

**PROFESSOR NEARING  
PRESENTATION**

Professor Seligman has given us what I consider two very satisfactory definitions of the issue before us this afternoon. He has defined capitalism as that form of industrial organization where the means of production, primarily the machines, are in the control of private individuals. He has defined socialism as the control of capital in the hands of the group and under it there shall be no room for private rent, interest or profit. Beginning as he does with these two definitions, I reach a somewhat dissimilar conclusion. (Laughter). I do not see capitalism in so rosy a light as does Professor Seligman and I want to try to explain to you in the brief time that I have why not, and what the socialists propose to put in its place, and I want to explain them under three headings: first, the ownership of the machinery of production, second, the control arising out of such ownership, third the direction resulting from such control. And I want to try to demonstrate to you that under capitalism the worker has to accept, first, intermittent starvation, second, slavery and third, war. (Applause).

Professor Seligman says that capitalism is progressive. So are some diseases. (Hearty laughter and applause). Under the present system of society, a little group of people own resources, machines, capital, all of the machinery upon which forty million workers depend for their living. That is, the capitalist owns the job. The capitalist owns the job without which the worker dies of starvation. The worker therefore must go to the capitalist and ask for permission to work. To what extent has this ownership been concentrated in the United States? I wish that I could answer that intelligently, but the best that I can do is to cite you the 1918 income tax returns. In that year, 1918, you remember that prices were about what they are now. In that year, \$200. a week was not a fortune by any means. \$200. a week was not much wealth in 1918. But there were only 160,000 people in this whole United States who reported incomes of as much as \$200. a week. That is, 14 persons in every thousand of the population, four persons for every thousand, gainfully employed, one family for every five hundred families in the land, with incomes of \$10,000. a year, \$200.00 a week. They tell us that Rome and Assyria and Babylon and those old countries reached a point of concentration where 1% of the people owned the wealth of the

Empires. I say to you in America, 1918, four in every thousand of those gainfully employed earned \$200. a week. I wish I could give you the figures of ownership but I could not collect them. Senator Pettigrew in 1890 had the census take an estimate of wealth and since 1890 every census has specifically excluded any estimate of wealth ownership in the United States. Be that as it may, I need not stress the point. The facts speak for themselves. We have in America a little handful of people owning the railroads, the banks, manufactories, mining and other establishments and to them go tens of millions of men and women asking for jobs, for the right to make a living. But the master, the owner replies "in order to have a job, you must produce—produce something for yourself and something for me and the interest, dividends, profits, returns, for which I do not labor." Said Abraham Lincoln in 1858: "A slave society is one in which one class says to another class, you work and toil and earn bread and we will eat it." These owners of American capital, these stock and bond holders say to the American worker "you work and toil and earn bread and we will eat it." How much do they get of the bread produced by the workers? Get a copy of Senate Document 259. You can't get a copy because they were not distributed. Get a copy of that document of profiteering and find out how much they made in 1917—hundreds, thousands of percent. of profit in a single year—in America, the richest of rich countries! In America, the center of the greatest empire on earth, we report 26% of our school children underfed in the schools. We reported that before the present economic unpleasantness began. (Applause and laughter). We reported that while we were still urging the worker to produce and while he was turning out not only enough for his own daily sustenance but in addition enough to provide the capitalist with a surplus and that surplus went to the front and we burned it in Europe and then the War was over and we burned a bit of it here at home and the burning got too expensive. The worker received less in wages than he had created in product. He could not buy back the volume that he had produced. The capitalist, the owner of the shop did not need to use what had been produced and given to him as surplus. He wanted to dispose of it. The War gave him a chance. Exports gave him some chance but then that chance was ended and the

capitalist said to the worker last April, last May, last June, the capitalist said to the worker, "There will be no more work." And in textiles, boots and shoes, automobiles and now later in steel and other industries, they are laying them off. I got a report from the New York State Industrial Commission this week: 643,000 men and women out of work in New York State. What have they done? Why, they cannot have work. But what have they done? Why, they have produced too much. They have created too great a surplus. They must wait to produce more until this surplus is consumed. Can they consume it? No! Because they did not receive enough wages to buy it back. (Applause). And so in this country today, three million people are out of work. You do not see these figures stated in the newspapers.

