

CHAPTER 6

IN DEFENSE OF THIEVES

WALL STREET—which is a thoroughfare completely surrounded by rumor—has a new tidbit on its whispering tape. It is told in confidence, guaranteed “inside dope,” and therefore is of doubtful character. Nevertheless, it is worth repeating.

The Department of Justice, the story goes, is hard after an important corporation with a restraint-of-trade suit. This juridical farce, which never gets to the bottom cause of monopoly, is an expensive nuisance that the company would like to avoid; expense is of no moment to the department. During the present sparring stage, something akin to blackmail enlivens the story. Certain people, credited with “having the ear of the White House,” have approached the corporation with a bargain offer, to wit: the investigation will

be called off if the corporation will agree to load its executive payroll with a few friends of the Administration.

The significance of this story, regardless of its factual content, is that it is being told and believed. Forty years ago it would have been laughed at; it would never have been thought up. For, in those days it was taken for granted that the politician was a menial in the employ of Big Business. The idea that the hireling could "put the heat on" the men who made him would have been unthinkable.

The incidence of power has changed, and that is the point of the Wall Street rumor. When you read Gustavus Myers's *History of the Great American Fortunes*, or Lincoln Stephens's account of the muckraking era, in his *Autobiography*, you learn how Big Business made presidents, bought legislators and dictated judicial decisions. Up to early in this century, according to these historians, the political machinery of this country was an adjunct of monopoly. If a franchise was wanted, or a grant of land or a lucrative contract, the thing to do was to pack the legislative or executive branches with men of the right kind of integrity. There might be a fight between one gang of privilege-hunters and another, between a Gould and a Vanderbilt, and the fight might reach the sacred legislative halls, but the respective agents of these men simply carried out orders; they rarely presumed to do otherwise. Their recompense was the security of political preferment, so long as they remained dutiful servants, with participation in the loot if they were particularly useful.

How times have changed! The rumored hold-up of a corporation by politicians may be apochryphal; but it is a fact these days that corporations frequently find it advantageous to man their executive positions with men whose sole recommendation is political background. A general who commanded a desk at the Pentagon is put in command of an

airplane factory; a chief of police is made vice-president of a utility company; an ex-member of the presidential cabinet is hired to run a bottling works; the baseball business reaches into the Senate for a custodian of its affairs; the son of a president becomes overnight an expert in insurance. Why? Tradition once held that the man who could best run a business was one who had learned it from the bottom up. Now, it seems, such training is unnecessary; it is far more important that the head of a corporation know his way around in political circles. This qualification is so important that many a top executive is drawn to Washington for a finishing course.

This turn of events indicates that Big Business has lost its dominance over Politics. The bureaucrat is in the driver's seat. The successors of the robber barons of the nineteenth century operate on sufferance; the obsequiousness of their lobbyists in Washington is pitiful to behold. Is the change of leadership in the best interests of our economy?

Let's put aside any moral evaluation of the old time method. We can concede that the egregious railroad land-grants amounted to thievery; the right of the people to the use of this land was abrogated without any warrant in ethics, and the operations of the Hills and the Harrimans, in cahoots with servile legislators, were little more than a confidence game. Nevertheless, it cannot be denied that these men did build railroads. Their motive was profit, to be sure, even though they prated about building an American empire. But, production has to precede profit. They had to provide a transportation service. What they got from their elected servants was an exclusive privilege, enabling them to wangle a monopoly profit out of the users of the railroads, more than they could have got out of competitive business.

Furthermore, the miles and miles of land handed to them were useless until exploited. Purely for their own selfish in-

terests the railroad barons induced farmers and artisans to settle on their ill-gotten lands. Commercial and industrial centers sprang up on the sites they had acquired from the "people's representatives," and through sales and rentals their fortunes prospered. They encouraged production, for only in that way could they cash in.

The Weyerhausers had to cut, transport and sell the lumber from the lands they had slyly come by, or all would have been in vain. The lumber would surely have been put to good use even if these lords of the forest had not managed themselves into titles; people use the gifts of nature not because they are owned but because they are necessary to the satisfaction of human desires. But, that is beside the point; the barons could not have cashed in on their legally-supported rackets unless they produced, or caused to have produced, the good things that are made of wood.

