

CHAPTER VIII

SOCIALISM : HISTORY AND THEORY

THERE is no audience before which it is safe to speak upon this subject without careful definition of terms. The stock definition is the appropriation by society of the means of production. But if socialism is taken at its highest point of development, general definitions will gain in clearness if they are preceded by some reference to history, and especially if experiments now under trial are carefully considered.

Some one has collected "ten thousand definitions of religion." One could gather as many of socialism. The propelling thought behind it has so changed during the last century that one seems to be dealing not with one thing, but with many.

The explanation is that from the point of view of history, socialism has been a growth, reflecting upon one side social and trade conditions of the time; upon the other the ideals of the writer. These have changed, just as ideals have changed in education, in politics, and in religion. The socialism of the French Revolution differs from that of our day as the science and the politics of that day differ from our own. It is well to know something of this history, but to define socialism in the terms of these earlier dreams is misleading. Communism is as old as human society; socialism is essentially modern and

is hardly conceivable apart from the capitalism which created it.

Socialism is often defined as a philosophy, and so limited, it is legitimate to use large abstractions about equality, fraternity, and justice. These abstractions, however, fail us at the point where our need of light is greatest. That society should be just, free, and fraternal wins ready assent, but how is this splendid goal to be reached? Campanella, Bacon, and St. Simon, as Plato before them, tell us we have only to make the wisest and best men our political officials. This would be our plan also, but we are poor bunglers in carrying it into practical effect. We are now and then very eloquent about the good man's political responsibility, but are vexed to death to know the ways and means through which the wisest and best can be selected to govern us, and kept in their places. The difficulty has not been with the statement of principles, but in their everyday application. Thus socialism, in its merely philosophic aspects, leaves our hardest questions still unanswered.

Again socialism is treated as a religion. Poetic license here reaches its climax. We are told that socialism is "a life," that it is a "religion," that it is an "aspiration."¹ The difficulty with this phrasing is that it fails to distinguish its object from twenty others. If socialism is a life, a religion, an aspiration, so are Buddhism and Christianity; so is the Faith-cure; so are the Ethical Societies. These vague uses of the term are not more objectionable than it is to make socialism merely an affair of

¹ Proudhon said in 1848, "Le Socialisme c'est toute aspiration vers l'amélioration de la Société."

economic and business reorganization. It has its philosophy, it is a religion. To forget this is to deal not with a whole, but with a fragment. The truth still remains that for purposes of definition the economic and political aspects require special emphasis, because only through them do we learn *how* the blessings of a more equal life are to be secured. We need to know about questions of method and of practical procedure. For this purpose, at least a little history is indispensable.

I

History

For fervor of influence, French speculation is of the highest consequence. Napoleon said of Rousseau, that without him there would have been no revolution. The "later revolution of July" was directly influenced in its social aspects by the writings of St. Simon. Great business organizers like Leclaire, Boucicaut, and Godin were stirred to very brilliant practical achievement by the poets of social reorganization. It is yet true that these dreamers throw less light on our subject than the soberer thinking of English writers. Among French Utopias, that of Fourier is perhaps the noblest of all. No one ever saw the evils of competition with a keener eye or described them with a livelier wit. He sees that association must replace the coarse struggle of self-seeking. But the main part of his philosophy is a hopeless and discredited metaphysic. It is based on a theory of human passions. His "Theory of the Four Movements" attempts to explain how Deity

manipulates the social mechanism; how He divides the passions; how He classifies forms, substances, properties, and colors. To understand these systems, his disciples were to master impossible geometric theorems, "impassioned attractions and unitary impassioned series." No one outside an asylum would, I think, pretend to see the causal connection between this theosophy and any existing practical reform. No socialist now has anything to do with his phalanstery with its clock tower, one garret, one kitchen, and one cellar. We know that men and women generally do not like to live in that way.

