

CHAPTER V.

TRUSTS AND LABOR ORGANIZATIONS.

Newspapers and magazines that have not commented on the meeting in New York city in December, 1901, of representatives of labor and capital are hard to find. Samuel Gompers and Mark Hanna, one the representative of capital and the other of labor, are indeed worth a paragraph. Not a few have taken the position that trusts and labor unions are organized for exactly the same purpose, and that the public are no more concerned in the success of the one than of the other. One paper puts it this way: "Mr. Schwab is opposed to union labor because it is doing the thing the steel trust is doing, and union labor is opposed to Mr. Schwab because he tries to do the thing that the labor trust is doing."

I am well aware that trusts have really disappeared. It is true, as Prof. C. A. Kent has reiterated, that the trust is a thing of the past, and he can truthfully shout from the housetop: "There are no trusts." But while this is correct in the legal sense, it is also true that the combination technically known as the trust, has been replaced by a corporation having precisely the same object in view—the raising of prices while decreasing cost. Yes, trusts have really disappeared, and the thirty or more states that have passed laws against these combinations have simply lumbered their statutes with dead matter. Yet the essence still remains to vex the public mind.

A half truth is worse than an out and out lie, and the putting of a "capitalistic trust" and a "labor trust" in the same bag and mixing them up is a very misleading perversion. There is a vast difference between the

two. One leads to justice and prosperity for the greatest number. The other has for its ultima thule the enrichment of the few at the expense of the many.

WHY TRUSTS ARE
FORMED.

1. To secure to the capitalist a larger return for his investment through giving the laborer a decreasing quantity, measured by his wages, of the things the laborer produces.

2. To increase the price of goods without increasing the use-value of the things produced; or, to charge more while giving less.

3. To reduce risks by ruining or absorbing competitors, regulating quantity, and, if necessary, reducing quality.

4. To increase the wealth of capitalists by increasing the pro-difference between the cost and the price charged consumers.

WHY UNIONS ARE
FORMED.

1. To secure for the laborer a larger return for his exertion, through giving him an increasing quantity of the things he produces.

2. To increase the price of labor to that point where the laborer will receive the full value of his work.

3. To reduce risks by absorbing competitors, regulating quantity and increasing efficiency.

4. To make demand and supply equal by giving producers the power to consume all the things they produce.

The idea that the trust—popularly so called, meaning thereby a great corporation—has been a perfectly natural growth from economic conditions is not absolutely true. There has long been a tendency for great aggregations of wealth to come together, but the sudden amalgamation of manufacturing establishments separated by great stretches of country and with different environments, that has been witnessed the past few years, were in many cases not necessitated by any great competitive stress. In fact the most of the concerns were doing well, with fair profits to the owners and paying the going wages. But the greed for sudden gain without much exertion seized that class known as “promoters,” and by dint of persuasion, where threats were not more effective, they induced many manufacturers to give up their occupations and retire from

the business world. Sometimes the concerns were continued, sometimes they were wiped out and thousands of men and women had to seek other avenues of employment. The trust has done in a day what ought in the nature of things have taken a decade, and the effect of this sudden expansion will be seen by the disintegration of many of them when the next industrial depression is in full swing.

There are many who argue that selfishness rules the world; that all do those things that will give the greatest satisfaction irrespective of their effect on others. Even the devout Christian has for all his or her church-going the one object of eternal happiness—the escaping of damnation. He is willing to do many disagreeable things in this world because he thinks it will make his life happier in the next. There is also an intelligent selfishness that knows that the happiness of others will react on himself; that those around him cannot be miserable without in great measure making it harder for himself to be happy. So he strives to do good to others, that others may have it in their power to be good to him.

The modern labor organization has for its object the happiness of the many. And it strives for this, because it is the gateway to material and all other kinds of prosperity. It is wisely selfish, and can make no move that does not tend to make the many happy. And whatever success is attained is not at the expense of anybody else, in the sense that it is depriving others of what is rightfully theirs. Labor as a whole can never receive more than it earns. The thing is an impossibility. If wages ever were for any length of time above even a small percentage of its total product the wealth of the world would quickly vanish. Laborers are not given more than their product will exchange for in the open market.

