

position where they must begin to see that a further fight can only be disastrous to them. If the official count should show that defective voting has after all left a majority on the affirmative side of the security franchise, matters will go on as before—minus, perhaps, the intriguing that has characterized the conduct of the short-sighted financial interests thus far. If, however, the official count confirms the reported defeat of the compromise of last Spring, the old interests will either have to come into an agreement no less fair (which they will do unless they are both blind and faithless), or else submit to complete destruction in a renewal of the fight. As the matter now stands, the old traction combine can claim a legal right to ownership of all existing traction franchises, provided they commit a gross act of bad faith—repudiate the “gentleman’s agreement” that Mr. Goff made for them, by refusing to restore the condition anterior to the compromise. If they keep their faith, the Municipal company will surrender the lease of those traction franchises in accordance with the same “gentleman’s agreement.” If they break their faith, the Municipal will hold to its lease. Consequently, if the owning company immorally assumes to own all the traction rights, the Municipal company will retain possession as lessee for the benefit of the public.

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In any event the investors who have supported Mayor Johnson financially are evidently safe. If the battle should go against their desires, their stock would share with the old stock; if it should go with their desires, not only would their investment be secure, as in the other event, but in addition their hopes as good citizens would be realized. The question now at stake is not the financial loss or gain of these investors. That does not seem to be involved. It is the question—as, indeed, it has been since Mayor Johnson’s first election—of private ownership for private profit, or municipal ownership for public service.

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NATURAL INSTRUMENTS OF SOCIAL SERVICE.

III. From Feudalism to Capitalism—Capitalism.

The extinction of feudalism (p. 653) was principally due, I suppose, to influences incident to the return of kingly power, chief among them being the enfranchisement of towns and cities. Charters from the sovereign authority, conferring more or less freedom upon towns and cities, gave

economic potency to manufacturers and merchants, and this was the beginning of capitalism.

Remembering that we should probably speak upon that subject to-day, Doctor, I have brought with me a couple of volumes of Green’s “History of the English People,” for I want to read you one or two observations on this phase of the transition from feudalism to capitalism. Here at page 150 of the first volume, in the middle of chapter i of book iii, Green writes what I shall read you now:

Whenever we get a glimpse of the inner history of an English town, we find the same peaceful revolution in progress, services disappearing through disuse or omission while privileges and immunities are being purchased in hard cash.

That was early in the Thirteenth century. In the second volume, writing of the latter half of the Fifteenth century, Green tells of the way in which the merchant and manufacturing classes of the enfranchised towns invested the surplus wealth which their release from feudal obligations, followed by a business boom such as we of this generation may easily understand, had brought them so abundantly. They began buying out landlords.

But this was not for the purpose, as a rule, of joining the landlord class. They did it for the purpose of securing industrial freedom and power for themselves as capitalists. These later and larger acquisitions of land by capitalists from landlords for business purposes, were not unlike the purchases of privileges and immunities under feudalism at the very beginning of its decline—those purchases, you recall, by which tenants commuted their feudal obligations of service to landlords with money payments or money obligations. In a somewhat analogous way, capitalistic business men freed their businesses from feudal burdens by buying out landlords at capitalized rates. When they had done so they included in their inventories of capital the land they bought.

You see they were not governed by sentiment. Perhaps they were not governed even by expectations of profits from the land. They wanted to use the land in their capitalistic business as manufacturers or merchants, and that was all. But “business is business,” don’t you know? and with reference to these lands there was no more paternalism, no more of the idyllic personal relationships of feudal landlord and tenant, after capitalists came into possession. As land began to be capitalized as an instrument of production, its economic power caught the capitalistic imagination, and its price went up in leaps and bounds,—just as it has done under present-day capitalism

in New York and Chicago and every other place of booming business. Please listen to this reference to the merchant classes of 1461-1485, by Green at page 20 of my second volume early in chapter i of his book v:

