantage of instantaneous transmission of important communication of every sort.

Prof. Parsons sums up the immediate results of government acquisition of the English telegraphs as follows:

"1. A reduction in rates of one-third to one-half.

2. A vast increase of business—the work done by the telegraph doubling in the first year after the transfer [to the government].

3. A great extension of lines into the less popular districts so as to give the whole people the benefit of telegraphic communication.

4. Large additional facilities by opening more offices, locating offices more conveniently, and making every post office and post box a place where a telegram may be deposited to be taken to the nearest telegraph office for transmission.

5. A considerable economy by uniting the telegraph service with the mail service under a single control, avoiding useless duplications, using the same offices, the same collecting and delivery agencies, and often the same operatives for both services.

6. A marked improvement in the service . . . the aim of the post office being service, not dividends.

7. A decided gain to employees in pay, hours, tenure of office, etc.

8. Unprecedented advantages to the press for cheap and rapid

*Parsons, *The Telegraph Monopoly*, 152.

transmission of news, at the same time freeing it from the pressure of a power that claimed the right to dictate the views and opinions it should express.

9. The development and strengthening of social ties of kinship and friendship through the growth of business and social correspondence.

10. The removal of a great antagonism and the cessation of the costly conflict it had caused between the companies and the people."¹⁰

And this is his summary of later results.

"1. A further reduction of nearly one-half in the average cost of a message.

2. More than a ten-fold increase of business in twenty-five years, while population increased but one-fourth. Over 100% telegraph growth to twenty-five per cent. population increase.

3. A six-fold extension of lines and fifty-fold increase of facilities.

4. A steady policy of expanding and improving the service, adopting new inventions, putting underground hundreds of miles of wire that formerly ran over houses and streets, etc.

5. A systematic effort to elevate labor, resulting in a progressive amelioration of the condition of employees in respect to wages, hours, tenure, promotion, privileges and perquisites.

6. A good profit to the government (excluding interest on the water logged capital cost) in spite of low rates, large extensions into thinly populated areas, advancing wages, heavy losses through carrying press dispatches below cost, competition of telephone companies in the best paying part of the traffic, etc.

7. Satisfaction with the telegraph service even on the part of conservatives who objected to the change before it was made."¹¹

Now let us contrast with this happy picture of Great Britain under the telegraph administered as a department of the post office the

¹⁰The Telegraph Monopoly, 162, 163.

¹¹Id., 163.

more striking features of our privately owned and worked telegraph.

We begin with the capitalization of the franchise of the Western Union. Its entire physical property—plant, poles, wires, instruments, material of all kinds, offices and everything else tangible—is of about twenty millions of value. Deducting this from the sum of ninety-five millions of stock and fifteen millions of bonds—110 millions—the capitalization of the franchises is ninety millions. As the annual earnings show the capitalization not to be excessive, it is manifest that the United States has made the company a present of ninety millions of dollars out of the property of the people. Prof. Parsons is right in claiming that “the public ought to get 9-11 of the profits.”¹² The company has grown within a comparatively few years, from an inconsiderable to an enormous wealth, which has all been due to its use of this property of the people, without paying rent or hire. Mr. Wanamaker strikingly illustrated this rushing forward by leaps and bounds when he said: “An investment of \$1,000, in 1858, in Western Union stock would have received up to the present time stock dividends of more than \$50,000 and cash dividends equal to \$100,000 or 300% of dividends a year.”¹³ Quoting this passage, Prof. Parsons exclaims over it: “Think of it, getting your money back a hundred times in cash, and fifty times more in good interest paying property.”¹⁴

The foregoing makes one who will stop a minute to think understand the richness of the franchises we have considered. And let us note as one of the greatest evils of our telegraph situation, the gigantic spoliation of its citizens by the national government's giving it to the Western Union for nothing.

The insufficient facilities provided by the company must be glanced at. The post office and the public telegraphs and telephones of other countries bestir themselves more and more actively to serve the rural and thinly populated districts, but the Western

¹²Tel. Monopoly, 51.

¹³Id., 53.

¹⁴Id., 53.

Union, studious only of great profits, will not open offices in such places, the consequence being that a very large proportion of our people are permanently kept away from the telegraph, in this time when rapid transmission of intelligence is an indispensable factor of social improvement to say nothing of business property.

In the communities provided with facilities, the service is poor in material points. It is only the stock jobbers and speculators whose messages go quickly and accurately. An ordinary person cannot at all secure instant transmission and prompt delivery of his advice; and he can protect himself against inaccuracies only by paying another charge for having his message repeated, when repetition to secure accuracy ought, of course, to be done by the company at its own expense. The rapid service of the English government telegraph and the slowness of the preceding private service is thus stated by Judge Clark: "The improvement in promptness of delivery has been from an average of two to three hours under private ownership to an average of nine minutes under government."¹⁵

No secrets of politics, war, business, scandalous and sensational news, etc., are safe after being intrusted to the Western Union. If it were discovered that the post office peeped into all the sealed letters and peddled out the information thereby collected to reporters, speculators, politicians, even the enemy, it would scandalize the country, but such breaches of public duty would be no more vile and heinous than those which there is much evidence to show are habitually committed by officials in charge of the telegraph.¹⁶

The tolerance shown the combination between the Western Union and the Associated Press is a national disgrace. The latest telegraphic news is the very life of a daily newspaper. By virtue of the combination which we have just spoken of all of this news is censored according to the wishes of the Western Union, and

¹⁵Senate Doc. No. 205, 54th Congress, 2.

¹⁶Parsons, *Telegraph Monopoly*, 75, 76.

its price must be paid for it. Further than that, a paper which dares to antagonize the telegraph, or reflect upon it, in any particular is denied all supply from the Associated Press. Congress is prohibited from making a law that abridges the liberty of the press, but the Western Union dictates to every daily paper in the land what it shall and what it shall not publish.¹⁷

It is to be included in the arraignment of this monopoly that it checks all progressiveness in telegraphing. It ties up the Bell Telephone by a non-competition contract;¹⁸ it insults the American inventor now soaring far above all others by denying him opportunity to perfect automatic and wireless telegraphy, the telautograph, and all the other world renowned improvements and new machines which bid fair to transform the electric telegraph into an instrument printing and flashing one's thoughts in the twinkling of an eye to the most distant corners of the earth. In the widest field for one of the most advanced and glorious of human arts, the Western Union has been for a generation in the very centre of supreme inventive stir and energy an arrested development, complacently treasuring its gross ignorance as the highest wisdom, and its supineness as the acme of American progress.

It is in every respect detestable to the American. And statesmen of all parties, the foremost and ablest in business, of the professions, in literature—all the leaders, with practically all the people following—have struggled against it with a will. Out of 19 committees of the house and senate of the United States, all but 2 have made reports for a postal telegraph. This powerful attack has been unremitted for more than 50 years. And under the act of 1866 ever since July 24, 1871, congress could at any time have purchased the telegraph at an appraised value. But the monopoly, hated and damned by everybody, has continued all the while to do business at the old stand in its old way. This

¹⁷Prof. Parsons gives many proofs and inveighs against the evil with telling force. *The Telegraph Monopoly*, 81-92.

¹⁸*Id.*, 109.

is the very strongest proof which can be given of the potency of the plutocracy as such in the federal government. But, somehow, one cannot help feeling that the telegraph is that public utility which will be the first nationalized.

We need not bestow upon the long distance telephone more than a word. Everybody sees that England should have completed her good work by purchasing the telephone after acquiring the telegraph, and everybody also sees that those governments which co-ordinate it with the telegraph, making each a department of the post office, are right, and that some day this good example will be followed by America. It is to be emphasized that all the short and long distance lines after having been united in one system will be nationalized. When that day comes you will sit in your chair and talk at will, either with people in places far away, or a gossip across the street—all by the grace of the post office, ever heeding your call, and never misunderstanding what you want.¹⁹

¹⁹See Appendix , for mention of some recent Telegraph and Telephone articles in *The Arena*.

CHAPTER VI.

MUNICIPAL FRANCHISE PLUTOCRATS.

THE point which we have just reached in our review of the situation is that which of all is exciting the most lively interest among the masses. The dwellers in the country have been for some years flying to the towns and cities so rapidly that almost half of our population now is, and soon much more than half will be urban.¹ In our towns and cities the new order of collectivism is peeping forth here and there with such vigor of growth that one need not be a prophet to know that it will, in a comparatively short while, supplant the older of individualism. Private springs and wells give place to collective water, private lamps and candles to collective gas and electric light, and private horsedrawn vehicles to the collective trolley cars. It is an anomaly that such collective services as these just indicated are as yet rendered by individuals instead of by communal officers. But collective ownership and operation of water works has prospered in so many communities, that it has become the rule, and the same of gas and electric light plants has of late proved its great superiority so convincingly, in

¹Many writers have recently emphasized this wholesale migration from the rural districts. See what Prof. Frank Parsons in 1899, said of it, *The City for the People*, 7, 8, footnote. His own statements are very striking. But we call especial attention to the abstract from Weber's *Growth of Cities*, given in the latter half of Prof. Parson's instructive footnote.

some striking instances, that it is rapidly coming into general favor—these things make every one of us see that the time is at hand when the municipality must itself do the duties of public service, and not delegate, as it now does its light, heat, power, telephone and transportation functions to private corporations, more greedy and oppressive than the persons to whom governments once used to farm out the collection of taxes. The municipality of to-day is just as inhumane, but it is far more wasteful of resources which, when treating of the value of long distance railroad franchises above, we showed to be inestimably opulent, than were the governments just alluded to. They always got for public needs a round sum paid down every year by the tax farmers, while our municipality grants full use of its richest revenue yielding possessions to the plutocrats without a cent of compensation. A special development of the enormous money value of municipal franchises heedlessly flung away, and of the black mail which their holders levy upon the people is now in place. We can make great abridgment by discussing the public service corporations, in the main, as one subject, and from the same point of view.

Suppose a street railroad or a lighting plant resolved upon—these two instances well suffice for all municipal public utilities—and that \$200,000 cash will make, equip and put it in order for furnishing its customers with transportation or light. Should the city undertake the work she will raise the necessary money by the sale of bonds, and a bonded debt of \$200,000 will approximately represent the cost of the plant to her—the amount of her actual investment.

Suppose, on the other hand, that the same plant is the work of a private corporation. The promoters do not limit the capitalization by the actual cost of the plant. Almost at the very outset they issue, say \$200,000 of stock and some \$400,000 of bonds, from which it is made to appear that \$600,000 is the cost, and the actual investment. And after operation commences other stock and bonds are perpetually over-issued. Increasing overcapitali-

zation of the municipal service companies is in steady progress everywhere. Let us present some illustrative examples.

It has been proved that in towns of 5,000 to 25,000 of scattered population, the actual investment in a proper gas plant is from \$4 to \$6 per thousand feet of output; in those of 35,000 or more it is \$3 to \$5; and in those of over 200,000 it is \$3 to \$4.² "Yet in many States the average gas capitalization rises to \$8 to \$10 per thousand. In 1890 Brown's Gas Directory placed the capitalization at \$9 in Rochester, \$13 in Jersey City; \$11 in San Francisco; \$14 in Baltimore; \$19 in St. Louis; and \$20 in New Orleans. The present capitalization in New York City is \$10, and in Boston it is \$42 per thousand feet of annual output."³

The author just quoted gives a long list of street railroads of which the market value varies from 3 to 22 times the actual cost.⁴

By searching the valuable book last cited you will find many similar instances of overcapitalization of all the other city serving companies.

Thus it appears how the companies exaggerate the cost of their properties. At the first flush one calls the excess of securities above the cost of duplication overissue, overcapitalization, inflation, and most often water. But as he continues to look he notes that thousands—even millions—of the proceeds of repeated overissues have been consumed in campaign expenses, princely donations to the boss, huge bribes to city authorities, enormous fees to astute and politically influential lawyers, munificent salaries to sinecurists, liberal distributions of money and stock among the members of the ring in control, and in other lavishings which it would be wearisome to enumerate—in things which do not like prudently made improvements increase capital and productivity—and yet the securities of the concern are not depressed in

²Prof. Frank Parsons, *The City for the People*, 43.

³*Id.*, 43, 44.

⁴*Id.*, 45-56.

the market. What a never failing store of money these plutocratic concerns command! Occasionally some of them are bankrupted from reckless overskinning, and go through receiverships. But in the end they fall to more prudent managers, who avoid both the too much and the too little of capitalization, and revel in safe prodigality. The incorrigible bear confidently asserts that time will squeeze oceans of water out of these securities. He speaks from the false assumption that all of the capitalization exceeding cost of construction and operation is water, when in fact only that part of it is water which is in excess of the value of the property given by its earning capacity. That earning capacity grows with the growth of population and economies of furnishing the service, and a skillful management does not outrun it in the aggregate of securities issued. And it is clear that it is the franchise, and the franchise only, which imparts this marvelous earning capacity.

O, that average men and women would arouse to the pecuniary worth of such a franchise. The profuse expenditures and the steadily increasing aggregate of securities issued, misleadingly called overcapitalization, which we have tried to describe—all this fabulous extravagance and all this flood of water, rising, rising, rising, is merely the measure in towering heaps of money, of the value of the franchise—a measure which really falls short instead of being too large. When this is seen to be the fact, as it indeed is, the faithless abandonment of their public duties by the people's trustees in disposing of this priceless property for nothing will be fully comprehended.

We must now devote the comparison of a municipality-owned and managed public service plant with a private one made a few pages back to another use. In the former the franchise is not capitalized, and so the charges for service are based upon the actual cost of construction, that is, upon \$200,000 of investment. In the latter the charges are based upon the cost just mentioned plus the capitalized value of the franchise, which we moderately

estimated to be \$400,000—that is, upon a total of \$600,000. The result is that the public must pay a rackrent to the private company for use of its own property. The higher charges of franchise-capitalized companies than those of the others are well illustrated by contrasting the street car fare of 5 cents, prevailing in nearly every town and city of the United States, with 1.78 cents, which is the average on the city-owned and operated trams of Glasgow.*

These two evils of depriving the people of their possessions, and of charging them extortionate prices for going upon them, are not all. Let us briefly run over the rest.

The private companies will seek to serve only the denser, as they cannot make their usual profits from the sparser populations. On the other hand if the municipality furnish these public revenues it will, as we see in the case of waterworks and of government post offices, telegraphs and telephones, provide for all parts of the community impartially.

Having explained the corruption of municipal government which results from granting public service franchises to private persons, in a previous chapter, we need do no more here than to quote this vigorous passage from Prof. Frank Parsons:

“It is the street railway companies and other corporations that buy up our councils, corrupt our legislatures and manipulate election machinery so as to nominate and elect men whom they can control; and when we demand the abolition of these very corporations that create this trouble, they say, ‘You’ll have a terrible time if you get rid of us. See how rotten your government is.’ We reply, ‘You made the government rotten, and keep it so. Get out of the way, and we can easily secure good government.’”⁶

It will be a grateful contrast to the foregoing to learn a brief lesson from Glasgow, a city set upon a hill and seen of all the world.

*Prof. Frank Parsons, *The Arena* for Feb., 1901, 204, 206.

⁶*The Arena* for February, 1901, 100.

Glasgow thwarted various attempts made by private persons to get parliamentary authority to lay tram lines along her streets, and she herself constructed a system of some 31 miles and leased it to a private company. The operation commenced in 1872 under a lease of 22 years. Let an American consider the rental paid the city by the lessee as follows:

1. A sum each year equal to the interest upon the city debt for the tram lines.

2. A yearly contribution to a sinking fund of such an amount as would make it sufficient at the end of the lease to pay off the entire cost.

3. Four per cent. per annum on the cost, out of which renewal fund the lines were to be kept in repair.

4. Seven hundred and fifty dollars a street mile annually.

It was further provided in the lease that charges should never exceed 2 cents a mile; also that on certain routes most likely to be used by laboring men and large numbers of others, some of which were much longer than a mile, the fare should not exceed two cents; and cars for the benefit of working people should be run in the morning and evening at one cent fare.

Later 17 miles were added to the original 31, the lessee paying the interest and renewal cost, but no rental and nothing to a sinking fund.

By inadvertence no provision for the operation of additional lines had been made in the lease, and what was done with them as just stated was the result of a compromise between the city and the lessee.

When the lease expired, July 1, 1894, the sinking fund was over \$1,000,000, and equal to the cost of the lines first made. A debt of something over \$700,000 for the new lines still remained. All the lines under the effect of the renewal provision were in perfect repair. And the lessee had paid off some \$750,000 premiums upon a purchase from a predecessor and made some money besides.

Had this premium been avoided, the lessee's profit would have been considerable.

From the time the lease expired in 1894 to the present Glasgow has operated her trams. When Dr. Shaw, in 1895, published his famous work from which we have abridged much of the foregoing as to Glasgow, the time of municipal operation had been too short for him to pronounce upon it. But in March, 1898, he said it was considered "to be a thorough going success."⁷

Another competent authority speaking a little later says:

"The city [of Glasgow] has made large profits, and has every prospect of doing still better when electricity is substituted for horse traction as it soon will be."⁸

The example of Glasgow is of special value because of its wide scope. It appears to show the proper thing to do at every stage. At first she did not throw away the publicly-owned franchise, but she made it pay for the lines and keep them in good order, yield a handsome rental and benefit the people with cheap fares and good service. In this way she made a right commencement of her street railroading by securing to the public much the larger part of the income from its own property, instead of surrendering all of it to a few individuals, as is usually done in an American city.

Further, as a part of the right commencement by Glasgow just emphasized, she located the lines and constructed the road, not licensing a horde of savages to tear up and obstruct the streets, as is common on this side of the water, and not permitting unseemly strife and nocturnal and Sunday work by rival companies, each snatching at the better lines for itself. The route was properly settled, the safety of persons traveling the thoroughfares was guarded and the road was excellently made. At the end the city had for itself a most magnificent property. The franchises had not been made a gift of to private persons, and capitalized by

⁷Am. Monthly Rev. of Reviews, for March, 1898, 275.

⁸Bemis, *Munic. Monopolies*, 577.

them at such a figure that fares were extorted from the public high enough to pay dividends and interest upon a sum several times larger than actual cost of the road; and no plutocrats had been made to enthrone party bosses over the city government, and to swear one way to allure investors in their stock and bonds and another way to keep off the taxgatherer. During the lease the city virtually kept the title to and dominion over its property, and did not abandon either to private persons. It exacted of the lessee proper compensation and satisfactory service for the people at the lowest reasonable price, and the keeping of the property undepreciated. That the right requirement as to extension was not made of the lessee merely shows that a first undertaking cannot be perfect in all its parts. This single failure only emphasizes the lesson the more.

The last stage—that which succeeded the expiration of the lease—points out the goal towards which all the cities of the enlightened world in spite of the tremendous power and systematic opposition of the plutocrats, are restlessly evolving. The people of Glasgow were well served by the lessee, but they are now better served by the city. The city made a good profit out of the lease; it makes more profit out of its own operation.

We have not space enough even to enumerate the other activities of Glasgow. We must refer the reader desiring information as to them to Dr. Shaw's famous study,⁹ from which he will find that it is as far advanced in all other provinces of municipal administrations as we have shown it to be in managing its trams. By reason of its marvelous success in all these it has become a rawhead and bloody bones, scaring our municipal franchise magnates by day and giving them nightmares in their sleep. Let us increase their terrors by an American Glasgow. Pingree was in a fair way to begin this with Detroit, had not the court come to the rescue of its favorite wards—the plutocrats. Our people will ere long expropriate the franchise lords, take away the occu-

⁹Munic. Gov. in Great Britain, 69-144.

pation of the boss, set up their own courts, and make Glasgows everywhere.

Electricity is used not only for light, but for power and heat. Because of its use for light the electric light plutocrats are beginning to combine with the gas plutocrats, and because of its use for power the former are combining with the electric railroad plutocrats; and thus is cemented a consolidation of companies really holding four distinct franchises, that of the railroad being the most valuable, that of gas next, and the remaining two promising soon to increase largely in value.

We consider, in another chapter, the long distance telephone as being, along with the telegraph, a proper adjunct to the post office, and a function of the national government. But one uses the short distance telephone a thousand times and more before he calls for a long distance connection. Through this magic speaking trumpet we whisper every possible kind of communication to every one we please, in the city at all hours of every day and every night. It is as clearly at present a municipal function as is the water supply, but American municipalities leave it to greedy and avaricious plutocrats who exact from us all extortionate pay for bad service.

No one—not even he with the very greatest inventive genius—can predict what other functions the accelerating march of invention will devolve upon the municipality. What other services will we wring from electricity? Its age coming in as that of steam is going out, we know their name is legion, but we cannot tell what they are. What great things will liquid air do for us? We may expect important improvements in surface, overhead and subterranean carriage and transit; we, or our children, may see airships loaded with men and women going to or coming from work, and children going to or coming from school fly as swiftly and surely as a hawk; and those that succeed a little later will be aided in all that they do by machinery of a perfection which we cannot now express, driven by power of which at this time we

have no hint whatever. What miracles of preventing and healing diseases will science continue to work? We think of the few first-class hospitals of the world, and are certain that the day comes on apace when nobody will be so poor as not to command whenever needed the topmost skill of nursing, medicine and surgery. All these benign services, by reason of their great cost alone—to say nothing of the gigantic co-operation which they require—will be local monopolies, and within the sphere of municipal duty. The plutocrats would seize them all and capitalize them at billions if they could.

But we ought not to meddle with the uncertain future when we must concede our inability to set forth the present richness of revenue derivable from existing franchises, if they were properly managed for the people. We have lately seen the rush from all sides to the newly discovered gold of the Klondike, and we open our eyes when we read of the heaps of treasure brought away. But as we have already suggested, such mines are soon exhausted. Franchise mines, however, the more they are worked the richer they become. Everywhere in America, from the little place of 4,000 up on through the round to New York and Chicago the plutocrats are employing every article of cunning and corruption to get these franchises for the longest possible terms. In 1896 a prominent member of a gas company advised it in a public address to keep the city newspapers and authorities on its staff and to distribute stock judiciously among those able to further its interest.¹⁰ Proprietors of leading newspapers, municipal councilmen and officials, in short, everybody of standing, because of place or following, have been secretly enlisted in interest on the side of the private owners of the franchise. Even the very highest are tried with bribes. When Pingree was mayor of Detroit he was offered \$50,000 not to veto a franchise ordinance. A governor of a large State was offered an opportunity to buy without any cash payment a sufficiency of stock to give him a

¹⁰Bemis, *Municipal Monopolies*, 658, 659.

considerable profit on the appreciation from his signing a franchise law. A few years ago an investigation of the Bay State Gas Co., at the instigation of the then mayor of Boston, developed astounding frauds upon and robberies of the customers, and resulted in reducing the capitalization from five to two millions; whereupon the public spirited mayor was given the presidency of the company with an annual salary of \$25,000.¹¹ The plutocrats have trained the city fathers, when they grant or extend franchises, into getting thousands for themselves and nothing for the citizens. More than all other classes combined, they have set up and now maintain the power of the party boss. The dominant party schemed to perpetuate its misrule of the newly reconstructed south by disfranchising many of the whites, and enfranchising all of the blacks, and the municipal franchise plutocrats are now striving in unison all over the land to extort from State and municipal authorities the power to keep the people in chains. Especially have they of late bestirred themselves to get 50-year extensions of their street railroad franchises with the reservation of 5-cent fares for at least 20 years. But some late occurrences show that the plutocrats have underrated the strength of the people they wish to chain, as the reconstructionists did before them. The Illinois episode is so instructive and hope inspiring that we must tell it at some length.

Under a law of the State last mentioned a street railroad franchise could not be granted except through the Common Council. This council the people could watch and hold in check. In 1897, the purpose of the franchise grabbers instigating the measure being to get rid of these meddlers, what was called the Humphrey bills were introduced in the legislature, providing that a commission of three, appointed by the governor, and holding for 15 years, should have exclusive authority to grant both surface and elevated street railroad franchises. It was bad enough to substitute for

¹¹The frauds and robberies are told by Prof. Frank Parsons in a most striking narrative. *The City for the People*, 77-81.

the popularly elected council a long term commission appointed by the plutocratic executive. But the bills provided further that there be renewals of all existing franchises for 50 years; that the holders of these renewed franchises be empowered to exact a 5-cent fare for 20 years, and that the roads could be consolidated and be allowed to carry express and freight. There was such an outburst of popular opposition that, although the bills passed the senate, they were defeated in the house by a vote of 123 to 29. The plutocrats would not know any such word as fail. Six days afterwards the Chicago street railway magnate, with a retinue of lawyers and stockholders, camped at Springfield for another campaign. The Allen bill, as it is called, "modelled after the Rogers law of Ohio,"¹² was introduced the next day. It was pretended that the new measure was without the objectionable matter of the other when, in fact, it was really the same, changed only in unessentials; for it provided that the Common Council or County Board can extend any street railroad franchise for 50 years, always authorizing a 5-cent fare for 20 years, fares thereafter to be fixed by these authorities. May 20, 1899, when this Allen bill was introduced 200 others were ahead of it on the calendar, and final adjournment of the legislature on the 4th of the next month had been fixed.

"The bill was rushed; placed by a two-thirds vote of the house near to the head of the list of bills; hurried by all of the secret forces of modern legislation, by log rolling methods, traded with the country members in consideration of votes for the butterine bill and other measures, hurried through the reports of committees and the three readings necessary for its passage, and passed by the house on May 28th, by a vote of 83 to 60, and, as amended by the senate on June 4th, by a vote of 31 to 18, and concurred in by the house on June 4th, by a vote of 83 to 70."¹³

¹²Bemis, *Munic. Monopolies*, 528, 530.

¹³A. W. Thomas, *Democracy and Direct Legislation*, 48, (Home Study Pub. Co., Chicago).

The plutocrats wanted long extensions, with power to charge high fares. The price which it is said they had had to pay aldermen for a franchise—\$50,000 down and \$250,000 more when it was granted—was rather large. If they could get the power to grant and extend franchises and fix fares transferred to an irresponsible long term commission appointed really by themselves, they could get a majority of it—only two members—whenever they pleased almost at their own price. This they essayed to accomplish by the Humphrey bills. But the people would none of a non-elective commission, and they smashed the bills. Then the plutocrats must needs go back to the local authorities elected by the people. It occurs to their wise counsellor that even the representative of the people can be influenced against their electors, for such cases have been heard of. So it was deemed well to tempt the common council and the county board with great opportunity, such as would never come again. If those bodies would but prolong the franchises and assure the highest possible fares, the companies could afford to come down handsomely, and would lavish boodle as had never been done before. It was in this way that the Allen bill became law in such a short while after the rejection of the Humphrey bills. Many people in Illinois maliciously wish that it be some day proved that its promoters were out of pocket at least a million from the passage of the Allen law.

The Chicago street railway magnate and his allied plutocrats had won. There was nothing else for them to do but tickle the itching palms of the aldermen and gather the rich fruits of their renowned victory. So they provided themselves with a majority of aldermen and had them to pass the desired measure. The mayor interposed his veto. The council must next pass the measure over the veto by a two-thirds vote. While the higgling for this was going on assiduously in the dark, the people, who waking up and threatening violence to the authors had caused the Humphrey bills to fail, arose in more wrath than before. They said by acts as well as words, too plainly to be misunderstood,

that they would lynch the traitorous representatives making the extensions. Each alderman let go his bribe, preferring an unbroken neck upon his shoulders to a house full of gold and silver. The mayor was soon afterwards crowned with re-election by his grateful people.

The good work did not stop here. In March, 1899, the Allen act was repealed and it was enacted that city, town, village and country authorities can consent to grant a street railroad franchise only for a term not longer than 20 years, ten days' notice of the time and place of presenting any petition for a franchise given the public being a condition precedent.¹⁴ The glorious result of the struggle commenced in Chicago was that the entire State of Illinois was delivered from the unspeakable pillage and oppression of long term street railroad franchises. It is an example that commends itself to all of us. For some years yet, and until the people have erected themselves to a man everywhere in defense of municipal property, it will be well to take from local authorities all power to grant long term street railroad franchises. Kentucky has done still better than Illinois by providing in her constitution of 1891 that no franchise of any sort can be granted for longer than 20 years, and that only upon bids for the same, the right to reject all bids being reserved.

This narration of recent and well known facts has been made with the purpose to emphasize the actual beginning of the decisive struggle with the plutocracy. The people have not yet awakened to their exclusion from the land, the mines, the long distance railroads, and the credit of the federal government. But of late they have commenced to think and talk earnestly of the right management of municipal resources. In the spring of 1897, the writer, as a part of his preparation for this book, was diligently collecting from Dr. Shaw, the Fabian Tracts, late books, and current periodicals the advanced methods of municipal service obtaining abroad with intent to hold them up as examples to Ameri-

¹⁴Act of March 7, 1899, Laws of Illinois, 1899, 332.

cans, but only some 12 or 18 months later he saw from the large space that the subject was then beginning to fill in many widely read magazines and newspapers that his compilation had become useless. One can see now on all sides encouraging signs that the value of municipal franchises is rising in popular estimation. Resistance begins to the plutocrats rushing forward to extend their franchises, snatch all others in sight, and fortify by corrupt legislation and contracts and partial judicial decisions their license to make for many years, in every one, the maximum charge for public service. A scattering skirmish between the hostile outposts is commencing. The skirmish will grow to a general engagement, with the whole country for the battlefield. The national government is too far off for the people to scrutinize plutocratic doings therein—the corruption of congress by the whiskey ring, and by Credit Mobilier, the disgraceful subservience of the United States senate to the oil combination in the case of Payne, fraudulently elected thereto, and to the sugar trust in those parts of all the tariff bills affecting its interest; the plate armor swindle; the holdup of the United States by the railroads carrying the mails from year to year, and men and munitions of war in 1898; the sale of their boats to the navy by some in high place at an unconscionable profit; rotten meat for our soldiers, supplied by rotten contractors, holding rotten officials under their thumbs, and much more of the same ilk. They do begin, just a little, to see abuses in the State government. Now and then they discover that the corporations command the party machine, and sway at will the legislative, executive and judiciary; sometimes they become aware that their commission has gone into the service of the railroads, at times they discern that the oil combination really passes the inspection laws and appoints the inspectors, and especially of late do they more often become restive as their own taxes get larger, while the corporations, owning all the richest properties in the State shelter them effectually from the collector by a veil of perjury so thin that a child sees through it. But

while they do better understand State than national affairs, they have not yet become ready to take the State government from the plutocracy. The only branch of government that all the day long and constantly engages their thoughts is that of the municipality. That is not far off from them like the State, nor further off, like the federal government. It is close at hand, in actual personal contact with them. And it rejoices him who will not despair of the republic to note the steadfastness with which they stand against the municipal plutocrats and the importance of the first conflicts. Not Pittsburg, nor Homestead, nor Hazleton, nor Cœur d'Alene, nor other foul slaughters of the workers, but Chicago, Haverhill, Toledo, Detroit, Boston, Cleveland, St. Louis are to be the Lexington and Concord of a Revolution which will prove the fit sequel of that glorious one of our forefathers when it adds economical to political equality.

CHAPTER VII.

OUR DELIVERANCE FROM THE MUNICIPAL FRANCHISE PLUTOCRATS.

So many people are now commencing to see the road leading to our deliverance from the municipal franchise plutocrats that this chapter need contain nothing but brief and somewhat disjointed notes of the more important points.

It is clear that the very first thing to do is to make diligent preparation for operation by the municipality of all public service activities therein by which public service is rendered. Let every community that has its own waterworks, hold fast both to its ownership and operation, resolutely deaf to the offer of every corporation to supply it with more, better and cheaper water—an offer which is only a treacherous bait. It cheers us to note that the municipalities which manage their own works steadily multiply. One of the highest authorities upon the subject, after carefully enumerating all the private and public water works in our different States, says: "Changes from private to public ownership during the century have numbered 205 works, and reverse changes but 20."¹

It appears that municipal water is just at this time the line of least resistance to the advance of public ownership and operation.

The next line of least resistance is municipal lighting. Nearly every year there are accessions to the communities working their own gas plants; while in the last few years the numbers of those working their own electric light plants have increased still more

¹Bemis, *Munic. Monopolies*, 26.

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rapidly. The plutocrats maintain stubborn and formidable resistance to municipalization of light supply. It was a great triumph for them when, in 1897, they forced against the almost unanimous will of the people a surrender of the Philadelphia Gas Works to themselves upon a thirty-year lease, "after fifty-six years of public operation and sixty-two years of public ownership."² The friends of local democracy must be ever on the alert to snatch from our plutocratically controlled State legislatures such laws as will authorize cities and towns to make their own gas and electricity without the condition precedent imposed that they must first buy out the private plants at an extravagant overvaluation. Municipal water, municipal gas for light and fuel, and municipal electricity for light has won its cause against private corporations, in the material points of cheapness, superiority of product and good and impartial service in all the numerous trials made in the courts of actual experiment.

Our friends should ever strive to get the most perfect water and lighting plants, making the smallest possible debt, and carefully save from their earnings adequate sinking and renewal funds. It is a serious blunder of Atlanta with her water works that she puts all the water charges which she collects into the general treasury, instead of devoting a sufficiency of them to paying off the debt and improvement.

So much for public water, gas and electric lighting, which the facts manifestly authorize us to designate as the incipency of municipalization of public service enterprises.

There are some other things belonging to the stage of preparation for the new order which we must now run over.

The municipal franchise companies should be most strictly supervised, regulated and policed by the municipality. Provisions securing good and cheap service should always, when possible, be inserted in the grant of the franchise, violation to be visited with proper penalties and fines, and in grave instances with forfeitures.

²Bemis, *Munic. Monopolies*, 602.

Guard the pavements against injury from the tearing up of street car, lighting and telephone companies; guard the life and limb of those traveling the streets from electric wires and the heedless running of the cars; guard the water mains from electrolysis—in short, show these franchise lords that the streets belong to the city, and that the city means in good earnest to have law and order reign therein.

Especially must we make these public service corporations pay sufficient taxes. They should pay license for using the streets, and then also all business, occupation and property taxes besides. Whatever obstacles are in the way, whether favoring officials, or laws hindering valuation of the franchise, must be swept aside. According to Tom Johnson—and he is an expert in these matters—the street railroads of Toledo pay tax upon only 4 per cent. of their value, and that of Mark Hanna in Cleveland on only 6 per cent. The public service companies of Atlanta keep their franchises exempt. A very large proportion of the revenues of all the plutocratic corporations of the country is derived from gross under-assessment of their properties. Of course, now that the eyes of the people are opening, this injustice will not be tolerated, and it is certain that the chase of the corporate tax dodger will become universal. The sport will start in the cities, where it will soon be very exciting.

We must emphasize the imperative importance of dispensing with the contractor, whenever possible, in opening and paving streets, laying sewers, constructing needed buildings and doing all other public work or improvement. Thus the community will employ larger and larger numbers of laborers, giving them short hours and fair wages; thus it will avoid gigantic frauds and jobs, greatly lessening the public expenditures; and thus, which is the thing needful above all, its faculty of public operation will receive beneficent exercise and training.³

³The wide scope and great moment of this subject is most ably shown in Fabian Tract No. 84, called "The Economies of Direct Employment."

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The final victory of municipalization, as seems probable, will be over the street cars. Present conditions do not now absolutely prohibit the assumption of water, light, heat, power and telephone service by the community; and so, as pointed out above, there is an accelerating movement in municipalizing these services. But the only instance in the United States of a publicly owned and operated street railroad is the two miles of single track of cable across the Brooklyn Bridge. There are physical obstacles in the way of municipal street car operation, to mention no others. The mains and pipes of gas and electric, and the cables of telephone companies can be dug under, or many places not occupied by them can be found by those of the public plant. But until a city becomes what we popularly term a metropolis, subterranean and elevated railroads are not to be thought of, and there can be nothing but surface lines, and those along the streets. And in all the central places to which passengers converge and from which they go in every direction—which central places must be connected with by a road for it to be of any value, the streets are laid with double tracks, and there is no room for another. And the franchises of the companies holding these strategic terminals in many cities have long years to run. Many of these gasp helplessly under this smothering incubus. They have fooled away their streets for two or three generations to come without any compensation or stipulation for fares and service. What shall such an unhappy city do? In the first place, it must get certain provisions added to its charter by amendment, otherwise there will be always danger that the council will be made the football of franchise grabbers. These provisions should allow no grant of any franchises except for a sale at auction, the city having the right to reject all bids; such bids to be of cash, a percentage of gross receipts, or better, a guaranty of three cents or lower fares, and the term of no franchise should be longer than twenty years. Let it be remembered that even 10 per cent. of gross receipts is an extremely small rental. The unfortunate city we have in mind must keep its lips

set in firm resolve. Year by year it must fight for authorization by the State to tax its oppressors more and more heavily, to police them more severely, to bring in rivals giving good service for low fares, as Pingree did in Detroit, and Tom Johnson is trying to do in Cleveland, or be empowered to lay lines of its own, even along the curb stone, or overhead or underground, if practicable, or to condemn the surface private lines, if no other route is to be had. Municipal plants have brought private furnishers of the public with gas and electricity to terms, and municipal street cars must do the same with the private cars.

Suppose a city advantageously situated. It has a population of 100,000. Its trade is rapidly permeating a territory yearly expanding in a larger and larger circle around it. Its street car companies have fifty-year franchises unexpired; they practically occupy all the main streets; they are under no requirements as to service and fares; they pay no compensation for the use of the streets except a burden of paving one-third of the width, and their franchises are untaxed. Near enough to compete with the city just supposed is a younger one, of say, 30,000. It has learned the lesson of taking care of its franchises, setting before itself the model of Glasgow. It supplies water, gas, electric light, heat, power and telephone communication from its own plants, and although it is not yet running its own cars, the street railroad companies pay large compensation for using the streets and a tax upon the full value of their franchises, their schedules are frequent, the standard fare is three cents, with half that charge to school children and all persons going to work in the morning and returning home at the close of the day. And this little city has free schools outgrowing the steady influx of children, hospitals, wherein it provides all the sick and disabled with the best nursing and medical and surgical attention, baths for everybody, growing libraries, parks and other recreation grounds—in short, all the public accommodations marking the most advanced cities. It has all these blessings because it keeps its franchise treasures for the

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whole, and does not waste them on a few. Suppose two such cities. Don't you see that the smaller will rapidly absorb first the trade and next the population of the larger business people, society people, laboring people, all sorts of people except franchise grabbers will prefer to live in the smaller town, and they will fly thither and soon make it the larger.

How fortunate is Toledo, a city of some 85,000, which can complacently wait eight or nine years for its outstanding street, railroad franchises to expire, when it will thereby come into a property of \$10,000,000.

The longer the subject is contemplated, the plainer it appears that every city which, by expiration of franchises or by purchase for a reasonable sum, can soon get its street railroads into its own hands, either to lease them on short terms for a sufficient rental, or to operate them itself, should hasten to use the golden opportunity; and that every other city, which is under long franchise street railroad oppression and tyranny should bestir itself by day and by night, until it finds some lawful way to break its galling bonds.

Our cities should each be endowed with power of revising their charters, and also of initiative and referendum in all important matters. They should be guaranteed against "ripper" legislation and other State laws under which they are pillaged systematically by the machine. Their greatest need is well-instructed representatives and public officers. The charter of Atlanta, enacted in 1874, makes the mayor and members of council ineligible for re-election when their terms of two years expire. A few influential citizens who regard the mayoralty and seats in the council and aldermanic board as pie which should be cut into so many pieces that each can now and then get one, pushed forward and supported avowedly by the spoilsmen and seekers after public jobs and secretly by the corporations, have so far thwarted all efforts to repeal the silly limitation. The plunderers keep permanently organized, under the lead of great ability and long

training, and at the same time they make it impossible for the city to have experienced guardians and defenders. Look back for only a few years and you see the great evils and losses that this has brought. The Ohio Rogers law, passed in 1896, authorizing fifty-year franchises, and the grab of such a one in Cincinnati before the law was repealed at the next session of the legislature because of public indignation against it, had given an object lesson laid to heart, one would have thought, by every member of information and influence in a city council of the entire country. In 1897 Dr. Shaw, the very foremost of all authorities upon this subject, had published these ringing words: "Any man claiming intelligence, and occupying an official position, whether in a legislative or municipal government, who works, speaks and votes for measures intended to make it easy for . . . great corporations to get fifty-year extensions, is *prima facie* a rascal."⁴

After these things—even after the world famous successful revolt of Chicago against such an extension—the city council of Atlanta granted fifty-year franchises to railroads, the members evidently knowing no better and honestly being of opinion that such action was wise and right. For years the great business of the city government has been the multiplication of places and jobs and the increase of pay and salaries. Each officer, as soon as he can, gets an assistant to do his work. Then the assistant gets an assistant to do his. Next, the principal officer gets his salary raised. The assistants follow suit. Some needy man of influence, who cannot find a vacancy among officers and assistants, gets a place made especially for himself, and soon he has an assistant, assisted by an assistant. There is a surplus of laborers and employees almost everywhere. Especially are there twice as many police as are needed by our plucky population. But as the women cannot vote and scramble, the force of teachers is greatly too small, and their salaries are mercilessly cut. And in all other respects the schools, which are the main guaranty of the continuous

⁴Quoted, Bemis, *Municipal Monopolies*, 645.

growth of Atlanta, are insufficiently provided for. Were the unnecessary policemen discharged the saving thereby made would soon build all the new school houses needed, properly increase the force of teachers, and pay them and the police retained what they ought to receive. Without reviewing the departments in detail, it may be said in general that every one except the fire steadily becomes more and more clogged from lack of intelligent direction and waste of the money which ought to be applied to it. What is the explanation of all these things? Mainly because the mayor and council members, who are the real directorate of the government, are always without experience and green. What would you think of a railroad, or a bank, if they made their executive officers and directors step down and out every two years? Would you ride on the one or deposit your money in the other if you had access to a rival re-electing its managers as long as their behavior was good?

A city ought to give its mayor and other important officers, and its councilmen, ample opportunity to learn by doing. As a rule every one whose service has been satisfactory should be re-elected. Thus only can the city provide itself with the expert officials and legislators without which good and advanced government is impossible. Other cities—especially those of Great Britain, and the enlightened countries of the continent—have long since learned the important lesson. When will Atlanta learn it? It was in 1901 that she got by accident Mims for mayor, who, before his two years expired, thoroughly taught her the importance of exacting compensation for the grant of all franchises and of limiting their terms to 21 years. For this reason his mayoralty is epoch-making in the history of Atlanta. Will not all the good men and women of the city who are free from machine and corporation influence say upon reflection that this great public service of his richly deserved to be crowned with re-election?