There is that in Fourier's character for which the word "sublime" is hardly too strong. His power to sacrifice for an idea, his self-devotion, his tenacity of purpose,—dying of sheer heartache because the world would not listen to him,—all heighten our admiration of the man. His speculative plan was nevertheless fantastic. With the exception of Louis Blanc, this has to be said of all the French Utopians. The unfailing characteristic of these dreams is that they ignore the facts of industrial history. The imagination runs riot without a check from the stern facts of economic evolution. There is plenty of this visionary quality in Fourier's contemporary, Robert Owen, but this Welchman was trained from childhood under the severest business responsibilities. He dreams dreams; but no man in England was his master in managing a great mill. Owen was born into the kind of business organization which has created modern socialism. His own business triumphs were the triumphs of English capitalism; its life was his life. He is very dull reading beside

Fourier or St. Simon, but he is far closer to the competitive struggle which has forced socialism to leave the thin air of Utopia for the humbler ground of common experience. It is through this same experience that every form of continental socialism will be compelled to pass. Where business is still carried on under eighteenth-century methods, in Sicily, South Italy, and much of Spain, the programmes of socialism are as much in the clouds as Cabet's "Voyages en Icarie" or Morelly's "Code de la Nature." There is the same taste for resonant phrase, the same faith in abstractions, the same hatred of slow and toilsome preparation. As capitalism has rapidly developed in the larger towns of Northern Italy, it has stimulated socialism, but has made it already a different thing from the socialism of the more primitive Southern towns.

As modern industrialism has taken root in Germany, and as its methods have been reflected in politics, socialists during the last twenty years have approached, step by step, the policy of the English Fabians, just as Fabians themselves have changed into almost commonplace politicians with a more radical, industrial and social programme.

Another reason why English tradition has exceptional value is that in no other European country do business and commerce so obviously determine politics. Parliament is a mirror in which one sees the clash of interests among landowners, manufacturers, and traders. Her wars are to open or preserve markets. Probably in no country have economists from Adam Smith down had so direct an influence upon political leaders. In the United States we have long

since learned that politics is mainly a struggle over these same competitive interests. Economic doctrine has, however, no considerable influence upon our leading politicians. The business pressure acts upon them directly and simply. The nineteenth century in England is invaluable for the student of socialism because this intimate association of business policy with politics throws light upon socialist proposals. Much of the earlier socialism was contemptuous of politics. All socialism that is becoming effective now enters the political arena with a very grim purpose to fight out its issues at the polls. Very important is this last century in England, because the most powerful of all socialist literary influences had its impulse and training there. Unless an exception is made of the "Wealth of Nations," no single work upon economics ever had greater influence than Marx's study of capitalism. In spite of all perversities, this "Bible of Socialism" has aroused and directed revolutionary socialist thought during the last quarter of a century that has been its transition from capricious speculation to a great and threatening political force. This study was made in England. Marx drew his material from parliamentary records and from discussions that centred about the rising factory legislation. The most telling of those principles that are used to carry war into the capitalist camp were taken boldly from English economists of the first rank. Every essential of the famous theory of "surplus value" is of English origin. The conception that "labor produces all wealth," was an economic commonplace of the earlier English school. The socialist takes the economist at his word. "If labor

does create all wealth, why should not labor have it all?" No formula has ever been used with more deadly effect in the field of popular agitation. Marx modifies it by his doctrine of average social labor; but for purposes of propaganda it still goes down in many of the most recent socialist programmes in its simplest form, "labor alone produces wealth, labor alone should have it." It detracts little from this author's original power to say that he found his best material and his most striking formulas in England. The skilled dialectic with which he puts his material to use, leaves him without a peer in his own field. His method is so applied to history that all social development appears as inexorable necessity before which the doom of capitalism is but an affair of the calendar. No religious fatalism ever worked upon the uncritical imagination with more irresistible effect. As one listens to the familiar phrases before an average workingman's audience, it is evident that if this "scientific socialism" is not a religion, it acts with the same mysterious power.

The reason why England best interprets our present problem is that the capitalistic system first develops on her soil. In the very years when France was seething with the unrest of the great Revolution, the English were inventing and applying those mechanical processes through which capitalism was to become triumphant. It is at this time that the loom, puddling, and the steam-engine work their revolution. As they develop, industries are driven from the private home the factory town emerges, and the tools, once owned by the laborer, pass finally into the possession of the capitalistic employer. *What modern socialism is*

fighting is the system which rests on the capitalist's ownership of this machinery. This evolution in its entirety is spread before us in England during the nineteenth century. The hunger for equality which is the real object at which all socialism aims is deeper among the French. They have put these demands into more brilliant form, but for instruction *as to the way through which this equality may be won* they help us less than the English.