They began to invest largely in land, and these "farming gentlemen and clerking knights," as Latimer bitterly styled them, were restrained by few traditions or associations in their eviction of the smaller tenants. The land, indeed, had been greatly underlet, and as its value rose with the peace and firm government of the early Tudors, the temptation to raise the customary rents became irresistible. "That which went heretofore for £20 or £40 a year," we learn in Henry the Eighth's day, "now is let for £50 or £100." But it had been only by this low scale of rent that the small yeomanry class had been enabled to exist. "My father," says Latimer, "was a yeoman, and had no lands of his own; only he had a farm of £3 or £4 by the year at the uttermost, and hereupon he tilled so much as kept half a dozen men. He had walk for 100 sheep, and my mother milked thirty kine; he was able and did find the king a harness with himself and his horse while he came to the place that he should receive the king's wages. I can remember that I buckled his harness when he went to Blackheath field. He kept me to school; he married my sisters with £5 apiece, so that he brought them up in godliness and fear of God. He kept hospitality for his poor neighbors, and some alms he gave to the poor, and all this he did of the same farm where he that now hath it payeth £16 by year, or more, and is not able to do anything for his Prince, for himself, nor for his children, or give a cup of drink to the poor." Increase of rent ended with such tenants in the relinquishment of their holdings, but the bitterness of the ejections which the new system of cultivation necessitated was increased by the iniquitous means that were often employed to bring them about. The farmers, if we believe More, in 1515, were "got rid of either by fraud or force, or tired out with repeated wrongs into parting with their property." "In this way it comes to pass that these poor wretches, men, women, husbands; orphans, widows, parents with little children, households greater in number than in wealth (for arable farming requires many hands, while one shepherd and herdsman will suffice for a pasture farm), all these emigrate from their native fields without knowing where to go." The sale of their scanty household stuff drove them to wander homeless abroad, to be thrown into prison as vagabonds, to beg and to steal. Yet in the face of such a spectacle as this, we still find the old complaint of scarcity of labor and the old legal remedy for it in a fixed scale of wages. The social disorder, in fact, baffled the sagacity of English statesmen, and they could find no better remedy for it than laws against the further extension of sheep farms, and a formidable increase of public executions. Both were alike fruitless. Inclosure and evictions went on as before and swelled the numbers and the turbulence of the floating labor class. The riots against "inclosures" of which we first hear in the time of Henry the Sixth, and which became a constant feature of the Tudor period, are indications not only of a perpetual strife going on in

every quarter between the landowners and the smaller peasant class, but of a mass of social discontent which was to seek constant outlets in violence and revolution. And into this mass of disorder the break-up of the military households and the return of wounded and disabled soldiers from the wars introduced a dangerous leaven of outrage and crime. England for the first time saw a distinct criminal class in the organized gangs of robbers which began to infest the roads and were always ready to gather round the standard of revolt. The gallows did their work in vain. "If you do not remedy the evils which produce thieves," More urged with bitter truth, "the rigorous execution of justice in punishing thieves will be vain." . . . Throughout the time of the Tudors the discontent of the labor class bound the wealthier classes to the crown. It was in truth this social danger which lay at the root of the Tudor despotism. For the proprietary classes the repression of the poor was a question of life and death. Employer and proprietor were ready to surrender freedom into the hands of the one power which could preserve them from social anarchy. It was to the selfish panic of the land owners that England owed the Statute of Laborers and its terrible heritage of pauperism. It was to the selfish panic of both land owner and merchant that she owed the despotism of the monarchy. The most fatal effect of this panic, of this passion for "order," was seen in the striving of these classes after special privileges which the crown alone could bestow.

Doesn't that read like a description of present day conditions, Doctor,—all except the antique flavor and a few variations of incident? Yet it was written a generation ago, of a period almost 500 years before, and by an historical scholar of the highest rank, who had no other thought than to tell in a true way a true story of the people of that distant past.