In the first six months of 1920, the average number of commercial failures per month was 500; in July 598; August 633; September 661; October 802; November 892; December 1,854; the first three weeks of January 1,482, and so the number mounts. Professor Seligman has already referred to this. I have a book here called "A History of Panics in the United States" written by a Frenchman, translated by an American business man, and this book gives a record of the panics that we have had under capitalism: '1814, 1818, 1826, 1837, 1848, 1857, 1864, 1873, 1884, 1893, 1897, 1903, 1907, 1913"—and 1921 (laughter). That book contains one of the most damning indictments that has ever been written on capitalism. "Capitalism," says the author, "consists of three phases: prosperity, panic and liquidation." (Laughter). Prosperity is the period when the dinner pail is full and the hopes are high, when the little man drops his tools and leaves his bench, borrows his capital, buys a machine and goes into business. Panic is the period when the little fellows get the tools and the machines shaken out of their hands and start back for the bench and liquidation is the period when the big fellows pick up what is around loose, put it in their pockets and go off richer than they were before. (Hearty laughter and applause). "Progressive" says Seligman. I say "No! Successive." And as long as capitalism lasts, so long will men and women by the millions walk the streets looking for work and so long will their gas bills be paid and their children starve—successive starvation, successive periods of physical misery and death



from lack of physical means in the center of the greatest wealth that the world knows. That is what capitalism has to offer the world: (Applause).

What do we Socialists want? Why, we want to own these things ourselves. (Laughter). As we own the Harbor of New York, so we want to own the coal mines, the railroads, the factories in order that no surplus may be produced, in order that the value of product shall be represented by the value paid to a consumer. (Applause). So that he who creates can buy back the value that he creates. (Applause). Quite simple and quite inevitable in the long run.

But I don't stress that point. It is not essential. It is my second point about which I wish to talk—about slavery. "Whenever a man says to another man, 'You go and work and earn bread and I will eat it,' said Lincoln, "it is slavery." That is capitalism and that is my chief charge against capitalism and that is the thing that we Socialists set up as our highest hope in Socialism, not that it will give us more bread, but that it will give us steadier bread, more regular bread, more bread, and not that we will get more to eat out of Socialism but that we will get more liberty. That is where we place our hope and I want to explain the contrast because it is fundamental. The United States I said was owned by capitalists—worse than that owned by capitalist corporations, owned impersonally, not by individuals who have made their pile and bought their machinery—owned by Trusts, owned by great organizations with their stocks and their bonds and their big business mechanisms. I wish I had time to read you this last report of the National City Bank to show you how that ownership works out. Here is a list of the Board of Directors. This is the biggest bank in North America. Here is a list of Board of Directors: Percy A. Rockefeller, William Rockefeller, J. Ogden Armour, Nicholas F. Brady of the New York Edison Company, Cleveland H. Dodge, Philip A. S. Franklin, etc. What is the National City Bank? Why, it is the center of a great web of economic power. Here is the report issued by the Pujo Committee. At the center of the spider's web, they put a great banking concern, J. P. Morgan & Company and around that banking concern, they group railroads, public utilities, industries, mines and other forms of industrial en-

terprise. At the center of the power lies the strength and the weakness of the system, lies the banker. I have not time to dwell on that further than to call your attention to this fact that the Federal Reserve System with its 30,000 banks and its Board of Directors, sitting in one place around the table, has more power than any single Institution on the face of the civilized earth, and that Federal Reserve System is in private hands. It is privately owned practically. It is under government supervision, yes, but the Federal Reserve System is the nerve center, the center of authority, the center of power and what are they going to do with this control that they exercise through their banking machine? I want to read you a paragraph from a weekly letter sent by one business house to its clients. "The War taught employing classes in America the secret and power of wide-spread propaganda. Now, when we have anything to sell to the American people, we know how to sell it. We have learned. We have the schools, we have the pulpit." The employing class owns the Press, the economic power centering in the banks, schools, pulpit, press, movie screen, all the power of wide-spread propaganda now. "When we have something to sell to the American people, we know how to sell it." Slavery—going to the boss and asking for the privilege of a job;—slavery—sending your child to school and having him pumped full of virulent propaganda in favor of the present system (Great applause). Slavery in every phase of life all tied up under this one banker's control. Is it true that no man is good enough to rule another man without that man's consent? Is that still true in America or in the world? If that be true, every worker in the shop shall have the right to say who shall exercise authority over him in the shop. Every worker in an industry has the right to pick these or help these members as Board of Directors. Do you suppose the workers in the National City Bank elected William Rockefeller and Percy Rockefeller and J. Ogden Armour?—(Laughter). In the United States, a worker goes to work on a machine owned by the boss. He works on materials owned by the boss. He turns out a product owned by the boss. He lives in a country where the organized power of the boss concentrated in the banking system is supreme over every phase of life. He is a slave—industrial slave—because he cannot call one economic right his own and we Socialists want to have industry not only