Let it not give you too great a shock of surprise when we say that good mayors, governors, even presidents, good city, State and

national legislators, should be kept as long as they can be had; for thus they become better and better. Mind, we do not recommend that their terms be lengthened. The electors should pass upon them frequently. Ineligibility of a placeman to succeed himself, and the establishment of what is called rotation in office, are not dictated by the people. They are dictated by spoilsmen, who, taking advantage of popular apathy, have seized to themselves legislative and conventional initiative in these matters. They want terms of office short, and, if possible they will have a holder denied a second term, for the reason that every member of the ring apprehends that otherwise his own time may never come around. This explains why the law restricting the Roman consul to a one year's tenure was retained long after the reasons of its enactment were out of date; and why the praetor—the great judge of the Roman republic—had to be succeeded by another at the end of the year. And it also explains the origin, growth and cohesion of the American spoils system. We, the people, permit the office seekers to prescribe the terms on which office shall be got and held. Direct nomination as we see in Great Britain and in South Carolina,⁵ and direct legislation as we see in Switzerland, takes the initiative from this class, and lodges it in the people at large, and then rotation is succeeded by permanence during good behavior in both appointive and elective places.

⁵A letter of Senator Tillman to the author, dated July 19, '02, contains this pertinent passage:

"In answer to your question about re-election in the primary, I will say that we have found that a man who has ability, and can command the respect and confidence of the people, can hold his place under the primary, much longer and with more satisfaction, than he could under the convention system. The people know a good thing when they see it, and they generally hold on to it. We have men in congress who were elected when the primary was inaugurated . . . ten years ago; and they would have continued there without serious opposition but for the fact that one is now running for the United States senate and another for governor."

CHAPTER VIII.

PLUTOCRATIC LANDOWNERSHIP.

THE plutocrats care nothing for estates of broad acres too sterile to bring much of a crop without expensive manuring. And they will not play the petty landlord in cities and towns, squeezing rack-rent from the poor and needy. They affect holdings worth thousands per foot. The terminals in inland cities and on the coast, and river, lake and ocean fronts in places of large commerce; and the tracks and roadbeds of every railroad of our country, such parcels of real estate, indispensable to land and water carriage of freight and passengers, with bridges, ferries, and other supplements—the plutocrats lust after and will have them all. They snap up every considerable water power. They dammed the Mississippi at Minneapolis some years ago, and recently have put Niagara at work to turn the machinery of plants, far and near. Likewise they grab the sources of water supply to large cities, as is noted in the late excitement over the schemes of the Ramapo company. They own the forest, and levy what charges they please upon everybody—all who must have timber or paper. Perhaps the most productive of all their lands are the mines and fields yielding metals and minerals. Reflect over the immense value to society of iron and steel, copper, lead, gold, silver and other metals, of coal, natural gas, oil, salt, phosphate and other substances, and you will form a lively conception of the great mineral storehouses provided by kind nature and packed by her from top to bottom with good

things for all—necessaries, comforts, luxuries—and also a lively conception of the power over the freedom and happiness of mankind held in the hands of the plutocrats, keeping their own locks upon every door to these storehouses and carrying the keys.

Fragmentary, disjointed and brief as is the foregoing description of this plutocratic landownership, it will serve our purpose. We are not dealing with the complete subject of land monopoly, which Henry George expounded so clearly and eloquently that he made the whole world attend. There are thousands of landlords who do not belong to the plutocracy. Such are beyond the scope of this work. They will be a problem of expropriation after we have abolished plutocracy. It is only the landlords who are now part and parcel of the plutocracy—who must fall with it—that furnish the subject of this chapter. That subject is especially important to us in these respects: (1) the prop which it is of the transportation power; (2) the great part it plays in plutocratic trusts. We have said enough of the former in foregoing chapters for the reader easily to think out the whole for himself, the latter will be explained in the next chapter.

CHAPTER IX.

PLUTOCRATIC TRUSTS.

IN our chapter on land monopoly we considered only plutocratic landowners. In this chapter we have no concern with such large businesses as department stores, bonanza farms or developments like those which Mr. Macrosty has lately considered.¹ Such are often in American popularly called trusts. Whether they are or not we leave undiscussed. Surely they are not plutocratic trusts, and so they are no affair of ours. Nor need we distinguish a combination of several similar corporations, wherein the shares of each are held and voted by trustees, from another sort lately come into vogue, where a new corporation taking in all the old ones, is organized. Mere combination, whatever form it may show, is not material. To understand the nature of a plutocratic trust we must carefully contemplate the conditions out of which we see that it develops.

The first of these conditions in effect is appropriation of powers

¹Fabian Tract No. 88. *The Growth of Monopoly in English Industry*, 276 Strand, W. C., September, 1899.

The author says: "The passion for fusion has invaded all industries," and this is really his text. The facts which he industriously collects and logically marshals show that combination and concentration are steadily progressing in the retail trade, in manufacture, in the iron and steel trades, in coal, in shipping—in a word, in almost every branch of industry. But an American studying this instructive compilation cannot find in it, from beginning to end, proof that anything like a plutocratic trust of ours has even commenced to germinate in Great Britain.

From notices which we have seen, it appears that Mr. Macrosty has expanded his tract into a book.

of government, upon which important business activities depend, by private persons who have learned to wield and exercise them for their own gain. The Western Union exercises the governmental power of wiring reports of all occurrences of moment in the business and political world. Out of this has developed the Associated Press, which names different prices to different newspapers, as it pleases for the same dispatches, but which absolutely denies any at all to papers opposing the telegraph monopoly. The Associated Press is plainly a plutocratic news trust. Its foundation and sole support is the delegation by the government of its news telegraphing power to the Western Union. To attach the latter to the United States post office as England did her telegraphs, would remove the foundation and support, and the news trust would tumble down.

We enlightened you above as to the banking credit trust, which would disappear if the government resumed its power of issuing all money—both coin and paper—and furnished its credit to its citizens impartially as the colony of Pennsylvania once did, and New Zealand is now doing.

What we may term plutocratic industrial trusts—trusts in coal, oil, iron and steel, timber, meat, grain and flour, sugar and other articles of prime necessity, the most important trusts of all—these grow out of the assumption by individuals of the transportation functions of government. Let us now try in earnest to understand their genesis and sustentation.

The American era of combining other business with that of transportation begins with the coal carrying canals. Both mining and carrying privileges were granted to the Lehigh Coal & Navigation Company, which reached with its canal the coal districts in 1820, and to the Delaware & Hudson Canal Company, chartered in 1824, by the New York legislature. In 1833 a legislative committee pointed out clearly the dangers to the public of permitting such a union of manifestly incompatible privileges. In spite of the warning the railroads, afterwards constructed on purpose to connect the

collieries with the main water lines, were usually endowed with the same double powers, until this was prohibited by the Pennsylvania constitution of 1873. This prohibition locked the door of the stable after the horse had been stolen; for by this time railroads from the coal fields to the seaboard had been made, and the bulk of anthracite coal mining had practically fallen to them.² In 1892 the anthracite coal trust (the Reading company)—mainly a combination of joint owners of railroads and coal mines—was formed, with an estimated capital of \$150,000,000, and 4 years later it was reorganized.

Anthracite is found in only a comparatively small district, and so in a short time it was all acquired by the railroads. Bituminous coal lands are situated in many parts of the country. These the railroads have been industriously acquiring; and they now mine the most of their product. It is as important to the coal bosses to control both kinds of coal as it is to the meat combine to control both beef and pork; for a consumer who cannot get hard coal will take soft, just as one who cannot get beef will take pork. A shudder ran over the land when the Morgan union of the coal carrying roads of New York and Pennsylvania was lately announced. In June, 1899, the *New York World* impressively showed the magnitude of the constituent interests by estimating that the soft coal department of this combine employed 175,000 wage earners, and the anthracite department 125,000. In our cities and towns, and in a very large part of the rural territory sustaining them, the warmth in winter, the cooking all the year round, and the fires driving the machinery of every producing and distributing activity, are to be had at only the price named by Morgan. Here we contemplate the completed coal trust, holding in its own warehouses the entire stock of one of the very greatest of human necessities, and exacting grinding monopoly price for every pound that it parts with.

²The foregoing and other important related facts of the rise and progress of combined railroading and coal mining are well told by Prof. G. O. Virtue, in "The Anthracite Combinations," an article in the *Quarterly Journal of Economics*, for March, 1896.

Let us briefly point out the ways by which this trust arose, and by which it holds the field against competition. In the first place the railroads of the combine own virtually all the coal lands in their territory. It is important to note how these lands were acquired. These roads or some of their managers made purchases in the beginning along their lines, and afterwards they discriminated in favor of the products of their own mines, and against those of all others. Keeping up these discriminations, in due time they drove competing owners into a sale of their mines and equipments to the roads on terms made by the latter. They squeezed out these owners by denying them proper freight charges and car accommodations. So much for the acquirement by the roads of the domestic sources of coal supply. How do the roads protect their coal business against independent mines? The answer is easy and plain. They will not bring to market any supply above such a limited quantity as will maintain the price desired. Then they repel domestic coal mined outside of their possessions, or foreign coal, by raising the freight rate upon it to the prohibitive height, or by other effective disfavor. Many who have not studied this subject hold that the tariff is the mother of trusts. Let us test this opinion by supposing coal to be put in the free list, and that a resident of an American inland town finds a Canadian mine owner willing to sell him coal below the price fixed by the barons, and he therefore orders the Canada coal. Will he get cheap coal, now that congress has taken the tariff off? All men in the business know that although this coal will pay only a reasonable charge to our coast, yet that it will never go thence to its destination except at a rate which will pay the combine as much or more revenue as the latter derives from mining, transporting and selling the same quantity of its own produce. A new prohibitive railroad tariff has taken the place of the congressional, except only as to places on the coast which coal can reach by water.

The magic effect of favor bestowed only upon a particular one of rivals in business who all must ship over the same railroad is so

well illustrated by the oil combination that we shall briefly narrate its career.

At its start the Standard Oil Company had a nominal capital of \$1,000,000. In 1872 it disguised itself as the South Improvement Co. It had now acquired about one-tenth of the oil refining trade. Scheming to acquire the rest of the trade it made a secret compact with all the railroads which were then the only outlets of transportation from the oil regions, under which it got the preferences now to be stated and explained.

1. The rate on oil was doubled. But half of the charge upon the shipments of the Standard was returned to it in the form of a rebate. The result was that its freight was carried at half the price of any other.

2. Half of the entire sum paid by all others for the carriage of their oils—this half being the increase above the former rate—was turned over to the Standard. The roads furnished the latter daily with duplicate way bills of all shipments of petroleum, and its products by its competitors, so that the collection of this rich prize money to the last cent was secured.

The first preference—that of immediately doubling rates to everybody else while only the old figures were exacted of the Standard, would of course spur it to the front in a lively pace. But the other would accelerate that pace into an impetuous rush with leaps and bounds. At that time 90% of the oil traffic was in the hands of others, and so for every dollar of the half freight collected from the Standard it received \$9 in return.

When the contents of this famous South Improvement Co. contract became known to the public there was naturally a great outburst of indignation. It was at once pretended by the railroads that it had been rescinded, and that in the future all oil shippers would be treated equally and impartially. But important public investigations made at different times subsequently proved that some such agreement as that just described under which the Standard got the right of way over every railroad against any of the

independents had always been of force since the South Improvement contract had been made.³

The partnership of the Standard with the railroads commenced when the contract briefly described above was entered into, January 18, 1872. The then pipe lines were nothing more than branch connections of the railroads, and, therefore, absolutely subject to the latter. It was seven years until a pipe line joined the oil regions with the seaboard. The pipe lines competing with those of the Standard were killed off by being refused the rebate allowed by the railroads to those of the monopoly, and they were soon acquired by the latter. These roads allowed it to construct its pipe lines to the coast along their right of way, and thus become independent of them. Further they warred upon the Tide Water line,

³Our limited space constrains us to assume that our readers are familiar with the main particulars of the growth of the oil monopoly. Mr. Henry D. Lloyd's *Wealth against Commonwealth* is the great authority, containing a detailed narrative of the baleful conspiracy between that monopoly and the railroads, from its commencement down to 1894. It is far more than the diligent, accurate and laborious narrative which it is, being the profoundest and ablest discussion of the economical situation from the view point of privately controlled thoroughfares of transportation, which has yet appeared. We are almost confident that those who come after us, will class it at the very top of the epoch-making books in politics of the 19th Century. Especially do we wish to emphasize here its conscientious veracity. The author says of it with truth: "This book . . . has been quarried out of official records . . . Decisions of courts and of special tribunals like the I. C. C., verdicts of juries in civil and criminal cases, reports of committees of State legislatures and of congress, oath sworn testimony given in legal proceedings and in official inquiries, corrected by rebutting testimony and by cross-examination—such are the sources of information." *Id.*, 7.

This work should be supplemented, particularly for occurrences after its publication, by the labors of the Industrial Commission. Let the student begin with these two passages of the Preliminary Report on Trusts and Industrial Combinations, pp. 24-29, as to Freight Discriminations and pp. 93-173 being a topical digest of the evidence as to the Standard Oil Combinations.—The latter will smooth the way to the evidence which is voluminous and material. No impartial man can read it without being convinced that the sway of the roads by the Standard is more absolute than ever.

The different pamphlets of Mr. Geo. Rice, cited by us at various places in this work to which the index will direct, ought to be conned by the student.

which reached the sea in 1879, and finally forced it into the ownership of the Standard, thus giving the latter a second through oil railroad to take away their own business. And the railroads also surrendered their tank cars and their terminal facilities to the Standard.

The result was that in 1879, only 7 years after its alliance with the railroads commenced, it was absolute master both of rail and pipe transportation of oil, it had bankrupted 249 independents, and had leaped from control of one-tenth to that of 95% of the trade in petroleum and its products. Wider and wider, higher and higher its pile of wealth has constantly become. Soon the immense oil traffic proved far too small to engage all of its rapidly accumulating capital, and so it set out upon a conquering invasion of other great industries. It needs not that we map and describe its vast conquests. It is incumbent upon us only to explain why it was that the railroad managers sacrificed their other customers on purpose to concentrate the oil trade in the hands of the Standard; permitted it to lay its pipes along their right of way to the sea, and also get it another pipe line; gave it their terminals; and gave it millions in rebates and commissions, thus enabling it to provide independent transportation for itself, and permanently take a great traffic away from the railroads. The pretext always put forward by these managers was that the Standard was the only power which could keep peace among the roads, and assure an equitable division of the oil traffic among them, and abolish unseemly scrambling and ruinous rate cutting. Doubtless many of the stockholders felt that this was true. But the purpose merely to pool the oil traffic does not explain the serious sacrifices of the interests of the roads made again and again at the will of the Standard. Were there no other evidence but these sacrifices one familiar with them would strongly suspect that the railroad managers secretly shared in the profits of the Standard. The charge just hinted has many convincing proofs, a sufficiency of which we must now briefly run over in order to

impress upon our readers that there cannot be industrial equality where the means of transportation are private property.

The contract above described, made between the South Improvement company and the Pennsylvania and other railroads, was signed by Peter H. Watson, as the president of the South Improvement company, which, be it remembered, was but an alias of the Standard. In less than 6 months Watson had become president of the Erie. Jay Gould had signed as president of the road last mentioned. Watson was still president of the Erie when an agreement was made, giving the Standard full control of the oil terminals of that road, known as the Weehawken yards.⁴ It is not at all probable that Watson, when the agreement was made, had parted with so good a thing as his interest as a stockholder in the South Improvement, in the profits of that company under its contract of 1872. That Watson did not as president of the Erie sign the agreement as to the terminals, but he had Geo. R. Blanchard, the vice-president, to sign it, excites the suspicion that the former shrank from being a conspicuous actor in the transfer of vitally valuable property of the road of which he was president to the Standard in which he had a large interest. Upon the facts it looks as if Watson was still a stockholder in the Standard, and that he had been made president of the Erie to serve the interests of the Standard. Wm. H. Vanderbilt signed the South Improvement contract for the New York Central and the Lake Shore. In 1876 Frank Rockefeller testified before the committee of commerce of congress that Vanderbilt had been a stockholder of the Standard.⁵ In 1879 Vanderbilt testified before the Hepburn committee that E. D. Worcester, the then secretary of the New York Central and Treasurer of the Lake Shore represented from \$100,000 to \$250,000 of the stock of the United Pipe lines. This was a branch of the Standard. It is more than probable that the vice-president and

⁴Geo. Rice, Pamphlet of 1892, 38.

⁵Geo. Rice, Standard Oil Co., First Decade, Standard Oil Trust, Second Decade, 32. (This pamphlet was copyrighted in 1892.)

the secretary of the same road were on familiar terms, and that the former was well aware of the secretary's interest in the Standard. The same witness testified that Amasa Stone was a stockholder in the Standard while he was some time before general manager of the Lake Shore. And the witness said he had good reason to believe that Devereaux, receiver or manager of the Atlantic & Great Western, and John Newell, manager of the Lake Shore at the time he was testifying, were also such stockholders.

This witness Frank Rockefeller, a brother of the great John D., had been a member of the oil combination, and was at the time he testified the superintendent of and a large holder in an independent oil company at Cleveland, which the Standard was ruining. Therefore his opportunities for knowing what he testified to were ample; and Mr. Geo. Rice vouches for his good character. Soon after his examination the report of his testimony disappeared, and he was taken back into the Standard and given a high place. In some way Mr. Geo. Rice got the use of a report of the testimony, which he has published.⁶

Having shown the credibility of Frank Rockefeller, we must use his testimony further. He told that the rebates on oil shipped over the New York Central, the Erie, the Atlantic & Great Western, the Pennsylvania, the Cleveland, Columbus and Cincinnati, and the Baltimore & Ohio roads, went into a pool called the American Transfer company, which pool was divided between the Standard and the officials of the railroads (not the railroads); and further that Vanderbilt, Tom Scott, Devereaux, Newell, and other railroad officers, got the benefit of these rebates.⁷ And subsequent occurrences strongly corroborate this testimony. Daniel O'Day, the general manager of the Transfer company, which was

⁶Pamphlet of 1892, on the Standard Oil Company and Trust, 30-38, cited

a few pages back. Compare Lloyd, *Wealth against Commonwealth*, 71, as to the willingness of Frank Rockefeller as a witness, and the effect of the startling revelations made by him of facts within his own personal knowledge.

⁷Geo. Rice, *Standard Oil Co. & Trust*, 53, 54.

one of the Protean forms of the Standard, writes a letter to Cassatt, 3d vice-president of the Pennsylvania, February 15, 1878, 18 months after Frank Rockefeller had testified, in which letter, this occurs: "I here repeat what I once stated to you, and which I asked you to receive as strictly confidential, that we have been for many months receiving from the New York Central and Erie railroads certain sums of money, in no instance less than 20 cents per bbl. on every bbl. of crude oil carried by each of these roads, co-operating, as we are doing, with the Standard Oil Company, and the trunk lines in every effort to secure for the railroads paying rates of freight on the oil they carry." The writer then asks for at least 20 cents on every barrel of crude oil transported by the Pennsylvania. Cassatt endorsed the letter to his comptroller, with instructions to prepare the necessary vouchers for the twenty cents in favor of the Transfer company. Thus the Pennsylvania, or rather its officials—joined the pool.

Frank Rockefeller's assertion that Wm. H. Vanderbilt and other railroad officials were interested in the Standard, was further corroborated by Cassatt's testimony that Vanderbilt had on many occasions, objected to Cassatt's railroad having any part, directly or indirectly, in the oil business of the Empire Transportation company, then favored by the Pennsylvania as a competitor with the Standard. He testified the same as to Jewett, of the Erie,—further, testifying as to the war of roads provoked by the Standard upon the Pennsylvania because of its support of the Empire Transportation company, which with oil cars, pipe lines and refineries of its own, was disputing the traffic, he said peace was made by a conference between Vanderbilt of the Central, Jewett of the Erie, Garrett of the Baltimore & Ohio, and Tom Scott and the witness of the Pennsylvania, the result being the Empire Transportation was acquired by the Standard.*

Its classic historian says of the oil combination: "Some railroad

*Coplous extracts from Cassatt's testimony are given by Geo. Rice, *Id.*, 41-47.

men are known to have been stockholders in [it]. . . . 'I think I owned—I guess I had \$100,000 in it. I don't know anything at all about it'—the company—the head of the New York Central [i.e., Wm. H. Vanderbilt] admitted. Who were the owners of certain shares of their capital stock these men have always refused to divulge. In giving in court a list of stockholders of one of their corporations one of the officers uncovered only three-quarters of the stock. Who held the other fourth he avowed he could not say, although the stock book was in his custody. The dividends were paid to the vice-president, and by him handed over to these veiled prophets. There was a similar mystery about the owners of about \$2,000,000 of the National Transit stock, the concern which owns and manages the pipe lines. Asked for the names of the owners of this portion, the secretary said: 'It is a private matter. . . . I decline to answer.'"⁹

The president of this pipe line branch also refused to give congress this information.

The reader is at once convinced that these undisclosed stockholders and owners could have been no others than the prominent officials of the railroads. They had exacted from the Standard a pledge that their participation in its unholy gains be kept secret.

A vast deal of other proof of this dire conspiracy which shut all independent refiners from every available thoroughfare of traffic could be adduced. But what we have just summed up is irrefragible and all-sufficient. Why was it that these officials constantly preferred the interest of the Standard to that of their several roads? The following is a sketch of how they were seduced.

There had been discriminations and rebates manifold before the Standard came upon the stage.¹⁰ But they had only exacer-

⁹Lloyd, *Wealth against Commonwealth*, 487, compare, id., 100.

¹⁰The organizers of that trust [i.e., The Standard Oil Trust] followed the line of least resistance. They found a system of secret rebates and discriminations in flourishing existence. Should they become participants of these secret rebates and discriminations, or become the victims of them? Surveying the field, and seeking to work out their own individual

bated ruinous competition between the roads. At last, in the fullness of time the warring roads were pacified with its due percentage of the oil traffic made sure to each by the guaranty of a patron who coerces their co-operation and corners the entire traffic, and is thereby enabled to execute the precious guaranty. This flash of genius almost blinds by its exceeding brightness the eye of one looking at the South Improvement contract the first time. From apparently implacable oppugnancy of the separate roads a union of interests came forth. It is not only a union as regards the roads, but it is a union of interest between them and the Standard. The latter has made the managers believe that for them to bankrupt its competitors is to the very highest advantage of the roads as such; for thus the roads will have lucrative peace instead of impoverishing war.

But beneath the surface of this South Improvement contract, in the dark at first, and which can never be read except between the lines, is something which, when discovered, is still brighter. It is the hoop that holds the alliance between the Standard and the railroads staunch and unbreakable. This is, that each of the high contracting railroad magnates received such an amount of shares in the Standard, or some of its constituents, that his income therefrom exceeded that of his income from what would have been the oil business of his road without the domination of the Standard. Thus as to this business the stock which he secretly held in the Standard was more remunerative than his stock in his railroad. Now and then it has been heard of that a manager, in secret partnership with brokers receiving commissions for diverting traffic to his road, would further his private interest by abetting the brokers in collecting commissions for which his road was not in fact liable.

success with the means they found around them, they naturally chose the second alternative. Instead of becoming the victims themselves they employed the ready made system, and made their competitors the victims. It was because they adapted themselves skilfully to the system that they became masters of the situation." Bonham, *Railway Secrecy and Trusts*, 53, 54.

In the same way the railroad men who were clandestine owners of Standard stock would naturally raise rates to the independents, increase rebates, surrender tank cars and oil terminal facilities to the Standard, help it to competing pipe lines, and do its interest in all other particulars, although such things were each to the detriment of their roads. While the latter were hurt, they themselves were pecuniarily benefited in large amount.

Only the railroads of the then oil regions were parties to the South Improvement contract. But for many years since it was entered into, all the other railroads of the United States have been so well controlled by the Standard that every rival shipper of oil is killed off by discriminations. The career of Mr. Geo. Rice, an independent refiner who struggled long and hard against the Standard, never remitting its fight against him to build up a trade of his own has been told by Mr. Lloyd in a most affecting narrative.¹¹ It demonstrates that all the other railroads of the country are as much under the domination of the Standard as those of the oil regions. At whatever point in the south Rice would succeed in getting a customer by sending his oil to him over a long, circuitous route, in a short while the rates would be raised upon his shipments to the prohibitive mark.

This new stage in the career of the Standard is to be attended to. It now has the entire railroads of the country in its service, their officers and employees everywhere reporting to it any rival entering the oil trade, who is immediately killed off by effective discriminations. The railroads do not stop with barring all refiners except the Standard from selling at home, but they turn back the independents trying to get access to foreign markets by prohibitive rates or by blocking the construction of their pipe lines to the coast. There can be but one reason for all this—the managers of the roads are in combination with the Standard to monopolize the oil trade of the world.

The trust or its members and officers have got into turpentine,

¹¹Wealth against Commonwealth, 199-242.

cotton seed oil, linseed oil, lead, copper, silver, gold, lumber, coal, iron and steel, which lately acquired interests are protected by the same railroad partiality which gave the Standard its dominion in oil. This means that the managers of all the important railroads of the country are connected with the Standard in its steadily enlarging business. It has necessarily taught others its trick with the cards of competition. It is not to be believed that when one belonging to it enters another industry he does not whisper to his new associates the magic effect of transportation partiality. You may be certain that the method by which the independents were forced out has become the charm and practice of every one of the trusts in which the Standard has invested parts of its oil winnings.

What as to the railroads with which members of the oil combination are connected? As far back as 1892, some of them were presidents or directors in railroads of 33,000 miles in the aggregate, one-fifth of the whole of the United States. Since that time they have gone forward in railroad acquisition with great strides. When you know that the Standard enlists outside railroads with it in oil, you also know it does the same in all its other branches, and you also know that its own railroads are still more despotically managed to beat down all competition.

And the wolves of other production in which it is not known that Standard men take part, have learned the lesson. Cattle and meat, grain, flour and meal—some others of importance—have fallen exclusively into the hands of plutocratic trusts. The prime essential of such a trust is a secret pact of shippers with railway managers by which the concern gets transportation encouragement for itself, and transportation discouragement to its rivals, the result being that the trust soon acquires undisputed supremacy in its special field.

It is so necessary for the student to understand the leading part played by the Standard among the plutocratic trusts, that we add here a progressive summary of the stages of its development.

1. League made in 1872 with managers of the oil railroads, under

which a small refining concern paralyzed all its competitors, and soon acquired practically the whole oil trade. The managers were kept steadfast by receiving a substantial portion of the profits of the marvellously prospering new business. The main characteristic of this stage is that the oil combination, by corrupting the railroad authorities, gets the power to deny both rail carriage and pipage to its competitors, and uses the power with a high hand.

2. Next the Standard steadily brings the other roads of the country under its sway, so that in all the vast territory outside of the oil regions its competitors are driven out of the trade either by high rates or denial of facilities, it being highly probable that the managers of these last mentioned roads are secret partners of the Standard.

The discriminations commenced by the roads of the oil region spread thence over the whole country.

3. By 1892 Standard men were in commanding positions in one-fifth of our railroads. It is not probable they refrained from doing on what we may term their own roads what they had done so advantageously, first on the roads of others in the oil regions, and afterwards on those outside.

4. They have been uninterruptedly acquiring new interests, in which they would naturally get the same transportation discriminations against rivals that they had found so lucrative in oil by giving railroad officials a share of their profits.

5. The last stage is that men not of the Standard adopt its mode of inducing railroad managers to further their undertakings and repress those of others, and thus associations of dealers in meat, grain and flour, and almost all necessaries, with the monarchs of transportation resistlessly build themselves up into monopolies.

In the foregoing an earnest effort is made to reveal the importance of privately controlled transportation as a trust producing factor. Another potent factor shows itself in the last two trusts just discussed. This is private ownership of lands abundantly stored with concentrated supplies of raw material in great demand.

These treasures taken from the earth set the wheels of transportation going. Normally production is the motor of, and is served by transportation. But the formative stage of industrial trusts opens with the exercise by individual owners of the function of transportation in such manner as to expropriate the then holders of all adjacent treasures of raw material and acquire such for themselves. This is the real commencement of trusts like those in coal and oil, of which Mr. Lloyd forcefully says: "A new law of industry is rising into view. Ownership of the highways ends in ownership of everything and everybody that must use the highways."¹²

The great prize having been thus got, the trust starts upon its way. From this time on it uses transportation more and more to fence off rival producers from the market, and to diffuse its own business over the land. Transportation gives place in omnipotence to production. And the natural fountains seized by a few, pour forth their opulence, filling long trains of cars, for them alone. What would its absolute sway of the railroads be worth to the coal and oil trusts, if they lost their dominion over the two minerals?

The lately formed billion and a half iron and steel combination is securely founded upon ownership of very large resources of ores of highest grade, with complete control of transportation. The importance of the latter as both servant and defender of private monopoly of ore supply was vividly illustrated by the effect of Carnegie's threat to build his own road to the seaboard if the lords of transportation, trying to hem him in persisted in their lately resolved upon denial to him of his old rebates. But the example does not militate against our proposition that the private ownership of the ore beds is the main fountain of the wealth of the great combine.

We are now to contrast with the trust, fed from syndicated control of limited acres abounding in raw material another form which appropriates the products of great scopes of the country, or even of the whole. We need consider here only live stock, grain and

¹²Wealth against Commonwealth, 12.

cotton. The growers cannot get to market except upon the trust owned railroads, to which they can only come through trust owned approaches. There are no stock yards or cattle pens, no grain elevators, and no cotton compresses except those which may nominally belong to others, but which are really the property of a combine of railroad managers and trust manufacturers. And thus the producer for all of his wares which he cannot dispose of at home must accept the offer of buyers, who, as a uniform rule, keep the price at the lowest figure which will not check production. The general result is, that our cattle, grain and cotton farmers are compelled to work their lands under the overseership of the trust lords who impress their produce at will as if clothed with military power.

You need but the reflection of a moment to discern that these last described trusts stand mainly upon the management of transportation by its private owners at the dictate of the monopolies purchasing the products of our farmers.

The sugar trust will serve us as the most prominent example of trusts in manufacture from raw material largely imported. Here the working of tariff encouragement emerges more plainly into view than it does in other trusts, where it is of some effect, as for example, that in steel and iron. The tariff on maize is utterly powerless to protect a meal trust, for the reason that we make this cereal so abundantly and cheaply that no foreign maize growers can undersell us in our own market. But only a small part of the sugar consumed by our people is refined from raw sugar made here. A tariff upon imported sugar therefore enables a domestic refiner to get a higher price for his product, as it prevents cheaper foreign sugar from competing. The tariff does not discriminate in favor of trusts and against independents. Recent occurrences teach us how the trust importers, receiving a tip from a congressman, can pocket a great profit by laying in a huge stock of raw material before the enactment of a new tariff enhances its price. But after the publication of the new law, it having become of general knowledge, **how can it alone build up one producer and pull down all others?**

A single person cannot possibly have the action of the tariff to be exclusively in his own power, for it is a general, not a special law. But a single person can influence railroads to give him rebates and prefer him to the ruin of all rivals. In its inception the trust is not advantaged as a trust by a favorable tariff. But when it has become fully grown and driven all other producers out of the field, if it needs to import its raw material, it will be the sole beneficiary of tariff protection. Then it will, at the cost of millions, if need be, mould duties on whatever it imports according to its desires, in every tariff law, whether republican or democratic. And remember it will never abandon its league with the railroads. That is the foundation, the cohesion, the growth and the life of the trust.

Some people say that there is no evidence that the sugar trust receives undue indulgence from the railroads. They cannot see how the president whipped the devil around the stump when he testified before the Industrial Commission that the interstate commerce commission act had effectually broken up the practice of rebates.

Let us see if we cannot find evidence which ought to convince everybody of the existence of a combination between this trust and the railroads. If a wholesale grocer of Atlanta wants a lot of sugar, he applies to the local agent of the trust, who names the price. Nothing is to be made by higgling. No sugar if that price is not paid. The sugar is sold to him "delivered," as is the phrase. The trust, not the customer, routes the sugar. The trust pays the freight, the bill for which, if there is one, the customer never sees. Why is it that the customer cannot designate the route by which his sugar will come, receiving it one time from this road, at another time from a different road, although the initial point is the same in both instances? And why does the trust pay the freight? Recall how the Standard under the South Improvement contract allotted to each road which was a party thereto its ratable share of oil carriage; consider a case which we have not mentioned, that is, the pool, lasting from 1875 to 1879, of roads carrying live stock from Chicago east, which "evened up" or equitably divided this

live stock traffic between the different constituent roads.¹³ In each the result was the same, to-wit, that a particular shipper got supreme dominion of the traffic. No connection between the Standard and the Chicago "eveners" has ever been proved. It is highly probable that the similar conditions which prevailed over the country brought forth such combinations, spontaneously and independently in different places, at the same time. Of course the railroad men who were stockholders in the Standard may probably have boasted of their prosperity in confidence to other railroad men not so fortunate, and thus excited in the latter a desire to have a South Improvement gold mine of their own. It is but to be expected that trust founding leagues between leaders of other branches of production on one side, and other transportation monarchs on the other side, will result, and that each one will apportion to its different roads a stated percentage of freight, the customer's wishes as to the route by which his order shall be shipped not being regarded. The trust prepays the freight, in order to get its rebate with the greatest ease and secrecy. It is a part of this rebate to allow it through rates over the last road to any intermediate point, to which it may be shipping, while a competitor must pay the higher local rate. And when we find the sugar trust shipping from the same place sometimes by one route and sometimes by another, we have detected it in the "evening up" business of the Standard, and the live stock pool; and when we find it prepaying freights in all of its shipments and selling "delivered" only, we detect it doing what alone the Standard and other plutocratic trusts continually do. If one did not know that Rockefeller, the arch finisher and perfecter of the "smokeless rebate,"¹⁴ has been for a long while a large holder in the sugar trust, but who had noted its actings and doings above described, he would confidently infer that it rose, flourished and is now ruling the American trade because of its adoption of the

¹³Hudson, *The Railways and the Republic*, 63, 64.

¹⁴The words quoted is the title of the 33d, which is perhaps the very strongest chapter of all in Lloyd's *Wealth against Commonwealth*.

methods by which the Standard piled up its millions. But, when it is known that the president of the oil trust participates with Havemeyer, who but a milksop would distrust the inference for one moment? Who would think that the sugar magnates, proved to have bribed the United States senate, would be too good to learn from Rockefeller the ways of inducing railroad officials to do the only things which could win the whole country for his product?

We leave the sugar trust by emphasizing to you the importance to it of its secret alliance with the railroads. The president, and afterwards another member of the oil trust, said: "We have ways of making money that you know nothing of."¹⁵ The other trusts, sugar trust included, have thoroughly learned these ways.

Because of what we said of it in a previous chapter, the banking credit trust needs but small notice here. We must briefly stress the domination which it is fast acquiring of all transportation agencies and of all the other trusts. That in the industrial era the purse is more powerful than the sword has become trite to all. But it is a comparatively recent revolution that our railroads are rapidly falling under banking control. The process commenced some 30 years ago with the opening of the career of Mr. J. Pierpont Morgan as the "Railroad Reorganizer."¹⁶ Without ceasing he has since brought one important road after another into the combination of which he seems to be the autocrat. Of late his acquisitions have been of entire systems, and if the union of our railroads in "community of interest" is not already complete, it is almost certain it will be complete at an early date. This state of things comes from the fact that financing is the one indispensable art in the business of to-day, and that it is only the highest natural faculty, developed by the most extensive and best banking training, which produces the supreme financier. When such gets into the lead of industries he first makes every subordinate department

¹⁵Lloyd, *Wealth against Commonwealth*, 52, 245.

¹⁶See Clews, *Twenty-Eight Years in Wall Street*, 680, 681.

yield the very utmost of profit. He makes marvellous reduction of expenses from economizing by principle and on the largest scale. He understands better than any one else how to turn government into a course which seems to benefit the people, but which in fact benefits the interests under his charge at their expense. He deftly wrings extreme tribute from every municipality, outside railroad, bank or business men applying for money or transportation privileges. He is ever gathering in new resources of income, as is instanced by the stores he is going to open, which, unlike the department stores, will be trusts. On one side he saves to the utmost, on the other he makes the utmost. Accumulation of immeasurable wealth in continuous, uninterrupted progress is his inflexible purpose and felicitous achievement. Swaying opposelessly the two greatest needs of all business—transportation and bank credit—he dictates what enterprises shall live and what shall die. And in conclusion we must remind you how he is consolidating large interests. The great steel trust contains railroad, coal, oil, iron and steel, and bank credit monopoly—all in one. And the whole seems to be but a division of the Standard Oil banks.

Thus is shown how the supreme financier is above even railroad and trust magnates. He is the autocrat of industrial absolutism. It is entirely appropriate that he protect the trusts by appointing an attorney-general who will obey his command against that of the anti-trust law, and that he maintain transcontinental rates by substituting his own Isthmian canal for that projected by the United States.

The foregoing gives something like a complete view of the whole family of plutocratic trusts. Their developing and sustaining principles are only two.

1. The first is the exercise by a few individuals of certain powers and functions of government of great economic effect. Recall how the news trust results from the telegraph company's doing the more important duties of the post office, and the potent efficacy

of transportation and money supply functions of government in private hands to build up industrial trusts.

2. Private appropriation by a few of the great magazines in which nature has heaped up for the equal use of the whole of mankind, the necessaries of life and comfort—mines, oil and gas fields, forests, etc.

When we look back to the dawn of civilization and the ages just preceding; and when we contemplate such things to-day as New Zealand's land policy, and the vigorous condemnations of real estate by English municipalities for the better housing of the poor, the scales fall from our eyes, and we discern that the earth is common property, and the exclusive seizure by particular persons of parts thereof is as much an invasion of the sphere of government, which should see to it that the entire land enure to the benefit of all, as is the private assumption of postal, transportation and monetary functions. We might therefore compress the two classifications just made into one, and say shortly that the trusts with which we are dealing here are consequent upon a usurpation by the plutocrats of such public powers as the indispensable business of men and women in existing society depend upon most.

The remedy is plain. Government must displace the impudent outlaws now squatting upon the fairest portion of its domains, and resume all of its proper activities. It must have the exclusive management of the telegraph, the railroads, its own credit, and the issue of all kinds of money. And it must take over mines, field and forest, and all lands of the plutocrats. When this has been completely done, nothing will remain to uphold a plutocratic trust.

The benefits of gigantic combination—wholesale diminution of expense, large economies of production, advanced methods in every department, machines that think—these will stay, and grow to be better and better, in concert perpetually increasing, but all kinds of plutocratic trusts having their tap root, as they do, in abuse of government, must perish utterly. Combinations unhampered by plutocracy will evolve into perfected co-operation.

October 26, 1902. The excitement caused by the anthracite strike which has just ended, the late speeches of the president, the widespread discussion of the tariff, the retirement of Henderson from active politics, and the approach of next month's election have fastened public attention upon the trusts in a degree hitherto unparalleled, and many are suggesting what to do with them. This note will briefly discuss the more important of these suggestions of purpose to enforce what we say in the foregoing part of this chapter and elsewhere in the work.

1. Nothing can be effected by the criminal prosecutions, so urgently recommended by Mr. Bryan, for these reasons: In the first place there must be a president and attorney-general who are not dependent upon the trusts, otherwise the prosecutions will never be commenced. In the second place the supreme court of the United States would never allow conviction to stand, if there was a prosecution. The detailed examination we made above of its decisions demonstrates that it will be even more ready to shield the magnates against criminal than it has always been ready to shield them against civil prosecutions.

2. The proposal to shut up a trust within its own State by denying it the use of the mail and interstate telegraph and railroad lines, demands a law of congress authorizing. It is doubtful whether the lower house would pass it; it is certain the senate would not. But if by some utterly unexpected luck congress passed such a bill, and if the president did not veto it as he probably would, the supreme court which declared the income tax act unconstitutional although the question in the case had been settled the other way many times and without a single exception for a century by congresses, presidents and rulings of the same court itself, would quickly upset this new anti-trust law, supported, as it would be, by no precedents whatever. If the supreme court did not declare it void it would hold it did not apply to the complaining trust, just as it saved the sugar trust and the live stock exchanges by distinctions which nobody except a trust lawyer has

ever been able to see. Bear in mind also how every good provision in the act establishing the interstate commerce commission has been made of no effect.

3. The suggestion to take the tariff off of all trust products sold abroad for a lower price than at home assumes that congress, which always does the will of these all-powerful combinations, will pass such a law; and it assumes that the supreme court, which has never yet construed a law against the wishes of a real trust, will permit the new law to be administered according to its true intent. But suppose the law to pass congress, and the supreme court graciously to confirm it, what then? Only seaboard cities would get foreign goods competing with those of a trust at a foreign price. The railroads—all of which are now owned and operated by the syndicated trusts—would not haul the foreign goods into the interior except for a freight charge neutralizing the decline in price from the removal of the tariff. The man who expects these railroads to do otherwise has not studied the facts.

4. The suggestion of the single tax comes nearer being a real remedy than any of the batch.¹⁷ The trust owns all the anthracite deposits. It is currently stated in the papers that these lands are worth \$1,000 an acre, while they are assessed for taxation at only \$2.50. Under the single tax they would be assessed at the full value. The trust could not afford to hold on to any of these lands which it was not mining. It would turn all such loose. This would break the corner. To apply the remedy needs only that the State of Pennsylvania be won from the plutocrats. That can be done in spite of Quay and the railroads, much more easily than an anti-plutocratic congress can be now elected from all the States. Hard as it may seem to raise up the prostrate masses the victory just gained by the United Mine Workers and the sympathy of the public and the people generally shows that there is in the State the proper stuff. If all the anti-plutocratic elements would pool

¹⁷See especially the exceptionally able editorial, entitled "Coal Deposits and Coal Production," in *The Public* of October 11, 1902.

their several followings in direct nomination, the people of Pennsylvania and not the railroads and mine operators would elect the legislature and the governor. Then the single tax could be applied.

That would be a signal advance of the anti-plutocratic cause. One State—and a great one—would be redeemed.

But consider. The present operators would still own the railroads. They would deny cars to every rival, and smother him with prohibitory rates. It would not matter to them that others had got the lands they once held. Perhaps that would be better for them, for the new owners would have to pay the taxes. There would be no coal carried to market except that mined by the railroads.