Just observe how they made paupers and criminals in those days. We do it now, only our raw material for it is the mechanic and the day laborer more notably than the farmer and the peasant. They enclosed the common lands then for the benefit of parasitical classes; and what have we been doing but that for a hundred years with our public domain? Aren't we doing it yet? They were trying then, as we are now, to stop crime by rigorously punishing criminals instead of reforming the social maladjustments that produced them. And they were legislating against the extension of sheep farms with the same superficial statesmanship in those days that we legislate on railroad rates and business trusts in our day. Business plutocrat and aristocratic landlord, then two distinct classes, were ready to surrender their freedom to a strong monarchy in order to keep down the poor whose poverty their own privileges were making; business plutocrat now, with land monopoly for his basic capital and his all-con-

quering industrial weapon—two classes rolled into one—is clamoring for despotic laws in order to put down what he is pleased to call “anarchy,” as they of 500 years ago, by the way, were pleased to call it “lollardism.” As the privileged classes of that day were in a selfish panic of fear of their impoverished victims, so are the privileged classes of our day; and as those strove eagerly for more special privileges, so do these. Above this din of clashing classes, moreover, there came hysterical screams from the privileged for “order”, as from the like classes just such frantic demonstrations come now. In those faraway times, Doctor, as in our own times, there seems to have been a very passion for “law and order” among the classes to whom the law never has any sanctity except as it serves them, nor order any law but their own unbridled will.

Our socialistic friend often assures us that the industrial phenomena of capitalism are very modern, don't you remember? He seems to think that the invention of steam power brought on a social revolution. But if history reveals any essential difference, between the industrial changes which steam has wrought in the past 100 years, and those which began 400 years before, I have failed to find it in the course of my untutored reading. Surely that quotation from Green, which is quite typical by the way, very clearly indicates that there are no differences between the industrial phenomena of the present, and those of the feudal period, except differences in outward form. Industrial evils so familiar to us of this day did not await the advent of steam and great machinery. And they were not unique in England. That country was in the same economic pathway in which all were traveling. Industrial evils of the capitalistic type appear to have begun everywhere with the capitalization of land; that is, if you will let me coin an awkward word, with its “businessification.”

The landlord class, demoralized by the Crusades, were compelled to break up their feudal domains into parcels and sell them, and business men bought. And not only did the Crusades in that way release feudalized land to capitalization, but they contributed to that prosperity of the business or trading interests which enabled the business classes to buy land. For Crusaders brought from the East the knowledge of many products and processes tending to promote manufactures; and it was during these expeditions that modern commerce took a leap forward. As the Italian maritime states supplied the crusaders with transports and conveyed to them stores and

munitions of war, there was a rapid increase in the navigation of the Mediterranean, which had originated in the trade that sprang up from the free towns I have alluded to. There does not appear to have been any considerable manufacturing, you know, from about the Fifth to the Eleventh Century. Everything had to be made “on the place,” as we used to say out at our old farm. Even kings had their clothing made on their farms in the Ninth century. If there had been any tendency toward general manufacturing, it would have been nipped in the bud—yes, you may take another metaphor if you want to—by obstructions to general trade. The raids of feudal marauders of the lawless type made merchandising very hazardous, and the highway and market tariffs of feudal marauders of the “law and order” type, made it burdensome. In this state of society the self-governing Roman towns that survived the shock of the Teutonic invasion were capitalistic oases in a feudal desert.

Feudalism itself gradually created similar self-governing communities, especially in Germany and Italy, through kings' charters to towns and boroughs; and the old ones won back something of their former freedom. One of the first signs of advancing civilization, as it was one of the great agencies of progress, was the growth of these towns. Their importance historically is said to date from the union of about 80 of the most important German towns, along somewhere in the Thirteenth century. This union was called the Hanseatic League, you know, and was organized for mutual defense against piracy by sea, pillage by land, and the exactions of feudal lords. A similar league, the Lombard, from which Genoa and Venice date their natality as city republics, had been organized in Italy some two hundred years earlier. Now what I ask you especially to reflect upon, Doctor, with reference to this advent of capitalism, is the fact that although steam had not been discovered and there was no great machinery, yet the industrial evils were essentially the same as now. We are living under a capitalistic system which does indeed differ in many outward forms from that of half a thousand years ago, which is indeed much farther advanced, and which does therefore express itself with greater intensity and subtlety. But it is the same system and not a new one. It is an evolution and not a revolution. It manifests a difference in degree and not a difference in kind.