owned by those who participate in it but we want to have those who participate in industry direct the industry in which they participate. Industrial self-control, self-government in industry as Mr. Cole has put it—that is all—simple ideas—ownership by the worker of his own job, the control by a man of his own economic life.

And third, I spoke about the direction of industry. I read you the report of the last annual meeting of the United States Steel Corporation. At this meeting, according to the *New York Times*, here was voted two million and one-quarter shares of common and one and one-half million shares of preferred stock. Stockholders who attended the meeting represented 340 shares of preferred and 4,000 shares of common and the rest were voted by proxy—so many million shares on this side, so many million shares on this side, and the policy of the United States Steel Corporation is formed and unionism is crushed out and this or that line of industrial policy is pursued by a little handful of men and women who have nothing better to do with their leisure time than to go and sit through a meeting of the United States Steel Corporation stockholders—that is the biggest corporation in America—direction not only by absentee ownership but direction by little cliques of lawyers holding proxies in their hands, by executives of great industries speaking in the name of stockholders. And what did they do? Last year, in the United States, that is in 1919, they floated twelve thousand millions of new capital stock and bonds; 1920 they floated fourteen thousand millions of new capital stocks and bonds. Did you have any say in that? Does the worker speak when it is decided to put these twenty-five billions into new capital under circumstances when it is almost certain that it cannot function? Did the workers speak? No, it was done by voting shares. They go out into Thrace. They support General Wrangel. They go down into Mexico. They follow into Hayti. And then what happens? Other stockholders in other countries, Royal Dutch Shell Stockholders, British Stockholders, voting policy against Standard Oil; Standard Oil Stockholders if they ever vote, voting policy against Royal Dutch Shell; and you hear the echoes of the conflict over the markets of France and you hear the echoes of their conflict for the rights in Central Europe. What is going to be the result? When will it be necessary to put the war paint on the



battleships? When will it be necessary again to call out the battalions and send them? In 1914 Great Britain had a highway to the sea. Germany wanted it. A pistol shot sounds in Central Europe and ten million men go to their graves to decide that Great Britain shall hold Bagdad and that Germany shall pay what she can. (Applause.)

In 1914, there was not a Socialist State in Europe—capitalist Germany, capitalist France, capitalist Russia, capitalist Italy, capitalist Britain—all the great group of capitalist Empires grabbing the world to rob it and fighting one another to the death to determine who should have the right to do the plundering. They produced a surplus as I said. They could not spend it at home. They took it abroad and in the course of taking it abroad they had to make War—capitalist War—and working men went and fought and died in that capitalistic war which they told us through their propagandist machinery was a War for democracy. (Applause). What does the worker want? Why he wants to keep the strings of economic life himself. Capitalism offers him intermittent starvation, industrial slavery, recurring War. Socialism offers him subsistence, economic self-government, a basis for peace.

And I would like to ask Professor Seligman if he and I were miners up in Panther Creek, in the Philadelphia Reading Coal and Iron Company, whether he would be an ardent supporter of the present economic system. (Great applause). And I want to ask him this further question, whether under those circumstances, he would put any obstacle in the way of the coming of some such system as I have described to you. (Great and prolonged applause).

CHAIRMAN: Professor Seligman now has 20 minutes for rebuttal. (Great applause).