There is but one final solution of the monopoly trust question. It is that private ownership of our railroads must give place to public ownership. And that cannot be effected until we drive the plutocrats, first out of the State governments, then out of congress, then out of the presidency, and lastly out of the United States supreme court. The Third Book will tell you how the people are going to do all these things.

CHAPTER X.

PLUTOCRATIC SPECULATION.

THE aim of this chapter is to show briefly how the plutocrats purposely raise or lower the market in order to buy or sell advantageously, or to increase the value of their holdings. This command over prices is one of the most gainful of all their enormous resources; and it ought to be far better understood by the people at large than it now is.

Above we gave you full details of the acts by which the holders of United States securities acquired at depreciated paper prices during the civil war, soon after its close raised them to par in bimetallic coin, and later to par in gold, greatly enhanced by the demonetization of silver. It is clear from the record that they had in mind, at the time they purchased, such legislation increasing the value of their bonds as they at last procured.

The success of this huge undertaking is one of the most brilliant in all the annals of speculation.

The tricks played with the volume of money, curtailing it to-day to afford opportunity of buying low, and expanding it to-morrow to afford opportunity of selling higher, have already been mentioned by us. An accurate report of the property sold to the plutocrats far below its value, during any period of hard times, would astound the country. Whether these hard times were designedly created by the plutocrats or not, the United States government aids and abets them in their robberies by failing to make a timely expansion

of the circulation, as it ought to do, and thus relieve the hard times.

The plutocrats know how to tell news so as to work a desired effect upon the market. Nathan Rothschild having witnessed the event of Waterloo, went at a bound from the field to London. By narrating the defeat of Blücher at Ligny, and keeping silent as to the sequel, he created the belief that Wellington had been defeated. In the ensuing panic he bought so largely of securities which had fallen to the lowest point, that when sure news of Wellington's victory came, he had realized \$6,000,000.¹

This one instance of the thousands which could be cited of panics caused by false news, secretly originating from wily stock jobbers, who reap a harvest of gold before the truth comes out, must serve for all.

We will now illustrate how even a president may be made to cooperate in plutocratic speculation. Jay Gould and a few associates, meditating a corner in gold, argued with President Grant, in person and by proxy, until the latter was convinced that the United States should abstain from selling its gold. Then the conspirators got him off to Little Washington, where there was no telegraph, and only slow mails, in order to make his communication with the treasury difficult. Their work was going merrily forward; by running gold in a few hours up from 140 to 160 they had excited a fever and riot of speculation in Wall street, never paralleled before; and they were just about to gather in millions by selling the stock they had been steadily accumulating for the last three months, when the president awaking to their doings had the treasury to begin selling gold, and thus brought the collapse which will ever be remembered as Black Friday.²

Let the reader contemplate, until he takes it in fully, the audacity of these schemers, who unscrupulously deceived the highest magis-

¹Mr. Clews tells the affair with more than his accustomed liveliness of narrative, *Twenty-Eight Years in Wall Street*, 401, 402.

²Mr. Clews gives full details of this affair, in his chapter entitled "The True Story of Black Friday told for the First Time," *Twenty-Eight Years in Wall Street*, 181-200.

trate of the nation, and then put him in hiding, as it were, to get the co-operation of the United States government in their iniquitous corner.

Railroad securities have been the favorite subjects of plutocratic speculation. For those who in the years of beginning railroad consolidation, made millions on a single operation—Commodore Vanderbilt, who nearly always cornered infallibly; Drew, the treasurer of Erie, called “the speculative director,” often depressing or raising the stock of his own road from 20 to 30 per cent. to benefit himself, clandestinely buying or selling; Jim Fisk, or Jim Jubilee Junior, as he was generally called, who, when Commodore Vanderbilt was trying to corner Erie surfeited him by printing new stock as fast as his hidden press would work—Jim Fisk, who taught even the versatile and practiced Jay Gould some tricks he had not learned; and Gould himself, the Achilles of security manipulators—for these giants and certain of their contemporaries, whom we may regard as the founders and finishers of plutocratic speculation, we must refer you to Mr. Henry Clews.³

Prof. Frank Parsons has vividly illustrated one mode of manipulating railroad stock as follows:

“Suppose J. G. owns or manages two roads, X and Y running between the points P and C. He lowers rates on X, or increases them on Y, so as to divert traffic to X; or perhaps he pays large dividends on X stock, and none on Y stock. In either case Y stock goes down and X stock goes up. J. G. buys in all the Y

³28 Years in Wall Street. It appeared near the end of the year 1887. Only the merest hints of the contents of this large octavo, of more than 700 pages, have been given by us in the text. Mr. Clews, as a prominent broker, in the very middle of the Wall Street swim, had every opportunity to learn the facts which he tells, and he is exceptionally qualified by his mastery of his profession to understand and explain them. Whenever engaged with speculation or speculators his narrative and comment is always in that animated style which most fastens attention and arouses interest. Take it all in all, there is no other book known to the writer, which so completely imparts the rationale of plutocratic speculation, illustrated by almost a superabundance of fit examples, as this one of Mr. Clews.

stock he can get hold of and sells all the X stock he can spare without losing control of the road. Then he reverses the lever, lowers rates on Y, or raises them on X, etc., till X stock goes to the bottom, and Y stock soars aloft. Then he sells his surplus Y stock, and buys all the X stock to be had. In this way he continually buys at the bottom and sells at the top. No wonder he made 30 millions in a single year by such trickery."⁴

Compare the last quotation with this one from Mr. Stickney, an experienced and most reputable railroad man: "Railway companies and stock exchanges possess certain legitimate functions, and when legitimately performed these are of great value; but when illegitimately used, *they constitute the most perfect machinery for the purpose of legalized robbery that the human intellect is capable of devising.* . . ."

"The legitimate function of a stock exchange is to afford opportunity and facilities for dealing in securities; that is for actual sales and purchases between investors and owners. The illegitimate use consists in conducting purely gambling transactions under the color of sales and purchases. Through its machinery a man can sell what he has not as easily as what he has. Its transactions are secret so far as the identity of buyer or seller is concerned. This fact together with the practice of dealing on a margin, facilitates the purely gambling features. With this machinery at hand, the man who wields the unseen power behind the ostensible manager, may secretly sell the stock of his own or of any competing line 'short,' and by ordering a cut in rates on the line he controls depreciate the value of all stocks, then secretly buy in his 'short sales,' and reap an enormous profit."⁵

The manager can easily vary the management of his own road so as to further his speculations in its securities, as has been sufficiently shown in the last two quotations. Further, as we must consider, there are ways to affect the market value of securities of

⁴The Public Ownership of Monopolies, 12.

⁵The Railway Problem, 202, 203.

rival roads, with a view either to speculation in them or to acquire the roads. Discrimination in favor of, or combination with competing roads, diversion of traffic by rate cutting or large commissions, bottling up the selected victim from extensions or necessary connections—the diligent reader of our extensive and varied railroad literature, will find many other instances for himself—by such and other means the securities of a particular road are depressed until a majority of its stock is acquired at a price below its real value, and it falls as a rich prize to another system, or it has been decided by the successful raiders that hostilities be remitted in order to raise the stock which they have decided to sell. Community of interest among the leading railroads has made such great strides of late that the number of weak holders of stocks has diminished so much that the opportunities of plutocratic railroad bears and bulls have been greatly curtailed. And the magnates are now finding their greatest profit in cheapening operation and maintaining high rates—a condition which tends to keep their securities unfluctuating and steady in price, to the discouragement of speculation.

The trend of speculation with the plutocrats is along the line of desired acquisition. Just at this time the rapid formation of trusts affords them greatest activity. There are mineral properties and belongings, there are factories, and there are other resources of production, which they feel they must have. And they are experts in lowering the price of something which they want. It seems more than probable that the late martial law excesses in Idaho were really instigated by Standard Oil men, with intent to depreciate the value of mines which they wish to add to their own.

There are many proofs that the business of the trusts is often led into a particular course which favors operation in its stock by the managing ring. One of the most ably edited of our weeklies, querying whether the late shut down of the steel and wire trust was a stock jobbing measure, or an anticipation of a decline of prices, said: "There is no doubt that trust managers depend upon

stock jobbing. They can afford to keep their business going at a loss, and even pay dividends now and then without earning them, by having recourse to the profits they make in buying their own stock upon the street when they intend to send it up, and selling it when they intend to force it down. Thus the 'lambs' may be made to keep trusts going when the legitimate business of the trust will not."⁶

One who has had much experience as a promoter of industrial combinations, at more than one place, in a recently published well considered article disparages the corporation whose directors pay more attention to the fluctuations of its stocks than they do to its legitimate business; and he does this so earnestly that his readers see he is opposing a pernicious evil which he knows to be deep seated and widespread.⁷

We will make an end on this head by giving one more proof—John D. Rockefeller founded the Standard Oil trust, and he has always been its real manager. For years he has had great interest in other trusts in which surplus earnings of the Standard have from time to time been invested. Of all witnesses that can be called he is the one who has the most accurate knowledge of the existing trust situation. Being asked not long since by the Industrial Commission what are the chief dangers and disadvantages to the public from industrial combinations, he answered that they "may be formed for speculation in stocks rather than for conducting business."

The foregoing is not intended as even an approximately complete view of plutocratic activity in the property market. Its purpose has been merely to make a small selection from the abundant materials, suited to give you provisionally a correct general conception, from which you will soon grow of yourself into an accurate comprehension of the whole subject in all its diversions. The prin-

⁶The Public, April 21, 1900.

⁷James B. Dill, Esq., Corporations and Public Welfare, 109 sq. The subject of his article is: "Industrials as Investments for Small Capital."

ciple which it is of the first importance to understand is that plutocratic speculation wins only by playing with packed cards and loaded dice. We have in this chapter, and at many other places in this work, given so many examples of how the cards are packed, and the dice loaded that we hope the grand art is no longer a mystery to our attending reader. The lucky deals in securities of all kinds made in great numbers for some time after the presidential election of 1900 were mainly due to the confidence in the plutocratic corporations issuing the securities which that election inspired. It seemed to proclaim that the public service corporations and the trusts were never to be hampered in their course of property expropriation and labor exploitation, and therefore their gains would incessantly increase, and their securities be correspondingly enhanced in price. Therefore, if one did not pay over the market for his purchase to-day he could sell at a profit to-morrow. This sense of stability stimulated plutocratic activity in business, and especially did it keep securities steadily rising. Speculation in them during this period was without risk of loss. Such was not plutocratic speculation, although many plutocrats, as the current newspapers reported, made millions out of it. Remember that the smaller operators made their thousands and hundreds.

Plutocratic speculation seems to have reached its final stage in the command of Wall Street by the Standard oil pool. Mr. Clews compares Commodore Vanderbilt and Jay Gould, who, with all their boundless stores and incomparable skill as operators, often faced dire disaster, with the members of this pool, who have put chance and risk under foot, and whose "resources are so vast," as he says, "that they need only to concentrate on any given property in order to do with it what they please."

Mr. Russell Sage seems to hold the same opinion.

It is a fact, as the observer may see for himself, that the owner of a great aggregation of capital may hem in a smaller enterprise, buy off its patrons, divert its business, stop all the sources whence

its accretions and profits flow, and so weaken and disable it as at last to force its surrender.

A party of conspirators, indicated in the quotation from Mr. Clews just made, has so completely bottled up the State railroad of Georgia that were it not for the well-secured lease they could now get it at their own price. Let us hope that before the lapse of the 15 years remaining of that lease the rule of the railroads by the people will have shown too decided a commencement to permit the perpetration of the contemplated robbery.

If this final stage of speculation be allowed to work out its full consummation there will one day reign throughout all the realms of production and distribution the peace of the plutocracy.

CHAPTER XI.

BEER AND LIQUOR PLUTOCRATS.

THE business of selling beer and liquor is controlled by the manufacturers, who, while they may not have yet joined in a formal trust are in a combination of strong cohesion. The retailer acts everywhere at their dictation; often he is their employee, dispensing drink in a saloon which, together with the stock, is really, though not openly, their property, and which our cousins across the water call a "tied house." The other plutocrats affect to keep the brewers and distillers under the ban. When these magnates harangue and pray in Sunday schools, show young men in lectures how to make large fortunes by savings from scant wages, endow colleges to teach Standard oil ethics, politics and economics, and do other good deeds to be seen of men, they deprecate the manufacture, sale and use of beer and liquor, and also reflect trenchantly upon the violation of Sunday and other good laws, and the unscrupulous politics, and many more offences, which are all laid to the charge of the saloon men. Goody-goody people only are deceived by this hypocrisy. It is in public alone that the plutocratic grandees denounce the makers and sellers of drink. The latter have such a commanding influence in city and State government, given them by foolish laws, to be expounded a little later on, and they so powerfully strengthen and sway the machine, as has been pointed out above, that the door of the most secret plutocratic council always opens to them of its own accord. They are part

and parcel of the plutocracy, and must be included in any presentation of the same which is complete.

This much being premised, we are now to show you the facts, and especially the foolish laws just alluded to, upon which the liquor power is founded.

While the appetite for drink is not universal it is so widespread and ineradicable as to create a very strong demand, and therefore beer and liquor are kept on sale almost everywhere. This constant and strong demand is the first material fact to be recognized here.

Next all over the land there are persons who drink too much. Especially to be noticed among these are grown men who are the bread winners, and young men who are the promise of the family. This has caused wives, parents, children, preachers and many others to combine together against the drink traffic, eager to prohibit it absolutely, and, if that cannot be done, to regulate it so strictly as to reduce its evils to the minimum. While these crusaders cannot convince the community that the great majority should give up a privilege which does not injure themselves in order to reform a few drunkards, they do make everybody see clearly that drink should not be furnished children, habitual drunkards and the intoxicated; that the saloons should not be kept open late at night, and ought to be closed on election days. An effective sentiment prompts measures of restraint and regulation. There are taxes on the manufacture, license, and sale, and also stringent regulations of the manufacture and sale. After a while we will show you in this chapter how it is the joint effect of these different measures to crush out the small capitalists in the business, and give it over to the wealthy; which is the beginning of the beer and liquor monopoly.

Now for the most secret but most influential factor of all. It is the self-serving plutocrats, masquerading as philanthropists, who roll a gigantic amount of the taxes which their property ought to pay off of themselves upon the consumers of drink, the great bulk of whom must live alone upon their labor. Every part of our com-

plex government,—the federal, the State, and the city or other municipal government—subsists largely upon the drink tax revenue. Government every year assumes new duties which entail additional expenditure. It, therefore, lays additional taxes on liquor. The new law of New York has increased revenue beyond expectation, and yet a competent authority says of it, “the tax feature of the law has demonstrated beyond peradventure that the weight of tax which can be borne by the liquor trade has not yet reached its limit.”¹ We may confidently expect that many new ways and means will be devised in the future to squeeze more money for government out of liquor. An income tax, an inheritance tax, a franchise tax, and in due time the perfected single tax, laid by nation, State and municipality—these impoverishing monsters loom portentously from the future on the plutocrats. And while they hold the reins of government they will to the uttermost influence an augmentation of public revenues by increasing indirect taxes of all kinds. Thus they hope to keep the tax gatherer away from their sacred holdings. The appeal to protect home industry, and to drive the use of drink into the narrowest confines possible, does not dupe the real reformer, for he discerns that the advocates of high tariff and those of heavy liquor taxes are all in the pay of the tax dodging plutocrat, whether they themselves know it or not.

There is another fact of the situation, which is so important as one of the pillars of the liquor power, and which is so little recognized, that it must receive a word here. In business firms a vast number of mistakes and miscarriages are charged to the typewriter instead of being laid where they belong, on the shoulders of those who employ him. The plutocrats have all their sins shoveled off upon the liquor seller. It is amazing to a cool headed observer how they hypnotize the great majority of people, to whose churches they contribute liberally and to whose preachers they give railroad and other favors into proclaiming around the land that to abolish the drink trade will surely bring in the golden age. When you

¹The Liquor Problem, 418 (Boston, 1898).

look closely you discern that plutocracy in secret cherishes the liquor men as the most effective contingent of the machine, while openly it devotes them to receiving the execrations which ought to be hurled upon its bribery of officials, wholesale robbery of city, State and nation, and corruption of every branch of American government. The typewriter and the liquor seller each understands that by submitting meekly to the unmerited opprobrium he is winning the favor of his master.

Now for a fact which is still more misunderstood than even the last two considered above. It is that by reason of the heavy burdens placed upon the beer and liquor trade a section of the plutocrats has acquired a practical monopoly thereof. Attend now to a brief statement of these burdens, as we intend to suppose a little later how similar burdens on the bread trade would put the people in chains at the feet of those who fed them.

The United States lays \$1.10 on the gallon of whiskey, and annually exacts from the wholesale dealer \$100, from the retailer \$25, from a rectifier of 500 barrels or more \$200, from a manufacturer of stills \$50, and for each worm or still made by him \$20. Further, the regulations which occupy many pages of the statute book cause great additional cost and expense. As examples, we mention those as to quantity and specific gravity of alcohol in the product; instruments for testing, weighing and gauging; distilleries and bonded warehouses; distillation through closed vessels and pipes, with the cisterns connected with the outlet of the worm, distiller's bond, elaborate description of plan of the distillery to be furnished, distillation only in certain places; facilities for easy inspection by the revenue authorities to be provided.

Thus far we have given only the national taxes and burdens. There are others, which are not small. Our reader may consult the statutes of his own State and ordinances of his own city, and compare what he finds with the taxes paid by liquor in Fulton County, Georgia, which we will now run over. The wholesale dealer or agent pays the State \$200 yearly in each place of business. The

city of Atlanta exacts another \$200 from every wholesale dealer or agent, and it requires the retailer to pay \$1,000 for his annual license, which license is revocable for certain violations of the laws and ordinances policing the traffic.

So much for the national, State and municipal burdens on whiskey.

Beer is likewise taxed and onerously regulated by the United States, and it is also heavily taxed by State and municipality.

It is another fact to be allowed for, that a high tariff tax on imported beer and whiskey assures practically all of the home market to the home licensees.

To bring out clearly how these laws give the whole drink traffic into the hands of large capitalists, let us now, as we said above we should do, suppose the making and sale of wheat bread to be taxed and regulated like liquor, and the making and sale of corn bread, rye bread and oat porridge and cake like beer. Take it in, that you will be fined and imprisoned for making your own bread except in a government bakery, built and operated in all respects as distilleries and breweries are commanded by the United States statutes; all belonging taxes of every sort, laid by federal, State and municipal authorities having been paid. Do you not begin to see that the production and distribution of the staff of life would become the prerogative of a few having the means to meet the large expense of the business? that these few would have surely cornered a great industry, and be enabled to demand their own price for their product? that they would have the officers of justice confiscate the stock of moonshiners, keepers of blind tigers and smugglers, and then drag them into court to be severely punished; and that the licensed bread men would sell on Sunday, and on week days after closing hours, always getting "protection" from the police in these violations of law? By the offenders brought into court just mentioned, we mean those who baked, sold or imported bread without respect to the laws safe guarding the bread monopoly. These laws would add the increased cost of making bread under

them to its price; they would pay large bounties to adulteration—we need not exhaust the catalogue of gainful advantages to the monopolists. And as bread is a prime necessity the bread maker would attain to wealth and power far transcending that of our present beer and liquor lords, whose trade is in a luxury only. But that wealth and power would be the result of law the same in character. The statutes and rules avowedly intended for repressive regulation of the traffic really repress nothing but the competition which would otherwise so lower the price of drink as to keep large capital out. Therefore the liquor plutocrats support these laws in secret, although openly they rave against them. Do not believe, however, that they pay the charges. The plutocrats always dodge public burdens. These liquor taxes are in their essence nothing but patents of monopoly, which the drinkers pay for, a great profit added, and donate to the holders.

The foregoing sketches the monopoly and money-making side of the business we have in hand. We must now explain how it is that beer and liquor get into politics and stay there so persistently.

The liquor men are in constant war with the prohibitionists. While such prohibition as exists in Maine does not completely prohibit, it does largely diminish sales. The prohibition sentiment is always the stronger in country districts. The country population being yet in excess of the town and city, the liquor men must keep careful watch over the State legislatures, armed as they are with power to prohibit or bring in the dispensary, both in country and town. The knowing ones say—as we have already told—that the liquor and railroad men combine their campaign contributions and elect at least twenty-three of the forty-four senators of the Georgia legislature, thereby acquiring a sure veto upon unfriendly legislation. Prohibition in Maine, and the dispensary in South Carolina are frightful alarms to the liquor interests.

There is perpetual menace of other inimical federal or State laws, such as a new tax, which may really prove injurious, as the late war tax on beer, which the brewers have got repealed, some inspec-

tion measure contracting the profit of adulteration, a provision by which venal revenue officials are restrained, etc., etc.

It is clear that in order to defend themselves against unfriendly legislation the liquor men must keep on the alert, both in national and State politics, to elect their friends to congress and the State legislature, and to maintain a strong lobby at each and every session.

A word as to beer and liquor politics in the towns and cities. The straight laced people call for stringent policing of the trade, demanding that the saloons be so located as to be easily looked into by passengers along the street, and have transparent fronts during business hours; that they be opened late and closed early; that very difficult requirements as to bond and vouchers for good character be required of keepers; and too many other burdens to be all set down here. Should they succeed in these proposed measures the profits both of wholesale and retail dealers would be seriously reduced. The consequence is that the liquor men perseveringly in every election try to elect as many as possible of the council and other city authorities friendly to their interests.

The sale of liquor on Sundays, and at night after an early closing hour, is very profitable. In the large cities the saloon keepers get "protection" in these illegal sales by paying the captain or other commanding officer of the beat a stated salary every week; and so long as the payments are promptly made the police wink at the offences. This indicates another cause which keeps the liquor men in politics. They must have control of the officials or councilmen electing or appointing and discharging the police.

Another phase of the subject now presents itself. The saloon, as it has been said many times, is the poor man's club. The hotels, libraries, reading rooms, billiard rooms and other lounging places are few and far between. But the saloon, warm in winter and delightfully cooled by its fans in summer, is everywhere. When you take a seat to rest in the book store or in the drug store, or other store, you feel that you are in the way, and not very welcome. But there are comfortable chairs for all in the saloon, and loiterers like

yourself. Only pay a nickel for a glass of beer, and you cannot reproach yourself with sponging. Here we all spend a few golden moments with our friends every day. The moderate draft, the scant luncheon, the fresh scandal, the last joke—who has ever fitly described the healing recreation that we busy men year in and year out receive in the saloon?

Of course we do not want our clubs to be broken up. But it is not alone a social center. It has become the meeting place of voters and ward politicians. There the cheaper votes are bought with drink, and the dearer ones with money. If the saloon keeper is bright and alert he is the man who most constantly of all keeps his fingers on the public pulse. He hears everybody talk. The information that he alone can give is of the greatest value to the party boss and his staff. Naturally he develops into an officer of the machine, who has command of a following of voters making his saloon headquarters; and step by step his honors and pay increase. The party boss has become the secret general manager of the political business of the plutocracy. The boss carries the election in the combined interest of spoilsmen and public service corporations, mainly through the systematic work of the saloon keeper and his staff of heelers and policemen in each locality.

Let us point out here what is the prop of the "blind tigers" or "speak-easies."

The prohibitionists—many of whom are preachers of fluent eloquence, stir up the people to vote dry, and drive out the saloons, which make drunkards of the male members of their families. It seems to be the mighty movement of a moral tide. But the movement either begins with, or gets its greatest impetus from, those of the liquor sellers who cannot afford to pay heavy license, and the other liquor taxes. One of these explained to a friend of the writer not long ago as follows: "You ask why, although I am a liquor seller, I worked for prohibition in the last local option election in my county. It is because if I open my 'blind tiger' while the county is wet, Mr. Blank, of the liquor dealers' association, will

detect me in two days, and root me out as a rival. If I can bring in prohibition, Mr. Blank will open a 'blind tiger' himself, and I will have nothing to fear from him except his competition."

Note that the moonshiners likewise favor prohibition for the same reason.

We believe that we have presented all the material points to make you understand the existing liquor situation. Abolish all taxes—license and every other—on beer and liquor, and let each man boil his corn into hominy or whiskey, and brew his barley into beer, just as he pleases; let every grocer, druggist, department store or what not, sell drink without restraint; if this were done, 5 cents would be the price of a keg instead of a glass of beer, and 15 cents would buy a gallon of whiskey instead of merely a drink; and necessarily the monopoly which we have described, and its political power would fly from the land. And the consequent cheapness of drink would also expel the "blind tiger" and the moonshiner. For a season small producers would be multiplied. But in due time a new trust would wipe them out. This new trust would be the assumption of the drink traffic by the municipality. The cure of the evils of drink is neither the Maine law nor the South Carolina dispensary, nor the Gothenburg system, which has lately become famous. The municipality must be the sole maker and retailer of drink, selling at cost. She can as easily make good beer and liquor as she can good gas. The municipality must also have poor men's clubs in every ward or small district, where one can eat as well as drink of the best, find the latest books, magazines and papers, and celebrated pictures, and hear music and theatrical entertainments; and where such neatness, comfort, politeness and fine talking prevail that we will always bring our wives and children with us. Perfected municipal socialism will improve, diversify, elevate, idealize, not abolish the saloon.

BOOK III.
—**THE STRUGGLE OF THE PEOPLE WITH THE PLU-
TOCRACY.**
—**CHAPTER I.****PALPABLE BEGINNINGS.**

It would be prodigious if the people of the Adamses and Jefferson submitted tamely to the oppressions described in the two foregoing Books. When they commenced to see darkly through the fog which had rested upon the land ever since the close of the civil war and catch vague and distorted outlines of what the plutocrats had done in the interim, they bestirred themselves fitfully and without clear purpose. An observation of the new clauses which during this period found their way into what we may term the typical form of an American State constitution, shows that they were groping everywhere after devices to defend their liberties against an enemy whose lines they had not accurately reconnoitered and whose intentions they had not at all divined. Perhaps vague discernment of the situation and subintelligent efforts to remedy its evils first appear about the time the towns of Massachusetts commenced to agitate for privilege to make their own lights. It was in this day that Kentucky forbade the granting of municipal franchises for a term longer than 20 years.¹ Although from this stage forward the

¹The prohibition mentioned was made in the Kentucky constitution of 1891.

anti-plutocratic movement has been sporadic only in its manifestations, yet the education prompting it spreads uninterruptedly into all quarters of the land, giving the masses better understanding every year. But they have not yet attained full vision. Sometimes the object of attack is the party machine, examples of which are the great revolts in 1894 and 1901 against Tammany, and the winning of State direct primaries by the people of Minnesota just the other day in 1901. It is to be noted that although such uprisings are avowedly against bosses and spoilsmen, their real and all-potent impulse is instinctive enmity to the plutocracy, which is obscurely discerned by the rioting insurgents to be the power behind the machine. There is much advance in clear perception when great numbers arouse against a definite plutocratic measure, as occurred in Illinois when Yerkes's efforts to extend his street railroad franchises 50 years met signal defeat. The success of the people of Michigan, led by Pingree against the tax dodging corporations, is another example. The court decided that their tax legislation was unauthorized by the constitution of the State; but they would not be balked. They amended the constitution so that it does authorize what they want. The Ford franchise bill, which the New York legislature passed in 1899, is another important victory of the people in a subconscious fight with the plutocrats. But the emotion dominant in the hearts of the fusionists from every party and every rank of society who the other day overthrew Tammany again, was abhorrence of the moral uncleanness and rottenness of machine rule.

We must emphatically suggest that all such controversies as those mentioned in the last paragraph have been each with a particular section of the plutocracy, or its disguised double, the machine, without reference to its other sections as parts of the whole. It will probably be some few years yet before the final stage is reached; before the people drift into decisive war with the plutocracy as such, seek out and engage all of its forces. They will then have come to fullness of vision, knowing that the issue is government of the peo-

ple, for the people, and by the people, or government of the people, for the plutocrats and by the plutocrats.

Having shadowed forth the inextinguishable struggle which has commenced, let us try to discover whence it starts and whither it tends, and especially where is the actual theatre or seat of what we metaphorically term the war for a new American independence. Our first note is that in its inception it obviously belongs to localities, and that there is as yet no discoverable trace of it in national politics. Alignment with this or that political party becomes of less and less significance in municipal campaigns generally, and in such State campaigns as those recently in New York over the taxation of franchises or in Minnesota over direct primaries. In local matters involving an opposition between plutocratic and public interests, the people, thinking and acting for themselves, are breaking away from old party standards. The politicians by trade whose experience and training have been mainly in national politics are blind to the new cleavage of electors on municipal and State issues into what are really a plutocratic in one side, and an anti-plutocratic party on the other, although as yet its true name has not been assumed by either. It is a fact of utmost importance that nearly every one of the people outside of the placemen and enlisted men of the machine has become indifferent to national parties, or has only a sentimental affiliation with one, or regards all of them with disgust; and that a growing and most influential proportion of this mass takes a livelier and more active interest in the choice of good local representatives and officials. The local machine leader is as stupid as the national politician. He takes the megaphones of a few captains and heelers collecting his voting cattle to be vox populi, when in fact great hosts of the people are silent standing ready to ballot for decency and the public weal whenever occasion offers. The national political arena in which our fathers had been rapt spectators all of their lives has become dull and stale, and is now as openly neglected and slighted by the masses as are the fashionable churches. A new arena—that of municipal politics—

attracts them. The throng threatening to lynch the aldermen bribed to override Carter Harrison's veto; the heavy ballot of Boston, in December, 1899, against relaying the street railroad tracks in crowded thoroughfares, which routed a machine believed on all sides to be invincible; the sudden appearance of the citizens when the council of little Kansas City had met at a late hour of the night, and a noose tied in his sight for the member about to give the first vote for the extension of the franchises of the Metropolitan—these are some of the late occurrences which proclaim that the people have entered this new arena resolved to overthrow street railroad tyranny. The municipal elections of 1901 demonstrates that our anti-plutocratic people are learning effective party organization. To mention no others, consider these three men who won mayoralties: Bryan in Peoria, standing on a platform demanding a reservation to the city, in all future grants, of right to purchase the plant at any time on payment of its fair value, without compensation for the unexpired franchise; Carter Harrison defeating the franchise-grabbers again in Chicago; and Thomas L. Johnson, a democrat, carrying the republican stronghold of Cleveland by 6,000 majority. The case last mentioned demands a special word. Cleveland was the home of Hanna, the crowned boss of the national party then in power for a second term. A short while before this second term commenced the boss entered the Ohio convention in the character of a Santa Claus, bent beneath a bursting pack of federal appointments which he alone had been able to rescue from civil service rules, and amid hosannas ringing out all around him he had the convention to do his every dictate. He did not discern that the convention was only an apartment of the old arena, which we have described; that the people were not there, and none of their representatives, except Monnett, who had proved too unpurchasable and incorruptible to be renominated. Nor did he discern that the acclaims of praise and glory to himself as boss, heard to the remotest corners of the earth came from his machine employees, and dependents alone. From this time he strode on with marvel-

lous prestige through a round of triumphs, his dream of popular love and support becoming sweeter and sweeter. What a chill and despairing awakening it was when the election of Tom Johnson trumpeted in his ear, that his own neighbors in a body had abandoned him, with the sham issues of his politics, and ranged themselves under the anti-plutocratic banner.

This episode read in the light of the restiveness now showing itself in many municipalities, reveals the beginning of a revolutionizing movement. It makes us see that the people of our cities will soon everywhere cease to draw party lines in local issues. That alone means destruction to the power of the boss. In a few years the people of many cities will be an efficiently organized machine of their own to the utter subversion of the existing machine of spoils-men in the pay of the plutocrats. Thus the State machine will be seriously weakened against the assaults of the uprising party of the people. Gradually the real people, all the while getting rid of a larger and larger percentage of their misrepresentatives, will develop their coalescence in local affairs into a national anti-plutocratic party, which will sweep away all federal obstructions hemming the advent of the new order.

The movement now engaging us originates in the people of the city, large or small, striving for liberation from their street railroads especially, and some of their other public service companies. It must go further. As the city power is the creature and dependent of the State power, there must be appeal to the latter for new legislation. And now and then, in this period of inception, the people of the State are induced to grant the needed laws, and in these they often help themselves also. The Ford franchise bill took its start in New York city, and the tax equalizing legislation of Michigan in Detroit. Our reader will remember how the Massachusetts legislature empowered the towns to provide their lights. Occasionally the people beyond catch contagion from the city. The direct primaries of Minneapolis caused their establishment in the State, whence the contagion spread into Wisconsin.

The campaign of Golden Rule Jones exemplifies how the soldiers of the new movement put forth earnest efforts to seize the State power. In the midst of a campaign between the two old parties, contending with utmost strain for the prize of the president's state, Mr. Jones, because of his administration of the mayoralty of Toledo for the people instead of the plutocrats, was called into the field as an independent candidate upon the petition of nominal members of these two old parties, and he received over 100,000 votes. He brought it about that the winner got only a plurality. Can one seriously contemplate this striking result, and refuse to concede that it is not a sign that the people will after awhile arouse themselves resistlessly against the State machine?

Let us try to accentuate even with some tedium of repetition, the changed attitude of Americans towards public affairs. In the pre-plutocratic time our statesmen, presidents and high officials were true democrats in creed and behavior. American liberty cleared their visions, refined their judgments, deepened their courage and devotion, made their actings and doings wise and brave, and touched their tongues with fire. Heroic deeds for the people like those of Jackson with the bank of the United States, set the whole country to cheering, and "winged words" spoken in congress, or upon the hustings, flew into every home. The essence of everything done, the marking note of everything said by those who had leading parts in national affairs, was to maintain, develop and better popular self government. Not one of these was ever suspected of being under the sinister influence of a special interest. It was but natural that the people made the official career of their then faithful servants their constant study and worship, and bestowed breathless attention upon all their acts and words.

These heroes live only in fame and glory. For more than 30 years they have been succeeded by men who, while posing as devotees to the cause of good government, have been in fact the diligent servants of monopoly so uniformly that they have been found out. It is not to be wondered at that the "plain people" no longer

read the proceedings of congress, or of any department of the national government, and that they have no thought of even the chief magistrate except to get a post office appointment from him or to have him come by their city on his next tour. They have not become more ignorant, nor less fond of liberty. They have learned the hollowness and hypocrisy of machine politics, and they turn away in disgust. But they love the champions of democracy as well, or better than ever. With what admiring affection they crown such anti-plutocratic mayors, as Harrison, Pingree, Jones and Johnson. And the rapidly growing respect for the career of Pingree as governor of Michigan; the glory achieved by Wolcott and by Crane, governors of Massachusetts, for staying the devastation of Boston by the street railroad company; the fame which La Follette as governor of Wisconsin is now winning in his fight with the machine and the corporations—these are speaking signs that the new political arena is widening its horizon beyond the municipal province to include that of the State.

To sum it all up in a word, the people begin to see that while they cannot now drive the plutocrats out of the national government, they can drive them, first, out of the municipal, and next out of the State government—that this is the line of least resistance, leading on to the final expulsion of the plutocrats from the national government. Having caught this glimpse of an infallible hope, they have here and there commenced to march upon the enemy. As Cæsar hastened to sanction the spontaneous advance of his soldiers at Thapsus, the wisest leader will rush into the front of this battle which the people have begun of themselves, and do his utmost. Let us push this struggle on, on, on. And while we are slowly, too slowly, as we bitterly feel—deplutocratizing municipality and State—if we move constantly, although only by inches, we may regard the riot and revel of plutocracy in the halls of the federal government with serene complacency. For it will be our happiness to know that the people have occupied the commanding strategic position, whence they cannot be dislodged; from which

they will inevitably overturn the pillars of the machine, and thus sap the foundations of the sky scraping structure of the plutocracy.

In this chapter we have purposely magnified the small beginnings of the anti-plutocratic struggle in order to show them to the unpracticed eye, to reveal clearly the necessary course of that struggle, and what must be its seat and theatre. The longer one contemplates them the plainer they appear; for not only does his sight become clearer by exercise, but they are continuously enlarging and therefore becoming easier to see. We are confident that our magnification will soon be outstripped by their actual growth.

A change of conditions makes new needs to the members of the vegetable and animal worlds, and their new needs breed suitable organs. This is likewise the law of the social organism. The prime necessity of ours now is to substitute real for its pseudo representatives; to crush the machine; to provide means by which this organism will do its own will and not the will of its parasites;—in a word, to develop organs of democracy which will supplant its present organs of plutocracy.

Such new and suitable organs have been forming for some years. We shall tell you of them in the next succeeding chapters.

CHAPTER II.

ANTI-PLUTOCRATIC LITERATURE, PRESS AND OTHER PUBLIC OPINION-
MAKING AGENCIES.

HENRY GEORGE'S "Progress and Poverty," appearing in 1879, was the first arousal of our countrymen from the optimistic mood which they had been stubbornly maintaining for some years under economic conditions rapidly worsening for the masses. By revealing these conditions the book inspired a wholesome discontent, which will never down until natural opportunity has become open to all alike. Nine years afterwards—in 1888—Bellamy launched "Looking Backwards." It took the masses whom George had set to thinking by storm, and socialism which had been a term of vilification, speedily turned into a golden word. These two glorious books were not avowedly anti-plutocratic. Their authors, without knowing it, were the creatures of that deep founded and widespread social movement of which the American and French Revolution bringing forth republics; the European revolution of 1848, bringing forth the unconquerable socialist party; and the present throes of Italy, Spain, Russia, and other countries where there has long been no hope for liberty, are but parts and manifestations. This movement was more mighty than even the Reformation itself which is perhaps its perceptible commencement. It ~~was~~—rather it is—a seismic agitation of society on both sides of the water; and it shakes America again in our time. George and Bellamy received their dominant impulse from the general course of the underground

upheaval and swell. This course is resistlessly towards the equalization of all members of society in the needs and comforts of life. And so the subject of each one was the inequality of condition which divided mankind into a few rich and many poor; George proposing to cure the evil by making land common property, to be occupied and used by individuals paying the community a just and impartial rental; and Bellamy by nationalizing, and publicly operating the aggregate of productive land and capital in the interest and on the account of all. Neither one made any attempt to distinguish from the mass of property owners the special classes which constitute the existing plutocracy. Some while after their message had been delivered the movement which had already come into open day without observation was at last descried. Impinging upon barriers set against it by the plutocrats, it had been deflected from its direction towards universal equalization, and was necessarily recognized as anti-plutocratic. George and Bellamy, preaching before this had occurred, were prophets only of the industrial happiness and content one day to rule over the world and not of the struggle with the hosts of monopoly, which we must fight to a decisively victorious finish, to clear the way in America for that millennium.

An anti-plutocratic literature was necessitated and it came. We have space only for the more important. And as the productions which we shall select are recent and in much vogue there is need for only the briefest characterizing mention.

Hudson's, "The Railways and the Republic," was published in 1886, some two years before "Looking Backwards." At that time the general opinion regarded the railroads as almost the entire plutocracy. It was but natural that Mr. Hudson did not purposely extend his book beyond the reach of its title. But he was unconsciously, as it were, drawn into some of the wider scope of his real subject, as one may see in what he writes of the Standard Oil Company, and especially in his last chapter, "Corporations in Politics." He suggested as a remedy for the evils of discrimination which he elaborately described that different shippers be allowed to run their

own trains upon each railroad as travelers do with their conveyances upon the public highways.

At a proper place above we have given our high estimate of this book. It broke the ice, and since it did anti-railroad books and pamphlets have uninterruptedly poured forth from the press in swarms. From the very first many of these showed a much less conservative spirit than his, and nearly every one of the last five or six years has registered a new step forward in advocating public ownership and operation.

"Wealth Against Commonwealth," by Henry D. Lloyd, came out in 1894. Our effort above to award this epoch-making work its due dispenses with the need of further notice here except to say that it instructively tells more of plutocratic acting and doings than any of its predecessors. That it must confine itself to its special theme which is the history of one plutocratic enterprise, of course precludes it from presenting completely, and with proper perspective the different constituents of our plutocracy, and the several parts which they play in industry and government. But its very particularity, dealing at length and in full detail, with the greatest and most successful of all the plutocratic combinations, gives it a potency of propagandism which no merely general treatment can attain. And from the first page to the last it is written with such excellent method and attention-stimulating eloquence that it bids fair to become the American Bible of Anti-monopoly.

Books, pamphlets and magazine articles come forth in swelling numbers, on all sides, championing free nomination and voting, substitution of direct primaries for conventions and caucuses, and extension and improvement of civil service reform; powerfully striving to pull down all supports of the machine, which is, as you must learn well, the atlas of the new plutocracy; they likewise champion proportional representation, direct legislation, and the imperative mandate measures which, when established and perfected, will station the people over spoilsmen, boss, machine and plutocrat.

Two sections of this rapidly enlarging library must be empha-

sized here as being especially close to the beginnings of the struggle described in the last chapter. These contain recent publications (1) as to tax reform and (2) as to municipal franchises. Larger notice may be made by us later on as to the former. We have made citations above from the leading ones on the other subject, among which those of Bemis and Frank Parsons are of commanding importance.

We cannot mention all of the band now guarding the anti-plutocratic color; who, with unquenchable zeal, courage and fidelity wield pens and tongues far more mighty than the latest and most approved engines of war. We wish we had opportunity to say fitting words of those who like Ridpath, and Frederic Scrimshaw, the gifted author of the "Dogs and the Fleas," have lately died while laboring for the cause. Two of these—Pingree and Altgeld—need not to be mentioned. The hosts that swelled their funerals gave each a moving and all-sufficient obituary.

We deeply feel the gross inadequacy of this sketch. If the reader but keep his eye for six months on the list of new books noticed in current periodicals, he will begin to understand the marvellous fecundity and inspiration of this literature. It is on display in all the book stores and kept conspicuous in every public library. It is fast becoming the principal reading matter of all who really think upon public affairs, and is efficiently educating and training the shepherds and captains of the people. It averages high in finding, collecting and explaining cardinal facts, audience of both sides, painstaking diagnosis, and searching discussion of remedies proposed, moderation of tone, and often in unstrained eloquence and literary merit. It compares favorably with the very best of revolution-fomenting literatures. The utterances of Tom Paine and the abler of his contemporaries urging the colonies on to independence, and those of Voltaire and Rousseau, which largely occasioned the how, when the where of the French Revolution, were not greater popular influences than is this American literature of to-day, arousing not to battle, but to decisive balloting—uniting all the other

classes of society as resistlessly against the plutocracy as the writings and speeches of Cobden and his companions, in the ripeness of time, arrayed the rich, the other larger and smaller property owners, and the workers of England in solid phalanx, which demanded and at last achieved repeal of the corn laws maintained to make the bread of the many dear, and thus enormously increase the income of a few landlords. That great and shining victory of peace, which has lately been told so inspiringly and enchantingly by Mr. Fowler,¹ and none of the bloody revolutions, is our true model and emulation.