The truth is, Doctor, that capitalism is the natural mode of trade, and its phenomena had to appear with the development of trade. Our friend

agrees, I think, that these historical manifestations were inevitable. He and I probably have no quarrel there. Where we come in conflict is over his insistence upon regarding capitalism itself as an evil and a back number now. He disregards the fact, which I insist upon, that capitalism is not a bad system essentially, but that it is a **sick system**—a system sick from the poisonous decoctions of landlordism and other special privileges with which it was “doped” by the business men of the feudal period. Capitalism may die from this sickness. It will die from it unless it is purged of the poison of land monopoly.

I fully agree, you understand, that capitalism has superseded feudalism, and that the capitalist class has superseded the landlord class. What I wish to emphasize is precisely that fact, the fact that the one has superseded the other—only superseded. I insist that this change has not essentially altered the balance of power in industry. The spirit of landlordism, its essence and its coercive power, survive supreme. The only difference is that the capitalist has acquired the power of the landlord. This power has passed from autocratic administration by a personal class, to automatic administration by the interplay of financial interests. No longer personal, it is capitalized; no longer feudalistic, it is businessistic. The capitalization of the planet is in our day what its feudalization was in the palmy days of landlordism.

The tendency toward the transfer of planet monopoly from landlord classes to capitalistic interests, and the consequent rise of capitalism out of the ashes of feudalism, was greatly accelerated by the discovery of “new worlds” to the westward. Although landlordism crossed the Atlantic, feudalism was already declining, and the conditions over here were unfavorable to its revival. A landlord class did develop; but the primitive environments were too uncongenial for it to flourish. For landed interests distinctively, there was little room in all this broad expanse of unappropriated country. It was quite impossible to monopolize land to the degree necessary to coerce labor. Land monopoly was consequently unprofitable; labor alone could flourish. But as labor flourished, it developed business interests, germs of capitalism such as the progress of freedom in feudalistic countries had already developed there. These interests absorbed landed interests, not by buying out feudal landlords, as in the old world, but by taking up land for use and then dealing with it upon the business or capitalistic basis. It was regarded from the start as

an instrument of production indistinguishable from all others, and interchangeable with all others by the same measurements of value. And as in the Americas so in the Australias. Whereas in the old world, capitalism came in as a transition from feudalism, in all the new worlds it was a phenomenon of first intention. But the economic effect, everywhere the same, was to lodge in capitalism the essential power of landlordism—monopoly of the natural instruments of production.

So the evil principle of landlordism was not destroyed by capitalism, nor any new principle of evil created. It simply acquired a new economic habit, and greater potency through greater subtlety of operation. From the social service environment of a barbaric paternalism, it passed into a social service environment of business conquest. For the limited potency of arbitrary regulation according to personal circumstance and whim, it acquired the impersonal and rigid potency of competitive regulation. The family association, personal affection, gratitude, loyalty, and noblesse oblige, which governed the relation of landlord and tenant under feudalism, gave way under capitalism to the impersonal commercial rule of “business is business,” and business exacts “all the traffic will bear.” Ownership of the great natural instrument of production, the planet itself, had been coaxed away from the landlord class, and had come within the capitalistic sphere of influence and under the capitalistic mode of administration. Land as well as capital was capitalized—the planet as well as products from the planet. Becoming less and less a subject of family heritage, it had come to be more and more a commercial commodity.

At last, when the feudal period closed, land had lost its distinctive character in the capitalistic mind. Although a natural instrument of production, the same as before, and as different essentially as ever from artificial instruments of production, it came now to be dealt in and thought of as a commodity, identical with artificial instruments. Not only is land still useful, and useful in greater degree, far greater degree than ever, but it has become saleable as a commodity. That was not always so, you see. Land was not a commodity in feudal times. It was not an article of commerce. It was not capitalized. And this is what makes our socialistic friend think, I take it, that the evolution from feudalism to capitalism was a fundamental or revolutionary change. It was in fact not fundamental. It was only a change in form, a change of owners, a

change from ownership by lords to ownership by traders.