When Marx begins to write down his interpretation of English experience in mills, workshops, and markets, we are introduced into a new world. From this period the transformation of socialism has gone on until its working programme is as clearly intelligible, as that of any political party in the world. It is at the present moment far more definite than the programme either of our republican or democratic party in the United States. Neither liberal nor tory in England shows a political purpose so concrete as that of the socialists. Their aims may be wild or dangerous, they are not vague and indefinite.

II

Illustrations of Theory

If modern socialism is fighting the system which rests on private ownership of the means of production (land and machinery), upon what theory is the attack justified? Why should it be thought that because land, banks, railways, telegraph, and mills are owned and carried on for private profit that therefore the labor world is robbed of a portion of its earnings? The completest theory is that of Marx, but many of

the clearest headed among the socialists have come to disbelieve the forms in which he expressed it. They admit that labor does not produce all wealth (even as modified by Marx), they admit that labor is not held to the "mere subsistence line," but may get increased wages and added comforts. They are learning that Marx's conception of concentrating capital is more than doubtful in agriculture and is sharply limited in many other industries. His whole materialistic view of history is denied outright by many of the best-equipped socialists. But socialism has not been discredited because of this passing of the master. Nowhere do socialists, who have lost faith in the special theoretic forms of Marx, show less loyalty to the cause or less hatred to capitalism. They still believe that labor is exploited, and that the wage system is vicious. Behind this belief is still a theory—a theory which may easily be stated in copy-book form, but for the purposes here in view, a variety of illustrations that are happily at hand from a dozen different fields, will throw more light even on the theory.

Perhaps the most persistent and universal demand of socialism is that labor should receive the entire product, not of course the manual laborer alone, but all those as well who organize, direct, and invent. This does not, as popularly supposed, include the capitalist. The capital *as* capitalist is money lender and not worker. The working employer so often at the same time furnishes capital that worker and capitalist are confused. Socialists object, not to the worker, but to the money lender buying and controlling machinery and land for his personal profit.

Competent critics of socialism like Dr. Menger hold that this claim of labor to the total product is, not only the most fundamental principle in socialism, but the most revolutionary force of the present age. Even if true, so abstract a statement as the laborer's claim to the total product leaves our most important questions unanswered. What theoretic justification exists for this claim?

It is that as industry is now organized it gives back to the worker far less than his labor has produced. The reason of this is that an enormous unearned increment is perpetually abstracted in the form of interest, rent, and profits. Those who depend solely upon interest, rent, or profits from their machinery are, according to this view, living upon income that is earned by others. Henry George and his followers have popularized this view, so far as it concerns the rent of land. George held that rent derived from land was income that the owner did not earn. Rent, he said, arises from the growth of the community, not from anything the private owner does. Rent is wholly a social product, and should therefore go to its creator, the community. George was not a socialist, because he did not apply this theory of rent to interest and profits. These he would leave as private possessions. The socialist believes that not only rent, but interest and profits on goods made for the market are also a social product. Quite as much as rent they represent an unearned increment. They, too, are social rather than individual products, and should therefore pass to their owner — society.

But what theoretical defence can be offered for the social origin of wealth as distinct from the individual

origin? In what sense can it be said that the community helps the millionaire to create his fortune and possibly the larger portion of it? The answer of the collectivist is that an analysis of practically all the great fortunes will show that the possessors earned, by personal service, only a trifling part of their millions. Ground rents heap up the treasures of the New York Astors. The elder Vanderbilt lays the great railway into the West; but the social additions—lands, city terminals, and crowding population—enrich it with values far beyond any service that any one person can render. It may be oil, gold, copper, iron, coal, coupled with special transportation privileges cunningly secured through the politician; it may be a privilege like rebates wrung from a corporation like the railroad which is semi-public and social in character. The collectivist insists that every one of these dazzling incomes can be traced to an origin that is far more social than individual. To keep and to restore this social increment in all its forms is the aim of economic socialism.