And so with the oil wells, the mines, the traction franchises, the choice city lots that the Astors and the Fields and the Trinity Corporations got title to by legal, though un-Christian means; in every case ownership paid off through use. Since production is synonymous with life, or is at least the measure of its material fullness, something can be said for the social usefulness of these anti-social monopolists. They worked society for all it was worth, but in so doing they inadvertently contributed something to society.

As for the public servants who served these robber barons, what else could they do? Despite the delusion of "clean politics," the only use to which political power can be put is the creation of privilege. Theoretically, government can be "good," but only if its functions are restricted to the protection of life and property; but, to that purely negative occupation rulers have never confined themselves, and there is some doubt that the ruled would be satisfied with that kind of government. In practice, the art of ruling settles down to

the granting of economic privileges to a few, to the disadvantage of the many; the beneficiaries of these privileges are either the politicians themselves or their supporting patrons. Nothing can be done about eradicating this practice until "you and I" learn what privilege is and are willing to get along without it. Whether "you and I" are susceptible to that kind of education is a moot question.

However, the realistic plunderers of the nineteenth century were cognizant of the limited capacity of the political person and kept him in his place, which was the back room of a saloon. The innate puppet was allowed to flatter his ego in a peroration from the tail of a torch-lit wagon; and there he stopped. His training and his inclination being what it is, he never presumed to barge in on the management of the businesses he helped to create; he would have been thrown out if he had tried. He did all he was expected to do, or was capable of doing, when he voted "right."

The reformers would not let him be. For over a hundred years these disciples of heaven-on-earth-through-politics came at the poor politician with vitriolic castigation. They threw out one "rascal" after another, and seemed unable to get any other kind in power; somehow the shining armor of the glorious crusaders began to tarnish as soon as they entered the lists. Some reformers traced the continuity of rascality to a nebulous "system" and each came up with a formula that would most surely do away with this evil. Even though the formulae frequently contradicted one another, they all contained the same activating ingredient: More Political Power. This fact could hardly escape the politician forever; the reforms would most certainly improve his own position, whether they accomplished the advertised purpose or not. In his shrewd way he perceived that the reformers were after privileges for other groups than those he had been serving, and at privilege-making he was an expert.

So, the politician hopped to the reforms. He created new privileges right and left. The land-grabber, the right-of-way thief, the tariff vulture and the unscrupulous contractor were not neglected; it was not necessary, for nobody asked for the abolition of privilege; all wanted more. Farmers, veterans, unemployed—any substantial group that could “deliver the vote”—were invited to the festival. This abundance of free lunch had to come from somewhere, and where can the poor politician, the inherent non-producer, get it? From taxation, of course. He gave and he taxed. The ward-heeler was transformed into a bureaucrat by reforms.

We hear less and less about the “system” these days, and the enthusiasm for “clean” politics has given way to the worship of power. Liberality in the diffusion of privilege has raised the politician to the pinnacle of high-priest while the increase of taxation has made us more and more and more dependent upon his beneficence. From this consequence of reform it would appear that what we all want, regardless of the moralisms we spout, is something “for free.” The robber barons whom the reformers lambasted during the nineteenth century did what each of us would do if endowed with his courage and presented with the opportunity, and the “crooked” politician is merely a reflection of ourselves. To put it another way, the politician is as “clean” as his constituents.

The diffusion of privilege in all directions had the marvelous result of freeing the politician from vassalage to any one gang. In the old days he might play one group against another, he might even take bribes from both; but, after he had befouled himself he was no longer a free agent; he was a tool. Long before 1933, such reforms as the direct election of senators and woman suffrage had weakened the hold that Big Business had upon him, and the prohibition movement showed him that even organized religion was amenable to

political reason. The New Deal, of course, completely liberated him from his old dependency; for here was in one package all the "social legislation" needed to build up a supporting cast of diverse interests. Now he could flaunt the union crowd in the face of the haughty Union League; the railroad magnates took a secondary place in his loyalty after "parity" had won him the hearts of the farmers; reciprocal trade treaties put in his hand a weapon against arrogant protectionists; there was no "economic royalist" powerful enough to stand up to the powers of intervention he had acquired by reform.

To be exact, the unshackling of the politician began in 1913, when the Sixteenth Amendment handed him the economic key. After that, as exigencies permitted, he could buy the loyalty of the jobless with sustenance, or the support of entire sections by voting it gratuities supplied by other sections. This limitless income meant bigger contracts and more liberal subsidies with which to buy the adulation of industrialists, bankers and housewives. Now he could be the bribe-giver, rather than the bribe-taker. The income tax completely changed the character of the American politician.