There are no vast accumulations from which the world can be supported for any length of time. The per capita wealth of the United States is given at less

than \$1,500, and it can easily be seen that were production to stop, even for one brief season, much of this would disappear. It is actually true that all are living from hand to mouth, in the sense that it takes the labor of today to produce the sustenance of today.

What labor organizations are striving for, then, is to receive in the form of wages the full product of the toil of their members. If the cabinet maker, for example, makes six chairs a day, he is entitled, in the opinion of union men at least, to what the six chairs will exchange for in a free market. And, given this, he will be able to buy to the full capacity of all other laborers with which he exchanges his products. To obtain this result he has two recourses: He may decline to work for less; and this, not producing the desired result, through the competition between laborers for work, he can attempt to "corner the labor market" by inducing all those in his trade to ask for the same wage. Further, he can also try to prevent any increase in competition between laborers by making it hard or impossible for any above a certain percentage to learn the trade.

There have been labor organizations that have restricted the output of each of its members, but this was in the early history of the trade union. Today the great majority content themselves in fixing a minimum wage below which the worker is advised not to go. And all the time the intelligent trade union is striving to educate its membership in more efficient ways. Not a few have schools of instruction, and in some instances the business agent has had added to his duties the giving of pointers for better work.

To follow the growth of the trust idea would be an unnecessary task. Doubtless in some instances it was forced on some lines of industry where reckless competition had robbed enterprises of legitimate prices for their products, and where the market price, everything considered, was below the cost of manufacture. But in most cases the trust has been born of greed—

the desire of greater profits than legitimately belong to enterprise; a demand for more than would keep capital unimpaired, pay the market price for labor and return to capital the average interest demanded for it in the commercial world.

The benevolence of the trust extends no further than the pockets of the individual members. It is not formed to give value received, but just the contrary. In proportion as it is able to decrease the cost of production and increase the price of the article produced, is it a success. It is a "good thing" only as it reduces the risks of capital, increases profits, and lessens the proportion going to the wealth producers. Its whole and sole aim is to decrease cost and increase price. And while there can be found plenty of instances where the trust has apparently decreased the market price of an article, it will be found, on investigation, that the reduction in the price to the consumer is less than the reduction in the cost of manufacture. The gulf between cost and price has really been increased.

It is problematical whether or not these trusts—these great combinations—can annihilate competition. On this point turns the whole question as to the position the public should take in respect to them. It is true, however, that the time has arrived for the inauguration of great corporations that will establish numerous economies and really reduce the cost of manufacture, while paying equitable wages. Where there is a natural monopoly, the business should be municipalized. Personally I have no fear of corporations not based on some special privilege. They may for a time become oppressive, but they cannot long continue to pile up profits; for soon the little concerns will become big ones, and competition will establish an equilibrium between cost and price.

Just the effect they will have on wages is also a problem. It is evidently the belief of Samuel Gompers, president of the American Federation of Labor, that it will be easier for the labor combination to deal with

trusts than with individual employers. He considers them more vulnerable than the isolated manufacturer, inasmuch as they depend for their existence on their dividend-paying powers, and the strong trade union can, he seems to think, puncture this when the wages offered are below the normal. It is possible, at least, that under the trust the wage-worker will have steadier employment, and that marked reductions will cease, the trust magnates being content to reduce output instead of attempting to force goods on the market at any price. Yet there then comes into play another law governing wages, that of the cost of living—that will be reduced as market prices go down; and the spectacle will be presented of millions of men and women offering their services at a less rate than has heretofore been paid.

It must not be forgotten that this committee to settle labor disputes was a self-appointed affair, with authority granted from nowhere to nobody. Even where both parties to a dispute agree to arbitrate their differences before these gentlemen, it is not possible that the trust will consent to spread its business before the arbitrators, and open to the public the inside working of the corporation. It will decline to provide any facts that will enable the arbitrators to decide against it. Labor has nothing to lose, but everything to gain from publicity. On the other hand, trusts have nothing to gain but everything to lose from letting the public know the cost of manufacture and the proportion of the joint product of labor and capital that goes to each.

AN IMPERATIVE DUTY.

Resistance to aggression is not simply justifiable but imperative. Non-resistance hurts both altruism and egoism.—*Herbert Spencer in "The Study of Sociology."*