The department stores also offer a good illustration. As in Chicago, Boston, and New York, these stores are geographically so related to the machinery of transportation that the multitude is deposited at their very doors. Of a great Chicago firm, I have heard it said, "It seems as if the trolley cars were made for that store." It and a dozen others are so grouped that every form of transportation is to their immediate gain. If more trains run, if they run more rapidly, if fares are lowered, the advantage goes automatically to these emporiums of trade. Every extra franchise that the city grants adds to

their possessions. It is the dawning realization of this that begins now to create dislike of these caravansaries. When a lower street-car fare was proposed in Chicago, an unexpected opposition developed among thousands of people who said, "Cheaper fares and then just so many more people will ride to the State Street stores. Towns near Chicago oppose excursion trains because they see that those who return, are loaded down with things bought at the great stores. Some one has called steam and electric transportation "the most revolutionary fact in the last century." It makes the New England farmer poor, but fills the department store to overflowing. I heard an attorney, who does the business for one of the largest of these institutions, say, that when the people came clearly to understand that every improvement in streets, sidewalks, and traffic was a free gift to the department store, they would subject them to heavy special taxation.

The socialist theory is that the prosperity of these stores is in large degree owing to this network of improved inventions which brings customers so easily to the counters; it is owing to the growing population which steam and electricity have gathered together. This view carries George's theory of rent on to profits as it also extends it to interest.

This theory of the three rents is expressed in many forms, as when Schaeffle writes, "The Alpha and Omega of socialism is the transformation of private and competing capitals into a united collective capital." Or the English Fabians, "Socialism means the organization and conduct of the necessary industries of the country, and the appropriation of all forms of

economic rent of land and capital, by the nation as a whole, through the most suitable public authorities, parochial, municipal, provincial, or central."

Whatever form the definition takes, there is to-day no clearly conceived socialism that does not aim first of all at the socializing of the "three rents." If socialism were to triumph and be carried to logical completeness, no individual could draw a penny's income from interest, rent, or profits. These would pass to the community. That they may pass to the many, rather than to the few, is the reason why in all these programmes the same demands are made. The state must take the railroad and the telegraph, as eventually it must take the mill and the factory. The city must take the lighting and the street-car lines in order to divert earnings from the private to the public pocket. The socialist would have the community carry on these enterprises so that accruing interest and profits may become the property of all, or managed (as we were recently told by a high official from New Zealand) strictly for the use of the people with no thought of making profits. "We hope," he said, "to manage our railroads, our mines, our insurance companies as you manage your post-office, solely to serve the whole people and not chiefly as profit-making machines in which a small minority of the people can invest their surplus in order to become coupon-mongers."¹

So to organize industry that the coupon-monger in every form shall be suppressed is the *raison d'être* of socialism. It stamps this occupation as that of the

¹ Chief Justice Clark of Tasmania now in this country (Nov. 1902) gives unqualified approval to this general policy.

parasite, or, in rougher terms, the real dead beat of modern society is to the socialist, not the tramp and petty sponger, but those who live upon rent and interest-bearing property.

Only a part of the socialists now hold to the logical consequences of this theory. If forced to the letter, no woman could use her sewing-machine to make an apron or shirt for sale on the market. She would become, with the rest of the parasites, a profit monger. A Massachusetts socialist, twenty years ago, was cocksure that he should live to see the big stores in Boston swallow up practically all the little ones. Since then every variety of small local store has so increased that it is doubtful if (per thousand of the population) there was ever so large a number in the history of the city. The tenacity with which small, freely competing businesses retain their hold has made it clear that an enormous part of profit-making services is here to stay for such an indefinite future that all opinions about their duration have as much value as most fanciful guessing about the unknown.

Thus the cannier socialists direct attention to those fields upon which competition has given place to combination. Here especially, if monopoly character is shown, is the harvest white for the socialist sickle. At this point many economists, refusing the socialist creed, are in heartiest agreement with it in one respect. They admit that these monopolistic combinations may draw away from the people in form of profits far more wealth than is their due. This may be done by business chicane as through overcapitalization; it may be done through political influence that

secures special privileges, like rebates that weaker competitors cannot secure. It is for this whole class of large enterprises, based on privilege and monopoly of some kind, — businesses in which competition has passed into the stage requiring control in the public interest, — that many socialists now ask public in the place of private ownership. As other industries one by one reach this stage, they too are to be taken from private hands.