And we may place abiding trust in our soldier writers. We need not fear because of colleges endowed by the plutocrats, and the lecturers, professors and authors whom they hire to debauch our youths and our voters generally into acceptance of their ethics, economics and public policy. The students cannot be hindered from reading on the sly that which they will find more palatable than the books of the prescribed course; and the few of the people who do read and think will steadily bring the masses of voters to know the harmony of the truth with their real interests. And so after a while every one given place and commission by the plutocrats to teach falsehood will be shamed into confusion by spears of truth unerringly hurled at him from the all-investing and invincible literature of the people.

Let our reader consider this literature, and note how it is developing into a mighty public opinion-making organ. Certain associations must be merely suggested, as we have no space for discussion. Examples are the National League for Promoting Public Ownership of Monopolies, League of American Municipalities, National Municipal League, Civil Service Leagues, Tax Reform Associations, and Good Government Clubs. The Buffalo Conference and the Anti-Trust Conference must not be overlooked. The importance of the latter has been somewhat foreshadowed above by our citation at different places of addresses made before

¹The Arena.

it. When each of these bodies is analyzed down to its fundamental principle of cohesion and activity that principle is found to be irreconcilable war with plutocracy as the author of all the more glaring evils of government. Our last word as to them is that they grow fast in power as organs fashioning public opinion.

The daily and weekly press deserves a place apart from literature—to which it really belongs—because of its intimate and close connection with party politics and campaigns. The weekly constantly gets a more assured circulation. Its report of public affairs is much more unfragmentary and complete than is possible to the daily. Think of the throng of dailies—to say nothing of other periodicals—from which Public Opinion skims off the cream. The weekly has more space for discussion. Note as illustrations, *The Outlook*, *The Public*, and *The Commoner*. In papers of this class the reader will find mention and proper comment on nearly every current event of importance. As the weekly cannot be expected to contain the latest news, it does not subject itself to the Associated Press, which monopoly of telegraphic reports tyrannizes over the dailies, as we have already told. It is especially to be noted here that the more prominent of these papers show intensifying hostility to machine politics, and plutocratic corruption of city government, and are plainly drifting into implacable conflict with the holders of municipal franchises. The socialist papers are well exemplified in the *Appeal to Reason*, which has won a large circulation, and is now steadily and rapidly augmenting it, by its stouthearted and uncompromising championship of the people against plutocracy. That this paper counts its readers in all the States by thousands is one of the most significant signs of the times. That is proof that socialism in America is turning from the doctrinaire path commended by Marx and Engels into the course made for it by nature. Americans are beginning to see with Bernstein that socialism is not a movement solely of the workers, but it is a movement of all society; that the abolition of the wage system is not to be an early, but it will be a distant accomplishment; and that socialists must

lend a hand to every good cause. They see that Fabian socialism is rapidly supplanting Marxian. The former already begins in England to march on from conquest to conquest of local governing powers, diligently bettering local economic conditions. The Marxian saws—the class-conscious struggle; all ranks of society must be proletarianized before the workers seize the political power and introduce the new order complete per saltum; the benign renovation of violent revolution; all mixing with other parties to be eschewed; the capitalistic system will break down of itself—these are already outworn even in Germany, in practice if not in profession. We may confidently expect that American socialists, allying themselves with all democratic insurgents will soon be in deadly encounter with the lion in the way of the regenerated socialism of the near future, which lion is the plutocracy.²

We may sum up as to the weekly newspapers by saying that some of them—far too few as yet, but there will soon be accessions—are doing a good work in stirring up both county and town to throw off their bondage.

The efficiency of the daily paper as a machine agency in such capital matters as conventions, primaries, nominations, appointments, campaigns, elections, and in influencing the public, and

²We have been an attentive reader of the N. Y. Volkszeitung for the last 8 or 9 years. It is the organ of Marxian socialism in the U. S. This extremely able paper has been of more help to us in making this work than any other—a debt which we most cordially acknowledge. This help we have found from the disclosures of plutocratic participation in law-making, judicial interpretation of the laws, nominations, elections, appointments, the administration of every department of American government, with which its pages teem in an abundance far beyond that of all other publications of the day. When left to themselves the editors scarcely ever waste a lance upon any one except a veritable plutocrat. When they consciously speak of anything provided for by an article of the formal creed of the party, they are for the nonce Simon pure Marxians. But such self-repression is not permanent; in a moment they are again showering well aimed and staggering blows upon the American plutocracy. During the time we have been a subscriber to the paper it has become progressively more anti-plutocratic. This is but one of the many weighty proofs of the trend of even Marxian socialism away from academic issues to the real ones of actual politics.

also the authorities of government to favor jobs, makes its control indispensable to the plutocrats. As we have told you above they nearly always own it, hold a mortgage over it, or have some such relation to it as empowers them to dictate what it shall advocate. For a long time plutocratic dominion of the press was virtually absolute. But in the last three or four years—commencing, say, about the time of the outburst in Illinois against the Allen bill—a gravitation of the great dailies towards the cause of the city rising in wrath to resist projected street railroad grabs, begins to appear. The opposition shown the Ramapo scheme of plutocratic appropriations of the city water supply, is a similar example. Observers point out that each government of Europe purposing thereby to win public support to some pet measure is perpetually conceding this or that demand of the socialists, and they confidently predict that the entire programme will in this bit-by-bit acceptance be some day realized. Whether this be true or not it illustrates a process which we see has commenced with the daily press of America. To avoid a boycott which would diminish its circulation to the point where it would lose its advertising custom, it must take the side of the people in the burning questions of local policy. And as the fight advances to other ground, as must happen, the same necessity constrains the paper to give aid and comfort to the anti-plutocrats. Here is disclosed what is fast becoming the most inviting of fields in which monopoly acquired wealth may be employed and great profits made thereon free from anti-plutocratic odium and obloquy. Shining examples of true philanthropy are found—they are as yet much too few—in the ranks of the American plutocracy. Shearman luminously interpreting the doctrines of George; Tom Johnson, who derived an unselfish creed from the same source, retiring from street railroading, in which he had made a fortune, to be a soldier of the people against monopoly for the remainder of his life; Wanamaker's heroic fight against the Pennsylvania machine; the princely gifts of Carnegie to the public—these selections are enough to show you that even the millionaire whose heart has been

hardened from his long trampling upon his oppressed neighbors, must now and then hearken to conscience, and recognize that self-sacrifice for the common good is the imperial passion of the human breast. And it is to be expected that there will soon be daily papers set up and sustained by capitalists, to counsel and encourage the people against their public service and trust oppressors. All the while the plutocrats tread harder and harder on the toes of everybody else, thereby driving papers which have been their advocates into strong remonstrance. This happened the other day when the trust, which had to pay from \$1.20 to \$1.60 advance per hundred on its live stock, by reason of the failure of the corn crop of 1901, added \$4 per hundred to the price of its dressed beef. The collection by the steel trust from its domestic customers of 40 per cent. more than from its foreign ones has had a similar effect. The behavior of the operators in the late anthracite strike drew upon them denunciations and cartoons from all sides. Thus the *Times*, long one of the most idolatrous of our millionaire worshippers, criticised Baer's claim to be a divine viceregent with a badinage far more appropriate to "The Dogs and the Fleas," than to such a staid old plutocratic organ.³

But there is a daily, here and there, which sets itself fearlessly and ably against schemes of wrong and plunder. As one contemplates the course of the *New York American and Journal*, he must believe that the millionaire at its head has embraced the suggestion made him by Mr. Stead, in 1897.⁴ His address accepting congressional nomination, and the editorial entitled "What the Reign of Monopoly is Doing for Journalism"—both in the same issue⁵—are sufficient proofs that Mr. Hearst, heart and soul, champions the cause of the plain people, and we need not consider the vast number of other proofs familiar to everyone who reads the paper.

³N. Y. Times, Aug. 21, '02.

⁴Satan's Invisible World Displayed, 236, 237.

⁵N. Y. American and Journal, Oct. 7, 1902.

Let him or some one as true, bring in the avowedly anti-plutocratic daily, whose coming tread can now be heard. The need for it cries aloud. If one now appeared—if it told how the plutocrats dodge their taxes, naming them, citing their returns, and describing their property; if it told how certain members of the council receive transportation, gas and electric light gratuities, places for their sons and near relatives from the public service corporations, and further how the recipients of the favors just mentioned act and vote on measures in which the givers are interested; if it reported how officers of the city were induced to relieve these same corporations from various of their obligations; if it reported the relationship of blood or affinity or of special friendship or intimacy of association between prominent corporate officials who are members of the machine, that so and so belonging to a certain law firm is in the employment of such and such a corporation, and all other like things which indicate combinations intended to put some valuable public right or property in the hands of a corporation without proper compensation paid; if it unearthed and divulged the secret doings of the state and city machine, the acquisition of influential politicians, the reasons for believing that there had been trades, bribes and corrupt bargains by which the city or State is to be defrauded or pillaged—if it habitually published these and all the related facts discoverable by newspaper enterprise, truly, bravely, without invective or coarse abuse; if such a paper maintained itself, say, for three months, and thus demonstrated the honesty and fidelity of its owners and the fit qualifications of its reporters and editors, its plutocratic rivals of the city could stay in business only at a loss. How the knees of the plutocrats, the boss and their followers would smite together, and what eager crowds of readers would be waiting for the newsboys, when the paper was about to issue! To the coming journalist and editor, the fields of untarnished glory and fame are already white unto the harvest.

There is yet a public opinion making agency to be noticed. It

is the unconcealed action of the plutocrats themselves. We illustrate briefly by a few examples.

The president and every fair minded man in the republican party, backed by the universal moral sentiment of the country, call for reciprocity with Cuba, but the sugar and tobacco trusts keep congress from its enactment. The beef trust, scorning the injunction, keeps its prices as high as if they were fixed by prohibition vegetarians.

With all the immense deposits in the national banks and the other favors they receive, as we have already told, when there is a stringency, these banks must have more free government money in order to make all possible profit out of the high interest rate; and so they have their secretary to allow them to appropriate the 25 per cent. reserve kept on hand against the deposits. This adds at a stroke \$130,000,000 to their loanable funds, without any charge or cost. They also have their secretary compensate them for doing what the United States ought to do—that is, increase the money volume and thus relieve the stringency. He permits them to substitute for United States bonds securing deposits, cheaper state and municipal bonds, on condition that these pets devote the bonds thus released to further issues of currency. In giving both these favors to the money lords the secretary annuls the law of the land at their command.

Another example is the new municipal code of Ohio. Under it Boss Cox's governor can remove the mayor and practically appoint the officials of every city in the State. Why such monstrous disregard of home rule? Mainly because Mark Hanna has an eye single to his street railroad interests. The public strives for 3-cent fares, he wants to hold on to 5. He would have his franchises, which are near expiration, extended without compensation. He has the boldness to declare for grants in perpetuity, although Ohio a few years ago rebelled against 50-year franchises. He rallies all the forces of corrupt government in the State, and with their help binds hand and foot his own neighbors of Cleveland,

and before long he will put their skins in his savings bank, as he lately called his street railroad. By reason of the coalition between McLean and Cox a very large popular vote appeared to approve this municipal code shortly after its passage. But soon this will be counted as only a part of the great enormity.

Still another example is the decision that our present tariff, cruelly increasing the cost of living to the masses, is not to be revised except by its friends, that is, the trusts, who have resolved to push on interruptedly with their pillage and robbery of the public.

The magnates of the anthracite mining and carrying railroads are our best examples. The law of Pennsylvania forbids railroads to mine coal, but they have openly defied that law for years. They froze out the owners of all other deposits by illegally refusing them carriage facilities. Now that they own the entire supply of this article of prime necessity, they keep prices up by restricting output and charging themselves for hauling three times what soft coal is carried for. Yet this band of outlaws, compared with whom Reub Borroughs and the James boys were useful citizens, dared, as we told above in commenting in the Debs case, to lecture the president, and put on airs of injured righteousness. Its spokesmen could not deign to recognize a lawful organization of labor, and they threw dirt upon the labor leaders and called them anarchists and other hard names. Thus the anthracite barons—to use a cant phrase—broke the record. Execrations were showered upon them from all ranks of society. And even lifelong conservatives who had always thought socialists to be worse than highwaymen, clamored for immediate public acquisition and operation of the mines.

Such misdeeds as we have enumerated are all the while forming a most healthful public opinion against plutocracy, which becomes more effective every day. Their doers may each one apply to himself what Mephistopheles answers when Faust asks who he is:

“Ein Theil von jener Kraft,
Die stets das Böse will und stets das Gute schafft.”

Yes, the plutocrats themselves are the most powerful and influential of all the anti-plutocratic champions, and we should wish them God-speed in their benign propagandism.

CHAPTER III.

DIRECT NOMINATION.

"The freedom of nomination in the cities of Great Britain is a great safeguard. So long as ten citizens of a ward can place a candidate on the official voting-paper, there is no great danger from party machinery. It is the nominating even more than the balloting features of the English and Australian systems that deserve American attention, and we have unduly emphasized the official ballot."—Dr. Shaw, *Municipal Government in Great Britain*, 52.

"The accompanying address upon the nomination of all candidates by Australian ballot at a primary election is submitted to the consideration of Republicans at this time, because they must determine whether this, the most fundamental of all reforms, is to become one of the declared principles of the Republican party. For several years through the press and from the platform, I have earnestly endeavored to fix public thought upon this most important subject, because it is the very foundation of representative government. The entire superstructure rests upon the nomination of candidates for office."—Robert M. La Follette. Introduction to his Address delivered before Michigan University, Ann Arbor, March 12, 1898, the subject being "Primary Elections for the Nomination of All Candidates by Australian Ballot." (The italics are ours, not the author's.)

THE rock on which the machine is builded is its control of the nominating machinery. Whatever party organ of late years has named candidates the machine has worked that organ according to its own will. In view of the sway which the direct primary is winning on all sides, we need not more than allude to caucuses and delegate conventions, which are now, except in the field of

national politics, fast falling into discredit.¹ But we must do a little more than allude to some other institutions, developed in different communities with intent to give the people the privilege of selecting their own candidates. These are important as indicating popular rebellion against the machine, and further, because to tell of them briefly, properly prepares for the extended treatment which we must make of the direct primary in this chapter.

We begin with a mode of nomination by petition of qualified electors, under the Ohio statute abridged in the footnote.² Its most striking characteristic is that it disregards party lines. Golden Rule Jones was nominated in 1899 as an independent candidate for governor of Ohio by a petition signed by members of all parties. This fact, and the more than 100,000 votes which

¹In the first six chapters of the book of Mr. Ernst Christopher Meyer, "Nominating Systems: Direct Primaries versus Conventions in the United States," published by the author, at Madison, Wisconsin, is an elaborate history and discussion of the caucus and convention.

²It applies to these classes of offices:

County, city, township, or municipal, and members of the board of education.

Those of the State, or of a district or division.

Candidates for offices of the first are nominated by nomination papers signed in the aggregate for each by not less than 300 electors of the county, or 50 of the city, or 20 of the township, village or school district; but in certain counties containing large cities such papers are to be signed by petitioners not less in number than one for every 50 who voted in the county at the last general election.

Petitions nominating candidates for offices of the second class must be signed by electors of the State, or district, or division, respectively, not less in number than one for every 100 who voted at the last election in the State, or such district or division.

The signers of all such nomination papers as are indicated above shall insert in them the names and addresses of such persons as they desire, to the number of five, as a committee, who may fill vacancies caused by death or withdrawal.

Such papers shall contain a provision that each signer pledges himself to support and vote for the candidate or candidates whose nomination are therein requested.

Each signer shall add to his signature, his place of residence, and may subscribe to one nomination for each office to be filled and no more.

One of the signers to each such separate paper shall swear that the statements therein are true, to the best of his knowledge and belief, the certificate of this oath to be annexed. (Bates, Annotated. Ohio Statutes, 3d, ed., Sec. 926-20.)

he received demonstrates that the petition provided for by this statute can be made a most efficient fusion facility. We hope to show you later on in the chapter the great advantage to the people in their contest with the boss of removing all obstacles to fusion.

Now we take up the Massachusetts act of 1893, providing for what is termed a certificate nomination.

"One thousand qualified voters, by signing a certificate and conforming to some other easy conditions, may make a regular nomination for any office to be filled by the voters of the State at large; and a number of voters—provided not less than 50 in all—equal to one in a hundred of all the voters in a city, or city district, who voted for governor in the last election, may make a nomination of candidates for officers for such city, or district by signing a certificate and conforming to such conditions. Similar provisions extend to town elections.³

The New York act of 1895 followed suit, but with such modifications as were dictated by the more powerful machine of that State. Three thousand signers of a certificate nominating an officer to be voted for by the whole State are required; 500 for one to voted for by a city; 250 for one to be voted for by a school commission district, and 25 for an officer elected by a ward, town or village, while 600 must sign a certificate nominating an officer elected by the city or county of New York, Kings county, or city of Brooklyn. In 1896 an amendment largely increased the number of signatures required for a nomination certificate, and made other alterations restricting the power of the people contending with the machine.⁴ Of course the machine will die hard in New York State, the birthplace of the spoils system.

Mr. Eaton commends the Missouri act of 1891, and the California act of 1897, as greatly superior to that of New York, just mentioned. Under the former 20 electors or more, on deposit of \$50 can have their selected delegate put on the ballot,

³Eaton, *The Government of Municipalities*, 214.

⁴*Id.*, 215, 216.

and any one may become a candidate by depositing \$10. The latter allows any person or combination of persons, desiring to circulate and use a ticket at any election for selecting delegates to any political party convention to do so at their own expense.⁵

The five statutes just reviewed show that the people are making earnest efforts to secure nomination reform by legislation. The Massachusetts law, which is far more satisfactory than that of New York, and which, according to reliable authority, has resulted in defeating many machine candidates for both houses of the legislature with certificate nominees, and also in the nomination for all candidates for office in several cities by certificate;⁶ and the Ohio, Missouri and California laws should be greatly improved. We have the light of British experience—which is for us, as to this and related subjects, nearly always next in value to our own—to guide us towards the desired improvement. What Dr. Shaw calls a “great act,”⁷ namely, the Municipal Reform Bill, was passed in 1835. It was for its time extremely advanced. This and some 60 other germane statutes passed afterwards were in 1882 consolidated into the Municipal Corporations act.⁸ No other legislation of any country upon this most important subject can be compared with this in painstaking collection and meditation of the belonging details of experience, and in conscientious and enlightened effort to fit all provisions adequately to their respective needs—the particulars which give laws their highest value as examples and models. An excessive number of nominations not

⁵Eaton, *The Government of Municipalities*, 223, 224.

⁶Mr. Richard H. Dana, quoted, Eaton, *Government of Municipalities*, 214.—Massachusetts has made great improvement by recent legislation regulating caucuses. This legislation will find its proper place for notice later in the chapter.

⁷*Munic. Gov. in Great Britain*, 27.

⁸Dr. Shaw sets forth the provisions of the English Municipal Code, *Id.* Appendix I, 325-348. The student will find the summary of Sir J. R. Somers Vine (*Id.* 28, 29), and Dr. Shaw's analysis, of the Code (*Id.* 30-36), very helpful to an understanding of this legislation. The act of 1835, the subsequent acts in *pari materia*, and the codification of 1882—their history as well as their different provisions ought to be patiently mastered by all Americans aspiring to reform municipal government.

made in good faith are prevented in England by making the nominators chargeable in particular instances with the expense of printing the ballots.⁹ On this subject Mr. Eaton says: "The best remedy for such abuses, so far as not found in the law cited, is not by requiring many names on the nominating papers—a condition with which parties and factions could most readily comply—but in requiring those who make nominations to deposit money for the payment, in whole or in part, of the expenses of printing which their nomination makes necessary, in case their candidate shall fail to receive a number of votes equal to, say, a tenth of the largest number of votes cast by any of the candidates for office to which they make nominations."¹⁰

Now what ought Americans to learn as to nominations—even if made by primaries—from this English Municipal Code? These are the chief things:

1. All the expenses of nomination are borne by the public. Perhaps a literal adoption of this provision by us would too greatly stimulate the number of nominees, and it would be well to impose as a condition precedent of every nomination, a small deposit, like those required by the above mentioned laws of Missouri and California. But it is ever to be borne in mind that to make candidacies costly is to give the plutocratic machine an advantage which it greatly covets.

2. "The names of candidates must be left at the Clerk's office, inscribed upon official blanks, a week before the election. Accompanying each name must be the signature of a 'proposer,' a 'seconder,' and eight other citizens. Only such persons as have been nominated in this way may be voted for. Nominations being all in, the list is at once printed and conspicuously bulletined. The announcement contains the full names, residences (street and number), occupation of the nominees, and the names of the proposer and seconder in each case. If only one nomination has

⁹Eaton, *Gov. of Municipalities*, 222.

¹⁰The *Gov. of Municipalities*, 223.

been made in any ward, the nomination is itself an election, and the polls will not be opened in that ward."¹¹

The unlimited privilege of every ten citizens, including a proposer, a seconder and eight supporters so inclined to make a nomination, does not cause an excessive number of nominations in any particular campaign, as is accentuated by Dr. Shaw, in a passage full of resistless proofs, which, if it be meditated by the most stubborn doubter, he will doubt no more.¹²

Thus have we briefly set out the essentials of nominations in English towns and cities. How much simpler and easier it is than both the Massachusetts and Ohio systems, which are to be highly commended as a good advance upon machine methods.

The system of municipal nomination in Great Britain which we have just commended so highly is very instructive. But it would not be wise for us to adopt it as a whole. It is a device by which groups of leading men may each propose a candidate. These groups often differ in opinion as to local policy, but they are not formed by the coalescence of those who side with or against principles like the national political questions which divide Americans in State and municipal campaigns. Almost down to the election day a new candidate for any place can be proposed. At last the election really nominates for each place some particular one of the several candidates. It is to be emphasized that the nomination is both free and direct. Now why cannot we make this admirable mechanism serve? Because, as we have told you fully in our First Book, the plutocratically managed machine has at its command among the voters a standing army of spoilsmen and workers of such discipline and prestige, it would be idle for

¹¹Shaw, *Munic. Gov. in Great Britain*, 47. Compare the provisions of the Municipal Code as to nominations given, *Id.*, 337, 338, of which provisions the quotation made in the text is a very condensed synopsis.

¹²Shaw, *Munic. Gov. in Great Britain*, 47. What is said as to the small number of contests in large cities, where the people divided upon exciting political issues (*Id.*, 49, 50), and also what is said as to the fewness of nominations by third parties or special interests (*Id.*, 50, 57), should supplement the place last cited in the text.

us to combat it in the nominating field with mere groups of even the most respectable and influential citizens. We can defeat this army only with the entire electorate outside thoroughly organized, and led through the entire campaign with wise generalship. A subconscious note of this fact has checked the development of petition, certificate and other forms of group nominations in America. On the other hand it now seems almost certain that under its potent impulse, the direct primary—a plan under which nomination is really the business of the whole people, not of disconnected groups—will soon be the sole organ by which our States and cities will name candidates.

As indicated in the beginning of the chapter we must treat the direct primary at some length. We must refer readers desirous of tracing its evolution in different parts of the country to Mr. Meyer.¹³ We can deal only with those parts of the subject which palpably illustrate the popular struggle with plutocracy. There are but two forms of the primary which in their most recent development deserve attention here. The first is the concurrent primary, the other is the white primary of the South. When we have given you the details of each one of these we will be ready to show you what are the essentials of the coming primary, which the people have resolved soon to have.

But a word or two of introduction before we go to the late Minnesota concurrent primary law.

The primary was developed gradually by the insurrection of

¹³Part II. of the book mentioned a few pages back, contains eleven chapters respectively entitled: "The Movement for Better Primaries." "Primary Legislation in the North Atlantic States." "An Introduction to the Several Features and Results of Southern Direct Primaries." "Southern Direct Primary Legislation." "Direct Primaries which are Regulated largely by Party Rules." "Direct Primaries which are Regulated largely by Statutes." "Imperfect Direct Primary Laws and Party Systems West of the Mississippi." "The Primary Election of Delegates to Conventions under Compulsory Laws." "Direct Primaries in Minnesota." "Direct Primaries in Oregon and Michigan." "Enacted and Proposed Primary Legislation in Wisconsin."

electors against oligarchically governed caucuses and conventions.¹⁴ Not able to stem the tide, plutocracy expertly filled every executive committee with its trustees, and thus swayed the primaries as it pleased. For a long while primaries, like the caucuses and conventions before them, were not recognized by the law. But of late statutes demanded by the public begin to regulate them. Of course the plutocrats take a hand in drafting these statutes. Thus one finds in many of them an enactment that the committee of the party—created by the plutocrats, as we have explained—shall call the primary and prescribe all the details which will probably affect the result. It is also provided that nobody can vote who does not belong to the party, and thus the legalized primary, as Prof. Commons terms it, suppresses wholesome fusion, brings all independents back into the fold, keeps national partyism rigid in State and city issues, and increases the power of the boss.

But as the people rebelled against caucuses and conventions, they are now rebelling against machine superintendence of primaries and seeking to remedy the evil by better party arrangements or laws. As they strainingly push forward the syndicated anti-popular interests pull back with titanic power. In Minnesota there has just ended a great war between these mighty combatants in which the first battle was won by the people, but the second was won by their enemies. It is all such an instructive lesson that we must briefly tell it.

In spite of strong and determined opposition the legislature passed in 1899 a primary election law which "was so worded that its first trial should take place in the largest city of the State [Minneapolis], and there alone, with the purpose of bringing to light the merits and defects of the system before it should be applied to the entire State."¹⁵

¹⁴Prof. Commons sketches briefly, but very clearly, the evolution of the hierarchy of primaries, of the accompanying hierarchy of standing committees, and lastly of the boss. *Representative Democracy*, 74, 80.

¹⁵The Minnesota Primary Election Law. Experiences under it up to date. By A. L. Mearkle. *Am. Monthly Rev. of Reviews* for Oct., 1901, 465-468. We make much use of this carefully considered and instructive article.

We will now consider and give the three essentials of the primary provided for by the act last mentioned.

1. All electors of the different political parties were to come to the polls together and vote at the same time and place as in an ordinary election. The general election law was largely made applicable. Parties were not to have each its own primary, but the members of all were to join in what is called a concurrent primary.

2. Every registered voter was to be supplied with the official ballot of each recognized party. He could vote either one of these without regard to previous affiliation.

This freedom of the elector to vote the ticket of any party was a very great advance upon the rule in the separate primary, allowing the receipt of no vote but that of a member of the party. But it did not go far enough. The elector ought to have been privileged to make such selections as he pleased from all the different tickets. When we discuss the perfected primary, later in this chapter, we will show how this can be conveniently and easily done by providing for a fusion vote.

3. The Australian or secret ballot was to be used. This removed all restraint from every elector to vote the ticket of a party other than his own if he pleased.

This Minnesota act of 1899 establishing a joint primary of all parties, fixing its date a short while before the ensuing election, transferring its entire administration from clerks of the machine to impartial and responsible public officials, empowering and encouraging the elector to bolt if in his judgment by so doing he can help his municipality to better rulers, and guarding the rights of all voters therein as carefully and jealously as our election laws try to do—it surely marks the extreme advance of statutory direct nomination.

September 18, 1900, the Minneapolis primary took place. The voters rushed to the polls with eager interest. Every one who had duly registered received a ballot of each one of the only two

parties which had gained official recognition, the two ballots being pinned together, each containing the names of all the different candidates of its party. He was told he could cast but one of the two ballots. He went into a booth, made a cross mark opposite the names of those for whom he voted, came out and gave the two ballots not separated to a judge. The electors had made up their minds beforehand, and the voting was rapid in spite of the fact that there were 125 candidates in all. And we may say in brief that the people exercised their newly acquired power with a will and in general nominated by their own choice and not by that of the machine. This happy result gladdened the hearts of the friends of good government all over the union.

The act of 1899 expressly applied to city and county elective officials in counties of only 200,000 inhabitants or more. There was at the time but one such county in the State. The people outside, excited by the defeat of the machine in the Minneapolis primary, commenced to agitate for an extension of the good law. And accordingly a bill which they favored passed the lower house, but the senate hesitated and wavered. We have explained above how and why the senate of a State being generally to be had at less cost because of its smaller numbers—is more under machine, which is the same as to say plutocratic, influence. It was plain that a majority of the Minnesota senate wanted to gratify the machine by defeating the bill. But the senators commenced to hear from home in such sort that they shrank from the storm of indignation which they foresaw opposition by them to the will of their constituents would raise, and the primary election law was made to cover a much larger territory in the State.

Soon afterwards the people of Wisconsin were so nearly unanimous for the same measure that both republicans and democrats pledged themselves to support the necessary legislation. In the next legislature a good bill passed the house, but the senate succeeded in materially modifying it, and when it came to Gov. La Follette, it was so far from and contrary to the wishes of the

people, which he had advocated with faithful zeal, he was constrained to veto it in a message which will companion the best of Wanamaker's anti-machine speeches. This defiance of their constituents did not subdue the people of Wisconsin into tame submission. As far back as February 22, 1897, La Follette had made an address before the University of Chicago, which "appears to have been the first noteworthy public utterance upon the subject."¹⁶ This address greatly increased an agitation that had commenced to show itself. The political committee of the Chicago Civic Federation proposed a national conference, and it was held in New York City in January, 1898. The result of the conference was to arouse active interest in many quarters. La Follette never wearied in his advocacy with both pen and tongue. Discerning more clearly than all others that the power of nomination is the cardinal one in a republic without direct legislation, and that to lodge its exercise permanently with the voters is the only safeguard of liberty, he has been the very soul of what we are now rejoiced to see is a mighty movement in favor of perfected primaries. He could not let the matter rest as the senate would have it. He became a candidate for renomination by the republican party of his State in 1902. With his characteristic frankness and courage he stood for the passage of a good primary law, and the fair taxation of railroad property. Thus he threw his gauntlet down to plutocracy. The spoilsmen, the politicians by trade, the party workers great and small, the leading dailies, the corporation contingent, from the magnates on through the rank and file, the federal office-holders within the State, drained their campaign coffers of the last cent, and shouted themselves all hoarse in their exclamations against the man who, as they said, was trying to bring the party under a machine of his own. But the machine canvassers sent out by the plutocrats can no longer scare by crying wolf. In the republican primary electing delegates to the State convention, La Follette carried some two-thirds of the counties. Of course he was

¹⁶Meyer, *Nominating Systems*, 98, footnote.

renominated, and placed upon a platform to his liking. It is to be expected that the next legislature of Wisconsin will pass a good primary law with an emphasis of indignant unanimity that will wholesomely impress her sister States a thousand miles away.

We now go back to the Minnesota act of 1901 which amended that of 1899, to tell how it was drafted seemingly to serve the people when in fact it served the machine far better. As a proper introduction we must narrate something which happened at the Minneapolis primary. The reader will recall that a republican could cast the democrat and a democrat could cast the republican ballot, but neither could substitute names of candidates of the other party for those on the ticket he chose to vote. Out of this permission to the members of one party to vote the ticket of the other a section of the democrats forced the republicans to nominate their choice for mayor. This is how it occurred. Dr. Ames, once a republican, had for some years been a democrat. Shortly before the primary of 1900 he proclaimed himself a republican. He appears to be a man of that strong personal influence that will always give him considerable support among members of a party which he opposes, and also draw many followers after him should he change from one party to another. His petition was soon signed by the requisite legal number, whereby he got his name printed on the official ballot as a republican candidate. There was another candidate favored by the leaders of that party, but of the two Ames received much the larger vote, and became the republican nominee for mayor. Evidently hosts of democrats had deserted the democrat ticket and voted the republican ticket in order to help Ames, whom they probably regarded as a republican for revenue only. This nomination secured his triumph at the ensuing election; and it looked to many republicans as if the democrats had tricked them into nominating and afterwards electing their man. This excited against the new primary election law, which in all other matters had worked even better than was expected by its partisans, a clamor which the machine was quick to exploit. This clamor was

re-enforced by an arraignment of the new mayor's administration by the grand jury, and certain great scandals that followed. So when in 1901 the concurrent primary was made to embrace all cities of the State of more than 50,000 each, the law was amended in these two particulars: 1. The voter is to receive the ballot of but one party. 2. If he is not voting the first time, and is challenged, he will not receive that unless he swears that he affiliated with that particular party and generally supported its candidates at the last general election.

These provisions bring back the rigidity of party lines which the act of 1899 had gone very far in destroying. Evidently they are the work of the machine. The machine hates nothing so much as privileging an elector to vote for a candidate of a party to which the former does not belong. It had the Shaw anti-fusion law passed in Michigan a few years ago, prohibiting voters in any local or national election from placing upon their tickets the names of a person who had accepted nomination from members of another party. The supreme court of the State upheld the law. And politics is purified by a similar law in Ohio.¹⁷

We have remarked elsewhere upon the inability of even the ablest and most faithful of real republicans and real democrats to break entirely away from the spoils system and machine politics. Many of them advocate rotation in office as against permanent civil service. But it is especially our purpose to note the unwise opposition which fusion meets with from the friends of good popular government. Even La Follette seems to be against it. In a scheme of the law he would have, he says:

"Provide that each voter may take the ballot of the party with which he affiliates, and in private, indicate thereon the names of the men who are his choice as the nominees of his party."¹⁸

¹⁷Bates, Annotated Ohio Statutes, 3d. ed., Sec. 2952. How Albert M. Todd, of Michigan, in his speech in U. S. house of representatives, March 28, 1897, touches upon both the Shaw anti-fusion and the Ohio law just cited.

¹⁸Address before Michigan University, March 12, 1898, 13.

Under such a provision the voter is tied to the candidates of his own party, and is not allowed, as we will soon show he ought to be allowed, perfect freedom of choice among the candidates of all parties. Why is it that the Australian ballot is to be considered a good reform when it enables one to vote in an election with a party he has never affiliated with, and is to be considered the reverse should it do the same thing in a primary?

Let the reader take in fully what the two amendments of the Minnesota act of 1899 do. They repress fusion, the powerful agency which has given us every one of our late victories for good government, and whose benign mission is to bring in, first, direct nomination, and then direct legislation, and thereby consummate our democracy. They greatly restrict the scope of the Australian ballot. That was devised to give free choice among all the candidates of all the parties, but now the elector is confined to the candidates of only that party with which he affiliated at the last preceding election. Before he can vote with another party in the primary he must wait until after he has voted with it in a general election. For more than a hundred years the free exercise of religious belief and profession has been constitutionally guaranteed in America, everybody being permitted to go from one denomination to another at will, but by such laws as these the sanctimonious plutocrats prevent us from changing our politics with the same despotism that the Tammany police prohibit a brothel keeper paying for "protection" from repenting and going into an honest business.

A few words of emphasis as we are about to turn from the Minnesota law. The concurrence of parties and the administration of the primary from beginning to end under public authority are decided excellences which remain, while the provisions which went far in advance of all prior legislation in giving emancipation from the slavery of partyism have been repealed by the act of 1901. This repeal is only for a day, like the short lived work of the New York Black act, intended to "take the starch out of civil service." The people have laid the lesson to heart, and before long the great

achievement of the statute of 1899 will be regained, and pushed to its full completion by providing ample opportunity for fusion of all kinds and being extended to every election place of municipality or State.

Now let us carefully consider the southern democratic primary, the main purpose of which is to maintain white supremacy. It came in spontaneously not very long ago, to suppress independent candidates who were beginning to win elections now and then by re-enforcing a small white with a large negro vote. That of South Carolina made its start in 1892. As it is by far the most completely developed of all, pushing nomination to the very extreme of directness, we must describe it.

Democrats enrolled in their respective township or ward clubs only can vote. No negro can vote except such as voted democratic in 1876, and the same way ever since. Of course only a few negroes voted democratic in 1876 in South Carolina.

Candidates for governor, lieutenant governor, and other State officers, congressmen in the respective districts, United States senators, solicitors in the respective circuits, for the general assembly and county offices, are all nominated at a primary on the last Tuesday in August of each election year. A majority of the votes cast for the place is necessary to nominate. In case no one gets a majority a second primary, two weeks after the first, and if necessary a third, two weeks after the second decides between the candidates who have received the highest vote. Campaign meetings in each county, to be addressed by the candidates are to be called by the belonging committees.¹⁹

This is vastly better than the Georgia primary, described by us above. As it gives ample time and opportunity to the people to inform themselves as to the issues, and requires that the successful candidate must receive a majority of the votes cast, it attains the great end, which is that nomination be really the direct act of the

¹⁹The foregoing compiled from the Constitution of the Democratic Party of S. C., adopted in State Convention, at Columbia, May 21, 1902.

electors. And it is to be emphasized that the vicious convention system by which Georgia nominated her congressmen and State senators, has given way in South Carolina to the direct primary.

Let us illustrate further as to this southern institution by what occurs in an Atlanta primary. One offering to vote for mayor and candidates for other city places is not required to show affiliation with any particular party. If on inspection he is recognized as white and his name has got upon the registration list from having paid his taxes, he cannot be challenged. Whether he be republican, democrat, populist, socialist, or what else, his vote counts in the primary the same as any other.

Practically the same disregard of party affiliation obtains in the Georgia State primary.

A large majority of the whites of the State are in the national democratic column. Although the executive committees running the State and local primaries are, as we have told, thoroughly no-party and pro-railroad yet these committees affect the name of democratic. And so the primaries are often described by that word. But in fact they belong to a race, not to a party, and Tom, Dick and Harry talking with one another, always frankly call them white primaries.

This race primary keeps out only those who ought to be excluded. We believe that every man and woman in the United States who actually knows the average negro is ready to declare that the sudden enfranchisement of the race was the most stupendous blunder in the annals of free government. Some negroes can be found here and there who are qualified to vote, but the mass are utterly unfit, and in disfranchising them de facto the primary does only what law and constitution ought to do with all but a few.²⁰

It is another great excellence of the southern primary that it has brought the whites to ignore completely all national partyism in State and municipal issues and to combine with one another

²⁰See Appendix, for further as to the Negroes.

irrespective of party, of purpose to nominate those who stand for the good side of these issues. This advance very far towards complete freedom of non-partisan nomination the southern people have won for themselves, without hardly knowing it, in their successful struggle for protection against the corruption of politics which would result if a horde of ignorant and venal negroes were a factor of power proportionate to their relative numbers in naming and electing candidates. This is a silver lining to the black cloud overhanging the section. We think that the main essentials of the southern primaries commend themselves to the favor of good citizens.

One of the incidents we must stress just here. The United States senators from some southern States are nominated by primaries. It does seem that these States have secured to themselves for the future the election by the people of these members of the upper house of the nation, and they have given their sisters a precedent which if the latter follow they need not wait upon the amendment of the federal constitution which the senate cannot yet be induced to join with the house in submitting.

Note some material differences between these race primaries of the south and the party primaries of the States having but a small negro population. The latter, whether separate or joint, submit at least two sets of rival candidates, between whom the people choose in a real election. But the race primary nominates, and virtually elects, but one set. The ensuing election is held merely *pro forma* and in it there is generally but light voting.

We must with some tedium of repetition emphasize a great merit of this primary which is without parallel in America. While it trains the voter to be democrat, or rather anti-negro, in federal politics, it also trains him to be really no-party at home. Every serious contest in the towns, cities, counties and State is decided by a spontaneous coalition of democrats, populists and republicans. In its actuating principle the race primary is a mechanism which unerringly accomplishes fusion of the members of all different

parties. Such fusion is the great desideratum in municipal and State politics everywhere in our country—a proposition to which we will have more to say a moment later. The race primary as we have described it, needs less amendment than any other in order to make it a perfect instrumentality of direct nomination. Simply provide that each Georgia primary shall name new executive committees and the date of the next, and that a real Australian ballot be used, and the reform is complete. In a short while the people and not the railroads would have the committees, and the primaries would always come late enough after crop time to admit of a thorough canvass and a full vote.

The primary is here to stay, to prevail in all quarters until plutocracy has been extirpated and direct legislation has made the people indifferent to modes of nominating the representatives whom they have at last learned to rein and curb into complete subjection and obedience. In southern communities where a formidable number of blacks must be out-manuevered the white primary will rule. In places where there is real division of those who favor good government into two or more political parties, the concurrent primary, as everything now indicates, will in time supersede all other nominating machinery.

Of course the concurrent primary is to be perfected. The legislation which we have just studied discloses what under the reign of machine politics are the main obstructions of free nomination, and how we are to remove them. They are of two classes, each class having its peculiar purpose.

1. The purpose of those of the first is to keep groups or combinations of electors antagonizing the machine from submitting candidates to the primary. The machine resolves that as far as possible no candidate shall be named except by its electorate of regulars. To this end it has it provided that the signers of such a paper, whether called certificate, petition, proposal or something else, as is necessary to place a candidate's name on the official ballot, be of such a large number as it is possible only for its own widespread

and continuously working organization to get. Likewise, as we have suggested, the anti-popular powers discern that non-partisan coalition soon grows to fusion, and that fusion is fatal to partyism. Partyism is adherence to mere name, and not to principle, and it is the only soil in which machine politics can flourish. Therefore the plutocrat, the boss and the spoilsman unite in procuring stringent measures against fusion which keep the elector from even contemplating candidates outside of his party.

We may say generally of the obstructions glanced at under this head that they are means by which the machine prevents any popular initiative in nomination.

2. Not only must the electorate be made to stay in ranks, but all candidates, whether of the party, or independent, or non-partisan, who oppose those of the machine must be energetically discouraged. Therefore the cost of a candidacy is made heavy. The large prices exacted for nomination by Tammany have become world famous. Everywhere else the machine goes as far as it can in doing like Tammany. Thus the candidates, standing for the Fulton county primary in Georgia, in the spring of 1902, were assessed by the executive committee as follows: for county commissioner, \$50; for treasurer, \$100; for tax receiver, \$100; for clerk of the superior court, sheriff and tax collector, each \$225. These amounts would be regarded as very small in northern prosperous communities, but in Georgia they are so large as to keep nearly all who are out of favor with the machine from seeking the places. A candidate for any elective place of the city of Atlanta must pay similar assessments. Then he is charged advertising rates upon his announcement that he must keep running in all the papers, similar charges for his cards to the public, and he is copiously bled by heelers and many other leeches. The consequence is that a candidate can rarely win a race unless some special interest is behind him. This brings out our point clearly. The special interests are willing to pay all the campaign expenses of a man they want in public place, and to be sure of him they make the expenses so high as to pro-

hibit those whom they do not want from offering against him.