When capitalism reached out for land as a commodity in trade, along with products, away back in those feudal centuries, it produced then the same industrial evils, although steam and big machinery were unknown, that it produces now, in this era of great machinery with land treated as one of the capitalized instruments of production. The explanation of these evils is surely not monopoly of machinery in itself, but monopoly of the natural instruments of production—the same in kind even if different in form as the feudal monopoly. The monopoly of land is the underlying monopoly which makes most others possible, and without which all others would either wither or be easily pulled up by the roots.

Think it over, Doctor. Under landlordism the landlord is a person apart, who exacts as rental the fruits of the land—one out of three of the nettles the widow gathers for her frugal meal, as Carlyle puts it. He may take more; he may take less. He may even forbid the use of land if it pleases him. His whim governs, be it good or bad. But under capitalism, this power of rent exaction is capitalized. The land itself becomes an object of capitalistic commerce. The rent is all the traffic will bear, and hope of greater profit may result in forbidding even its use. Whim and caprice give way to business principles; but the difference is not essential. The planet is still one thing and capital another. The planet is still the natural instrument of production from which all artificial instruments are drawn. The planet is the instrument which is not only indispensable to social life, as are artificial instruments, but it is also not reproducible, whereas artificial instruments are reproducible. Given diversified labor and the planet, with unobstructed access by the one to the other, and with unobstructed trade artificial instruments result in abundance under capitalism. Their monopolization in those circumstances is impossible. But obstruct trade, or obstruct access to the planet for use, and you produce monopoly of capitalized artificial instruments and monopoly of capitalistic markets. Whether you obstruct access to the planet by feudalistic command over it, or by capitalistic commerce in it, makes no difference.

“Wage slaves!” To be sure there are wage slaves under capitalism. Wage slavery and chattel slavery are the typical forms of slavery under capitalism, as serf slavery was under feudalism. The chattel slave is appropriated as property and capitalized as a commodity. This has been rejected

for the more profitable form of capitalistic slavery—wage slavery. The product of the wage slave, not the man himself, is appropriated. The slave himself is nominally free. His products are appropriated by means of nominally voluntary contracts of service. But in fact these contracts are not voluntary. They do not rest on a square deal. They are made under circumstances which force the wage worker to take less service than he gives. They are destructive of the principle of service for service. Not because they are wage contracts, but because they are made at a disadvantage. The man is not free in making his contract. He must accept proffered terms or starve. For all the instruments of production are monopolized by capitalists, and it is with capitalists that he makes his disadvantageous contract. If he organizes, so do they; and his organization is less powerful than theirs, for they control the instruments of production—all the instruments of production.

But when you analyze the matter, Doctor, you find that capitalists control all the instruments of production only because they control the *natural* ones, those which are indispensable and un-reproducible, this whirling planet on which we swing through space. Since land is capitalized, capitalism takes its rents and labor must lose them. Worse than that, since land is capitalized, capitalism makes a “closed shop” of unused spaces. Those that are far away are closed to labor anyhow by their physical inaccessibility. Those that are near by are closed by their financial inaccessibility, by excessive values caused by capitalistic speculation in land.

Under feudalism, the natural instruments alone were monopolized. This sufficed to subjugate all producers. They could not use any land without the lord’s consent. But under capitalism these natural instruments, being capitalized along with the artificial instruments, are subject to natural laws of trade which operate beneficially as applied to products, but prejudicially as applied to capitalistic land owning. The lord under feudalism could deny the use of the planet arbitrarily by mere command; capitalism denies it through the land market and by operation of competitive forces. Under feudalism the conflict of interests was coincident with such class divisions as landlord, tenant, serf; under capitalism, inclusive of land capitalism of course, the normal identity of business interests with labor interests is disturbed by the abnormal identity of business interests with landed interests.

What good sense demands of us, Doctor, is that we somehow disentangle this confusion. We must

bring into co-operative relations the business interests that are identical with labor interests, and get rid altogether of the business interests that are inimical to labor interests. And in order to do this, what we need to see is that land capitalism is only the modern form of feudal landlordism.