That so many collectivists now confine their claims to this part of the industrial field raises a nice point for speculative discussion. Does the term “socialist” necessarily apply to one who believes that only that part of industry is to be “socialized” which reaches the stage just indicated? If one believe that the larger part of the world’s work is to pass into “combines” that cannot long be trusted in private hands, the word “socialist” properly belongs to him. If the greater portion of industry — the “pace setting” part of it — is to be publicly controlled, the word “socialism” would fitly characterize such a society. If, on the other hand, it should prove that ponderous organization can cover but a portion of the field; if it prove that a still larger portion of industry still remains in open competition, “socialism” as a blanket term cannot be applied to that society. It will have large and vigorous socialistic functions, but others, larger and more vigorous, that are individualistic. If competitive and relatively small industries are to remain the “pace setters,” individualism fairly describes that condition. If again it turn out, as is not unlikely, that the industrial world reach a kind of equilibrium under which competitive and individualistic energies

stand in some counter-weight and balanced relation to collectivist functions, what then becomes of either name?

An older German socialist worker and author once said to me, with much indignation: "Your new opportunists, like the English Fabians and our Vollmar, are confusing every principle on which our fight is to be made. No one is a socialist who does not believe that all interest, rent, and profits are to be socialized. A half-and-half industry is more contemptible as an ideal than the present organized robbery of competition." This view has probably had its day because so much evidence is at hand that both art and science in their larger sense must inevitably develop individually as well as through organization. There is that in organization which has the tendency to blight the art spirit just where we most need its newest and most original expression. One of our best American wood carvers was thrown into a rage by an invitation to join a trade union. Does any genuine artist doubt that art suffers under the commercial organizations and companies that exploit it for profit? It is true that many artists call themselves socialists in their hot reaction against this same commercialized tyranny; but I have rarely seen one who was not in his ideal, anarchist, like William Morris, and not properly socialist. They were hungering for the extreme individualism and freedom of the anarchist's dream. The interminable discussion that continues over the metaphysics of anarchism and collectivism furnishes curious proofs that the race sets no such value upon anything as upon freedom and individuality. Whatever name we apply to a society which secures these

gifts, it will surely be one — unless the race deteriorates — in which liberty, variety, and individuality shall have progressively freer scope.

Whatever may be said of the “new socialism” with its opportunist yielding to larger experience, the socialist with a formula will neither get nor deserve in the future very serious attention. A universal formula, like that of “the three rents,” will fare no better than the others. As the dialectic of the artistic passion destroys every distinguishing phrase between socialism and individualism, so science, in its enlarging applications, may extend the régime of private property holdings in which interest, rent, and profits in a thousand small industries may prove more fruitful to society than if they are socialized. It is no longer a mere hope that power may soon be so widely and cheaply distributed as to give distinct economic advantage to a large variety of small industries. When a better manual and art training has become a part of our entire education, so that no child shall escape its influence, artistic industries, experimental and individualized, are not unlikely to spring into luxuriant existence. The probability is exceedingly slight that this movement will carry with it an elimination of private ownership in the individualistic sense. Nor will it be different with the whole inspiring promise of agriculture when science has really vitalized it. Then will work in the fields and upon the soil have the fascination of the studio and the laboratory.

A former member of the New Zealand government said in this country, “We mean to organize all our great industries more and more so that they shall not be used to make individuals rich, but every advantage

of cheaper service or cheaper products shall go at once to the whole body of the people." I know of no completer definition of socialism than to say that any country in which all the important industries were carried on upon this principle would be a strictly socialistic society.

No source for illustration of this theory is fairer than that which New Zealand and the Australian colonies offer. Here is a people with self-help traditions like our own. The country is relatively new, has exhaustless natural resources, has won a great prosperity, yet the state invades, one by one, the fields where private enterprise has been supreme. Not only are railroad, telegraph, and street car under community ownership, but also a very different order of undertakings, state banking, life insurance, loan funds for farmers worked through the agency of the post-office. Coöperative sugar mills, cold storage, irrigation, the exportation of products, coöperative use of workmen with the avowed purpose of eliminating the contractor, are instances of government entering the field of private enterprise, organizing and carrying on business, not first to make money, but to serve the people by managing these various agencies directly for their benefit. I do not maintain that it is done with signal success. A good deal of it appears to me to be poorly done; but the object is socialistic, showing us by illustration how the collectivist word becomes flesh. It is, moreover, very conscious of its aim: to narrow the margin of enterprises in which rents and profits go to private persons. By so far as the government acts in these affairs, the field for private money making is diminished. A responsible

minister of the government says, "We propose to use the full power of the state to lessen the sway of the private capitalist."