In improving our concurrent primary we should learn some lessons from the various modes of group nomination, both American and English, considered above. In the first place we must have it provided in all the laws that a small number of electors can get their candidate's name on the ballot without serious difficulty. Apply especially here the words of Dr. Shaw, made one of the mottoes of this chapter.

In the next place we must keep this race from being costly to the candidate. As a rule the men who ought to represent us are too poor to think of candidacies. It is of vital concern to the people that their true leaders be made really eligible.

Summing up, we say let the proposal of candidates be made easy to the people and the campaign cheap to the candidate. To do this is to deal the boss a staggering heart blow.

But the special thing to do is to provide in the concurrent primaries for as unrestrained fusion as now prevails in an Atlanta primary. How shall that be done?

Of course all existing parties, independents included, that can gain recognition upon terms to be made easy are each to have its official ballot on which are the names of all its candidates. When the qualified elector comes to the polls he is to receive a batch containing a single one of all these different ballots. He is to go into a booth and make his cross marks opposite the names of the candidates of his choice. He can make these marks all on any particular one of these ballots, or at random through the entire batch. He is to have perfect liberty to vote for candidates of his own party, or for those of another party, or to split his ticket and vote for candidates of two parties or more. He will have no difficulty in placing his marks. Suppose he intends to split his ticket. He knows whether his candidate for mayor is a republican, democrat, socialist, or independent. He finds the ballot of that particular party, and glancing along the list of its candidates for mayor he

marks the name of the one of his choice. And thus he goes through all the other places.

In making up the returns of the primary election every fusion vote will fall to that of the party whose candidate receives it. This will most advantageously stimulate every party to propose those candidates who will attract the largest outside vote. And to give to the increasing mass of citizens who care less and less for the past party affiliation, and more and more for the proper qualifications of candidates for place and office, let us have in every city something like the Voters' League of Chicago. That league is composed of members of all parties. It collects industriously and accurately all the facts in the career of every candidate in the field for a city place which ought to influence voters, and these it fearlessly publishes during the campaign. Already it has become a decisive factor in the election of Chicago. It may be described as the very best agency yet devised to promote well informed fusion.²¹ Such leagues should likewise advise us as to all candidates for other than city places. They could do good work in training both northern and southern primaries to select with wisdom the best men for the legislature and other county, municipal and State places.

We cannot emphasize too often nor too much the importance of encouraging fusion. If the privilege of balloting as he pleases, without regard to party affiliation in the past, and so that he may select whom he deems the best from the candidates of all the parties, be guaranteed to every voter as it ought to be, the result of the primary will be a beacon light to guide the anti-plutocratic cause to success in the ensuing election. Such a plan as this in 1897, would have incorporated all the good and true in resistless array against Tammany, when the latter won merely because the classes to whom government belongs of divine right had neglected

²¹Mr. Samuel E. Sparling's article entitled "Chicago Voters' League," *The Outlook*, June 21, 1902, giving all the important details, deserves the attention of every man, woman or association of every kind, desirous of good government.

to provide themselves with a proper unity-effecting organization. We must learn for ourselves the lesson of the sticks, weak singly, but unbreakable when kept in the bundle, that for us to be divided is to be conquered.

Our last word here is that in all our primaries the most unlimited fusion be encouraged, stimulated, fostered and protected.

The result of such a primary as we advocate will in general be so decidedly in favor of certain persons that the nominees of the other party, and all other candidates named in any way will prefer to surrender and not have the voters go through with the next ensuing election merely for form's sake. It will be wise to give such nominees opportunity of official withdrawal, which, being made, the candidates first mentioned are to be declared elected, and the polls not opened as to them. This will probably save an expense to the public equal to that of the primary.

Here is the place for the recent Massachusetts legislation mentioned above in the chapter. Its special provision is that nomination must be made by direct plurality vote in a caucus of the particular party. This sort of a caucus is what is called elsewhere a primary. Under the act of 1901 a first experiment was made that year in the senatorial districts in Suffolk county, including Boston, in nominating candidates for the State senate and members of State party committees. The consequent relief from convention evils, and the meritorious nominations effected, recommended the new system so highly that the act of 1902 followed, extending this mode of nomination to all candidates for representative in the general court, and almost every elective city office.²² The results of the republican caucuses held September 24, 1902, were so satisfactory the popularity of the law was greatly increased.

Although this sort of nomination is far better than that of a

²²Act of June 28, Mass. Acts and Resolves, 1902, 467.—Compare article in Outlook, Nov. 1, 1902, 486, entitled "Direct Nominations in Massachusetts."

convention, yet it is not up to date, and ought to be amended as we shall now indicate.

1. A majority, and not a plurality vote should be made indispensable. South Carolina's second primary to decide between two candidates having received the highest votes, as we have described it above, can hardly be improved upon. If our nominations be not always made by a majority the chances to the machine of defeating the popular wishes will be greatly multiplied. And to insist upon a majority will nearly always result in abler and better nominees.

2. The caucus should be a concurrent one of all parties. Where each party holds its own caucus and prescribes official ballots, the elector cannot vote to nominate a candidate of another party. There separate caucuses or primaries in northern communities are the very best devices the machine can invent to prevent that fusion which we have taken pains above to show ought to be encouraged to the greatest possible extent.

Conflicts with the machine and plutocracy in all other matters are as yet occasional only and sporadic. But there is to be detected everywhere a steady and increasing effort of the people for direct nomination. The recent decisive vote of Chicago, and the same a little later of the republicans of Wisconsin, in its favor, are but accidents of first local expression of universal public opinion. The measure would poll just as great a vote in any community of our country, north, south, east or west, if it were submitted in earnest, and the people made to understand that their ballots would be decisive. The masses instinctively recognize that here is the greatest weakness of the enemy in a truly cardinal position. And thus the anti-machine and anti-plutocratic soldiers are lessoned where their main attack ought to be made and kept up.

Our last remark is that direct legislation and direct nomination grow from the same root. By the former a strong bridle is put upon a class of representatives who have long been mislegislating; by the latter the same is done to other representatives who have long been misnominating. The people purpose to replace bad laws

and bad nominees with good ones by exercising their own sovereign power of legislation and nomination. Of the two, direct nomination has in the first stages of the struggle described in this Book much the larger field of operation and achievement. It seems destined to prove the most powerful agency of all in casting the machine out, overturning plutocracy, and establishing government completely under the rule of direct legislation. In the end, however, the latter will make us indifferent to direct nomination. What needs Switzerland to care how a representative is nominated, whom she always holds by the collar?

Direct nomination is the road, direct legislation the goal.

CHAPTER IV.

CIVIL SERVICE REFORM.

WE have discussed the spoils system somewhat at length. Had it never developed beyond an organization proposed only to capture offices, civil service reform would cure all its evils, as we have seen it do in Great Britain, a country which, as we have stated, is without any approximation to our machine and plutocracy. But in due time the machine controlling every department of government, and thereby multiplying offices, raising salaries in amount, and enlarging the store and variety of booty in other ways, became an annex to the spoils system in America, and got the lead. Then a generation ago the plutocracy took over to itself both the system and the machine, a combination which has steadily grown stronger. In place of the old one we now have a complication of disorders, and we must administer at the same time remedies for all three, that is, spoils system, machine and plutocracy. They have become so intertwined with one another, and closely united, that there can be no separate and independent abolition of any one of the three or a part of it. Measures of direct nomination and voting, which are specially aimed at the machine, and those of taxation and direct legislation, which are specially aimed at plutocracy, must be pushed forward *pari passu* with these of civil service reform. For it is evident that if we leave the present power of the machine and plutocracy untouched, even the most complete civil service code will be but a dead letter on the statute book. This is the real mean-

ing of the weighty utterance of Prof. Commons, which we here append.

“Civil service reform [that is, employed alone and by itself] exhibits the defect of striking at effects rather than causes. It reaches only the lower appointive officers and employees, and not the elective officers, nor the chiefs of departments. The chiefs are the key to administration. As long as they are controlled by the boss they resist the civil service commission, and they often nullify the law. After fifteen years of trial in Massachusetts, New York, and the federal service, the people begin to feel the need of striking higher.”¹

Having thus impressively reminded you at the very beginning of the other reforms which must necessarily co-operate with that of the civil service, we now go on with our special subject.

We first glance at the favoring movement. In doing this we commence with that in the different States and cities, for the reason that in these, as we have already said, will be fought our decisive battle with the plutocracy. We cannot impress it upon you too earnestly and too often that throughout the entire conflict the situation in the States as to all affairs of importance except perhaps the telegraph and some matters of interstate commerce agencies, and of money and banking, is the chief concern to those who are to redeem our country from its sordid enslavement. At this time the prosperity of civil service reform in the federal field can hardly be of any general good beyond that of most potent example. For a long while that reform can work its beneficently revolutionizing results only in our States and municipalities. New York State is specially instructive. It illustrates how the law establishing the reform steadily grows in favor with average citizens; how the State republican and the Tammany democratic machines obstruct the law so ably as almost to neutralize every one of its material provisions; how these machines win a final victory, as they

¹Article entitled “Proportional Representation from an American Point of View,” *Representative Democracy*, 82.

believe, by the passage of the Black act in 1897, under which offices seem to be filled according to merit, but they are really nothing but the compensation of most unscrupulous partisanship; and how the State wakes up in 1899, and makes a start with a genuine system.

The Pendleton act of congress was passed January 16, 1883. It gave the impulse to like legislation in some of the States, the first being the act of May, the same year, passed by the New York legislature, empowering commissioners to prepare rules for selecting persons to fill State and city appointive offices, and for selecting those to be employed as laborers or otherwise by the State and cities. We have not the space to tell fully how partisan officials administering the law, prevented it in many cases from introducing the *merit service*, as intended therein, and juggled it into upholding the *spoils service* and *party service*,² which has been in vogue as we have recounted above, for sixty years preceding. They evaded every important provision under any pretext which could be made to serve at the time, and even by avowed disobedience without putting forward a pretext. And often when they could find no way around an examination for a favorite who could not, as they well knew, get the requisite marks, some accomplice who could get them was made to personate the candidate, whereby the latter passed.* But for all this, there had been on the part of the machine enough of yielding to the great majority of the people desiring honest administration of the law to make a perceptible improvement in the New York civil service, and spread abroad the right principles of its true reform. Of this law and its effect a learned judge says:

"The civil service law which was in force in the State of New York for more than ten years before 1894, had so commended itself to popular approval, and had been so beneficent in its results that

*These striking distinctions, "merit service" as opposed to "spoils service" and "party service," were proposed by the late Mr. D. B. Eaton, *The Gov. of Municipalities*, 162, note 2.

²See the abridgement by Mr. W. T. Stead of the testimony on the point taken by the Lexow Committee, *Satan's Invisible World Displayed*, 82, 83.

its underlying principles were embodied in the new or amended and revised constitution of that State, adopted by the people in 1894, and which went into effect January 1, 1895.”⁴

The section of the New York constitution, mentioned in the last quotation, provides that appointments and promotions in all the divisions of the civil service in the State, cities and villages be made “according to merit and fitness, to be ascertained so far as practicable by examinations, which, so far as practicable, shall be competitive;” and that laws enforcing the section be passed.

In November, 1894, mainly because of the results of the investigation of the Lexow Committee, Tammany suffered great defeat in the city election. During the three years ensuing the civil service law was administered in the city under Mayor Strong, in good faith. But under the lead of the governor of the State who had openly declared his wish to “take the starch out of civil service,” a serious legislative assault was made upon the reform. The spoils-men, pretending to obey the command of the constitution that laws be made for the enforcement of the civil service section, drew a distinction between the words “merit” and “fitness” used in the section of the constitution just quoted, which nobody ever heard of before; and May 13, 1897, it was enacted by the New York legislature with the approval of Governor Black, that the “merit” of applicants be determined by one examination and their fitness by another; that the former examination be conducted by the commissioners or examining board, and the latter by the power appointing or somebody designated by it; and that in each examination the rating should not exceed fifty per centum. By a rule made after the act was passed a candidate in order to reach the eligible list had to receive a rating of at least 35 per cent. for merit and also for fitness. If one secured the minimum rating from the civil service examiners, and the authority appointing preferred him, he could make sure of the position he was seeking, as appears from this passage taken from a contemporary report upon the act. “He

⁴Magruder, J., in *People of Illinois v. Kepley*.

may, as actual experience has shown, be the lowest of 200, and be chosen nevertheless. The process becomes non-competitive. The old system of 'pull' and favor is in full effect the moment the ratings for merit are given. The bar to partisan, or even corrupt uses of the offices becomes insignificant."⁵ If an applicant was not favored by the appointer, he was given less than 35 per cent. for fitness, and thereby became ineligible; if he was favored, he was given a figure for fitness which, when it was added to his merit rating, put him at the head of the list. The Report last cited mentions many abuses which had crept in, such as the appointment of low persons and criminals to important offices, the exemption from examination of many positions formerly competitive, and the creation of sinecures.⁶

This New York act of 1897, so sharply distinguishing between undistinguishable merit and fitness, deserves brief consideration here, as a shining specimen of the use of the legislative arm the machine is always, under the support of the plutocrats, ready to make for its own defense. In the previous legislation of the State, and in the act of congress upon which the legislation last mentioned was modeled, "fitness" is the leading and all comprehensive word. The act of congress provides that there shall be "competitive examinations for testing the fitness of applicants." Substantially the same is in the New York act of 1883. "Fitness" was so well understood to include "merit" that the reform brought in by the act was commonly termed the "merit system." Therefore when in 1894 the draft of the new constitution coupled "merit" with "fitness," it is in accordance with a sound and fixed rule of construction to hold that it used the word in the signification already established. And surely the people ratifying the constitution accepted "merit" to mean what they had understood it to mean for 11 years—that is, as the whole of, and synonym for "fitness." "Merit and fitness" is palpably a pleonasm. Either

⁵A Report issued by the Civil Service Reform Association on the Black Act, March 21, 1898, p. 5.

⁶*Id.*, 13-16.

word by itself would have the sense of the whole. The law is full of examples. Consider these: "to all intents and purposes," "peace and good order," "hinder and delay," "final and conclusive," "direction and management," "aid and abet," "with force and arms." Suppose an enactment assuming that each word in one of the different pairs just quoted had a meaning entirely distinct from that of its companion; for instance, defining "force" to be violence without weapons used, and defining "arms" to be clubs, fists, knives, swords, pistols, etc., and providing that in any act alleged to have been committed "with force and arms" it must be shown that at least 35 per centum of it was violence without and entirely apart from the use of weapons, and that at least another 35 per centum of it was the use of weapons without and entirely apart from force as defined, otherwise the complaint or prosecution must fail—this would parallel the law we are now considering in farce and burlesque, while it fell far short of it in criminality. To dupe, bribe and trade a legislature into the real abrogation of a fundamental provision intended by the people as a fast and sure pillar of the public welfare under the lying pretext of executing the sacred mandate in good faith, is the very height of treachery and a crime more heinous than even technical treason. In the many laws which the plutocratic machine has within the last 30 years corrupted our legislators into enacting, none can be found which outdoes the Black act in cheat, swindle, fraud and the basest hypocrisy. It was the joint work of democratic Tammany, seeking to regain its lost control of New York city, and the republicans controlling the legislature, the two machines—the State republican and the city democratic—combining. A hard fought campaign in the city followed in the same year during which the State republican boss affected to antagonize the city democratic boss, while really giving him aid and comfort, and the supporters of good government were cleverly made to fight one another. Relying on the power he would have under the Black act, the Tammany candidate for mayor openly declared he

would, if elected, put nobody but a democrat in office. "To hell with reform" was the war cry of his hosts. He got a plurality. As true men and women, republicans and democrats in other States rejoiced over the success of Pingree or Golden Rule Jones, fighting for government of the people by themselves and for themselves, so the spoilsmen of both parties in every corner of the land went wild with joy over this victory of their champion won by a most fortuitous scratch. But these men of opposed parties, congratulating one another upon what they believed to be the triumph of their dear cause and interest, were in fact the unconscious instruments of democratic plutocrats and republican plutocrats striking hands in a secret alliance. The purpose accomplished was to keep the people out by keeping the spoilsmen in. The latter by suggestion to the boss they can command at will, or buy cheap.

It is great tidings of hope to all longing for liberation from the tyranny of the boss that the Black act could not remain of force but two years. To crown his brilliant military services in Cuba the people of New York dictated Roosevelt to the republican machine as candidate for governor, and they elected him. True to his record he advised in his first message, January 4, 1899, that a law be passed "modelled in its essential provisions upon the old civil service law." In the spring following, the Black act was repealed, and a new law, embodying the best parts of the old, with some important improvements, was passed. And we may say that the present civil service code of New York is the best to be found in any of our States, and what is more to the point, there is a very great advance upon anything known before in bona fide execution of the law.⁷ The United States civil service commission

⁷See report of the Executive Committee of the N. Y. Civil Service Reform Association, of date May 10, 1899, 5, 6, 10-19; the same of May 9, 1900, 5-7, 9-14; and the same of May 8, 1901, 8-18. In the first report is a valuable presentation of the new law and its administration. The last which treats among other things, of the pernicious allowance of exemptions from the rules, rectification of certain abuses, good amending legislation, and especially the civil service reform amendment of the charter of N. Y. city, operation of Municipal Rules, and promotions in the police depart-

thus sums up the excellences of the new law now under consideration:

“The strength of the New York law lies chiefly in the following facts: In the competitive class the eligible standing highest must receive the first appointment; the intent of the law cannot be evaded by successive temporary appointments to a position; the rules when approved have the force of law; in investigations of the acts of public officers the commission is given all the powers of a legislative committee; salaries may be paid from the State treasury only to those certified by the commission as legally entitled to receive them; and, finally, in the ample provisions made by the law for its enforcement and for the punishment of those who violate it. Experience has shown that a civil service commission, in order to enforce the law and the rules, must have powers which will make it something more than an advisory body, and these the State commissions of New York happily possess.”⁸

It is but a question of time, as we now see, when the merit service will supplant party and spoils in the State of New York and all its municipalities.

If those who in their despair are beginning to believe that democracy is to go down under the boss and plutocrat, will but rightly consider the history of the Black act, briefly indicated in our narrative above, they will find it to be one of the numerous and multiplying proofs extant that the people are, in many important communities in America, slowly gaining mastery over the machine. And these same observers should give Roosevelt his due tribute. From this time on he ought to be associated with the governors who have had the courage and ability to withstand the boss and the plutocracy in matters of vital concern to the people.

ment, is perhaps to be recommended above the others. In short space, with well-ordered connection, it shows the leading features of the new New York system, its many merits and its few serious faults. It will prove of great help and advantage to a State or city wishing to introduce or improve the reform.

⁸15th Report, 496.

Let us complete the lesson by comparing the short career of the Black act with the long stay of the legislation demonetizing silver. Although every detail of the great crime of 1873 has been proved beyond a reasonable doubt, the stability of that law is now more assured than ever. Why? Because the people of the nation are not in anything like the proximity of relation to congress that the people of New York are to the State legislature. They are near enough to the latter to sway it, whenever they make up their minds; they are too far from the other to influence it hardly at all. The plutocrats can nearly always move and hold congress against the wishes of the entire country; but now and then, and more and more often of late, the people of the State drive the members of its legislature into disregard of the wishes of their employers. The conclusion from this is that campaigns over real State and municipal issues must occupy us mainly for a long while before we can expect to be victorious in the federal province.

The Illinois legislature March 20, 1895, passed a civil service law, which any city could adopt upon popular vote. On the 2d of the next succeeding month Chicago adopted it by an overwhelming majority. The reader is referred in the foot note to a good summary of the provisions of the act made in a late report, which is there "pronounced to be one of the most complete of the civil service acts that have thus far been adopted."⁹

The promptness and unanimity with which the citizens of Chicago took advantage of the opportunity offered them by the act is another significant step forward. To be compared with this is the action of the same citizens in 1902. They wanted a referendum. The machine granted it on what it believed to be the impossible condition that a petition for it be first signed by twenty-five per cent. of the electors. The people performed the impossibility, and cast an enormous vote for public ownership of the street railroads and lighting plants, and direct nominations. Chicago is plainly the anti-machine and anti-plutocratic storm center. Its people would

⁹15th Report of U. S. Civil Service Commission, 496, 497.

never brook such a franchise grant without compensation as that lately made in Philadelphia, notwithstanding Wanamaker's offer of two and a half millions for it. The student of the situation should note that the adoption of the civil service law by the people of the city in 1895, their spontaneous and *de facto* veto of the 50-year extension of the street railroad franchises in 1897, and their world-astounding vote in the referendum of 1902, are but different currents in the same rising tide.

Civil service reform was introduced into Massachusetts by the enactment, June 3, 1884, of a law very similar to the Pendleton act. In spite of serious opposition it has pushed ahead in the State, and continues to grow in favor. We especially refer the student to a recent amending statute which, with better consideration than we find elsewhere, excepts the officers who should hold for a definite term, and not during good behavior.¹⁰

The reform has sporadically appeared in San Francisco, Milwaukee, Toledo, New Orleans, Galveston and other places. This is an important one of the many facts which show that the people of our cities oppose the machine with more effect than the people at large of the State. It is now plainly indicated that the municipalities will be the chief source of that constructive energy which will uproot plutocracy and plant the new democracy in its place.

Note the piecemeal extension of the system over particular departments. Col. Waring gave New York City, as well as other communities intently looking on, a valuable object lesson when he took all of his street cleaners out of politics. In 1895 the schools of Indiana for its blind and deaf and the hospital for the insane,

¹⁰St. 1896, c., 502. It excepts "judicial officers and offices elected by the people or a city council, or whose appointment is subject to confirmation by the executive council of the commonwealth, or the city council of any city, officers who are elected by either branch of the general court, and the appointees of such officers, heads of any principal departments of the commonwealth or of a city, the employees of the treasurer of the commonwealth, the employees of the board of commissioners of saving banks, and of the treasurer and collector of taxes of any city, 2 employees of the city clerk of any city, teachers of the public schools, the secretaries and confidential stenographers of the governor or of the mayor of any city."

and in 1897 its reformatory established that year, were secured against political influence.¹¹ Toledo has adopted the merit system for the police;¹² and so has Jacksonville.¹³ Pennsylvania applies it to the police and fire departments of cities of the second class.¹⁴ Denver and Pueblo have lately done the same with the two departments.¹⁵

The strengthening demand that good firemen be got and kept is to be noted. The numbers grow of those who would have their houses and places of business made safe against the conflagrations of Boston, Chicago and Jacksonville. The insurance companies co-operate. The other day the people of a city complaining were given to understand that rates would be substantially lowered as soon as its fire department was put permanently under civil service rules.

Note now the growing tendency to do the same with the teachers and officers of the public schools. The support which Mayor Harrison not long ago gave the superintendent of the Chicago schools against the spoilsmen will recur to our readers. And this is not a solitary instance. One who would discover all the impulses behind civil service reform must not overlook the spreading and deepening conviction that we are upon the eve of extensive public ownership. The city public service agencies, the mines, the telegraph, the long distance railroad—to leave out of sight many other things—must be taken over and operated by the proper governments. Everybody begins to see that this great era of liberation cannot open properly until we have a well ordered reformed service, which can be enlarged and extended at will without injury to its efficiency.

We have surveyed civil service reform on its proper soil—in our States and cities—and when we allow properly for the might and incessant counter efforts of the machine we have reason to be thank-

¹¹115th Report of U. S. Civil Service Com., 499.

¹²Id., 502.

¹³Id., 501.

¹⁴Id., 500.

¹⁵Id., 502.

ful for the vigorous growth which we discover. It will greatly help to enforce the most important doctrine of this Third Book, if we now glance at the progress and the present condition of the system in the federal sphere which is the special part of our government most distant from the people and nearest to the plutocrats.

The Pendleton act, and the administration of the same devised by the foremost friends of the reform, deserve very high praise. It can also be said that there have been good results which promise well for some day in the future. But the point to be especially attended to will be impressively enforced by contrasting the late retrogression of the reform in the federal government with the long leap forward in New York under the act of 1899. We commence with quotations from a respectable authority which show disregard and evasion of the civil service law at Washington.

"In the department of justice, the internal revenue service, the field branches of the interior department, and in many custom houses the law has been treated as though it had no existence."¹⁶

"In practically every department of the government . . . the provisions of the rules have been evaded by various means, and many pages of the reports of the civil service commission have been filled with the printed records of the unavailing protests made. The executive rule of July 27, 1897, with relation to removals has been disregarded, perhaps more generally than any other, the evidence in such cases being particularly voluminous."¹⁷

The additional clerks required by the war and treasury department in our war with Spain, some 1,500, and some 3,500 clerks employed in the census bureau to take the 12th census, were exempted by congress from the operation of the law. President McKinley, by his executive order of May 29, 1899, withdrew from the classified service, according to the estimation of the National

¹⁶Report of the Executive Committee of the N. Y. Civil Service Reform Association, May 10, 1899, 7.

¹⁷Id., 8.

Civil Service Reform League, over 10,000 officers and positions.¹⁸ A word as to the appointment of Rodenberg, of Illinois, as commissioner in place of Brewer, deceased. The former was an outspoken opponent of civil service reform. Everybody remembered that, as a member of the House of Representatives, in 1900, he had voted against the annual appropriation intended to support the commission. The appointment was exclaimed against all over the country by the friends of reform. Perhaps their excitement was without due cause, and the president is to be defended on grounds that he manoeuvred Rodenberg into such a position that as long as he stays in it he will strongly and actively favor providing amply for the expenses of the commission. Be this as it may, the appointment by President Roosevelt of Garfield, to succeed Rodenberg, is unhesitatingly commended by the advocates of good civil service.

The republican party in its platforms, especially its great leaders, Mr. McKinley during all his presidency, and others of its prominent men, in many public declarations have made solemn pledges to keep what of reform had already been accomplished in the federal government, and to extend it steadily over the entire service. But their actions speak louder than their words. Let us not blame too hastily either the members of congress, the president, or the heads of departments. And let us not, because of his pre-presidential devotion to the cause, be surprised overmuch when Roosevelt arbitrarily removes Miss Taylor. They are all kept in duress and spurred into frantic disquietude by the machine under the inexorable command of the plutocrats who eagerly catch at every opportunity of making addition to their household troops and having it maintained at the public expense, until for peace sake the tortured ones must do what importunacy asks. If they could call the legion of the people to their support as easily as a mayor like Harrison, or a

¹⁸Scope and Effect of the Ex. Order of May 29, 1899, changing the U. S. Civil Service Rules.

Statement of the Nat. Civ. Serv. Reform League,—and Discussion with the Secretary of the Treasury, 3.

governor like Pingree can do, they would not be so complaisant to the spoilsmen.

We must push on with all our might for a real, not a seeming reform. The present need is that the appointing and removing power be kept subject to the letter and spirit of a good civil service law. This need can only be adequately filled by having direct nomination, direct legislation, and perhaps the recall to work their full effect upon the power just mentioned.

The next thing is to abolish the term system, and establish it that all tenure be during good behavior. This was the principle which kept official conduct under our first presidents almost immaculate. The cry for fixed terms and against life offices in many platforms of parties, and in the letters and speeches of candidates, does not come from the people, but it comes from spoilsmen, infuriate because they apprehend that their occupations are about to go.

The merit system, the merit authorizing appointment or promotion to be ascertained by practical, fair and public examination by thoroughly honest examiners, is a great advance.

Advocating the system which we have outlined we need not fear discussion, nor the numbers on the part of the spoilsmen. Our adversaries may shout themselves hoarse for rotation, and against an aristocracy of office holders; and let a great party declare in its platform for fixed terms of office, and against life tenure. We have but to explain the essentials of our system, and its real democracy shows undeniably.¹⁹ Discussion before the people draws to the cause a stronger support every year. Those who seek an official career, their parents and patrons, see more and more clearly how infinitely superior the merit system is to the favor system. Any young man or woman of average qualifications and diligence seeking office can reasonably expect to prepare for and pass the required examination. Such a one can win, without "pull," by his

¹⁹See the address of Hon. Carl Schurz as prest. of the National Civil Service League, of Dec. 16, 1897, entitled "The Democracy of the Merit System," in which the proposition is unanswerably demonstrated.

or her own unaided exertions. Here is certainty and security put in place of the uncertainty and insecurity of the old system. There is but one serious obstacle, which is, you cannot find a vacancy. But if you get your name on the list of eligibles, and you can wait a while, the office will come at last, and as it was won by merit it can be kept and advanced upon by merit. No backing is needed. The salary is safe from assessment. You can vote or not vote for what side you please in any election. And so in the discussion supposed a great majority of even the office seekers will finally range themselves on the side of reform. Whenever the young stump-speaker can carry the crowd with him on his proposition that the merit of the particular applicant and not the say so of Croker or Platt should always win and keep the office, he has qualified for vanquishing the champions of the machine on every other subject. Just now rotation in office is their strongest card, and the peoples' man must learn how to outplay it.

CHAPTER V.

GOVERNMENT ACQUISITION AND OPERATION.

WE have said enough elsewhere to enable the reader to complete the subject of this chapter for himself.¹ It needs here only to remind him that the few who have seized the public property will be expropriated in something like this order of time and sequence: The private owners of municipal franchises; the private owners of the telegraph and long distance telephone; those of mines of coal, oil, iron and steel, and of other minerals of prime necessity; the long distance transportation plutocrats; and lastly the finance and money lords.

Of late years there has been a wonderful and benign change of opinion. The great mass of our city population commence to understand that municipal ownership and operation of all varieties of public service machinery is the only extirpation of spoils politics and plutocracy. And the nation has just been aroused to the importance of nationalizing the coal mines. These ideas of city, State and national acquisition and operation are to grow in invincible sway, and more and more give clearly recognized purpose and guidance to every detail of the great struggle we are now describing.

¹See especially chapters 4, 5, and 7 of Book II.

CHAPTER VI.

ANTI-PLUTOCRATIC TAXATION.

THE tax dodging of the plutocrats has become so notorious, obvious and generally understood, that we deemed it unnecessary to devote the special chapter to it in Book I., which our scheme logically requires. In lieu of the chapter mentioned we must give here a brief summary of the acts by which they shift the public burdens from themselves to others.

Tariff, beer, liquor, tobacco and such taxes are upon consumption—that is upon the ordinary necessities and comforts of life. We have explained how these taxes create monopoly and monopoly profit for the plutocrats. But we must say a word here to stress their inequality, falling lightly as they do on the rich and heavily on the poor. The plutocrats are few, and, as a rule, their families small; the poor are numerous, and as a rule, their families large. The per capita consumption by the latter of the articles subject to these taxes is greater in the average than that of the former. And so the bulk of these taxes upon the means of subsistence is paid by those who should be rewarded, and not punished, as in fact they are, for supplying the greatest need of all to the country—brave men and sweet women. An avowed tax on income usually exempts an amount of it sufficient to maintain an average family in comfort, while it progressively increases in burden upon different portions of the same above such exempted amount. But a tax on consumption is really an income tax, which, as it does not exempt any

part of the income, being graduated the wrong way, becomes heavier and heavier as the income decreases. A modicum of living expenses is an unavoidable fixed charge upon every honest head of a family. And where the wage or salary of the breadwinner does not exceed, but falls below this charge in amount, as is true in a very large proportion of cases, the percentage taken by the tax is grinding. And it is not to be forgotten that the burden is cruel and oppressive, even to the most prosperous workers.

Let us call this The Unavowed Income Tax. It is very dear to the plutocrats, while the avowed income tax is, of all taxes, the most hateful to them. Reason: the former does not, while the latter does tax them.

Now for the property tax. As directed by our constitutions we strive to make it uniform on land, the improvements of land of every sort, upon all kinds of personal property, in which we class credits, to tax which at their nominal value is like taxing the shadow of a house the same as we do the house. We cannot stop to tell you how the property tax as enforced by nearly every American State encourages the speculator to keep business and residence sites, and other valuable land, unimproved and of no benefit to the community, and discourage him who would improve; how they drive away movable wealth; how they clog all non-plutocratic production; how they pluck bare everybody whose business has been stopped, and his capital made idle by causes beyond his control, and thus keep him from getting on his feet again—how they favor drones and amerce both enterprise and misfortune.

For the people at large this condition is bad in the extreme, but it is good for the plutocratic banker who wants a cutthroat interest, and the plutocratic speculator who would get property he desires at a forced sale when his money is dear. And it helps the machine by multiplying the number of electors who must sell their votes for bread.

We commence to see that our system of indirect and direct taxation is one of the special pillars upholding the plutocracy. While

the state of things described in the foregoing part of this chapter begins to excite some inquiry here and there, as for instance in the State of Colorado, the great mass of the people are indifferent to it and apathetic. They have not yet come to see how the plutocrat is advantaged generally by the taxation that keeps them grovelling in the dust, but it is one's great pleasure to know that they are everywhere opening their eyes to his evasion of the property taxes which, under the law that he makes, he ought to pay. All the plutocrats conceal whatever of their property they can, and they habitually and systematically influence officials into making gross under-assessment of that which they cannot conceal. For example, it has been recently stated that Tom Johnson charges that in Ohio more than \$500,000,000 of steam railroad property escapes taxation because of underassessment—that while other property in the State is assessed at about 60 per cent. of its value, the railroad property is assessed at only some 5 or 15 per cent. This is no peculiarity of the State of Ohio. Wherever the reader may live in the United States he can prove to himself that the same trick is played. He needs but ascertain from any disinterested expert—a broker familiar with stocks and bonds and their value in the market, will serve, and is easily found—what price in the market any one of the long distance or short distance railroads, or lighting plants, or other public service corporations, in his State, will command, and compare this price with the assessment of its property for tax, and he will always find the latter several hundred per cent. lower than that of any other kind of property. Your property scarcely yields any income at all, and in justice ought not to be taxed as high as that of the corporation yielding the large profit of monopoly. But by reason of its underassessment the latter pays a rate which is only the fourth or fifth of yours, and often much less. This low valuation of plutocratic property for State and municipal taxation is so gross everywhere that its tolerance can be explained only by the iron grip in which its owners hold all government authorities.

To complete our summary we must remind you how the pluto-

crats always balk any proposed enactment of an income, inheritance and franchise tax, or any measure forcing them to pay their proper share of existing taxes. They are not only satisfied with the present system of taxation, but they are especially satisfied with its administration as to their property.

We have said that there is rebellion against the underassessment of plutocratic property. The movement in some States, as in Michigan, has been very strong. It is becoming strong in Wisconsin. A clamor arises elsewhere, and in many localities, against the shocking injustice of taxing the average property owner 1 per cent. and the corporation one-fourth or one-fifth of 1 per cent. The whole country has been studying this particular question until, we may say, that fair and equal taxation has got into the air, and promises to become soon the war cry of the people. The recent Report of the Industrial Commission,¹ which among other things insists upon giving more attention to earning capacity, in valuing the property of corporations rather than to follow the old methods devised by the mighty tax-dodgers themselves in order to exclude large items, such as the value of the franchise, the worth of the property for its particular use, and not that of its component materials, etc., is to be noted. Some recent decisions—one in Michigan,² one in New Jersey,³ and another in Illinois⁴—deserve brief mention. The first is remarkable because the court a short

¹It is entitled "Taxation of Corporations.—Report on Systems Employed in various States, Prepared under the Direction of the Industrial Commission, by George Clapperton, Expert Agent."—In his letter, transmitting, Mr. Clapperton, says: "I . . . submit herewith a report or compendium of the systems of taxation with especial reference to corporations in each of the following States, viz.: Massachusetts, Connecticut, New York, New Jersey, Pennsylvania, Ohio, Indiana, Michigan, Illinois, Wisconsin, Iowa, and Texas. These States were selected, as described by the Commission, because of their industrial prominence and the varied character of the systems of corporate taxation therein."

²Detroit Citizens' St. Ry. Co. v. Common Council of Detroit, 85 N. W., 96.

³Mayor of Newark v. State Board of Taxation, 49 Atlantic, 525.

⁴State Board of Equalization v. People, 191 Ill., 528 (Opinion filed Oct. 24, 1901).

while before had annulled the equalizing Atkinson law; the second is remarkable because made in the State which has become the favorite nursery of plutocratic corporations; and the third has become famous because in it two teachers of the public schools of Chicago—Misses Haley and Goggin—routed 23 public service corporations with their allied tax authorities and procured a judgment that some \$235,000,000 of property which up to that time had been unassessed shall pay taxes the same as that of non-plutocratic people had always been doing.

It had been settled doctrine that without special legislative authority, the value of corporate franchises could not be taken into account in assessing their property for taxation. These three decisions have gone very far towards overthrowing the settled doctrine mentioned a moment ago, and making the common sense rule of the market to estimate the value of corporate property at the price which it commands, the rule also of assessment. The Report and the three decisions are perhaps, each an unconscious response to popular anti-plutocratic pressure, which, as to certain capital matters, has of late become too strong for even the most carefully supervised organs of plutocratic government to withstand. Municipal franchise grabbing is plainly one of these capital matters that excites the very strongest opposition, and it is almost certain that the tax dodging of the public service corporations, from the long distance railroads in the lead, through the round of street railroads and other municipal franchise corporations down to the smallest, is that which excites the next strongest opposition. The high importance of the stake, as will appear later, the valiant spirit of the people advancing, and the sensible giving back of the plutocratic line opposite, command the tax reformer that his initial assault be made at this point. The proper system of taxation—scientific and rational taxation—is a matter of great moment and achievement for the future, after we have swept the plutocracy out of its high place. Let us do the duty of the hour, which is to force the corporations to pay the taxes which the present laws impose

upon them as well as upon us. Especially must we assess the property of public service corporations at its real value, at the amount which is paid for it when it is bona fide bought or sold, and not at the beggarly one to three-twentieths of the same which its owner making returns for taxation swears is its top notch.

And here we wish to be somewhat explicit in explaining and justifying the proper rule of valuation, which every State ought to establish by statute, and enforce with adequate sanctions. That rule, as we have already said, is to recognize the fact, that the market price of the total number of shares of stock, and the market price of all the outstanding bonds, is the true market value of the entire property of the corporation. Managers strictly adhere to this rule of valuation when they buy or sell railroads or other public service property; and it is only when they have been summoned before the taxing powers that they repudiate it, and pretend that the right of the company to the exclusive use of its continuous roadbed, and to operate its gigantic machinery along the same without let or hindrance, at all hours by day or by night; or its right to erect its poles and connect the same with its wires in and through the holdings of everybody along its line; or the right to use for its permanent structures the streets of a city, the ground under the streets, and the space above—they pretend that these easements, monopolizing the most profitable branches of the public service ought not to be valued as railroad, telegraph, gas light or other corporate property, but that they ought, in the country, to be valued the same as adjoining agricultural lands, and in the city, the same as adjoining residence and business real estate. When the absurdity of these pretences has been made to appear, they, or great figurers under their conscious or unconscious influence, betake themselves to inventory, wherewith they befog the real value with amazing inventiveness. The Michigan board of tax commissioners lately called in some experts to aid it in assessing railroad property. They break up the physical part of it into ideal fragments, such as engineering, right of way and station grounds, real estate, grad-

ing, tunnels, and on and on to the 37th, comparing the cost of reproduction of each with its present value, and at the last aggregating the different items—doing it all with such multifarious detail that we must refer the curious reader to the pertinent passage of the report of the Industrial Commission for full information.⁵ Use such a process to get at the value of a house, cataloguing exhaustively all of its elements, the kind, quantity, and cost of each particular of material and labor necessary in the construction—timber, roofing, flooring, weather boarding, plastering, doors, sash, locks, and all the thousand and one things composing a house—footing up at the last the many items of cost in a grand total, as the desired value. You know that every expert doing this work would reach a result of his own. Would not a man of affairs pooh-pooh the inventory of each expert, and the value therein asserted, and also the result found by averaging all the different valuations, and seek instead the opinions of real estate men familiar with the property? This would be to do as ought to be done in valuing railroad or other corporate property, that is, ascertain its value from value experts, and not from value theorists. The real estate man takes part in the purchase and sale of houses every day. Likewise the broker takes part in the purchase and sale of the property of public service corporations every day; for whoever buys or sells a share of stock or a bond of one of these through our broker, really

⁵Supplementary Report of the Industrial Commission on the Taxation of Corporations in Michigan, 181-185.

The "non-physical property" is inventoried by Prof. Henry C. Adams, the inventor of the term just quoted. With great dexterity he splits up this intangible substance into the franchise, with two sub-divisions; possession of non-competitive traffic; possession of competitive traffic by being a link in a through route; benefit of economies resulting from increased density of traffic; and the 5th and last item, which is too circumstantially stated to be abridged in a short footnote. This distinguishing and dividing and the resulting mystification is on a par with the very hard thinking by which he most elaborately showed the congressional commission in charge of the matter how not to ascertain what would be proper compensation to the railroads for carrying the mails. See Report No. 2284, of House of Representatives, 56th Congress, 2d Session, and the accompanying testimony taken by the commission.

buys or sells an undivided interest in its entire property. This broker has but to multiply the price of a part which he sees paid by the whole number of parts, and he has the price of the whole.

There are incessant fluctuations in the security market. But they so well balance one another, that if the prices for a short while be averaged this market will be found to register with the greatest possible accuracy every addition to or subtraction from the value of corporate property.

A statute of Illinois prescribing the mode of ascertaining the value of railroad property for taxation which we advocate came in question before the United States supreme court. The railroads contended that the rule was wrong. But Mr. Justice Miller, delivering the opinion of the court, said:

"It is . . . obvious, that, when you have ascertained the current cash value of the whole funded debt, and the current cash value of the entire number of shares, you have, by the action of these who above all others can best estimate it, ascertained the true value of the road, all its property, its capital stock, and its franchises, for these are all represented by the value of its bonded debt and of the shares of its capital stock."⁶

The example of Connecticut is still more striking. The document cited above says of the method of this State's taxation of railroads, a railroad being assessed as a unit, that it "is based on the assumption that the market value of the stock and bonds and floating debt of a railroad company represents the taxable value of all its property, and that the rate fixed by law—1 per cent. of such valuation—is practically a fair average as regards taxes paid by other interests, and what it would pay if assessed proportionally in each taxing district through which its line passes. It appears to be generally regarded in the State as a just system."⁷

If its property is valued for taxation by the sum total of the market values of all its stocks and bonds, the corporation cannot

⁶State Railroad Tax Cases, 92 U. S., 605.