We must indeed recognize with our socialistic friend the fact that feudalism has passed away, and that we are living now under a regime of capitalism; but we must be cautious not to lose sight of the other fact, that capitalism includes in one category what feudalism had three categories for. Feudalism had natural instruments, artificial instruments, and workers; and the landlord governed all. Why? Because he owned the first. So, now, the capitalist governs all merely because he owns the first. Through capitalization of land, capitalists have acquired the power of feudal landlords—that power of coercing labor which resides nowhere outside of personal enslavement but in dominion over the natural, as distinguished from the artificial, instruments of production.

NEWS NARRATIVE

To use the reference figures of this Department for obtaining continuous news narratives:

Observe the reference figures in any article; turn back to the page they indicate and find there the next preceding article on the same subject; observe the reference figures in that article, and turn back as before; continue until you come to the earliest article on the subject; then retrace your course through the indicated pages, reading each article in chronological order, and you will have a continuous news narrative of the subject from its historical beginnings to date.

Week ending Tuesday, October 27, 1908.

Cleveland Traction Situation

The referendum vote on the traction compromise in Cleveland, which came off on the 22d (p. 707), resulted in what upon the face of the returns is a defeat of the compromise.

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This compromise was made after Mayor Johnson's triumphant re-election (vol. x, p. 827) nearly a year ago. His traction policy was thereby adopted, the stock of the old company had fallen in the market to less than 40 cents on the dollar, its important franchises were expiring, court decisions were in his favor, and altogether the old company was "whipped to a standstill." At this moment overtures were made to Mayor Johnson by the local business interests to be generous and make a fair settlement, to which he acceded (vol. x, p. 854), and in consequence the City Council held public meetings and ultimately appointed Mayor Johnson as their arbitrator to adjust with Mr. F. H. Goff, nominally and authoritatively the arbi-

trator for the old company, but in fact also for the general business interests of the city as a lawyer-citizen. After a long and tedious series of conferences on details, the compromise movement came to an end early in April last (p. 61) over the question of price for the old company's interests. Mr. Goff insisted upon \$65 per share net, although the stock was then below \$40 on the market, and Mayor Johnson reluctantly consented to raise his estimate from \$41.73 to \$50, conceding the difference as a "price for peace." Mr. Goff subsequently (p. 84) offered to come down to \$60, and thereupon the local business interests raised a cry for "splitting the difference." Meanwhile, the negotiations being "off," the City Council began to grant franchises to the 3-cent fare company along the streets upon which the franchises of the old company had expired and were expiring (p. 105), whereupon Mr. Goff renewed the settlement negotiations by offering in behalf of the old company to take \$55 a share net in full settlement. Mayor Johnson referred the proposition to the City Council and through public meetings to the people. Saying that the price was high, he advised nevertheless that it be accepted for the sake of peace. Late in April last (p. 106) it was accepted, and the whole controversy would have been at a satisfactory end if the old company and the local financial interests had acted in good faith.

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Pursuant to this settlement the City Council granted a "security franchise" on the 27th of April (p. 106) to a new company—"The Cleveland Railway Company." This franchise was to be in the nature of a mortgage or security to the financial interests concerned for the carrying out of the compromise agreement. It was to take over all the property of the old monopoly company at \$55 a share in exchange for its own stock, and at par in exchange for the stock of the competing 3-cent company. It was also to lease to the Municipal or "holding" company all street franchises for the whole city and its other property rights. The Municipal company as lessee was to operate, and while giving all profits to the city during its operation was to turn the property over to the city upon the payment by the city to the new Cleveland Railway Company of par plus ten per cent, as soon as the city should get the legal power to take over and should decide to do so. In case of failure for any reason to carry out this arrangement, the interests of the old monopoly company and of the 3-cent company were to be restored, the compromise peace to be of course then at an end.

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Accordingly all details were perfected, and on the same day, April 27, 1908 (p. 132), the Municipal company began operations as the lessee of