Whether or not the reforms made him "clean," they certainly made the politician powerful. Every reform calls for a law, and every law contains an enforcement clause; if the law were self-enforcing it would not have been necessary. Enforcement means a detail of police, which is the reality of political power. But, the law cannot anticipate the scope of human imagination, nor contain human cupidity, and it is not long before a loophole in the law is discovered by ingenuity. Then comes a new law to plug up the loophole, which invariably creates a new loophole, calling for another law. And all of the laws demand enforcement agencies. Thus, the practical result of all reforms is to inflate the importance of the politician; first, as administrator of the law, and then

as a guide through the confusion caused by the multiplicity of laws. In this scheme of things, he becomes indispensable to Big Business, Big Education, Big Unionism, Big Anything. Enterprise of any kind cannot manage without him, and his services—at an honorarium, not a bribe—are sought for.

However, this “clean” politician cannot bring to the marketplace a single good, any more than his unwashed predecessor could. There is a widespread superstition that politics can in some way, and without any expenditure of effort on our part, feed, clothe, house and enrich all of us. It is this superstition that spawns all reform movements. Yet the incontrovertible fact of history is that politics is purely an expense, a drain on the marketplace, and cannot be anything else. When we add up the results of all the reforms that have come to fruition in this country, we see that the bottom figure comes to one-third of all “you and I” produce. It would be impossible for accountants to prove it, but casual observation suggests that the combined thievery of all the Morgans, Stanfords, Fisks *et al.*, which includes the bribes they paid to politicians, never came to fifty billions per annum. What price reform!

It has come to pass, then, that those who once danced to the fiddles of the Empire Builders now call the tunes. They wend their way into the management of industries for which they have no other competence than their knowledge of the loopholes in the constrictive laws they helped to enact. Their main qualification for executive position is their comradeship with those who administer the laws, and the only service they can render their employers is the complaisance which this comradeship can secure: The current jargon gives them the nice title of “public relations men.” Since, however, they contribute nothing to the process of production, of adding to the abundance of the marketplace, the salaries of these political appendages to business must be put into the cate-

gory of bribes. Just like bribes, their pay-checks show up in the prices the public must pay for the products. Or, like the "protection" paid to racketeers.

This dependence of industry on politics must continue; the politician will see to it, by passing new laws, and the industrialist, looking only to immediate profits, will encourage his own extinction. So long as the Sixteenth Amendment is in force, the industrialist must play a less and less important role. The next step? One needs hindsight, rather than the gift of prophecy, to foretell the demotion of the entrepreneur and the technician to still lower positions in the economy, and the ascendancy of the non-productive politician to top-control; it happened in Germany and Italy.

Well, if it must be it must be. But, one cannot put away a nostalgic throb for the old buccaneers. They were ruthless but bold; selfish in the grand manner; cunning gamblers who dealt from the bottom without blinking an eyelid; battlers who respected only the laws they made. And, they were builders. True, they plundered what they built, but despite the capacity of their maws, they did leave a capital structure behind. The economy of America was a bit richer for their having lived. For all their stealing, they gave us something that politics is incapable of matching.

Nor can one avoid a feeling of pity and disgust toward those who have taken over the throttle once held by these picturesque pirates. The new crop still think of themselves as captains of industry, but, like the top-sergeant before his commanding officer, they eat humble pie in the presence of a politician. What a raucous laugh must shake the halls of the Valhalla where dwell the souls of the nineteenth century thieves as they watch the steady procession of tin-cup bearing magnates from Wall Street to Washington. In their day the parade marched the other way.

When, as now seems inevitable, the American soul will

have been well inured to the coming serfdom, it is more than likely that the old gang will provide the material for a new romantic saga. The evil they wrought will have been interred with the muckrakers who exposed them, while the story of their daring self-assertion will serve as a vicarious fillip for the grovelling American of tomorrow. They will replace, in our story books, the sword-sticking illiterates of the glamorous eighteenth century, and the unbathed gun-toters of our Wild West. The generation in the offing will sublimate their repressions in the tales of these American scoundrels. Hollywood might look to the prospect now.