The prime minister of New Zealand is taunted with frightening private capital out of the coal business. He replies, that the government will before long work its own mines. The minister of railways points to the advantage of having no stockholders to whom dividends must be paid. Another official glories in the fact that the abuses of the Stock Exchange are diminished in direct ratio as government does business for the people.

From the socialist point of view it is an irreparable debauching of the people, so to organize industry, that dividend-bearing stocks shall be listed by the thousands upon the Stock Exchange of every city and town. This is a necessity of a dividend and profit-making régime. The "dead-beat hunger" of the race to get something for nothing is thus aroused and a pernicious speculating fever spreads among the people. Honest investments, it is maintained, play but an insignificant rôle in this vast gambler's game. I asked a New York stock broker what difference it would make in his business if he did business only with those who came to invest. He said, "I should perhaps do one-tenth of the business I now do." Mr. Carnegie's opinion ought to be very valuable on this subject. He has just used these words: "All pure coins have their counterfeits; the counterfeit of business is speculation. A man in business always gives value in return for his revenue, and thus performs a useful function; his services are necessary and benefit the community; besides, he labors steadily in develop-

ing the resources of the country, and thus contributes to the advancement of the race. This is genuine coin. Speculation, on the contrary, is a parasite fastened upon the labor of business men. It creates nothing and supplies no want. When the speculator wins, he takes money without rendering service or giving value therefor; and when he loses, his fellow-speculator takes the money from him. It is a pure gambling operation between them, degrading to both."

All that is true in these charges, the socialist holds to be now inevitable. If these natural treasures are open to every adventurer to be fenced off as a field for private exploitation, they will be made an agency to play upon the fortune-hunting instinct of the people. For every honest company, a score of bogus ones will be put upon the market and tempt the unwary by lying prospectuses in the press. The remedy wanted is state ownership with such regulation as shall secure these riches to the public, and so order this industry as to prevent its becoming the most perverted of lotteries.

The socialist sees again the swift and sickening waste of our forests. The private profit maker, eager for quick gains, lays the great hills bare, with no concern for flood or drought. The socialist insists that the public welfare is too much endangered by the dividend and profit hunter in this field. When the state owns the forest or subjects private ownership to the strictest regulation, the devastation ceases. Forest culture is then like the growing of any other crop, only with slower returns.

In the mining of precious metals and with the forests, according to this view, one only sees a little

more clearly the damage incurred through the individual appropriation of the "three rents."

English Fabians now ask for the municipalization of the drink traffic. There are moral dangers connected with this trade which distinguish it practically from ordinary industries, yet it illustrates admirably the socialist theory. In Norway and Sweden it long since came to be believed that individual profit-making in the retail liquor trade was socially dangerous. Legislation based upon the principle of local option now turns profits, formerly made by the individual saloon keeper, into the public treasury. Under the "Application of Socialism to Particular Problems,"¹ English socialists now advocate this principle in their own country. As they would municipalize water, gas, tramways, docks, pawnshops, slaughterhouses, and bakeries, so they would turn the dividends now made by the private venders of intoxicants into the town treasury.

These instances of drink, forests, and mines differ only in degree from other industries that constitute a source from which the individual may draw income in the form of rents. Evil inheres in every transaction that bears this unearned income of private dividends. There is no completion of the socialist theory until industry is so managed by the community that interest, rent, and profit are "socialized" — are turned from private into public possessions. It is the socialist's faith that until this is done, a portion of what labor earns will go to those who have given no equivalent for it. To restore his unearned income to the whole people, the means of production — land and

¹Tracts 85 and 86.