⁷Report of Industrial Commission on Taxation of Corporations, 32.

conceal or undervalue its franchise, or any of its personality or procure an underassessment of any of its realty. This complete justice which the rule works is an unanswerable argument for its adoption so long as we maintain our present system of taxing all sorts of property uniformly.

When we make the plutocrat see that we fully understand his tax dodging, and say with quiet firmness that he must be taxed just the same as ourselves; that when our property is assessed at 60 per cent. his must be also assessed at that figure, he will be powerless to resist the moral force of our claim.

Let us have assessors of railroad and other long distance corporation property, which ought to be valued for taxation as a unit elected by the people of the State for short terms, under a system of direct nomination; let us have similar assessors of short distance corporation property elected in the same way by the people of the municipality; and it would be better if we held all of these assessors erect in official duty by the guy ropes of recall or imperative mandate.

Arm these assessors with plenary powers over oral and written evidence; let the State or municipality be represented by competent counsel; let the hearing be had in a large and commodious room, in the presence of all who may choose to attend. In short, let the proceedings be as searching and public as those of our courts.

Likewise we should empower our assessors to use other modes of valuation than that which we have been considering. For perhaps this would not serve in the case of an insolvent corporation, or where the securities of one had been designedly manipulated. And there might be other cases. The assessors should always be permitted to take any sure road to the actual value.

Equal taxation is the most feebly defended portal of the plutocratic defenses; a salient which we can approach across a sector without fire. It is the line of least resistance; it is also the line of increasing strength on our part and decreasing strength on the part of the enemy. We will be incessantly marking up the prop-

erty of the plutocrat to get more revenue. To-day the schools must have an increment, to-morrow the schools must have a still larger appropriation, and our hospital service must be enlarged and improved, next we must find the means for a consumption sanatorium, then we must get money to supply the people with coal, and perhaps other necessaries at cost; then we must further improve the schools. After a while we will increase our revenue in order to pay old age pensions. Nobody can predict the exact course that things will take, but you may be sure that as appetite grows with what it feeds on, the community will take over more and more of the wealth of the plutocrats, the former becoming steadily richer and more powerful, the latter poorer and weaker. We say again here is the true line of advance. It often occurs in warfare that superior force overlooks the possible and attacks the only inexpugnable position of the enemy. But if we commence in earnest with equalizing taxation, the camel thrusts his nose into the tent, and all of him will soon be in, the thin edge enters and the wedge will soon be driven home.

It is vital to the owners of small properties that the tax rate be not increased; it ought to be lowered. To tax public service property according to its real value will save money enough to provide all the good things we need from government, and at the same time permit that the burden on these oppressed people be lightened. It is absolutely certain that they will prove a solid phalanx, invincibly supporting real tax equalization. It is good tactics to organize and discipline them as fast as may be.

Pingree is to be cherished as the greatest apostle of tax equalization. What if he did not understand fully or care for the benign system which is to come, under which taxes will operate only to suppress inequality of opportunity, and never repress any activity, which it is the interest of society to encourage! For all that, he, alone, with nobody to help him but the "plain people," brought that great and glorious day much nearer by the valor and brilliant success with which he led his raw and undisciplined levies against the

hitherto invincible plutocratic tax dodgers. We should bid god-speed to Tom Johnson, who is most courageously and effectively preparing the people of Ohio for a campaign against the railroads keeping \$500,000,000 of their property tax free. He is a disciple of Henry George, and well understands the principles of enlightened taxation; but he knows that the time for that is not yet, and the best preparation for it is to do in Ohio what the knightly Pingree did in Michigan. And La Follette, by doing the same good work in Wisconsin, is fast becoming a national figure.

It behooves the reformers of every State to organize agitation therein, and patiently, diligently, bravely arouse its people to pass the necessary legislation and elect the proper officials to deal with the magnates of transportation, and of other high places of public service. These officials, kept in view by resolute electors, will collar a tax dodging Morgan or Rockefeller more promptly than they now do a poor devil whose street tax is in arrear. Then we may know that our liberation from the plutocracy is at hand.

There is a movement in Colorado for the exemption of personal property and improvement on land from taxation, with a view to bringing in something like the Australian land value tax.⁸ If the proposed constitutional amendment is passed then exemption can be established by a law of the State; and once in three years any county can adopt or refuse it by popular vote; "but neither the whole nor any part of the full cash value of any rights of way, franchises in public ways, or land exclusive of the improvements therein, shall be so exempted." The New York Tax Reform Association is ably agitating for local option in taxation, and also for the exemption of personal property.⁹ The importance of this agitation, which is not avowedly anti-plutocratic, to us here, is that we know popular

⁸See Report of The Revenue Commission of Colorado, 22, 24; Henry D. Lloyd, *Newest England*, 104-125 (Chap. VI., entitled "Taxation to Burst up Monopolies, for full details).

⁹See especially "Best Methods of Taxation and Assessment in Municipalities." By Lawson Purdy, Sec. of N. Y. Tax Reform Association, *Public Policy Pub. Co.*, 132 Market St., Chicago, 1901, noticed, Appendix.

efforts for any real reform must collide with opposition from the plutocrats, and, if it continues, pass into beneficial contention with them. Further, all attempts of the people to enlarge their participation in government along the ways of the initiative and referendum, are to be encouraged for the reason that this promises the recovery of the State power from the plutocrats. And let us say also that perhaps next in value for us to the example Switzerland's preventing rule by the machine and plutocrats with direct legislation is that of Australasia, and especially of New Zealand, uprooting monopoly by a tax on land values. The inhabitants of the country last named foresee that the tax on land values will ultimately make the state the only land owner. Already among them a class of lessees from the state, holding in perpetuity, but immune from foreclosure, each preferring leasehold to freehold tenure is on the increase.¹⁰ This assures us that by the operation of the tax the land in due time will be as fully common property as it was in the era of primitive democracy, and everybody can have a home and a field for the asking. We need not discuss whether or not George was the first to think of the tax on land values. One thing is clear, he was the first to demonstrate in detail the far reaching effects of that tax. Karl Marx, who had just seen "Progress and Poverty" for the first time, said, June 20, 1881, of the author: "In point of theory, the man is a back number. He has no inkling of the nature of 'Surplus Value.'"

That Marx's pet dogma of surplus value after making a great stir for 30 years, has been practically, if not theoretically, abandoned by all socialists who are really moulding institutions for the future, as the unprejudiced observer plainly notes: and that New Zealand by an approximate adoption of the single tax is ridding herself of all sorts of monopoly and approaching the heaven on earth of economic equality for all—these two things prove that Henry George will long be up-to-date, and that Marx has become a back number.

¹⁰Henry D. Lloyd, *Newest England*, 138.

As we close the chapter let us implore every reader to study the possibilities and resources of what Mr. Lloyd calls "that ancient, constitutional and inalienable weapon, the tax."¹¹

It must be made a two edged sword against the magnates who believe that the mountains of wealth which they have piled up by plundering the community should not contribute anything to the public expenditure, and it must be handled with a will until even railroad property is assessed as fairly as that of the little retailer.

It must also be given into the keeping of the people of the State and the people of the municipality, to strike or defend with it whatever and whomsoever they please. We may know that after practice they will wield it only to guard and nourish all that is good, and utterly to destroy all that is bad for the community. Its habitual exercise will be fitly propædeutic, fashioning a system of honest taxation for that by which our national government chloroforms the middle class and workers, and steals their property and wages without their knowing it. You may be sure that so long as gigantic spoliation of these classes—small property owners and wage earners, who are almost the whole of the country—by the tariff and other indirect taxes, carouses and wantons upon the national stage whither everybody looks for precedent and example, it will be as hard to have the masses favor honest federal government as it would be for parents who openly frequent brothels to rear chaste children. It is only the people of the State, armed with direct legislation, and with power to vote federal revenue, that will one day make direct taxation its only source.

We have said nothing of the income tax, nor of the inheritance tax, because there is as yet no real agitation for either. But as the state of things in New Zealand makes probable, they are likely at any moment to become live questions.¹²

¹¹Newest England, 105.

¹²See Appendix for a brief list of the most important recent tax literature that we have made of purpose to indicate the different forms of taxation now developed. The subject has far more than mere anti-plutocratic importance, and it ought to be grasped in its totality by every reformer.

CHAPTER VII.

DIRECT LEGISLATION.

SOVEREIGNTY is the habitual exercise in fact of the supreme authority in the land. In ancient society, as Morgan has shown, this authority was exercised by the tribe—the people of that day. In succeeding ages when a few had appropriated flocks, lands, and a mass of human beings, they seized into their own hands the military and civil organs of the public force, and with them all functions of government. For ages the community was ruled by aristocrats, oligarchs, kings, emperors in whom sovereignty was actually lodged. Rule of the many by a few spread so widely and lasted so long that the communities which here and there struggled back into self government, all endowed officials with power suggested by that of their predecessors of the recent and unforgotten unconstitutional and absolute time, which was far larger than that of the officials of the primitive democracy now remembered by nobody.

Note the primitive democracy as the first era of democracy. The second era of democracy is that which we may call government by town meeting. In this the habitual sway of the supreme authority has returned to the people. But we ask you to note attentively what we have just hinted; that public functionaries, as compared with those of the first era, are far more numerous, keep much more busy as such, day in and day out, more energetically

control whatever persons come within their official provinces; and, in the long intervals between the sessions of the town meeting, appear to all as the real governors of the community.

Now for the next era. The people have become so numerous, and their settlements so extended they cannot attend the town meeting in a body. They must give law making, many official appointments, and every detail of the administration of government, to deputies. They do this, saying the while to themselves: If we elect the makers of our constitutions and laws, our executive, our judges, for definite terms, their government of us, as they are nothing but our agents, will really be but another form of government of ourselves by ourselves. Representative government thus comes upon the stage, and it is the third era of democracy.

A particular class is now to be looked at for a moment. It really originated in the era of primitive democracy, where it never passed out of the rudimentary stage. In the unconstitutional era it grew fast, and became numerous and strong. It received a great setback in the era of government by town meeting; but it was not killed; and the restricted life which it led through this era was healthy and vigorous. In the representative era, that which we considered last above—it took a fresh start, and grew with an energy it never had displayed before. Calhoun has described this class, in its advanced development, most graphically as follows: "What in reality is, habitually and naturally, the most powerful interest, all things considered, under every form of government in all civilized communities,—*the tax consuming interest*; or, more broadly, the great interest which necessarily grows out of the action of the government, be its form what it may:—the interest that *lives by the government*. It is composed of the recipients of its honor and emoluments; and may be properly called, the government interest, or party:—in contradistinction to the rest of the community,—or (as they may be properly called), the people or commons. The one comprehends all who are supported by the government;—and the other all who support the government;

and it is only because the former are stronger, all things being considered, that they are enabled to retain for any considerable time, advantages so great and commanding."¹

We are concerned now with the class only in democracies. In those of the third era it furnishes the representatives—all the public authorities. In America under the influence of spoilsmen members it constitutes the machine, which, as we have told, afterwards fell to the plutocrats, who are now the head of the class here just as Calhoun says the king is the head of it in England.² The so-called representatives of the people are not their representatives, but representatives of the class to which they belong. These representatives strive harder and harder to snatch away the sovereignty of the people and appropriate it. But the people resist, and become more and more alive to the importance of retaining the great boon. They can no more carry on government without representatives than stockholders can carry on the multifarious business of a great corporation without trusted agents. To hold on to their sovereignty they devise a spur for themselves, and a curb bit for their representatives, by which the latter are made to go where the people choose to have them go. Direct legislation is the spur and bit, and it characterizes the fourth era of democracy.

Recall the succession. 1. Primitive or Tribal Democracy. (Then after a long period of absolutism.) 2. Democracy by town meeting. 3. Representative Democracy. 4. Representative Democracy, with Direct Legislation.

Let us try to ascertain the real end of such legislation, and its true province. It is perhaps well to start with the generality that its habitual use keeps the people far more vigilant as to their interest than anything else which the science of government has as yet invented. If you leave a business in charge of an agent whom you never call to account, always receiving without question whatever returns or report he may see fit to make, very probably your receipts from the business will progressively fall off and his in-

¹A Disquisition on Gov., Works, Vol. I, 102.

²Id., 103.

crease. The unwatched trustees of women or guardians of children without protectors, who fatten themselves out of their trusts, have long been a common observation. So soon as you learn that the cash in custody of a bank officer is not counted often, and with the diligence that prevents a part of it being counted more than once, you prepare yourself to hear of a defalcation. Even the most careful business men now and then lose from overtrusting their employees. All this shows that accurate examination of the accounts of whomsoever is in charge of the money of another ought frequently to be made. Such direct legislation as the Swiss have lately perfected keeps the public eyeing their representatives so closely that the latter are given no opportunity of self aggrandisement out of their places.

It is to be remembered that while the negligence of single proprietors is now and then too great, that of a body of joint proprietors is nearly always so. That that which is everybody's business is nobody's business was exemplified for years in joint stock companies and business corporations, until they evolved systematic oversight of the custodians of their funds. And the people at large—why, they are by way of eminence, everybody, and therefore more inattentive to their business than even the early private corporations. But they too are developing a special organ to detect and prevent all infidelity of their representatives. That organ is direct legislation, already highly developed in Switzerland, and now, after a century of slow growth in America, beginning to make infallible promise of early consummation.

Now let us particularize somewhat. The people's representatives enact a law empowering a corporation to get without pay a franchise worth millions. In all other countries the people are powerless to save the property, there is no way; but in Switzerland, on a referendum, they nullify the law before there has been any acquisition under it. This realizes the longing of Robert Toombs, uttered in 1877, to place the money of the State in a burglar proof safe, and have the people keep the key. This one protection of the

public weal, if granted to our States and municipalities, would of itself far more than compensate them for all the evils ascribed to direct legislation by its opponents, even if such were not most of them imaginary, as is the fact.

But the scope of this benign safe guarding protection of the general weal is far beyond what is indicated by the example just given. All enactments of the legislature except urgency measures, such as ordinary annual appropriations, and a few other not of general import, must, before becoming of force, run the gauntlet of the voters. This means that no right of the people can be legislated away except by their consent. Reflect upon the great mass and variety of the multiplying villainies which the plutocrats bribe our State and municipal legislatures to commit, in order to prize this uplifting liberation at its true worth.

The side of direct legislation that we have just considered is the people's veto, which whenever required protects them fully from all further legislative invasion.

We must now take up popular initiative. It is far behind the referendum in development, as yet. But by reason of the fondness with which the right of petition has been cherished both by the mother country and America, by reason of the strengthening drift of our people towards direct nomination by petition; and by reason of our more varied and longer training in constitution making, and the whole art of self government; it is very probable that popular initiative will find a far more favorable soil here than it has in Switzerland.³ We shall want both repeal of old laws and passage of new ones; and as long as the plutocrats are in the land

³We do not overlook the fact that some half dozen of the Swiss cantons have had practical self-government since the 13th century. See English Translation of Deploige, *Referendum in Switzerland*, 3. The student will find that there was not until within the last century any widespread, continuous and progressive development of local and federal self-government in Switzerland, except within a very narrow range of affairs.

The long route by which the Swiss gained their present form of government is well told in his first chapter, by Prof. Vincent, in his *Government in Switzerland*.

we shall need the spur of the people's mandate to the legislature as well as the curb of their veto. As one reads the accessions to the literature of the subject, now pouring in on all sides, he sees that the origination of legislation by the people is expected as a matter of course more and more by every writer. Grant that the Swiss have not yet improved the initiative as they have the referendum, that does not mean that we of America must wait upon them. You need not read the last magazine articles, nor even the more radical newspapers—only listen to the talk of earnest men which you hear every day, and you will be convinced that there is absolutely a strong popular impulse towards establishing the initiative in something like a complete form. And the people reconnoiter the lines of the plutocrats, meditating advance as they devise that offensive weapon which is bound to become far more in favor with the charging fighters, destined to deliver us, than the merely defensive veto.

We have shown you both halves—one being the veto of some obnoxious act by the legislature, the other the peremptory command of the people to draft and submit to them some wholesome measure which the legislature influenced by the plutocrats, will not enact of itself—and you must duly attend to each.

Now you begin to see the purpose of direct legislation. It is to keep the people in constant superintendence over and command of their representatives, on the one hand, vetoing all bad laws, and on the other coercing the passage of all needed good ones. You have somebody in your employment, it may be driving your carriage, or covering a roof. If you do not watch him he may turn you over, or leave your house to leak. Whenever he is careless you are round with him, which induces him to do as he ought. Although you may now and then show him how to drive, or how to place the shingles, you do not intend to do his task, but you merely intend to make him do it right. Those illustrations ought to reveal to you the veto and the command, the negative order and

the positive order, the check and the impetus, as the two and indispensable constituents of direct legislation.

We must clear away the fog which a false conception of the value of direct legislation as a constitutional organ has raised, which conception we will now illustrate. A writer whose attitude is unsympathetic and almost avowedly hostile, faintly praises the referendum in Switzerland for stopping enactments which are radical, complicated or involve unnecessary expense; and then with a more undisguised condemnation says it "by no means creates that quick interest in affairs which its originators had hoped to see it excite. It has dulled the source of responsibility among legislators without in fact quickening the people to the exercise of any real control in affairs."⁴ And he says of the initiative: "Where it has been employed it has not promised either progress or enlightenment, leading rather to doubtful experiments and to reactionary displays of prejudice than to really useful legislation. In both the great Cantons of Zurich and Berne, the most popular and influential in the Confederation, it has been used to abolish compulsory vaccination. It was established for the Confederation only 6 years ago [1891], and has been used in federal legislation only to aim a blow at the Jews under the disguise of a law forbidding the slaughtering of animals by bleeding."⁵

As to the referendum the writer just quoted looks only at the behavior of the people, while reviewing proposed laws, and that of their representatives while preparing drafts for submission. He assumes indifference of the people because of the small vote. There is no indifference to the great thing, which is the retention of their power to pass upon laws. Let that be endangered by a proposal and the largest possible percentage will turn out. They won that power by prodigious sacrifice and effort. They steadily extend direct legislation. The numbers opposed to it become less and less. How can it then be inferred that the stay-at-homes feel little

⁴Woodrow Wilson, *The State*, revised ed., 658.

⁵*Id.*, 655.

concern for the public weal? They do not come to the polls, because they know that no serious harm can arise from voting the law down or up.

Now as to the two instances with which Mr. Wilson disparages the Initiative. When Zurich and Berne abolished compulsory vaccination they did what Leicester, in England, and Cleveland, Ohio, have likewise done, and which the leading scientist of England justifies with reasons that we do not believe Mr. Wilson can answer.* The anti-Semitic law is but one of the myriad acts of race persecution which are found on the statute books of even the most enlightened countries. The most overconfident advocate of the initiative has never claimed for it that it will at once balloon a people into the regions where they will abjure their prejudices against alien races.

We must not waste our time in studying the entire body of cantonal and federal direct legislation in Switzerland—rejections as well as adoptions; nor need we consider curiously the feelings for the moment of the representatives proposing and the people passing upon the proposals. Larger views are commanded. Three of these we will present here:

1. Its benign preventive effect—Let it be conceded for argument's sake that there is in the recent laws of Switzerland much that is objectionable. But there cannot be found among them any such passed at the dictation of monopolies, as are the chief work of our congress and State legislatures. The unlimited recognition of the right of the people to pass finally on all legislation warns off the plutocrats, and they do not even propose the laws which prop and increase their power on this side of the water. Mr. Wilson ought not to have stopped with a few examples of direct legislation which he deems bad. He ought to have taken into

*Wallace, *The Wonderful Century*, 270-279; 213-215.—The *Arena* for April, 1902, 426-429 tells how the discontinuance of vaccination and the diligent disinfection with formaldehyde of all places which had lately been exposed to smallpox, suppressed in 3 months the epidemic which had become alarmingly prevalent in Cleveland.

account how it has kept off the statute book all the monster evils of pro-plutocratic enactment which we have described in detail. Had he been made to see the enormous good which he overlooked, and then had he subtracted from it the petty evils which he conspicuously parades, he would have been constrained to give Swiss direct legislation warm and high praise.

2. But the inquiry of inquiries is, how does the establishment of direct legislation, and its habitual exercise affect that treasure of treasures, dear above all things else to the true and enlightened democrat—the sovereignty of the people? Does it confirm and secure that or does it weaken it? In the land where it obtains are there plutocrats, bosses, spoilsmen, presidents nominated and elected by trusts, federal senators whose seats are bought for them by monopolies, State governments run by the railroads, and municipal authorities “bribed by the rich to rob the poor”? If such a land has been delivered by it, as has happened in Switzerland, from all these enormous evils and sovereignty has been firmly lodged in the people, would you not be eager to set it up in America, even if the result would be to have the people at large care more for it than any particular measure on which their suffrages were asked; if it made all representatives very desirous of instructions from their constituencies before venturing to draft a law; and if it abolished compulsory vaccination, outrageously proscribed our Hebrew brethren, and passed many other bad laws? Of course you answer affirmatively. For you would know that the great benefit of the institution would be permanent, and be always growing to better, in the end correcting all of its evils.

3. Now for the third and last view. When one contemplates America’s inherited political training, and her own rich experience in making and improving constitutions, in such varied items of self-government as establishing courts, passing fence and liquor laws, contracting public debts, and doing a hundred other things, by local option, is it not so probable as to be certain that when our States and municipi-

palities get the referendum and the initiative the people everywhere will show a new interest and more active participation in their affairs? You may infer from their powerful movings now in their comparatively helpless condition what will be their increased energy, when they have acquired this new and all suitable organ. Increased energy of public activity will not be all. They will necessarily grow in brain and faculty. Led by frequent referenda to study questions of local government carefully in order to decide them aright they will receive a better education than that of which John Stuart Mill says: "The practice of the dicastery and the ecclesia raised the intellectual standard of an average Athenian citizen far beyond anything of which there is yet an example in any other mass of men, ancient or modern."⁷

We say a better education than the great one fitly lauded by Mill. Bear in mind how government by town meeting surpasses all others in excellence; how, for example, the public interests of Brookline are far better managed by its assembled citizens than those of nearby Boston,⁸ which is, perhaps the best governed of all our large cities. One may almost know from the ripeness of the times that, as direct legislation rapidly spreads from one Swiss canton to another, a system compounded of the referendum of America, and the more completely developed direct legislation of Switzerland, informed in some sort, with the active principle of the New England town meeting, is soon to go into all of our land. It will raise up men and women who will govern large cities and small ones, all the municipalities, and in due time the States, as efficiently as its people now do Brookline,—capable of action and affairs, as well as of contemplation—a type superior to that lofty union of judge and juror produced by the Athenian courts.

We have thought it well to devote the foregoing part of this chapter to the more prominent features of direct legislation and

⁷Representative Government, N. Y., 1874, 78.

⁸See Prof. Frank Parsons, *The City for the People*, 268, and especially the article of Mr. Flower, in *The Arena* for April, 1898, there cited.

their excellences. We have not even glanced at certain of its belongings, such as the jurisdiction of the Swiss federal assembly to determine what of its enactments are not urgent, and, therefore, to be submitted to a vote—a discretion in that body unanimously condemned by the Swiss jurists as anti-democratic;⁹ the distinction between the optional and compulsory referendum; the proper provisions regulating both the initiative and referendum,¹⁰ and others which we cannot stop to mention; all of which demand close attention from one who would master the great theme of the day.

We must now take up the movement for direct legislation. The reader is reminded that from the beginning to the end of this Third Book we try our utmost never to lose sight of practical politics, nor waste time on any measure of attack or defense which has not already been unmistakably and impressively suggested, and is not now pushed forward, either by manifest development or a strong wave of popular feeling. In what we have to say in the rest of the chapter we need not be tediously particular.

The subject falls into three natural divisions. The first is the evolutionary approach of America through sporadic manifestations and rudimentary forms towards complete initiative and referendum, and a trend of popular opinion thitherward, which is at first instinctive and sequent, and which having become conscious of late has pushed into the lead.

The second is the belonging propagandism, which really commences with Mr. Sullivan's pamphlet.

The third are the scant direct legislation enactments of certain States.

The initial point to be noticed under the first of the three di-

⁹English Translation of Deploige. *The Ref. in Switzerland*, 146.

¹⁰Prof. Frank Parsons gives these provisions—almost exhaustively as it appears to us—in a form which would serve, without much alteration, for a statute or clause of a constitution, establishing an approximately complete system of direct legislation. *The City for the People*, 299, 300; *Direct Legislation*, 75, 76.

visions just mentioned is local self-government of New England justifying the statement of Prof. Frank Parsons that "both the initiative and the referendum have been in constant use in America ever since the Mayflower crossed the sea."¹¹ Weigh this passage from the same author, which fully explains the importance here of the local self-government just alluded to.

"In many of our towns we have the ideal of democracy in respect to local affairs. . . . Any ten men, by petition to the selectmen, may secure the insertion of an item in the warrant for a town meeting, and so bring the matter before the town. Any man may make a motion or enter the discussion, and all may vote. The town meeting plan is the initiative and the referendum applied to town business."¹²

This system has gone from New England into many other States;¹³ and it is certain to find its way into all the United States. The significance to us is that what is really a form of the initiative and referendum is thereby spread far and wide over our country.

Prof. Parsons mentions nine northern States, outside of New England be it noted, and four southern States, in which the school district is working as "a preparation for the self-governing township."¹⁴

There are examples yet to be given under this head, which, although they are of very great significance as precursors of a complete system of direct legislation can be disposed of very briefly. They can be classified (1) as questions submitted to a vote of the people of a State, and (2) those which are left to local option, as it is termed. The most common instances of the first are the making or amending of a constitution, in which two

¹¹The City for the People, 263; Direct Legislation, 39.

¹²The City for the People, 264; Direct Legislation, 40.

¹³Prof. Parsons, The City for the People, 268; Direct Legislation, 44.

Prest. Wordrow Wilson gives instructive details as to the historical origin of the system, and its career in our States. The State, Revised ed., Sections 1214-1238.

¹⁴The City for the People, 269; Direct Legislation, 45.

things there has been great activity during the last 25 years. The rule is almost without exception that drafts of a new constitution or of amendments of an existing one must be submitted to a vote of the State, which either rejects or ratifies. And other matters have been passed upon by a State referendum. In 1877 the people of Georgia decided by a vote where they would have the capital. A brief search by the student will add a multitude of illustrations.

The local option referendum is far more common than the constitutional referendum; whether the county, or city, or town shall be wet or dry for a given time; what place shall be the county seat; whether bonds shall be issued by the municipality for the making of public improvements; whether in Georgia a county court shall be established; whether what is called the fence or the stock law shall be adopted—these and many other queries are answered yes or no by the voters of municipalities everywhere in the United States.

This decision of State matters by the people of the State and of local matters by the people of the locality is really a process of uninterrupted extension of the referendum over the land. If one but keeps his eyes open he will see its shoots coming up in new places every year.

And the observer can note that a favoring public opinion for a long while kept pace with and at last outstripped the progress of State and local referendum.

The publication of Mr. Sullivan's pamphlet in 1872 commenced the agitation for direct legislation in America with a power and a brilliancy of instant achievement, unsurpassed in any propagandism of a great cause. The facts therein carefully assorted and effectively told as to the initiative and referendum in Switzerland, and in America, in the New England town meeting, in States, cities, counties and other localities, and in labor organizations, revealed the movement so vividly that everybody who read without prejudice was convinced that direct legislation is soon to be our

dominant governmental factor. The great mass which has been written or spoken on the subject since is mainly but amplification of this marvellously seminal little work.

The literature of the subject, to be found in the pertinent Senate document,¹⁵ the Direct Legislation Record, platforms of all different political parties, declarations of statesmen, public officials and reformers of every type; and in many books, magazine articles and other publications, among which the recent productions of Prof. Frank Parsons, Prof. Commons, Mr. Eltweed Pomeroy, Mr. George H. Shibley, and Mr. J. A. Wayland, of the "Appeal to Reason," are to be especially emphasized, is varied, copious, highly instructive, and is accumulating with energy. Dismissing this part of the subject, we say that no other plank of the anti-plutocratic platform, not even civil service reform, can show a literature which even faintly approximates in value and inspiration that of direct legislation.

We must briefly notice some recent legislation—"In 1897 Nebraska, Iowa and Arizona passed municipal referendum laws with varying conditions. In 1898 South Dakota, and in 1900 Utah secured the referendum in State and municipal affairs by constitutional amendments. In 1899 the legislature of Oregon, and in 1901 the legislature of Nevada passed enabling acts for constitutional amendments giving the initiative and referendum in State affairs."¹⁶

June 2, 1902, the direct legislation amendment of the Oregon constitution was made by a large popular vote. It seems nearly perfect. Note the small number required to sign the preliminary petition, which is in striking contrast with the large number which the machine has heretofore had such legislation to demand in order to render exercise of the power granted insuperably difficult. It is a great excellence that the initiative and the referen-

¹⁵Senate Doc. No. 340, 55th Cong., 2d Session.

¹⁶Appeal to Reason, May 24, 1902.

dum are each fully recognized. And there are other merits which will appear on examination.

We must stress the fact that this Oregon amendment was called for by all parties so indiscriminately as to indicate that the entire people of the State were ripe for the measure. It is the best of all the American enactments, and clearly marks the opening of a new and golden era. One State has been recovered from the machine.

We will show in the next chapter that our deliverance from plutocracy will be nothing but a reconquest of all the different States, one by one, by the people. It now seems probable that the future historian of the "decline and fall" of American plutocracy will begin the final and decisive popular movement against it with the establishment of direct legislation in Oregon.

It is to be noted that the new charter of San Francisco has brought the initiative and referendum into that city. And there are other instances of great moment, such especially as the authorization of municipalities by five different States to draft charters for themselves and adopt or reject them on a referendum.¹⁷

In view of the facts marshalled in the foregoing we may be sure that the establishment of the direct legislation system in America in all but urgency matters is no longer a mere academic theme, but is a live issue of practical anti-plutocratic politics, the era of which is opening. He who has patiently studied the nature of man, heeding the teachings of history as to the causes of revolution, whether bloody or peaceful, has learned how society at first indiscernibly, slowly, involuntarily and unconsciously develops the rudiments of some new institution necessitated by changed conditions; how these rudiments after many years grow into coherency and definiteness; how at last the essentials of the needed institution become the goal of conscious striving to thousands of the bravest, the wisest and the best—and he has also

¹⁷See Prof. Frank Parsons, *The City for the People*, 279-283; *Direct Legislation*, 55-59.

learned that the last stage is near to the full consummation. Such a lessoned one knows that direct legislation is at hand, and that our nation's sweet dream of its peaceful and golden advent must soon come true. We cannot be loosed from this surely founded rock of hope. And no man is cunning enough to hide the great rock from us.

Prof. Gray has lately told us how, notwithstanding the surveillance of an honest, incorruptible and able commission, a gas monopoly has in Boston practically abrogated much of the laws of Massachusetts, which are notoriously stringent against overcapitalization, the usual and effectual screen of corporate extortion in public service charges, and is striding on to finish its work. The narrative imparts complete rationale of rare and high achievements, with marvellous lucidity, in which the author shows an appreciation of the inventive genius and skillful conduct of the prospering plutocrats which reminds one of the admiration that Satan extorts from Milton.¹⁸ Recognizing the power of the monopoly to stampede the legislature,—that is his strong phrase,—to mold or abolish the commission, in short to do everything it will please, he looks about for means to protect the public. While so engaged he calls up as the man of his counsel, the maxim that legislators can never rise above the level of the average voter in intelligence, which maxim alone supplies the premise that serves. He can see but one escape for us which we will present in his own words:—

“It follows necessarily that the only possible remedy is the political, administrative and industrial education of the voter and through him of the legislature.”

That is, leave the plutocrats undisturbed in their present occupation, to hasten on from the capture of one fortress of power to that of another, until we raise the level of our average electors

¹⁸The Difficulties of Control as Illustrated in the History of Gas Companies, by Prof. John H. Gray, Northwestern University. Corporations and Public Welfare, 33-59.

so high by education that they will select only representatives who are plutocrat proof. But let the plutocrats alone for a few years, and they, not the people, will have entire charge of public education. Why could not Prof. Gray have thought of Switzerland, not waiting for this impossible improvement of general education before she bridled her legislators so effectually that they could no longer be managed by the plutocrats. If he deemed this example too farfetched, he could have found one at home that suited, that is, the action of the people of Boston—the very place he had especially in mind all through his article—upon the proposal of a great railway company to replace its tracks upon Boylston and Tremont Streets. We have already told of this memorable affair. It needs here only to say that, at the polls, on one side were those of the people who had resolved to stand by their own cause, a disorderly mass, without organization, drill, fighting experience and practiced officers; on the other side the best regulars of the plutocrats, marshalled and led by the most efficient machine captains of the day. It was the people that stampeded the hosts of monopoly.¹⁹ Thus they will always triumph when they come upon the field as direct legislators. Our deliverance from the plutocracy is not as our author suggests, a question of education. It is one of power. Give the people the power which direct legislation confers, and our word for it they will everywhere show that they have education enough to use it properly, as the people of Boston showed by their vote in the referendum of December 12, 1899, a glorious,

¹⁹We likewise commend to Prof. Gray's consideration what took place in Boston, Feb. 24, 1902, when a delegation, representing the 80,000 of the organized labor of Massachusetts, "headed by such representative citizens as the veteran champion of industrial lights, George E. McNeill, and the scholarly reformer, Henry Demarest Lloyd"—to quote from *The Arena*—were granted a patient hearing by the legislative committee on constitutional amendments. They advocated a direct legislative amendment.—We commend also to his consideration the agitation which betokens the early establishment of direct legislation in Missouri and Illinois; and further the strong probability that at no very distant day all the other States will stampede in the same direction. Prof. Gray has underrated the education of the people.

a high feat, destined perhaps to become as celebrated a forerunner of a great revolution following as was the throwing of the tea overboard by their fathers. Establish in Massachusetts the initiative and referendum, and no trace of the evils so graphically pictured in the account we have just cited will be found. This will be to bring in at once representatives of the people, whom—to use again the word which we thank Prof. Gray for teaching us—the allied forces of railroads, gas companies, trusts and all other plutocratic concerns can never stampede nor ever keep from stampeding themselves.

We close by quoting this wise saying of one of the truest of anti-plutocrats:—

“Each age furnishes a weapon for the people. The weapon for this age is Initiative and Referendum. Through it we can restore Democracy.”²⁰

²⁰Altgeld, *Live Questions*, 882.

CHAPTER VIII.

RECONQUEST OF THE STATES BY THE PEOPLE.

A SKETCH of the co-working factors of that evolution which is now combating the plutocracy, reasonably complete for a commencement, may be got by considering their several activities as columns of attack moving against the hostile lines. Although we have had a parade of each one in this Book, it will be of advantage to make here a cursory review of them all in their operations.

1. One column is that of agitation and propaganda in two separate corps; the one made up of books, pamphlets, magazine articles, lectures, speeches, editorials, a few sermons and the like, abounding with telling facts, weighty, eloquent, prompting powerfully both to thought and action; the other corps containing ephemeral leaflets, squibs, satires, fables, doggerel, cartoons and the like, not confined as butterflies to summer, but flying forth irrepressible by storm or freeze every day the year through. This is but the barest suggestion of the immense mass of anti-plutocratic literature which has already accumulated in every large division and little subdivision and is now accumulating faster than ever.

As little as you may so think, this column is the largest and strongest of all. Incessantly it furnishes both an augmenting reserve and multiplying scouts, skirmishers and muzzle-to-muzzle and hand-to-hand fighters to the whole line. Here is a body of

troops without any correspondency in even the latest and most scientific warfare of invasion and assault.

2. Another column of attack is that of direct nomination, which here and there wins a victory over the machine and presses it hard. And if you look carefully you will discern that this column, by reason of its rapid and firm advance in Massachusetts, Minnesota, Wisconsin, South Carolina, Mississippi and Chicago, to mention no other places, will inevitably seize the commanding position. When the people really nominate, without serious split or division, whether by petition, proposal, real primaries of their own, or any other way independent of the boss; and when further they have learned what is much easier and quicker to learn, that is, to concentrate the mass of their votes upon their nominees—the machine is set aside. Then the plutocracy is without support. It thus appears that every friend of the people should work especially to further the form of direct nomination, most practicable at the particular time. Let there be no shrinking from combat with the machine. After it has been beaten a few times it will meekly assist in making the people's nomination, or ratify it after it is made.

The operation of this column will be all important for some time. Its assault is that which must be stood to the most resolutely of all until the ground in front is permanently won. It is necessarily over that ground that our next advance must be made.

3. While the column last mentioned staunchly collides with the entire front of the machine, it is re-enforced and supported by the advance of the civil service column upon the spoilsmen, who are a powerful division of the enemy. Although the possible achievement of the latter is far less than that of the other, its operations are to be kept continuous. Much good hinted at in the foregoing pertinent chapter will result from this, chief among which will be the trampling of the precepts of Jackson's message, quoted above, under feet into the universal disrespect which they deserve. These precepts laid to heart, as soon as they

were proclaimed, by every cormorant of spoils have, by a most malign influence secretly working, become articles in the confession of faith and creed of even staunch anti-plutocratic leaders like Bryan and Altgeld and their following legions of brave and unselfish spirits.

We believe that the highest mission of the reform now in question will be to demonstrate that we cannot restore our government to its ante-Jackson purity without bringing back the permanency of good behavior in office, which was the chief cause of that happy state.

4. For a few years prophets of the *Zukunftstaat* inspired by Marx and Engels, refreshed the weary world with descriptions of the co-operative commonwealth soon to be founded per saltum upon the complete abolition of the wage system on one side, and complete public operation of all industry on the other. The bright picture which we believed in fondly has all faded except in one place—that of public ownership and operation of plants serving the community. We do catch glimpses of a strong trend towards nationalization of the mines, towards city supply of such things as books and meals for school children and coal to the citizens for fuel, and State supply of liquor to the citizens. But the actual movement is mainly in the municipal province of public services where many communities already have their own water supply, a few but an increasing number have their own light supply, and there is in many of them a rapidly strengthening impulse to municipalize the street car service. So powerful is the inclination towards the acquisition of public service plants and their operation by government, that calls for it begin to be made in party platforms, and even the boss of a great city has lately suggested that his party propose it as the main issue of the next national campaign. The vote of Chicago, April 1, 1902, gives it impressive emphasis. Just at this time this column, especially its largest part which stands for municipalizing the street railroads and the gas and electric light companies, is the very

choicest of the anti-plutocratic levies in the two great battle winning qualities of enthusiasm and resoluteness. Opportunities such as the annexing of conditions to a grant or renewal of a franchise, regulating service in the interest of the community, reducing fares to a just figure, and every other where the city can learn to impose terms upon the companies in order to open the way to public ownership and steadily bring it nearer must be embraced whenever they offer themselves.

This superb column is ready and able to give the people what they now cherish as their greatest desire. Its proper activity should never be permitted to lag. The thickest of the fight is its place and it will be the furthest of all in advance when the plutocracy surrenders. The inscription upon its banner almost states the entire cause.

5. The column which has commenced to snatch from the enemy its usurped power to tax itself light and all others heavy begins to make serious impression in its forward movement. As already suggested, its first exploit will be to raise the assessments of plutocratic holdings from the present 5 to 15 per cent. of actual value to some 60 per cent., the general level of other assessments. Advancing from the point just indicated it will eschew beer and liquor, dogs, improvement of real estate and personal property generally as objects of taxation, and derive most of the government revenue from the assessment of public service franchises, large incomes, large inheritances, and preferably monopolies of every kind. It is especially to be kept in mind that while the control of all organs of government by the plutocracy places stubborn obstacles across the entire ground to be traversed by each one of our different columns, this particular one can always be forced forward with more ease than any of the others. It needs just at this time to be advanced with vigor. The late liberal collection of taxes from railroad corporations in New York State shows what this column can effect even in the teeth of a powerful machine and machine filled courts.

6. The Direct Legislation column—the last to be reviewed—is in all respects soon to become the strongest of all, and has the most important work to do. Its co-operation with every one of the others except the first named will be more and more often required. Measures of direct nomination of civil service reform, of public ownership and operation, and of anti-plutocratic taxation can and will be efficiently furthered by its exercise—they will be called for by the initiative and passed on a referendum. It has already got into the air that our people should be encouraged to the utmost to train themselves in every possible way to perfect and use direct legislation to the full.

We hope that the particular and detailed comparison just made did not become tedious. We could think of no other way of fastening our reader's attention upon the several courses and the concurrence of the different movements, which belong to the general anti-plutocratic insurgence soon to shake every corner of our country.

The six movements just enumerated, each one of them showing here and there in municipalities and States, are to be intelligently observed and judicially counselled and aided by fit direction. This direction is vigorously evolving as is proved by such examples as the National League for Promoting Public Ownership of Monopolies, the National Direct Legislation League, the Civil Service Reform Leagues, and the New York Tax Reform Association. The late Buffalo Conference and the National Anti-Trust Conference point the same way. As yet there has been no taking of all the reins into one pair of hands by a proper central authority; but that may be expected at no very distant day. One of the purposes of this work is to further such a development.

Next to be emphasized is the proper beginning of anti-plutocratic operations. Already at different places above we have suggested that we must engage decisively the main supports of plutocratic domination in the municipalities of the State and the State itself. Grant said in opening his Virginia campaign, "The object of this

army is Lee's army. Wherever that army will go, this army will go." And so we must confront the municipal and State machine with our forces properly disposed, and fight to the end. The very first thing to accomplish is to snatch the nomination of all municipal and State authorities, councilmen or aldermen, mayor, members of the legislature, governor, and all elective municipal and State officials, from the machine. We must not be oversanguine. The exaggerated fetish worship of party fealty which glues thousands to national lines in all important municipal and State issues, will be exploited to the utmost by the machine. For a season its denunciation of party treachery will keep under its banner so many of those who really belong to us that with its regular force they will often prove sufficient to defeat our nominees. But it is inspiring to note that speedily swelling thousands abandon allegiance to national party and flock to the standard of the common weal in local matters. Consider these instances. The resistless following of Golden Rule Jones in Toledo, and the hundred thousand and over who voted for him when he was a no-party candidate for governor; the crowds electing Pingree mayor of Detroit four times, and governor of Michigan twice; the election of Washington Gladden to the council of Columbus; the election of the anti-monopoly Bryan as mayor of Peoria; the election of La Follette, standing for improved primaries, as governor of Wisconsin; the unexpectedly large majority which the single tax democrat Tom Johnson received for mayor of republican Cleveland; the victory of Low over Tammany in 1901. All the men named antagonized the machine, and each got large favor from both republicans and democrats who disregarded their old alignment, and formed themselves as supporters and voters along a new line, displaying the banner of State and city weal. Every one of these is in fact an instance of free, that is, non-party nomination, although the most of them were in name party nominations. They are betokening signs that the people are ripe for decisive revolt against the municipal and State machines. Here is golden opportunity for perfecting a system of direct nomi-

nation, by which the people can nominate candidates with such authority that even the machine will not dare to oppose them. Details of primary or petition, or proposal, or what not, are unimportant, the essential of essentials is that the nomination be made not by a party but by the best members of all parties co-operating.