machinery—must pass to social ownership. The conservative cry against all this is that “it destroys private property.” If it were charged that certain *forms* of private property would be destroyed, the criticism is just. There is in theory no destruction of private property further than that involved in these “three rents.” A hundred forms of property (slaves, highways, toll-bridges) have changed and must change with advancing civilization. Communism in all its extremes destroys private property outright. Socialism safeguards it to the extent of giving absolute rights to the individual over all products that he can hold for consumption. It is legitimate for the critic to urge the practical objection that social control of land and capital would dull the working ardor of the race, and thus create a product so diminished that both private and public income would suffer. This as a practical result might prove true. The socialist theory on the other hand assumes that the industrial product would increase when “the tools were again in the hands of the people.” Up to date there is alarmingly little proof of this; but it is a strictly practical issue and can alone be determined by long and severe tests in administrative work. Before dealing with the collective principle at work in its most advanced form, two questions should be asked, neither of which admits of a too final and confident answer.

(1) Are the economic and political forces now at work bringing to the broad mass of the people such wages that they will feel themselves gaining absolutely and relatively in the varying prosperity of the age? A strong case can be made out in nine-tenths

of our industries to show that the wage earners' yearly income purchases an increasing share of life's comforts. But certainly the masses gain in any such way as the more favored classes? There are many statistical attempts to prove this, but I have nowhere seen a sign that it carried convincing proof to the reader. There is a very general admission among them that they do gain in nominal and in real wages. Among those who make this admission, there is an absolute stagnation about a progress that stands in any fair relation to the acquisitions of the well-to-do. I have heard the best statistical authority known to me in the United States deny that relatively the masses get anything like their fair share.

If that it should slowly become clear that a widening gap is opening between the "rich and the poor," most of the points I have tried to make against the older revolutionary socialism lose their force. I do not believe this to be true, but if it should prove so; if the gulf is deepening between the "haves" and the "have nots," we are upon the dizzy edges of a class struggle and a consequent revolution. It is blankly inconceivable that we can rapidly democratize education, as we are now doing, and at the same time have it visibly appear that, in any real sense, the rich are growing richer and the poor poorer, without a desperate social struggle. A social system that made such a result possible would stand self-condemned before all fair men. To destroy it or remodel it would become the most sacred of duties.

(2) It must also be admitted that if the principles of "regulation" prove too weak to curb the power of the corporations, the socialistic propaganda will

take on bolder and more ominous forms. There are very unhappy indications that many of our commissions, whose function it is to "regulate" corporations in the public interest, either have no real and commanding control, or they merely protect the investor.

The Interstate Commerce Commission has done its best for years to "regulate" the railways; to check the manipulated special privileges upon which colossal private fortunes have been built in this country. Year after year the reports of this Commission betray its helplessness either to get right information or to get adequate power to produce results for which the Commission was established. Will the grant of further powers so fortify this body that it can do anything which the railroads are unitedly determined shall not be done? The picked skill and talent in the law is theirs; national and state legislatures are filled with able men to do their bidding.

Other corporations, according to their strength, have the same weapons of defence. If the thing to be regulated prove more adroit and masterful than the regulator, the alternative of government ownership will appear natural and inevitable. It will be said that, with railways in the hands of the government, the highest legal skill and ability may there be used to defend the public. I once heard a German economist ask the question, "How can you in the States help having great difficulties as long as private interests are so overwhelming that they command nine-tenths of the best lawyers? You ought," he said, "at least to have such a balance of public business (like railroads, telegraphs, etc.) that you would have

as many strong lawyers to fight for the public as there are to fight against it."

Whatever is thought of the merits of this argument, it will carry weight in proportion as the inefficiency of the regulative principle becomes clear. On the other hand, the possibilities of "regulation" have had thus far no real test. Only half-hearted beginnings have been made. As its need becomes a life-and-death matter, we may meet it with requisite seriousness and strength. We get much comfort by repeating, "If the emergency is startling and grave enough, the American rises to the occasion." This has been so true in the three or four greatest crises of our history, that our resources may not fail us in this last trial of our good sense. Before we topple over into a socialistic community, the principles of regulation will be put to full trial, nor can their promise and adequacy be determined, apart from the possible coöperation of our strongest business men. Within ten years many of them have learned that affairs of great magnitude are to be henceforth carried on in an entirely different atmosphere of public opinion. They know that they are to be held to a new accountability.

I have heard this opinion from a man, not quite to be classed with the half-dozen giants, yet commonly associated with them: "Whether we want to or not, we shall be forced to do business in a new way. I think we do it now in the public interest, but so many people do not think so, that we shall have to take that into account. With this socialistic spirit of discontent everywhere growing, we have got the hard task of proving to the public that we can manage things better than the government or the city. If we

can't do that, our day is done." Given enough of that feeling with the purpose to act upon it, and the regulative principle has many added chances of success.

The great issues are thus seen to depend in larger degree upon the moral and intellectual character of our most masterful business men. No "regulation" can hinder them if they are bent alone on personal gain.

There is no conclusion that does not halt before this inquiry as to the future conduct of our business leaders. If social responsibility is flouted, nothing can stay the progress of a turgid and dangerous political socialism.

Yet it can be shown that socialism may develop so safely as to become simply the advanced political radicalism of the time—a radicalism that must stand before the people on its merits as a social servant. If it can bake our bread, weave our cloth, mine our coal, and manage transportation with more efficiency and less corruption than under the private profit-making system, the public will be the gainer; but we shall not take the promises of socialism without performance. We shall watch its attempts to light a city until we are convinced that it can do it, without leaving a burden of taxation on the public to eke out slovenly management and a depreciated plant. Ninetenths of city and state business is so imperfectly done that the public is right in demanding proofs and strict accounts from this new stewardship.

Its tasks are of incomparably greater difficulty than the book-makers would have us believe. In our own case, for example, if the government take the railroads, it will have the quite appalling duty of fixing rates for

competing industries in different sections. It will have to do this *in politics*. Those in Congress who represent the fruit industry of the South and the fruit of the far West, must struggle before committees in Congress to get advantages, or prevent competitors from getting them. This has plagued the German government more seriously than the public has been allowed to know. These political difficulties are a profound weakness in Australia, as they would prove with us. It is fair to reply, "But the railroads are in politics already, and that in the most secret and irresponsible ways; the state would have to control them politically, but at least all the chicane and blundering would come out before the public."

The answer is not without force. I have known two citizens, with large private interests in their respective cities, take their place in the city council. After two years both refused reelection. One said: "It's not worth while; most of the time is taken up with petty contests and political trading. There is so little relation between anything that I can do and the larger public concerns, that I shall never advise any one with important affairs on his hands to waste his time as I have done."

The other said: "I gave it up because I found why the strongest men in the city are indifferent to city politics. It serves their private interests to have a poor and purchasable city council. They know that it is poor and wasteful; but directly and indirectly they make more money by using politics to defend their private interests."

Students of socialism have long said that this "apathy of the eminent" would continue until those

larger businesses based on franchises passed into the hands of the city. "When the whole business of managing the things that touch us to the quick—gas, electric lights, water, street cars, etc.—has to be done at the City Hall," then, urge the socialists, "every imperfection and dishonesty will so strike at the pockets of the citizens, that they must perforce see to it that able and honest men alone are intrusted with city affairs."

I have heard this opinion from a German mayor in a town that owned meat markets, gas, telephone, water, and street service, "The citizens cannot help attending to their political duties, because bad management would cost them too much and subject them to such inconvenience."

It is considerations of this character, together with the broadening experience of European cities, that make it impossible to shirk the ordeal of thorough comparative tests. It is to these tests that we must henceforth trust rather than to any *à priori* pretence of speculation as to what the city and state can do or cannot do. No trial of these different administrative experiments could be fairly made until within very recent years. Both trade unionism and socialism had to pass through stages of the severest discipline and experience before any adequate comparison between socialistic and private-profit methods were possible.

These changes have now come. It is my contention that they offer to us, as a people, a perfectly fair chance, (*a*) to use the stupendous force at work through the aggregations of labor in ways that shall make these bodies more and more conservative of every social value consistent with a growing democ-

racy, and (b) to prepare ourselves for an oncoming socialism, so that it, too, shall become an aid rather than a hindrance to a more decent human society.

As socialism has been commonly conceived, I do not believe it brings an answer to a single one of our deepest life questions, but on the outposts of its development it is undergoing extraordinary transformations which we shall see at their best in France.