While direct nomination will for a long while have the precedence of all our undertakings, we must not neglect to have all the columns aid one another. By direct nomination we will elect whenever possible votaries of civil service reform or public ownership, or anti-plutocratic taxation, or direct legislation. These in their different places will do what they can for their hobbies. Their achievement though small will disclose greater possibilities to the community, and fire it with new hope and resolve to get more of so good a thing. As we acquire somewhat of one of these reforms we also acquire something of the others. Thus every column is incessantly marching onward. When direct legislation is resorted to frequently instead of occasionally as now, it will prove the most powerful reform propulsion of all, accelerating the pace of each one of the others, and especially of anti-plutocratic taxation and public ownership. When it has become of habitual and established use by the municipalities and the State we may be sure an easy road to our goal is at last open.

When all in the city, town, county and State legislative, judiciary and executive are put in their places, by or under non-machine and free nomination (perhaps made subject to the recall), and when the people have armed themselves with the undisobeyable command of the initiative and the peremptory veto of the referendum—(we can in this connection ignore the improved conditions wrought by the other reforms)—when this state of things has come, as it surely will come by reason of the factors which we have described, then the States have been won from plutocracy.

This is not the whole of the great restoration. As the machine has become powerless to keep the people from choosing and controlling real representatives to administer every part and parcel of

the State government, so also it cannot keep them or the legislatures from filling congress with representatives and senators who actually represent the people. In the same way the electoral college will have been popularized, and its choice is a president for the people, and not for the corporations. The only fossils and survivals from the old time remaining in the federal government after congress and the presidency have been deplutocratized are the irremovable life judges, whose parts have been described so diligently in the belonging chapter above. The new congress will by appropriate legislation increase the number of seats upon the supreme court bench, which under the appointment of the people's president and confirmation of the people's senate will show a majority of anti-plutocrats. Thus the tremendous engine of the nationalized judiciary, which for years has been the mainstay of our oppressors is at one stroke wrenched from their hands into ours. In due time some fine day a convention of the people of the United States adapts the constitution fully to present needs, not omitting to make the instrument easily amendable, and to destroy utterly that independence of the people, of the law, of the constitution, and of every other part of government which the federal judges have long exercised.

This same convention will recover the national and credit system for the people, and shape it according to the principles we have suggested.

Some while before this congress will have united the telegraph and long distance telephone to the post office; and making railroad accounts, papers, books and records accessible to every one interested, and providing that a road breaking the law in capital matters be seized and operated at pleasure by a belonging department of the government, will have made real headway in preventing rebates, discrimination and overcharges in interstate commerce. And under the amended federal constitution the entire railroads, State and interstate, will be taken over and operated by the United States government. There will be a clause inaugurating a proper system of national direct taxation. The last one of the probable provisions

of this non-plutocratic constitution to be mentioned is that a convention assemble to revise it every ten or twenty years.

Thus we have indicated the theatre and the objects of anti-plutocratic politics—the goal and the road to the goal. The States are the live blocks and constituent parts out of which the American nation in its triuneness of national, State, and municipal government is made, and the fact which overburdens all others in import is that the plutocrats by means of the machine now dominate the States. While this situation continues it is an impossibility for us to win any substantial success in the national political field. To make this impossibility clear to you, suppose that by some unaccountable hap we should procure a majority of electoral votes for a candidate of ours. What could such a president do against all the States solid for the plutocracy? The machine could command at any time the house of representatives to impeach and the senate to convict and remove him, to say nothing of the many other less decisive measures by which it could obstruct every effort of his in behalf of the people. The States must be wrested from plutocracy before we can reliably hope to popularize the federal government.

Mommsen defends the failure of Hannibal to march upon Rome after he had nearly annihilated the army of Varro at Cannæ on the ground that the great general discerned that his contest was really not with the trembling city, but with a far superior force, that is, with all the different communities—the States of Italy, knit into a mighty symmachy under Roman hegemony. And so Hannibal strove by operations in different parts of Italy to crush this compact combination of States. Whether Mommsen's contention be true or not, it serves well to illustrate our problem. The stronghold and main source of power of the plutocrats is not Washington, where under the sanction of their creatures in both divisions of congress, in the white house, and on the bench of the supreme court, they revel every day of the year in new orgies of speculation and jobbery. Their supports are not at Washington. It is the State governments, managed by the machine, which are

their janisaries and household troops. The plutocratic symmachy of the machines of each State, dictating all nominations, elections and appointments, in every place of trust in the legislative, executive and judiciary departments of American government must be demolished before the people can move upon Washington with decisive result. In plain English we must first expel the plutocrats from their present political rule of the cities, counties and every part of the State governments of America. The campaigns of Bryan were as though Hannibal had sat down before Rome at the outset, and thus permitted the rich resources of men and material of the Italian states to be directed behind his back by her suggestion. There never was a juster cause than the uprising of the masses against the money power, putting them in chains to plunder them at will. No political leader ever excelled Bryan in honesty, fidelity to his cause, love of right and justice, courage and valor, and none ever surpassed him in magnetic eloquence; none was ever followed with more enthusiasm and devotion. But his failure was pre-ordained. He was attempting the utterly impossible. In his second campaign there was a noticeable decline of ardor on the part of his followers. The troops who show the top of gallantry in attack upon positions which they find to be impregnable, do not renew the charge with dash and spirit. They see that the first charge was a mistake, and they feel that another ought not to have been ordered. The democrat Cleveland stood for plutocracy, and, therefore, it permitted him to win. The democrat Bryan stood against plutocracy, and therefore it procured his defeat. In both the cases the election twice of Cleveland and the defeat twice of Bryan—the plutocratic combination of State machines was the decisive factor.

Bear with us a little longer until we drive this lesson home, and make you understand that a real anti-plutocratic victory cannot be gained yet in a national political campaign. We will give you another illustration.

Suppose a plateau on a lofty mountain occupied by an enemy

whence he commands the entire plain below within cannon range. The sides of the mountain are precipitous, and are unassailably fortified. Should a general desiring to capture the position just described make a long circuitous march he can reach a point where he can easily climb the mountain and thence gradually fight his way to the plateau. But he thinks to storm a position like this, believed by all to be impossible of capture, will be eternal glory, and far better than losing time to gain the rear. He places his guns under plunging shots, disabling them as fast as they open. He has his infantry to come within range and commence a fruitless fire upon the trenches which return it with prodigious effect. After a while he moves his bleeding remnants forward in assault. The result will be like that of the democratic campaign in 1896. Should he try it over, the result will be like that of the second Bryan campaign.

Let not these melancholy defeats from giving battle in a place mischosen depress our friends. They can find re-encouragement and cheer in contemplating the glorious victories of Pingree won because he fought in the proper field.

Without any experience in politics or the public service he was elected mayor of Detroit in 1889, and was re-elected for three successive terms. His official career may be stated in one word as anti-machine and anti-plutocratic. An editor of Detroit very familiar with that career, thus sums up his achievements as mayor:

"He hastened by some years the adoption of modern rapid transit in Detroit.

"He gave the city decent pavements and clean streets long before they would have been had without him.

"He drove out of the common council a gang of thieves and boodlers, and prevented the consummation of repeated plots to saddle upon the city new franchise agreements, in which all advantages were given to the recipients and none to the people.

"He exposed the chronic rottenness of the board of education

so effectually that that body remained respectable for several years after his retirement from the mayoralty.

"He established a city lighting plant, by which fat contracts at exorbitant prices were abolished, and a potent source of periodical corruption in the common council cut off.

"He forced the gas companies to an agreement whereby every consumer saves 50% or more, and under which still further reductions must be made with increasing consumption. It was through his activities that telephone rates in the city were cut in two.

"He gave Detroit 63 miles of street railway on which the rate of fare is 8 rides for 25 cents during business hours.

"He battered away at the matter of local assessments until the great estates which had been holding huge blocks of land practically untaxed, were made to pay their proportionate share with the workmen struggling to own a cottage home.

"After a bitter and protracted fight he drove the toll gates beyond the borders of the city, and paved the way for further public victories against the extortionate claims of plank road companies for compensation for services which they made no pretense of rendering."¹

These achievements in themselves, when we consider that Detroit was under the same machine and plutocratic despotism that obtains everywhere else in America, seem almost incredible. Their number is another wonder. And that such a mayor could be re-elected so often is still another wonder. Evidently he did something which nobody else had done. When we look close we discover what it is. He took his stand for the people against the machine and city plutocrats, on ground where the symmarchy of State machines described above, which under the direction of Hanna had defeated Bryan, was no more in his way than it proved to be in the way of Tom Johnson, running as a democrat for mayor the other day in Hanna's own republican town.

¹Detroit Evening News, June 19, 1901.

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In a presidential campaign it is only a comparatively few spoils-men who feel more than an interest in principle in the result, and these work for the machine, not for the people. The contest is a complexity of separate combats at hundreds of voting places in every different State. The whole people of this wide territory cannot be aroused at the same time, but the machine can be kept on the alert everywhere. By providing against unfavorable weather, publishing campaign lies seasonably, buying a small per cent. of votes, buying a batch of election judges, counting falsely, by many, many things which it can do in many dark corners all over the vast area, the organized and experienced machine can always vanquish the unorganized people in a presidential campaign. But the case is different in a municipal contest. The people having a direct interest need only an exciting issue, and a trusted leader, and without any permanent organization they outvote the machine. And they inspect the counting too attentively to be cheated. With the true instinct of the born fighter Pingree entered the municipal arena and invoked the people. They came as eagerly as chickens run to be fed. Beginning in the right place he moved on into another right place. He became the people's governor for two terms. What he accomplished as such cannot be compared in value with his exploits as mayor. The authority which we have already used makes this brief pertinent statement.

"The campaign which he made on the equal taxation platform, his diatribes on the stump, his voluminous and remarkable messages to the legislature, his special sessions, and all the dramatic incidents of his career as governor of Michigan produced only the law creating the State tax commission, and the constitutional amendment, and subsequent statute providing for the *ad valorem* taxation of railway property."²

Whatever may be the opinion of the intelligent reformer of the merit of the measures last stated there are two points connected

²Detroit Evening News, June 19, 1901.

with them which must always be remembered. First, Pingree agitated taxation precisely where, as we have shown above, a commencement should be made, that is, with the demand that the plutocratic corporations pay the same rate that they make the common people pay. In the second place, almost his entire gubernatorial career, and especially the constitutional amendment he procured to abrogate the hostile decision upon the Atkinson law, demonstrates that in State politics where the machine is far more powerful than in municipal politics, the people under a real leader can vanquish it. The longer one reflects over this last lesson the more precious it becomes.

Pingree could not wait for even a partial realization of the anti-plutocratic programme of direct nomination, civil service reform, public ownership, anti-plutocratic taxation, and direct legislation. He was impelled by a sublime destiny to do something great for the people at once. So he called them out, uninstructed, undisciplined, disheartened by failure and unorganized, and imparting to them his burning enthusiasm and unquenchable courage, he routed with his raw volunteers the machine regulars on every field. It is his high desert and everlasting renown to be the very first to show the people how to win the anti-plutocratic struggle of to-day. He is the most illustrious and majestic figure in America since Lincoln.* Anti-plutocratic leaders in the municipalities and States are the crying need; and the need is producing them. In 1877, when the State authorities stopped the per diem of the members of the Georgia constitutional convention then in session Robert Toombs, a member, rather than see it adjourn without erecting the barriers against corporate aggression which he meditated, advanced

*There ought to be a complete history of Pingree's official career. Until such appears there is no substitute as good as *The Record of his Public Life, Acts and Words*, in the *Detroit Evening News*, of Jan. 26, 1901. Each particular is entered therein as briefly as is consistent with intelligibility under its proper date and in chronological order.

A true life of this great man, written in a style that attracts the young, if it were always accessible to students, would neutralize all the poison in the teachings of our college and university pre-plutocratic professors.

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the \$20,000 necessary to that end, and thus realized his purpose. It was only a few months ago that Wanamaker gave his people an invaluable object lesson by offering \$3,000,000 for Philadelphia franchises just granted by its faithless representatives without compensation. Gov. Wolcott loomed upon the nation in impressive stature when he stood immovably for the people of Boston against the hitherto all-bribing and all-coercing railroad, designing, in disregard of its solemn covenant, to replace its tracks in the streets. And Gov. Crane the other day proved himself a worthy successor of Wolcott by thwarting the same mighty and unscrupulous power in another invasion of the same people. The referendum brought about by the former, and its glorious result, the veto of the latter which could not be overridden in the legislature—these with other occurrences noted above, mark the turning of the tide in favor of the people against plutocracy. Thus we try our utmost to emphasize the good achievement possible to leaders in the municipalities and in the State, who are faithful shepherds of the people. And where can a worthy ambition to serve one's country win fairer crowns than in our city and State politics?

We will show how they can be won in Georgia, reminding the reader that similar opportunity now offers itself in every one of our other 44 States.

Recall the situation described above when we told how the railroad State committee stacked the cards in both the political campaign and the primary of Georgia in 1902. In describing the South Carolina primary we have indicated what must be done to deliver us from the black-legs who have prepared to play the same game in 1904. Two things only are to be done. 1. We must have the State senators nominated by the primary. 2. Following the good example of South Carolina, we must have the primary held late in August.

Now as to details. We must begin with a petition that the State executive committee order and provide for these two things. The petition should lucidly state the reasons for the action desired, cit-

ing the examples of South Carolina, Mississippi, and other States. It should emphasize the importance of direct nomination of State senators. It should also ask for the nomination of congressmen by the primary, for the anti-popular convention system should be utterly swept out of the State. It ought not to be more than a page long. A half page, so that everybody can read it at a glance, would be better.

The circulation of this petition, in duplicates equaling in number the neighborhoods of the State, should be commenced early—say at the first of the year, perhaps before. If it be energetically pushed, in a month or two it will be signed by practically all non-corporation people of standing, and the masses will have cordially written their names all over it.

Of course we present the petition to the committee before the latter meets to order the primary. If it is so numerously signed as to indicate that the State is practically unanimous for it, it is probable that the committee will grant its prayer. But while it is circulating the machine and the railroads will be on the alert, and do everything possible to counteract it. It may be expected that they will procure a counter-petition, with many signatures. Be that as it may, the petition is the right beginning. And we should circulate it more assiduously every primary year until we get the great evil which we are fighting corrected either by legislation or the voluntary action of the State committee.

The committee will hate above all things to grant our demand as to State senators. It will probably deny this, while it places the date of the primary in August. In that case we must fight harder than ever against convention nomination. We must have our candidate for governor and the candidates for the lower house of the legislature pledged to support a law commanding the nomination of senators by the primary. With the people, the governor and the lower house standing solidly together for the measure its final attainment can be balked for only a few years.

Before the next general primary election, let some good men

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and women organize what we may term The Honest Primary League, this organization to last through all the years until our cause has been won. The league should raise a small purse to meet such expenses as printing and circulating the petition mentioned, stationery, postage, correspondence, printing and distributing literature, and other items which will suggest themselves. It should have its headquarters in some central city like Macon or Atlanta, with sub-offices in every county and town of the State. It should get into communication with the best and most influential everywhere to whom the arrogance, favoritism, usurpation and corruption of the executive committees become more galling every year. A true man and a fair speaker must be selected to run for governor. He ought to be put out in time to start and spur forward the circulation of our petition. And as many candidates for both houses of the legislature as can be had should be brought forward at the same time, and made to help in circulating the petition and otherwise advocating a fair primary. Our workers must contend everywhere that no candidate for governor or either house of the legislature should be supported by the people unless he make in writing his pledge to do his utmost to get as soon as possible these measures established by law.

1. Party nomination for all places hereinafter named shall be made by a primary, each voter therein being privileged to cast a ballot indicating his choice for governor, and each one of the other State officers, United States senator, members of both houses of the legislature and county offices, supreme and superior court judges, and members of the United States house of representatives. No candidate can be nominated without receiving a majority of the vote cast for that particular place, in the State or county, or senatorial, judicial or congressional district, as the case may be. Where no candidate gets such a majority one of the two who received the largest vote is to be nominated in a second primary. The regular primary is to be held on the last Tuesday in August, and the second primary two weeks later.

2. Members of the State, county, judicial, congressional and senatorial district party executive committees shall be elected in the primary at the time the nominations mentioned above are made.

3. All the property of public service corporations, the franchise included, shall be assessed for taxation at its salable value and made to pay the same rate as is collected from farms and city real estate.*

This is a platform of real and not of sham issues, issues not between the old and recognized political parties—there is no division of such in Georgia—but issues made where they ought to be made, that is, between those who stand by the people and genuine democ-

*In December, 1902, after the text was printed, the lower house of the Georgia legislature passed another franchise tax bill. Public opinion ran so high in its favor that the Senate—to the grateful surprise of us all—gave way, and the bill became law. Guerry's campaign, which seemed to have ended in defeat, and the course of his paper afterwards, contributed more than all other agencies to this great and unexpected triumph. But there is work yet to do to make this law fruitful. In the third section it is provided that if the comptroller general refuses to accept a return, the former law (Code, vol. i., Sections 812, 807, 808) shall apply. Under this the comptroller selects a railroad commissioner as arbitrator, and the railroad makes its choice of another. If after thirty days the two have not agreed upon an umpire, the governor chooses two, who, with the one selected by the railroad, constitute arbitrators, who award finally. In 1901, the writer was a member of a committee of the city council of Atlanta, who tried, under the cited sections, to get a proper assessment of a street railroad. One of the two arbitrators appointed by the governor was a very prominent railroad counsel, who, of course, would side with the other already chosen by the street railroad. The result was satisfactory to the tax payer.

We make these suggestions to the people of Georgia:

1. Watch the proceedings which will follow the first returns of franchises for taxation, and—to use energetic common parlance—make it so hot for the comptroller, the railroad commissioner selected, the governor, and the majority of the arbitrators, that these franchises be all assessed at their salable value.

2. Spur the legislature to abolish the arbitration, and provide that the comptroller assess these public service properties as is done with a railroad in Connecticut; that is, to take the sum of the market value of its stocks and bonds, its floating debt added, as the real value of the property to be assessed.

This franchise tax law, its administration by the comptroller and governor who can make it effective, if they really stand for the people, and its proper amendment—these all should receive great attention in future campaigns.

racy on the one side, and those on the other, who live by the machine and the corporations. The first plank is really the South Carolina primary. That is by far the most perfectly developed form of direct nomination in the United States. We need say but a word or two of it. It is clear that there ought to have been a second primary in 1902, to decide between Terrell and Guerry. The former got the nomination, although his vote fell several thousand short of the majority which should always be indispensable. But the very strongest reason for this plank is that under such a primary our 44 State senators—or at least an overwhelming majority of them—would be converted from representatives and tools of the railroad and liquor combine into reliable and faithful servants of the people. The strongest obstacle to good government and the firmest pillar of corporate oppression in Georgia is the State senate. The nomination of a majority of its members is dictated to the people by the senatorial district conventions, which conventions are in fact but a part of the State political organization of the railroads. By the primary proposed the people take the nomination of these senators into their own hands.

As to the second plank. If the measure it proposes is carried into effect the people get control of the nominating machinery. When they, and not the railroads, create the different committees, there will not be, at the suggestion of the corporations, any more freezing out of those who would be candidates by high assessments for campaign expenses, and the men whom the people want for their champions will everywhere be submitted to the primary.

We sum up these two planks by saying that the Georgia senate and the State and county executive committees must be recovered from the railroads.

The plank calling for fair taxation of railroad property needs no further advocacy here.

The Honest Primary League has started its petition, published and justified its platform, and put out a strong candidate for governor and a few strong candidates for the legislature. It must go

on as rapidly as may be in recruiting and organizing its forces. Especially must it find legislative candidates in many other counties. Besides these there are acute thinkers and good talkers who can be pushed forth from every corner of the woods to stir and enlighten their acquaintances. And the harder we fight the more help we will draw.

All of our candidates and everybody who will work for us are to be amply supplied with the following literature:

1. The rules under which the State and other executive committees are selected.

2. A list of the members of these committees. The connection of each one, past and present, whether as lawyer, employee of any sort, editor of a paper favoring corporation schemes, or in any other way; his previous career on the committee and in politics, his vote or vote dodging on important measures in the legislature, and everything else germane—all these to be stated just after his name. The utmost courage should be exercised in telling even unpalatable facts, and the utmost care taken to avoid misstatements.

3. Sufficient abstract of proceedings of Georgia democratic convention of July 2, 1902, to show how it was dominated in every important matter by the railroads, and how the State committee perpetuated itself and cut and dried its plans for 1904. Selected planks of the platform made by the convention, contrasted with those of Terrell's platform which they displaced, would be appropriate here.

4. The hostile action in whole or in part, of the State committee upon our petition, if there is such, and the reasons given for the same. The hypocrisy of such reasons will be transparent in any statement made by even the most expert machine advocate.

5. A scrap-book of clippings from articles in the leading newspapers of the State, which articles endorse the plutocratic candidates, and oppose or slight the others—those as to the candidates for governor being of especial value. These clippings should further illustrate plutocratic misrepresentation or concealment or

ignoring of the real issues. The scrap-book should be supplemented every week through the campaign. It will soon become a most formidable armory and arsenal combined.

If Terrell should be run again by the railroads, the literature circulated in his interest in 1902, and his speech accepting the nomination, in which speech he took the railroad platform instead of his own, will be a good accompaniment to this scrap-book.

6. Statement of corporation exploits in the last legislature most injurious to the people. The late defeat in the Georgia senate of the bill which passed the lower house, properly taxing franchises of public service corporations is an example.

Also statements comparing the salable value of railroad property in Georgia with the assessment of same for taxation. Thus the Georgia proportion of the stock of the Southern is \$25,000,000, quoted in the market at 61, its salable value being, therefore, \$15,250,000. The Georgia proportion of the bonds of the road is \$19,000,000. The bonds are not quoted, but, as the interest is not in arrears, we may know they are at par,—probably above. Add the market value of the stock to the par value of the bonds, and it appears that the salable value of the Georgia part of the Southern is at least \$34,250,000.⁵ If the road were assessed like the average country farm or city home, it would pay taxes on 60% of its market value, that is, \$20,550,000. But the Southern was assessed in 1902 at a little over \$11,000,000—not a third of its value.

Go on with the other roads. Their stocks and bonds—the sum of their salable or market value—can be found in the report cited in the last footnote. It may be difficult to get market quotations of many of these securities. As to such the only thing to do is to accept the bonded debt at par as an approximate valuation, although that will always be too small. The comparative statement must be made complete, showing on one side the total salable value of all

⁵See 29th Report of Georgia R. R. Commission, 140, for the foregoing figures as to the Southern. We have dealt in round numbers only, for convenience' sake.

the railroads in the State, not exempt from taxation, and on the other side the total of their assessment thus bringing into light the huge pile of many millions of railroad property which dodges all taxes. Supplement this by figuring out how much of it paid its due, the tax rate would be reduced.

7. The political record of each candidate opposing ours, and his connection past and present with the corporations, and the machine serving them, as far as possible.

The foregoing will do to suggest much of the belonging literature. Expert campaigners will enlarge or prune and otherwise improve it greatly.

This literature is to be used as texts by our canvassers, all the time and everywhere. The railroad's secret agents, posing as the executive committees of the democratic party, deserve to be made especially prominent. When the rules mentioned above are fully explained it will clearly appear to the voters that they have been made of purpose to empower the corporations to select the committees. The personnel of the committees—how each important member really belongs in some way to one or more of the corporations—will incontrovertibly prove that the rules have not failed of their purpose; and the listener will understand why although South Carolina holds all of her primaries late in August these railroad partisans constituting the executive committees have since 1898 put the Georgia primary in the first week in June. He will also see that the State committee has the campaign and voting at a time when it is thought the people are too busy with their crops to be waked up to railroad designs. When one of our canvassers alleges that so and so is the plutocratic candidate for governor those supporting him will call for the proof. The candidate himself will protest theatrically against the charge. Our scrap-book shows that every pro-corporation paper in the State favored his candidacy as soon as he declared himself, which was some while before the date of the primary was fixed; that they gave his rivals cold comfort if not actual opposition; and that they are still doing their utmost for

him. A thousand things can be suggested which prove that the political utterances of these papers upon all matters touching corporate interests have long been dictated by the railroads. The speaker can significantly ask what means this unanimous support of the protesting gentleman by the papers mentioned if the railroads do not want him for governor? and do they ever want anybody in office who they think will efficiently help the side of the public against them? The proofs on this point will multiply steadily. Members of the committees, and many other prominent persons who have been known as political friends of the corporation, will make declarations, and even speeches against our candidate, and in favor of the other. Many of the employees of the corporations, from the general counsel down to the hands of the section-master, will be caught electioneering for the other side. While this accumulated evidence comes short of positively proving a bargain of the railroads with the candidate for governor, it makes everybody believe—to use a current inelegant phrase—that there is a mortal good understanding between them.

The opposing candidates for the legislature can be easily handled. Pressed home they will not dare to hold out against a single plank of our platform; and they will generally give the pledge we require in such solemn form that if elected they will not dare to desert the people. And thus we effect our main purpose, even if the men of our first choice are defeated.

The thing of all to do is to make easy opportunity of getting to the people. We accomplish that by holding the primary after crop time. That change must be made. Should the State committee refuse it, we must go to the legislature with such a monster petition, and such a host to present it, that even the railroad members of the senate will be quick to grant it.

It will be a bright day for Georgia when she has a primary that allows the planters and farmers and their tenants and employees to attend political meetings for a month or more just before it. Then if one comes into the field for governor like Guerry, who in

1902, as we have told, fearlessly assaulted the impregnable forts of the corporations defended by innumerable odds, he would get what no other such, in this era of railroad suppression of discussion, ever got—public audience. Speakers advocating his cause would start forth on all sides, as if by magic. The hustings everywhere in the State would resound with exposure of the trickery, the fraud and the abysmal hypocrisy of the political leaders, who, while affecting to be true democrats, had brought in a railroad oligarchy. The unanimity of the machine newspapers, politicians and workers, and a thousand other demonstrations would be paraded, whereby every shred of his disguise would be stripped from the railroad candidate. The practiced speakers on the roll of the State committee and subcommittees and their gabbling allies would be challenged daily in many places to explain whether the present mode of selecting the committees is good for the people or good for the railroads, and also to explain why at least the chairman of the same and the delegates to the State convention should not be named by the voters instead of the railroads. When this refreshing canvass had closed the State would be delivered from its long hypnotism by the corporation-controlled press, and the backbone of railroad domination would be broken beyond all chance of mending.

Suppose a June primary is resolved upon by the State committee in 1904. It will be almost impossible to get any large meeting by day. That will handicap us heavily. The newspapers of general circulation will be filled to the brim with arguments against us, never uttering a word in our favor. At such a time an accurate statement of how the different members of the State committee are related to the corporations, or the real reasons why an early primary is decided upon, could not be got into any one of these papers at five dollars a word. And practically no other papers are ever seen by the people whom we would reach. These people, who from the opening of the campaign till the primary, are fighting grass day in and day out, from sun to sun, and who never read anything but the other side, how are we to find audience with them?

Our local candidates and workers must distribute our literature among them. They must be pulled out to night meetings at the school houses, the cross roads' store, the justices' court ground, and, perhaps the church, and there entertained with short, pointed and lively talks. In these talks it is always to be emphasized that it is the primary fixed in crop time by the railroads that prevents meetings by day. If the speakers and canvassers unfold the contents of the literature scheduled above, accompanying them with apt comment upon corroborating and re-enforcing facts within the knowledge of all, the further our agitation goes the more numerous and eager will our auditors become. The single voter met in the road must be buttonholed; two or more must be harangued; and larger crowds lighted upon must be aroused with a speech of belonging argument and excitation of feeling. The canvass must be thoroughly made from county to county, from militia district to militia district, from neighborhood to neighborhood, from plantation and farm to plantation and farm, from field to field, and lastly from house to house. The Honest Primary League, rightly organized and judiciously soliciting contributions and help can make this campaign as it ought to be made. At its end will come an arousal of the electors like that which in the times of our forefathers repudiated the Yazoo fraud. It will be more like that which raised up the seemingly helpless people of Georgia to break in pieces all the mighty engines of fraud which seemingly unlimited power set at work to carry the three days' election of December, 1870. As this people then drove out of the legislature the men striving to perpetuate negro rule, so will they now scourge the corporation sneaks masquerading as democrats, out of the committees and take nominations permanently into their own hands.

Young men of Georgia, longing for honest political fame, who turn in disgust from the dead level and commonplace of to-day to admire Toombs, Stephens and Ben Hill, sadly believing that these great stump speakers will forever be without successors in the State, if you would but look you would see the arena which we have tried

to show you—an arena far more spacious and easy, yea and more glorious, than that in which the three Olympians just mentioned won their deserved fame. What deeds can shine as bright as the deliverance of our people from the sordid tyrants now oppressing, pillaging, corrupting and trying to sink them into beastly ignorance. Your audience will be ready in 1904. Do you be ready then. Make your hearers understand how the railroads create the State and local party executive committees entirely from their creatures; how these obedient creatures bring it about that the electors must stick to their crop and leave their dearest public interests to the disposition of their plunderers; how the leading newspapers are made to conceal or misstate the real issues and delude their readers into voting to nominate their enemies; how, in short, the railroads have syndicated both the politics and government of the State, always securing a governor and a senate which thwart every effort to make the corporations pay the taxes they ought, or do anything else required by their duty to the public. Do these things, and there will be giant orators in Georgia again.

We have particularized as to our own State because one can always most fruitfully illustrate in detail from a situation with which he is thoroughly familiar. The appeal we have made to the young men of Georgia the same class in every other State in the union should take home to themselves, *mutatis mutandis*. In whatever corner of the land you may live give your best efforts to the party or association of members of different parties, striving in earnest for direct nomination. In the south you must necessarily act with nominal democrats. In other sections, it is in this place one party and in another place another party, that offers you opportunity. Just now the republicans of Wisconsin are for direct nomination and the democrats are against it, while in Illinois it is the other way, the democrats supporting and the republicans opposing it. You ought to be counted as a democrat in the south and in Illinois and as a republican in Wisconsin. The first thing

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to do is to establish the measure in your own State. The glory that La Follette has already won demonstrates that whoever leads in making this important achievement will be forever remembered as affectionately as the best soldiers.

In due time the struggle gets beyond the stage in which it is confined to a few particular States. It has spread so far that a national party accepts its banner. Such a party will show itself after several of the larger and more influential States have either won for themselves direct nomination, like South Carolina, or direct legislation, like Oregon. Should Illinois soon bring in direct legislation, as she is now trying hard to do, it will give a great impetus to the formation of this national party of true republicanism and genuine democracy. At present the national parties are machine controlled, and the interest of the machine imperatively dictates division on State issues by comparatively unimportant national issues, the purpose being that the latter shall blind the voter as to the others. Consequently each national party submits no issues but those involving the policy of the general government. And yet what we ought to do in each State government is the main thing. There is not in the national platform of any party even slight allusion to the greatest of all facts now for the American people. That fact is, that there is no complete remedy against the criminal trusts, the wholesale robbery of the public by the corporations, and the corruption of every part and parcel of every branch of government in our country, except to have the people of each State re-erect themselves from their prostration under machine and plutocratic rule into a real democracy. A few—too few—begin to break their chains. South Carolina has achieved the potentiality of complete deliverance. So has Oregon. And the promise is fair for Minnesota, Wisconsin, Illinois and Missouri. South Dakota, Utah, Iowa, Colorado and Ohio are pushing forward in the column, not far behind those last mentioned. It cannot be long before we shall know which of the national parties is for us. It will have as the most prominent

plank in its platform a call for complete destruction of the machine and utter overthrow of plutocratic rule in the States, proclaiming that to be the paramount issue. It will emphasize, set forth and declare for the most approved methods of direct nomination and the related measures which we summed up in the beginning of this chapter. Its delegates will probably be elected by primaries such as now nominate candidates for the lower house of congress in South Carolina. As its influence grows State after State breaks away from its oppressors. And so it gets stronger and stronger, and its earth shaking tramp is heard everywhere. This will be the last stage, the beginning of the end of plutocracy.

The legislature and executive of many States have been de-plutocratized and arrayed implacably against the judiciary swayed by the United States supreme court. Just as soon as the States which have acquired direct nomination have a majority of electoral votes they get a people's president and congress. These will place a majority of people's judges upon the bench of the court just mentioned, and mercifully and benignly lead that august tribunal back into the ways of impartial justice from which it has long wandered. Thus the king bolt of the pillars supporting our plutocratic judiciary in State and nation is broken forever, and the last remnant of plutocracy goes.

At the close of this long chapter we emphasize it to you again that each State is now an isolated and independent seat of war with the plutocrats. Every one is to be recovered separately as Lincoln saw that the States composing the Southern Confederacy were to be each singly detached. Our battle grounds are here, and not in federal politics. La Follette and Tom Johnson should fight on for their States to the end, and neither put up his sword for even the presidency. To make either one of them president would be something like transferring a prominent figure of the English house of commons to the house of lords, which changes his name to Ichabod. We regretted that Bryan refused to consider a nomination for governor. Nevada is plainly as much under rail-

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road domination as Georgia, and there is, perhaps, not one of its citizens who can do as much for its deliverance as he could if he would but try. As Tom Johnson notes, the people are far more alive to local than to other issues. Their champions are already becoming famous. They will win more and more of glory. And each hero under whose leadership his State is wrested from plutocracy will some day stand as high in the temple of fame as the mighty ones of our civil war—Grant, Sherman and Sheridan, Lee, Jackson and Forrest.

CHAPTER IX.

ANTI-PLUTOCRATIC PROGRAMME.

FOLLOWING the good example of progressives, radicals, socialists and others who from time to time publish their principles in concise form, we here append what appears to us to be a provisionally complete anti-plutocratic programme:—

ARTICLE 1. Existing American plutocracy is the government of State, municipality and nation nominally by the people, but really by public service and trust corporations allied. Steam railroad, express, telegraph, oil, liquor and banking corporations govern the State; street car, lighting, heat, power, telephone and other local public service companies, the others just mentioned above co-operating, govern the municipality; the national banks and large loan companies, the trusts maintained by transportation, tariff and other unjust favors to a few, the interstate commerce carrying railroads, and the telegraph govern the United States. This supremacy of private corporations—the list of which given above is only approximately complete—has degraded America from the proudest and highest place ever attained by democracy far below any other civilized nation in the depths of corrupt government.

2. Certain original powers of the respective States are the elements of American government, whether State, municipal or federal. It is the mainstay of plutocracy that it has got into its hands all these powers. Its only possible overthrow is for the people of each State, separately and independently, to retake from

it such powers into their own hands. This means that State politics (and municipal politics as an important part of the same)—not national politics—is the only arena in which the people can achieve their deliverance.

3. The engine by which plutocracy acquired, and by which it maintains its control of State powers is nearly everywhere the political machine of each party. As two parallel railroads which, while in fact belonging to the same owner, bear distinct names and affect to compete with each other for the traffic of their territory, so there seems to be bona fide mutual combat of the different machines. Whether one or the other railroad gets the particular traffic all the profit goes to the combine, and whether the republicans or democrats win in the election its same big booty falls to the plutocracy. Where there is an invincible ascendancy of one of the machines over the other in a State or municipality, the plutocracy with business wisdom attends to it alone.

The State and municipal machines, while they assume each to act independently, are actually under the same central plutocratic direction, and every one is operated as part of the national machine. Parties are made to divide upon sham national issues. The machine of each draws only national party lines through all real issues of the State and municipal politics; its purpose being thereby to keep the people always illusorily engaged in a seemingly political struggle in the national arena, where they are powerless, and out of the State arena where they could soon prove all powerful.

4. Examples of real issues of State politics are such methods of nomination, whether by improved primaries, proposal of a few, petition of a large number, or any other practicable expedient so that by them a small body of citizens can at little or no expense, effectually name a candidate for any place independently of the machine, and have the entire party electorate to pass upon him; genuine civil service reform, such government acquisition and management of public service plants as is proper at this time, and

the right preparation for more of it; assessment of property of plutocratic corporations at its full salable value instead of a very small fraction of the same, as is now usual, franchise, income and all other taxation necessary to catch the corporation dodger; whatever is demanded to introduce and gradually perfect direct legislation—all of these both in State and municipality as far as circumstances in each dictate. One needs but to weigh a bona fide contention over them with the counterfeit engagements on prominent national issues which have of late years raised a great din in the land, such as tariff for protection or revenue only, or free trade; whether we shall have mono- or bimetallism, greenbacks, or the bills of national banks, and other details of money and currency, imperialism or anti-imperialism; whether we shall endow the federal government with exclusive jurisdiction over the trusts—the federal government, be it remembered, being so absolutely swayed by the trusts that to complain to it against them would be—to use a current proverb—like suing the devil before his grandmother; to become aware of the vastly superior importance of the former. It is plain that should the State and municipal reforms enumerated be carried to proper consummation, even if the plutocrats retained their management of the federal government, American liberty though not fully secured would be really rendered safe. It would then be like a tree, healthy everywhere except in its decayed top, which could be lopped off and the rest thereby made sound; and this remedy would inevitably be applied so soon as the States were thoroughly deplutocraticized. But if the plutocrats effectually prevent the accomplishment of these measures of State and municipal liberation, the root, the trunk, the branches and every part of the tree of liberty will become incurably rotten.

5. The people awakened by a burning question, and only provisionally organized can carry a city and hold it against the machine, as occurred in Detroit under the leadership of Pingree, during the four terms of his mayoralty; and although it is a task

much harder to accomplish, they sometimes do the same with a State, as was shown when Michigan under the lead of the same Pingree established a new taxation system against the opposition of the machine, great corporations and the supreme court; as occurred in Illinois when the Allen bill authorizing 50-year street railroad franchises was repealed, and their term limited to 20 years; and lately in Minnesota, when members of the senate, evidently inclined to heed the machine resisting the measure with all of its power were coerced by the influence of their constituents to vote for the improved primary law, which had already passed the house. But the people of the union being utterly without means to effect easy communication with one another are sure of defeat in a presidential campaign, because the machine gives unity and energy of action to the other side in every place of the entire country. Therefore, while the people can possibly carry a single State they cannot carry a majority of all the States at the same time. When in rare instances they have forced their candidates upon one of the machines, as in case of Blaine the republican and Bryan the democrat, the plutocracy has always had its faithful servants put up as rival candidates by the other machine and elected.

These facts show it to be unutterable folly in us to acquiesce in the domination of live State and local by pretended national politics, or to expect for the present any substantial melioration of our condition by the action of national parties, or congress, or the president, all of them being, as they are and will be for some years, in the complete control of our great enemy, the plutocracy.

6. We shall work for the choice of honest and able anti-plutocratic members of the United States house of representatives and senate; on all issues of federal politics we shall take and avow the position which our conscience and best judgment dictate; and we shall not neglect any opportunity of influencing our congressmen to stand for what we believe to be right and proper. Beyond this we shall in general, for some while, leave national parties and poli-

tics to take care of themselves. We make the issues proper to State and municipality, and particularly the measures summarized in Article 4 objects of our special activity and striving in politics. By perfecting these measures the governors, legislatures, and all other State authorities, and mayors, councils, and all other municipal authorities will in due time be really chosen and always commanded by the people. Necessarily by a course parallel to, and in fact part and parcel of, that just described, the people will at last fill congress and the electoral college with real and faithful representatives. The combined result will be the overthrow of plutocracy, and the destruction of the machine in State, municipality and nation, and the thorough democratization of every branch of American tripartite government. In this field of politics, the only one in which we can win back the blessings of liberty for ourselves, our children and children's children, and renew to America the fair fame which is her due, we beg and pray all good citizens of whatsoever previous or present party affiliation, to join hands with us. Whether they be gold bugs or silverites, advocates of greenbacks or hard money, partisans of high or low tariff, imperialists or anti-imperialists, republicans, democrats, populists, socialists, single-taxers, prohibitionists, or anybody else, it matters not what issues of national politics they have supported, now support, and expect to support in the future—they will be welcome if only they be true anti-plutocrats, sincerely strive for the reforms outlined in Article 4, and are zealous to regain for the people what is now the citadel, foundation, and pillar of plutocracy, that is the entire body of State political and governmental powers.

7. We cannot emphasize it as earnestly as we desire that to permit live State and municipal politics to be shoved to the rear and dominated by the maintenance of national party affiliations, as is now the case, is to have the tail wag the body. When our agitation has made great numbers of the people see the transcendent importance of State and municipal political issues these issues will gain their due prominence; and there will evolve a national

anti-plutocratic party, as foreshadowed in Article 6, in which the body will wag the tail.

8. While the principles and aims of the programme spontaneously commend themselves to the great mass of our people, we deem it wise to make a short special appeal to two classes. The farmers have recently had a respite from the hard times which had ground them down for many years. This improvement of condition is but a very small portion of the prosperity which is their due, and they would have, were they freed from unconscionable transportation, tariff, interest, and indirect tax rates, that enormously increase their expenses and curtail their receipts, to the end that the plutocracy wring from them the tribute demanded by inexorable avarice and greed.

The right of combination by workers should be as much respected as that of public service and trust corporations; their Sunday rest should be sternly guarded against invasion by employers; their children should be kept at school, fed, clothed and furnished with the right books, while too young to work; they should be guaranteed a minimum wage; and when they reach old age they should receive from the public what is granted to the disabled soldier—an adequate pension.

The plutocracy hems the farmers and workers. If they will with us carry this programme into execution, the sole barrier in the way of their steady advance onward and upward to complete economical self-maintenance will be removed.

9. While all the measures of our redemption from plutocratic slavery set out in Article 4, are important we wish to say that two of them should now be urged and pushed forward with the very greatest exertion.

One of these is direct nomination, which if invoked earnestly, will more than any of them at the outset cripple and impede the machine so as to weaken its resistance to the companion reforms. The other is anti-plutocratic taxation, of which there should be more and more in order to show the people where sufficient means

can be found to better the public schools, hospitals, and insane asylums, provide for the poor and aged, and all the other enterprises of government which are of great general good. This start once really made progress towards rightful expropriation by the public of the plutocrats will be rapid.

10. As our last word we stress the need of intrepid and incorruptible standard-bearers in every political contest from the lowest up to the highest. Especially should the people be urged to make only true anti-plutocrats members of the State legislatures, governors of the State and congressmen and members of the city council, and mayors of the cities. Let us strive heart and soul to bring it about as early as can be that no candidate for any of the places mentioned, who is suspected of any subservience to either the machine, or any section of the plutocracy, can ever be elected.

The foregoing outlines accurately, we think, the appropriate contents of the anti-plutocratic programme demanded by existing conditions. Let us consider briefly who it is, what are the classes, to whom any anti-plutocratic programme must be submitted for acceptance, modification or rejection.

Whosoever gives a vote or a reason for a vote, conscientiously, and by the better judgment, it matters not how rudimentary and undeveloped may be his or her mental faculties, in any condition or rank, rich or poor, employer or worker, man of a profession, producer, merchant, manufacturer and any other, every such is one of the authoritative judges or arbiters. There will be many differences. But after a while from this promiscuous throng comes forth with a great and overruling majority a consensus of convictions, which forms a public opinion rapidly increasing in weight and influence. This motley multitude needs not disrespect nor disparagement. Prof. Commons has spoken of it so truly and impressively that we append his language here, asking our readers not to confine his description to the particular country and sub-

ject which he had in mind, but to apply it to all genuine democracies acting upon any question.

“Direct legislation in Switzerland has abundantly shown that the people are safer than their rulers. Extremists have no hope in them. They vote down the bills of both reactionaries and radicals. This is true not merely in the country districts but also in the cities, where the unpropertied working classes are supposed to show disregard to property rights. Direct legislation gives voice and influence to the great mass of home loving, peaceable, industrious people, who make little agitation, and who are not heard in the ordinary clamor of politics. Such people are fair minded and love justice. They want only what they earn, but they want it themselves. They are the bulwark of democracy. They cannot be crowded or dazed. They wait until they understand. Yet in the long run, at the second or third voting, it is found that they are ready to accept progressive measures. They voted down government railroads twice, partly because of the exorbitant price the legislature agreed to pay to the private owners; but finally when the question reached the stage where it excited almost no discussion, they voted in its favor by a large majority. Says M. Stüssi, in his notable account of direct legislation in the city of Zürich, ‘All laws useful to the canton have been accepted, even those which demanded considerable money sacrifices from the people. No law which would really have advanced either moral or material progress has been definitely laid aside. In those rare cases which seem to contradict this conclusion, the referendum has simply displayed its inherent ultra conservative character, and delayed an advance which would seem to most to be too rapid.’”¹

There are many American instances of such slow but sure popular progress as that noted in the quotation last made. Residents of Georgia will recall that the people of the State rejected a constitutional amendment giving the supreme court a needed addition of judges several times before ratifying it, and how the peo-

¹Article in *Arena* for December, 1899; *Representative Democracy*, 43, 44.

ple of Atlanta shied away from water bonds twice before authorizing them at last. Mr. Gladden is too despondent over the indifference lately manifested by the people of Columbus. They will do right in the fullness of time. The instances just given serve to prepare you for popular action on our measures. The anti-plutocratic struggle enlists members of every section of society, including some even of the plutocrats themselves. The Marxians assume that the movement which they champion is all-proletarian, that the elevation of the workers from their low estate must be solely the achievement of themselves, and that the only means of arriving at their goal of all-embracing collectivism is the *Klassenkampf*, which is the persistent battling forward of the proletarians without alliance with any other class. The Marxians ignore history past and present; how the other classes of Rome favoring the seceding plebeians forced the grant of protecting tribunes to the latter; how the factory laws of England were passed, how its corn laws were repealed; how hours of labor are shortened, and organizations of working men recognized, the slums of our cities renovated, and sanitary dwellings for the poor provided; in short how every social improvement—even that which lifts up and benefits a particular class alone—has come or comes only from the arousal to joint action of all or a majority of the many classes of the promiscuous public which we have tried to describe. A class struggle is benign, realizing the proverb, that heaven helps those who help themselves. But even when it has been happy, its greatest success is seen only in a resultant from its combination with other forces. The most completely awakened class consciousness cannot in the nature of things be anything more than fitful and temporary, and must disappear under the effect of the universal solvent, public opinion. These reasons justify us in appealing to the masses—not to this or that class—with the foregoing programme. We have done nothing except to complete and copy its different articles from what shows of actual beginnings and accomplishments, and also of unmistakable drift in each division of

the insuppressible insurrection of society against plutocracy. This programme is really the work of the promiscuous public, and we need not fear that its many classes will not unite in carrying it out.

Some reader most naturally inquires how will our present parties, the republicans and democrats regard the programme. If one examines into the provisions of party or party platforms, utterances of the prominent speakers and writers, and the actions of men in authority, he will see that the programme is making headway in both parties. Thus each one is committed to direct legislation. To give another illustration, you can hardly find a man of either party who meditates a political career, who does not avow himself in favor of government ownership of all public service plants as soon as we can get ready for it; a very decided change from the sentiment universal against it a few years ago.

The programme will come in gradually, part of an article to-day, part of another to-morrow, and so on until its establishment will be in the main complete; and during all this while, sometimes the democrats singly, sometimes the republicans singly, sometimes both jointly, will be helping it forward.

It must be remembered that as fast as we weaken the hold of spoils and special privilege hunting upon the masses, and damage the reputation of the machine for effectiveness—a double process which will go on continuously—an increasing disregard of party allegiance will occur. "There are no great political parties in Switzerland," says Deploige.² There are really no such in New Zealand. In both countries the reason is the same. Neither one of them has a spoils system, a machine, or anything like our plutocracy. The influence of partyism is evidently on the wane every-

²The Referendum in Switzerland (English Translation) 295, 290. Compare what Miss Tomn says, *id.* xxv. sq. She ascribes the harmony and efficiency of the Federal Council, made up of persons of different political views, to the placid disposition of the Swiss and their readiness to accept a compromise, instead of to the real cause, that is, the elimination of antagonism between special interests and spoilsmen, which is the same as to eliminate party antagonism.

where in America. That the masses in the city have aroused to its better government, and can get no help for their chief desire in politics from national platforms and policies under them has had prodigious effect of late in making them indifferent to both parties. And outside of this large and growing section of our population, if you look closely you find everywhere, except among hopeful spoilsmen and those of the machine contingent who expect promotion, a similar indifference, which though not equal in degree to that just mentioned is yet considerable and vigorously increasing. The truth is, that the great public, the scope and constituents of which we have tried so hard to make you understand, becomes more disgusted with each one of the two political associations, whose feigned strife with each other is the main lever of the spoils system and machine as managed now by the plutocracy. It begins to understand the situation. It will grow in discernment. We may confidently expect the sway of national partyism to lessen steadily. And it is also to be expected that growing perception of the evils of our present system, and their true remedies as set out in the programme will be ever swelling the numbers of those who turn their backs upon national parties and align themselves with resolvedness along the anti-plutocratic front in every State and municipal contest. Thus will come at last a genuine anti-plutocratic party, and it will win decisive victory.

For all of its imposing show the new plutocracy is too young, and too reactionary in the midst of the present resistlessly deepening, widening and strengthening trend towards government more democratic and of enlarging and multiplying functions, to have become indestructibly founded and established. It is far weaker than slavery was. Slavery had been almost the very basis of society in those nations from which our civilization and enlightenment came. When decisive attack was made upon it in America it was an institution which had flourished in vigor over the fairest parts of the earth for some thousands of years. And although it had disappeared everywhere else, it was but to be expected from its

previous long and widespread prevalence that its final defeat would be at the cost of billions of treasure and oceans of blood. The new plutocracy has had only a short career, and that in a comparatively small part of the area of civilization. Let us glance at this career. Remember that the very essence of the new plutocracy is the assumption by private persons of governmental public service functions. What trace of this can be found in the most prominent and powerful nation of antiquity in which slavery was rife for centuries? The main public service functions proper to Roman government were road and street making and maintaining, water supply, and sanitation. The republic, and the empire ensuing, constructed and kept up a great system of public roads, improved the streets of cities, builded aqueducts for public water supply, and sewers for the sanitation of cities. Not a single one of these, nor any other that can be thought of, was ever intrusted to individuals. The only beginning of private encroachment upon the province now under consideration which we can discover, is told by Gibbon. "The use of the posts was allowed to those who claimed it by an imperial mandate; but though originally intended for the public service, it was sometimes indulged to the business or convenience of private citizens."³ At the same place we are told that "Pliny, though a favorite and a minister, made an apology for granting post horses to his wife on the most urgent business."⁴ This was but a feeble beginning, and does not appear to have ever developed into anything permanent. We may assert most confidently that there never was in the Roman republic or empire a plutocracy that as a class performed any of the public service functions of government.

The first appearance of the new plutocracy that we can find was when about the middle of the 17th century, in England, a part of the money function was taken from government by private

³Decline and Fall of Roman Empire, Chapter II., (Vol. I., 64, Harper's ed.).

⁴Id., note 90.

persons. And the new plutocracy has never anywhere else out of America got much beyond the exercise of the money function. It was about the middle of the last century, when railroads were commencing to succeed dirt roads and become the great highway of traffic and travel that private builders took unto themselves the road-making and maintaining franchises of government. As to this new and improved form of the roads, which were soon to dominate all others, the function proper to government was enlarged as necessitated by its nature to include all the vehicles travelling the road. The railroad corporations of the United States seized this enlarged function; and just here is the rise and almost the consummation of plutocratic empire. In a very short while the news-carrying telegraph, and the various public serving plants of the municipality were in the hands of the plutocracy. What a contrast enlightened Europe presents. The telegraph in Great Britain, an adjunct of the post office, and its railroads kept beneath the law. On the continent the railroad, telegraph and telephone predominantly owned and operated by government. The cities of Great Britain rapidly acquiring full control of their public service plants and the private corporations in other parts of Europe in charge of the same kept so firmly controlled that they show no affinity whatever with our municipal franchise plutocrats.

Thus we see that the new plutocracy has had but a short life, and that only in America. And even in America the development in government which plutocracy antagonizes gathers strength all the while. We need emphasize but three particulars: the post office, common school education and the fire department—all of them being affairs of vast moment, in every one of which government steadily enlarges its functions and exercises them more actively and decidedly. The process must extend constantly to the multiplication of public service functions and their more energetic performance by every branch of American government. And so in its mother country, its fatherland, we note that it is helpless against the forces of evolution circumscribing its territory, counter-

acting its further growth, and bringing invincible and unappeasable enemies into the field against it.

The new plutocracy is a retrogression of democratic development now strong all over the world; and especially is it a sneaking countermarch of the column of American freedom which was sent forward so gloriously and with such opulent promise by Jefferson. It is out of date and behind the times, un-American, sordid and vile. The American people are finding all this out more plainly every day. In righteous indignation they begin to muster for the decisive grapple. No friend of liberty and virtue need fear for the event.

CHAPTER X.

WHAT IS TO COME AFTER PLUTOCRACY.

TRYING to understand what is to succeed plutocracy we must glance at probable happenings in each one of the three different spheres of American government.

The expulsion of plutocracy from the city means among other things that all its public services have been municipalized, and that all considerable tasks of supply or construction needed for the city itself in any way will be done only by those whom it directly employs and superintends, and not by middle men or contractors; it means that the city has been completely emancipated from private guardianship and intervention in the performance of every one of its duties to the public or itself. Of course the municipality will learn by doing and its administration of these business matters will constantly improve by experience and practice.

There are some differences in the discharge by government of duties to the public and to itself, and their discharge by private persons which it is in order to note here. The post office delivers far more speedily and surely than the express as has often been proved by comparative experiments. If the former was completely under good civil service regulations, and it was not overcharged so unconscionably by the railroads, its superiority to the express in small charges and excellent service would be very much greater. Although our city schools are still too much interfered with by the boss, the discharge of the belonging duties—especially by the dif-

ferent principals and the teachers generally—is so high in conscientiousness and diligence it gives rich promise of far better things so soon as experts only, not spoilsmen, are kept in charge, and subordinates are chosen, promoted, suspended or removed as the true merit system commands. As it is, they easily distance the average private schools competing.

It is plain that the members of the fire department become more able and faithful. Their heroic deeds in saving property and rescuing the helpless where death threatens from every side, are so common that they are taken as mere matters of course, and excite but passing remark.

So long as the reign of dirty politics continues members of the police force will necessarily be machine workers, and get and hold place by "pull" instead of desert. But notwithstanding this powerful counteractant of all the nobler aspirations, the common policeman habitually exhibits real manhood and high regard for perilous duty. Let good behavior alone keep his position, as will be the rule without exception when there is no more plutocracy, and his fidelity will always satisfy the strictest censor.

The foregoing shows that not only will the deplutocratized city develop throughout every one of its multiplying functions in self-governing faculty, but that in all who serve it in any place altruism will grow at the expense of selfishness. The wisdom of conduct that is taught by experience will be benignly reinforced by the unflagging enthusiasm which the dearness of sacrificing self to the common weal inspires.

From prehistoric times the city has been the most potent factor in every new order. Mankind could not have come up out of barbarism into civilization had not walled cities sheltered their inhabitants and those of belonging adjacent districts from the ravages of incessant war between neighboring communities. Without these cities the arts and sciences could never have got beyond their rudiments. The free cities of mediæval Europe afforded the industrial system and democracy of the present then in their be-

ginnings the only possible refuge and nursery secure against the feudal barons. The city of to-day in America is the rallying point, whence the decisive revolt against plutocracy sets forth, where it counts its first successes, and wins a sure foothold. It has likewise a great post plutocratic mission as the facts summarized above foreshadow. The special thing to be thought of here is the impetus it will give government ownership and operation, and direct employment. Although the States by reason of the great achievements of their leaders in the victorious and anti-plutocratic struggle will have advanced far to the fore; and although the nation in its spoils machine and plutocracy free management of the post office, with its telegraph and telephone departments, of the railroads and of the mines, will exhibit the most highly organized and developed of all types of public business methods; the city must, as soon as plutocracy has been buried, shoot forward in a new career of improving old and adopting new governmental functions, which will keep it for a long while—perhaps indefinitely—the principal source of energy in American government of every kind. Here will be the great decentralizing active power in the United States—rather, the city will be incessantly working with effect to give local government a development, measure of authority and exclusive jurisdiction duly proportioned to the vastly greater importance of his home interests to every man as compared with his external interests. It will probably get far beyond the State in scope as a governor. Possibly in the far future the only real divisions of American government will be national and municipal, the former being somewhat in the nature of a committee upon general and outside matters, appointed by and kept under the command of the people of the municipalities, which will have then absorbed all the powers of the States. The striving of the plutocrats has been to make the federal government supreme in order that they have a resistless engine of absolutism; but the true interest of democracy is to make and keep that government the obedient servant of the local governments. To effect this will not be the resuscitation of

dead and buried constitutional secession, but it will make a more perfect union—one without conflict or antagonism between the parties, and stronger than adamant.

Thus have we endeavored to indicate the course of municipal development after the fall of plutocracy. Now let us consider parallel developments in the State government outside of the municipalities.

The State has its buildings, such as the capitol, its prison, its insane asylum, etc. Georgia has its railroad, which it leases out, New York has its canal, Massachusetts its sanatorium for the treatment of such cases of tuberculosis as seem to be curable. Along such lines as these there may be advance and development; and we may be almost sure that direct employment of those who construct the different public works of the State will become after a while the uniform rule. But at this time it seems probable that the national government will steadily encroach upon the sphere of State ownership and operation in such things as these: care of forests, large scale irrigation, levying and otherwise improving navigable rivers, fish propagation, quarantine, and other particulars which can be named. With more and more of the province of State operation being sliced off by the nation at one end and by the municipality at the other, there will be a continuous partition of State powers between the two, the former receiving all that concerns the people of the United States generally, and the municipalities taking all that specially concerns their inhabitants, which will be much the larger part. Some of our State lines are natural boundaries, but in the main they have been located by accident or whim, but the lines of the city and the nation are generally where the peculiar nature of each says they ought to be. It is very probable that even if the State does not at last disappear from our system, that there will be a new location of its lines according to the real needs of government. It seems certain that of the three parts of American government the State will decrease while the other two increase in power and strenuousness.

We have already in this chapter hinted at much of the new career of our federal government. The nationalization of the railroads, telegraph and mines, the greatly improved post office; the money and credit of the nation managed by itself and not by private bankers, the assumption from the States of forest preservation and the remaining things just enumerated,—these, with other suggestions which can be made, indicate a very great federal operative activity.

The most valuable lesson which the federal government will learn from the city government will be economy both in raising revenue and its expenditure. At present the different forms of indirect taxation—especially the tariff—the extension of the civil and military service, creation of new offices and places, private appropriation of the money and credit functions, the manifold jobs, are managed mainly to make and multiply public teats, the smaller for the myrmidons of the machine, and the larger for the plutocrats. If, in the beginning of the non-plutocratic time, there be any deficiency in the federal revenue arising from its charges for public service, it will be covered by direct taxation. The abolition of indirect taxation by the United States will pluck out the tap root of the largest and most vigorous parasitic growth upon government which has ever drained the resources of a great people.

Thus we have tried to tell the stage that will follow immediately upon the downfall of plutocracy. Its great result will be the sure establishment of municipalization, State ownership and operation, and nationalization, with the purification, elevation and very great amelioration of municipal, State and federal government.

What next?

It is claimed that we are rapidly going into socialism. The acquisition of all the agencies which supply systematically, and on a large scale, certain high needs of society and their operation by government, while the various branches of production and distribution are left to be pursued by individuals just as they have always been, is not even the start of socialism, for such things as these have been the business of government ever since it took under its

charge the public roads—not to go further back. The province of organized socialism, or Marxian socialism, as it explains itself, is entirely distinct. Its fundamental doctrine is that the community must appropriate all existing means of industry—the fields and the mines, factories, raw material, machinery and every instrument that can be named—and wielding these assume management of all the different sorts of production. This unprecedented transformation must be riveted by making the government the only wholesale and retail merchant, as Engels maintains when he deliberately says: “No community which does not abolish exchange between individuals can permanently keep mastery over its own production and control over the actual workings of its mode of production.”¹

Marxian socialism would add at once a new and strange function to government by which the latter drives individuals out of independent business, and itself conducts all industries. Would-be prophets are positive that the plutocratic trusts have almost got ready each its particular industry for government assumption. Consider a moment the greatest of all of them—the billion and a half steel trust. In the evolution which we have explained the United States will take over all the mines and the railroads, and resume control of its own money and credit; but it will not take over the industrial enterprises dependent upon private monopoly of these three things. When the nationalization just indicated is complete what becomes of the steel trust even if it keeps all of its patents? It is evident that it can no more pursue its old course than a bird can fly with only one wing. The sustaining prop of its business was its monopoly of mine, transportation and credit. When this prop has been removed by government the business which government does not assume necessarily falls to the producers who can best maintain themselves in the new domain of steel manufacture,

¹Der Ursprung der Familie, des Privateigenthums und des Staats, 77, 78 (Stuttgart, 1889).

where all have been given equal opportunity of transportation and government credit.

Let us consider the socialism of to-day which comes from Germany. Lasalle awoke the working men of that country to claim participation in government. Untimely death ended his masterful leadership, and Karl Marx became the head of the socialist movement. It is hardly exaggeration to say that the socialist party of Germany derives to-day all the more important articles of its creed from him. This doctrine was first hammered into shape in the Manifesto of the Communist party, published in January, 1848. As he was born May 5, 1818, he was at the time not quite thirty years old. Engels, his great collaborator, was more than two years younger. These extremely young founders of a new social order, because of an uncompromising revolutionary activity against government, had been driven into exile, in which having already lived for some years, they lived on to the end of their days. It is instructive to parallel with their rapid making of the Manifesto under unfavorable circumstances, the slow, laborious, careful, long and satisfactorily complete collection of all the relevant details of his study by Darwin, and his thoroughly scientific summing up which he did not think of even commencing until his mastery was full. Marx's Capital, by far the greatest of his production—which is treasured as the Bible of organized socialism—that is the first volume, the only part which he lived to finish—appeared in 1867, some 20 years after the Manifesto. One who studies it will discern that he had in the meanwhile bestowed gigantic industry and the very height of meditation by a mind never surpassed in power upon his subject. But this industry and meditation had all been of purpose to maintain the propositions of the Manifesto, and were not, as they ought to have been, those of the scientist like Darwin, whose greatest care is to discover and accurately tell the truth of fact. And accordingly it has already been demonstrated by thinkers who fondly incline to socialism as the great

regenerator of the future, that Marx's book is builded upon the capital errors now to be noticed seriatim.

His materialistic conception of history, under which he ascribes every past occurrence of significance to the struggle of a class to better its condition economically—patriotism, religion, the current ethics, art, even such potential factors as the feeling of human brotherhood, and the steady march of science, the influence of each one of which increases in geometrical progression, being entirely ignored, and the capitalistic mode of production, as he terms it, bringing forth the proletariat, its inexorable grave digger and burier, being represented as the predominant force of the present, without any account taken of the far stronger social forces acting with far wider sweep and stronger impulsion, which we have laboriously described in the foregoing as coalescing to save and perfect democracy.

He assumed, without test or examination, with the former economists, such as Locke, Petty, Adam Smith, and especially Ricardo, that labor—really manual labor—is the one only source of all value, when in fact, as has been incontrovertibly shown, the main element of value at any time, is the contemporaneous relation of demand and supply. His notion of mehrwerth, surplus value, founded upon the false assumption just set out, he uses as the sole and all-sufficient explanation of our new machine industry, of which doctrine Kirkup says with truth, it "is the vitiating factor in his history of the capitalistic system."²

The last error of Marx to be noticed in this connection is that

²History of Socialism, new, revised and enlarged ed.; 158. Kirkup's compendious criticism of Capital as a whole (Id., 136-167), will do for the average reader. But the economical student desiring a detailed refutation, will find it in the work of Eugene v. Böhm-Bawerk, Professor of Political Economy in the University of Vienna, in which everything of importance in each one of the three separate vols. of Capital is attended to with proper care. We append a note of the English translation: "Marx and the Close of his System. Translated by Alice M. McDonald, with a Preface by James Bonar, London, T. Fisher Unwin, Paternoster Square, 1898.

having imbibed the doctrine of catastrophe, such as under the influence of Cuvier reigned in geology from the beginning of the century down to 1830, he over-estimated by far the constructive accomplishment of revolutionary violence.³ This was probably in his mind when he wrote the world-known description of the great crash: "The clock strikes the last hour of capitalistic private property. The expropriators are expropriated."⁴ The more we study him the more clearly we see he was not a full convert to the doctrine of evolution which Darwin, nine years his senior, had made the scientists accept before Capital appeared. By reason of his failure to emphasize, as he ought to have done, that *natura non facit saltum*—which we may thus render: "A new order comes in by a long series of short steps, and not by one great bound," nearly all the present leaders of the party, quite unable to get out of the grooves in which he set them, preach in their formal utterances that Marx's programme will be realized by violent revolution, or the breakdown of capitalism, or the political victory of the social democracy introducing the socialist State at once. Thus do Marx's errors live after him.⁵ But the practice of the party is better than its avowed

³Bernstein, *die Voraussetzungen des Sozialismus und die Aufgaben des Sozialdemokratie*, 28, 31, where the origin of the tenet is ascribed to Auguste Blanqui.

⁴*Das Kapital*, Vol. I., 3d ed., 790.

⁵We cannot restrain ourselves from expressing the admiration we feel for the long, brave fight Marx made in behalf of the downtrodden working classes. We subscribe fully to this eulogy of Kirkup: "In view of such a career spent in the unflinching service of what he regarded to be truth, and in the greatest of human causes it would be mean and disgraceful not to speak of Marx in terms of profound respect. His sincerity, his courage, his self-abnegation, his devotion to his great work through long years of privation and obloquy were heroic. If he had followed the broad and well-beaten highway of self-interest, Marx, with his exceptional endowments, both for thought and action, might easily have risen to a foremost place in the Prussian State. He disdained the flesh pots of despotism and obscurantism so much sought after by the average sensual man, and spent forty hard and laborious years almost wholly in exile as the scientific champion of the proletariat. Many men are glad to live an hour of glorious life. Few are strong and brave enough to live the life heroic for forty years with the resolution, the courage, and consistency of Karl Marx." *History of Socialism*, new revised and enlarged ed., 164.

creed. While unmodified acceptance of all the overhasty and anti-evolutionary tenants of Marx is most positively professed by most of those who speak and write, yet the mass of German socialists tend strongly towards behaving with common sense in politics, and attempting no measures but those which are practicable. They deserve the extreme of indulgent opinion. Remember them for 12 years under the anti-socialist law. The most galling indignities were systematically heaped upon them, with intent to provoke such violent resistance as would justify in public opinion their complete destruction by the government. They showed that they could suffer and endure all things—a quality far above the courage that with composure meets odds in battle. Their self restraint and faultless tactics in these dark days at last won for them recognition as the strongest political party of the country. In the world's record no other leagued defenders of freedom against mighty tyranny have won a victory so stainless and glorious. These good and gallant men will in time learn to discard their "stiff and barren orthodoxy."⁶ Their hearts have always been right. The logic of events will in time make their heads right. Then they will confess that the new order must come bit-by-bit, and by piecemeal, and they will labor for it more efficiently than all others.

Having satisfied ourselves that the dream of Bellamy is not to be realized for a long while, if ever, let us briefly consider what is probably next to the era of public ownership. All public supply instrumentalities are managed by government alone. The monop-

The words of strongest wing since the Declaration of Independence was made are those of Marx, closing the Manifesto of the Communist party:

"The Proletarians have nothing to lose but their chains. They have a world to win.—Working men of all countries unite!"

They were his motto when he was young, and ever afterwards, until he was found dead at his work table.

This noble invocation ought to incite the workers to range themselves in a corps, with the others bearing the anti-plutocratic banner, and not persist in the independent, solitary, and Ishmaelitish action, which doctrinaire socialists still seriously and fervently advise.

⁶Kirkup, *History of Socialism*, new, revised and enlarged ed., 276.

lies of production and distribution, maintained with iron hands by those who had seized the different public serving functions of government have been all swept away, and there is now industrial freedom, and equal opportunity to everybody save in the matter of ability and amount of capital. The people now really make the laws and settle every policy of government. One may be sure that they will not tolerate such high charges for government service on themselves as to admit of large public revenue from this source. Transportation, travel, telegraph, telephone, water, light, heat and power rates, etc., etc., will be of just sufficient amount to make the different plants self-supporting. The public expenditures will have greatly increased in volume. Whence will come the receipts to cover this expenditure? The tariff, the liquor, and all other direct taxation, will have come into general disfavor, because of their incessant development of monopolies. It seems to us from what is now taking place in New Zealand and elsewhere, and from the pertinent agitation, which spreads wider and uninterruptedly becomes more earnest in this country, that for a while—if not permanently—the single tax will yield all the means of expenditure by the national, State and municipal government. Shearman has demonstrated that this one tax is enough for all three governments.⁷ There is no such plutocracy in England as there is in America, which we have told you more than once. It is instructive to observe that the class which is now rising in America against plutocracy is in England rising against landlordism. Note the drift in New Zealand. Mr. Lloyd says: "The ultimate ideal of the New Zealand system is, that the state shall be the only land owner, the only free holder."⁸ These, and other things, indicate that when America has overthrown plutocracy she will next uproot land monopoly; which means that by the operation of the single tax she will make land public property to be managed on the account

⁷Natural Taxation, new ed., Chap. X, entitled "One Tax Enough," pp. 137-164.

⁸Newest England, 138.

of all her inhabitants. This accomplished we would be much nearer to socialism than we are now, but still very far from it. It would remain for government to absorb all private capital, and also to learn how properly to carry on the entire industries of the country.

Although the co-operative movement has as yet shown with us hardly more than a feeble beginning; yet some important signs and proofs that it is promised a great career in America can be pointed out. Of late co-operative creameries have done well both in the east and in the west. Co-operative stores spring up in different places, and especially do they multiply in California. Co-operative grain elevators are rapidly displacing the trust elevators in Kansas. The experiment, at Lewiston, Me., under the lead of Mr. Peck, aspires to enlarge greatly what has heretofore been considered the proper sphere of co-operative enterprise, and appears to be prospering.⁹ People are everywhere expecting co-operation to expand largely, which shows that it has got into the air. It ought to be emphasized that the success of different religious communistic societies in the United States¹⁰ has really been that of co-operative enterprise. The most effective advocates of

⁹For details see article of Rev. Hiram Vrooman, "The Co-operative Association of America," *Arena* for Dec., 1901, 578-587; article by same on an approaching conference to be held at Lewiston, June 20-24, 1902, *Arena* for June, 1902, 611-614; and Mr. B. O. Flower's notice of this conference, which he had attended, *Arena* for Sept., 1902, 320-322. See further *Public Opinion* Sept. 18, 1902, 366, 367, for a very condensed statement of the Lewiston enterprise.

¹⁰Nordhoff, *The Communistic Societies of the U. S.* was long the leading authority, and is still valuable. C. Hugo's sketch was made 20 years later. (*Geschichte des Sozialismus*, Vol. I, Part 2, 863-890.) Its discussion of principles is somewhat in advance of Nordhoff's, although the latter made many good observations in favor of community life, which are summed up in Hinds's *American Communities*, revised ed. (Chicago, 1902), 427, 428.

This work of Mr. Hinds's supersedes all others, both in exhaustive collection of facts and scientifically drawing right conclusions. His deep study of the subject has given him the belief that communism is not only feasible, and a most beneficial and advanced social institution, but that it has a great future. The reader is requested to note especially the persuasive force of his three questions as to the *Amana* community. (*Id.* 286.)

the initiative and the referendum—notably Prof. Frank Parsons—show that rudiments of these institutions have obtained everywhere in American practice from the first settlement of the English here, and that they have been constantly growing to completeness. And the religious societies just mentioned likewise demonstrate that a kindly soil now invites co-operation in America. One country is always imitating another in some particular, as for example, Rome got much of the Twelve Tables from Greece. And in this day the proneness to adopt foreign customs gains in influence. This explains the interest with which the enlightened world regards the peculiar institutions of Switzerland and New Zealand. Mr. Lloyd was wise when he took the pains to make and publish his late book on co-operation, the extensive scope and manifold variety of which appears in the title given below.¹¹ His confidence in co-operative agriculture is especially stimulating to those who would see the decay of American country life arrested. And he reports that other branches of co-operation—both those of consumers and those of producers—thrive so prosperously in England that one cannot understand why they will not do the same in America. We have not space to go through the details of the subject. We enforce its importance in a general way, by reminding our reader that such close observers and profound thinkers as Kirkup, Bernstein, Prof. Frank Parsons, Flower and Henry D. Lloyd hope great things of the movement. The more that one examines present tendencies the more he believes that co-operation is destined finally to spread all over America. With plutocracy will go the great oppugnancy to labor organization. Who

¹¹Labor Copartnership, Notes of a Visit to Co-operative Workshops, Factories and Farms in Great Britain and Ireland, in which Employer, Employee and Consumer share in Ownership, Management and Results. New York and London, 1898.—The author says: "I have written the story of Labor Copartnership in the hope that it might give encouragement to the co-operative spirit of this country, none the less if our lines of progress should have to differentiate themselves from those taken abroad." *Id.*, 333.

but plutocrats ever coerced strikers with police, Pinkertons, militia, regulars and injunctions? When one reads the wondrous tale of how trade unionism in England has stoutly struggled up by a thorny and bloody road from detested conspiracy, scourged with Draconian penalties, to a proud eminence of honorable association, where it now commands the respect and protection both of parliament and the courts,¹² for a moment he inclines to think that the American workers have been left in the lurch. But on close examination he understands that the main stimulus of trade unionism was the imperative necessity to the English workers of combining in order to conquer for themselves certain civil and political rights which ours have always had. Equality in personal rights before the law is the very first thing to be achieved by an oppressed class. This simple fact explains the outbreak, the progress and the effect of the French Revolution. The working men of England, mainly under the lead of the unions, have acquired much of this desired equality. It is no longer a crime for them to combine. Their organizations are recognized by the law. They have suffrage almost universal. But their equalization in right to others is not yet full, an illustration of which is thus told in the book last cited. "To this day juries continue to be drawn exclusively from the upper and middle classes."¹³

For years and years the American workers have enjoyed politically and civilly all that any other men have enjoyed. The late denial of this personal equality to them has been made by the plutocrat and his judge. When the plutocrat has been kicked out, and his judge after him, there will be nothing more of personal rights to be fought for, and consequently the labor organizations will devote their entire energies to the next conquest in the order of evolution, that of economical equality. Then let the English trade unions look to their laurels. In fact the fame won by John

¹²The history of Trade Unionism: By Sidney and Beatrice Webb, The 1st ed. appeared in 1894.

¹³Webb, History of Trade Unionism, 258.

Mitchell's skillful conduct in 1900 and 1902 bids fair to eclipse that of all former labor leaders.

To recover the long lost features of pre-historic society we study the institutions of existing savages. And to learn what will come to pass here after plutocracy has gone, we should study what is doing in the most enlightened countries, which are free from that plutocracy we have described in detail in this book. England is our very best example. Lately the progress of trade unionism in that country towards industrial democracy has been traced with herculean labor and sure insight, and adequately told.¹⁴ Bright as is the promise of this message, it falls short of what must be when co-operation and trade unionism work harmoniously together in thoroughly democratized America—a happy condition something like the collectivism which Bellamy made a fairy tale of to delight the children of toil the world over. But it will not come suddenly and all at once as he describes. The steps in that direction are few, uncertain and slow. The municipality supplies light, gas for fuel and the proper stoves, books and meals for school children. When you think of it this is a considerable displacement of private business. The municipal yard furnishing coal at cost will be common before long, and the impulse to nationalize all of the coal business will become strong. Economization of sewerage and street sweepings may bring city farms to develop some day into public agriculture and gardening. The municipality must concern itself more for a supply of pure milk to children, and this may push it into providing its own dairy. You can cull from Dr. Shaw's books, from the municipal Year Book, from the magazines, etc., many other similar examples which we have not time to mention. The line indicated is really nothing but the multiplication of those functions of government which attend to public needs. So far as we read the signs of the present, if there is ever public assumption of the entire industries of the country, it will come in this gradual way, only that one being taken

¹⁴Webb, *Industrial Democracy*, London, 1897.

over at a particular time, which is commanded by an overwhelming necessity of the community.

Although these may be but mere speculations, to be played with only as the toy of an idle moment, we can be sure that with the success of the anti-plutocratic programme, and the restoration to the people of their liberties and property, the mass of misery now piled up everywhere in our land will quickly melt away. Everybody, man or woman—the children will be at school, with enough of playtime—that wants it, will find agreeable and profitable work to hand. Every political change will elevate and perfect real democracy. Every economical change will be to come nearer than before, to equalizing all in the necessaries, comforts and luxuries of life, and of culture too. And we shall ever evolve from good to better.

APPENDIX.

MR. BRYCE AND OTHER AUTHORS, WHO DO NOT UNDERSTAND OUR PLUTOCRACY.

Here and there Mr. Bryce recognizes its existence. For example, he speaks of it in this vigorous style: "Great corporations are everywhere the bane of State politics, ["municipal and national" ought to have been coupled with State], for their management is secret . . . and their wealth, so large that they can offer bribes at which ordinary virtue grows pale."—2 Am. Commonwealth, 162 (3d ed.).

His failure in the investigation of American affairs is not to have discerned the systematic, methodical—we may almost say—scientific, conduct of the machine by the plutocrats, and that from this conduct they really choose our legislators, executive and judicial officers, thus making each department of our triune government to serve them at will.

It is astonishing that a great many native writers make the same failure. Thus Mr. Meyer, in his *Nominating Systems*, published as late as 1902, does not, as he ought to have done, represent the corporations as being everywhere and always in control of the machinery of nomination. When Bryce, Eaton, Meyer, and all such in their copious treatment of American politics and government, overlook the cardinal fact of plutocratic direction they are like one, who making a prolonged scientific explanation of the rising of bread, never mentions that yeast was put in the dough.

NOTE AS TO THE FOWLER BILL.

As we write (May 1, 1902) this bill is pending in the lower house of congress, and is likely to become law at the next session. We add an abstract of its main provisions.

The greenbacks, amounting to some 350 millions, will be gradually and surely retired.

Silver will soon be current only as subsidiary coin.

The paper money of the country will all be issued by the national banks. Note the graduated taxes by which issues are checked and contraction encouraged. Monopoly always curtails supply to increase demand, and thereby maintain price.

The issue of gold certificates is taken from the United States and given entirely to clearing houses created by the act. These certificates are receivable for import duties.

One purpose of these provisions is to confer upon the lords full power to diminish the money volume in order thereby to counteract the recent increase of gold production. The larger the gold supply becomes the smaller shall the paper and silver money supply be. The elaborate demonstration, in the report accompanying the bill, of the small profits to the poor banks upon their circulation discloses this intention.

In his discretion the secretary of the treasury will deposit all money above fifty millions in the national banks. This will bring it about that nobody but the lords can use the government deposits and the enormous credit thereby resulting. Further the United States will be kept from helping the people with loans as New Zealand now does.

Under the foregoing measures legal tender coin volume, currency volume, credit and interest rate will be elastic, expanding when the lords wish to bull and contracting when they wish to bear the market.

How the rich brokerage business of the lords is protected needs a word. We have just mentioned that they monopolize the issue of gold certificates. It is clear that the country will stand no more raids on the treasury, and so the lords take over to themselves the custody of the gold reserve. To get gold Tom, Dick and Harry must make a long journey with their bank bills to the home office, or carry a hundred dollars of silver to the treasury, while the lords can with impunity abstract the gold deposited in the clearing houses for which certificates have been issued. There is a penalty against issuing a certificate without a deposit, but there is none against withdrawing the gold afterwards. According to a familiar banking experience the lords need keep in the clearing house vaults only a supply of gold amounting to one-fourth of their outstanding certificates, while they loan the rest abroad at cut throat rates. At home they will do a land office business by selling no-gold certificates to those who must pay duties on imports, for which duties bank bills and silver are not receivable. The report emphasizes the weakness of the treasury, "in that not being a lender of money, it cannot put a price upon the use of gold by fixing a rate of interest high enough to be prohibitive for the time being, and so protect its reserve," and therefore—to use the words of the report again—"the exporters of gold, and the banking interest can lie down on the treasury and compel it to supply their needs through the various forms of demand obligations at hand, without cost to themselves." Thus it is predicted between the lines that the lords will fix a rate of interest that will stop the exporters and small banks from supplying themselves with gold without cost.

The currency introduced by the Fowler bill will be what the report calls a credit currency, and what is popularly called asset currency. The banks can issue circulation equal to their paid-up capital. A deposit by them in the national treasury of United States bonds or of gold coin equal to 5 per cent. of their circulation guarantees the payment of their bills. The report parades the

practice of the bank of England, the bank of France, the Reichsbank of Germany, and that of the New England banks from 1840 to 1860, in the pains it takes to demonstrate that such a currency is safe. This currency "guaranteed," as the report says, "by the six billions of liquid assets in our national banks, upon which it is a first lien," will indeed be always safe to everybody but the government. The bills will be kept at par—even those of every failed bank—by the provision that they shall be receivable for all public dues except import duties. Should the six billions of liquid assets all flow away, as the gold will flow away from the clearing house certificates, and should the 5 per cent. deposit prove an inadequate guaranty, the United States must still receive the broken bank bills. Thus the lords make the government a security company, gratuitously keeping their paper money at par.

The branch banks permitted by the bill will multiply and strengthen the arms and claws of the octopus which is steadily devouring all non-plutocratic banks.

The provision that "authority to establish branches in the possessions of the United States and in foreign countries shall be given only to banks having a paid-up capital of not less than five million dollars," evinces an unselfish and philanthropic regard for the welfare of distant communities, which is the very highest development of "benevolent assimilation."

With all the special privileges they gain if this bill passes, the lords can easily afford to pay the United States one per cent. interest on the deposits from which they average at least four per cent. This one per cent. is a cheap deception of the masses into believing the lords to be their disinterested, public-spirited and faithful trustees.

Let the new grants of the Fowler bill be added to those which the lords already hold, and they will have acquired virtually all the monetary functions of the federal government except that of coining gold.

L'ENVOI.

Soon after the author published his *Conduct of Lawuits* in 1885, plutocracy began to startle and alarm him. Under the lead of Hudson and other native writers, who were at least incipiently or partly anti-plutocratic, he contemplated the American situation with close attention. He became so familiar with the subject, as he felt, that in the court vacation of 1890 he commenced to write. But he soon found out that he lacked much of being ready. He stopped his pen, and studied Marx, Engels, and other German socialists for several years. For the reasons which he has indicated above in criticising Marx he felt he must look elsewhere. He fell in with the literature of the Fabian socialists, and this helped him much more than that of the Germans. He had been incessantly noting and digesting what he took to be the important occurrences of the day. His understanding of plutocracy was all the while becoming stronger and clearer, until at last he detected it upon its hidden throne, pulling all the wires of the machine, and telepathing presidents, governors, mayors, national, State and municipal legislators, and all other authorities—even judges—commands to serve its selfish interests which they always obeyed. He cried Eureka! and commenced writing in earnest in the spring of 1898. He had to go slowly through the maze of our complex American system. Often a chapter would be worked over three or four times before the leading views had been discovered or advanced into proper place, and unimportant ones discarded. His wife kept his magazines and newspapers filed under a con-

venient system of her own, and with her as an index he could always find any illustrative fact desired. And she aided greatly with suggestion, counsel, criticism and encouragement. Just as the final draft of Book III was begun in May, 1901, when she was needed greatly more than ever before, she fell sick, and in the August following she died. The author cannot express how hard it has been to labor on by himself. The times that he has felt the want of her are too many to be estimated. He is sure that if her helping companionship could have continued until the end his work would have been far better.

