TRUSTS, AND PUBLIC GOOD

Are They Beneficial or Not to the General Welfare?

AN EXHAUSTIVE REVIEW

Before the Pennsylvania Millers' State Association, in Session at Chambersburg, Judge John Stewart Reads a Paper Which Goes Into This Paramount Problem Most Thoroughly—Regulation of Trusts Declared to Be Essential to the Public Safety—A Paper All Should Study.

Chambersburg, Sept. 12.

BEFORE the Pennsylvania Millers' State association, in session here, Hon. John Stewart, president judge of the Franklin county courts, tonight delivered an address upon "Trusts, and the Public Welfare." He said:

The rapid growth and development of this new system of business, which for convenience we designate as the trust system, is one of the marvelous things of this marvelous era. We had scarcely known of its existence, until it had impressed itself upon the leading industries of the country. For several years, which may be called the period of its infancy, it was confined to the oil industry as the single subject of its operations, first the petroleum, and then the cotton seed oil interests. Then, with a prehensile force unparalleled, and which is only one of its many curious and wonderful characteristics, it suddenly reached out from its oily environment and caught in its embrace the sugar industry, then the whiskey, then the leather, then the iron and steel in their various specialties; and with apparently increasing strength, and widening embrace, it has continued its advance until it dominates our industrial life. Of all the articles of trade or commerce, none stand clear of it except those which the earth yields to husbandry; and not all of these have escaped its grasp. There is not a product of man's toil, or material thing that ministers to his wants, that seems beyond its reach. Already it has its trade mark on the cradle in which his infancy is rocked, and on the coffin, in which he takes his final sleep. There are today in this country certainly not less than 300 incorporated trusts, each operating upon some distinct industry; and it is a conservative estimate that there are as many other combinations in trade, not incorporated, which are governed by the same methods, having the same ends in view. The combined capital of those incorporated exceeds six thousand million dollars. Allowing to those not incorporated but half this sum, we have an aggregate capital, subjected to this system, three fold greater than the entire national debt at the conclusion of our great civil war.

When we consider that all this has come about within a decade, and indeed for the greater part of it, within the last two years, we can understand how business conditions must have been prepared for it, but the public mind surprised and unprepared. And when we consider, further, that the natural and necessary consequences resulting from such a sudden and comprehensive change in our economic system are not and cannot be at once discoverable, we can understand that the work of correction, if required, or readjustment and adaptation, if these are to follow, will require prolonged study and enlarged experience. Inasmuch as considerations of public welfare must determine whether this new system shall continue, and if continued, what its limitations shall be; and since in the end these questions are to be decided by the people, it becomes us each and all as citizens, alike interested that no harm shall come to our political institutions, and that no obstacle shall retard the advance of our civilization, to do all we can to gain an intelligent understanding of this most important subject.

Definitions.

IT IS ESSENTIAL in any discussion, to have a common understanding of the terms employed in the general proposition. Here we have two such general terms, trusts and public welfare, which need to be defined. These are the two things which we are to consider in their relation to each other, the question being, are they consistent or antagonistic?

First, then, what are we to understand by trusts? The term has been adopted as designating the present system of associating and combining the productive and industrial interests of the country, each after its kind, in such a way that all so associated or combined are brought, if not under one ownership, at least under one and the same business management and direction. Such combinations are not necessarily trusts in a technical sense; indeed few, if any, now are. The oil refining combine was the first to be constructed after the manner of the technical trust; that is, by dissevering the legal from the beneficial and real ownership of the property, and investing a board or committee with the apparent or legal ownership of property that continued to belong to a great many. Hostile legislation and adverse decisions of the courts compelled an abandonment of this method of organization. This led to the adoption of the scheme which now prevails, of merging the several associating parties into one concern. The process is simple, easily understood and easily applied. To illustrate, two or more incorporated companies, engaged in the same business, mutually agree upon a valuation of their several plants and business; they agree to consolidate; and to this end a new corporation is formed, whose capital stock represents the aggregate value of the several companies to be consolidated. The new corporation takes over to itself the several properties, becomes the owner of them, and gives in payment thereof its own capital stock, to be distributed equitably among the stockholders of the separate concerns; so that each holding in the new corporation is relatively the same in proportion to the aggregate of property represented by it, as it was before. All consolidations or combines under this general system that result in bringing several enterprises of like kind under one and the same management and control, we have come to designate as trusts; and in speaking of trusts tonight we include all such.

Our other term, public welfare, you may think does not need to be defined. I am not so sure of this. There is so much disregard of it these days, when the strongest appeals to individual action seems to be those which promise the largest pecuniary rewards; and so much indifference is shown to guilty infractions of it by men in public life, that we cannot help but think that many people have false notions as to what it means, and of the obligations they are under to promote it. Certainly it needs to be stated and clearly understood that the weal or well being we are considering is that of the whole body of the people, as distinguished from special advantage to any particular class. Conditions which promote public welfare are those which secure greatest good to the greatest number. A condition or policy may greatly advantage some, indeed a large number; it may multiply millionaires until they become as common as German counts, and yet be destructive of public welfare. It may give unprecedented activity to some particular industry, and largely advantage those directly concerned in it, and yet be severely prejudicial to the general public. It is certainly to the interest of the public that so important an industry as that of which you are the representatives, the milling industry, should thrive; but there is a point beyond which, if advantaged, it must be at the expense of the people at large. The many, in such case, are burdened in order that the few may be enriched just as the measure of their enjoyment of the necessaries and conveniences of life is enlarged or diminished. Then, again, it is to be remembered that public weal and public wealth are not the same. There may be little public wealth, and yet a high degree of public welfare; on the other hand, there may be vast accumulations of wealth and a dissatisfied, oppressed and starving people. The world has seen many instances of the latter kind, and they are among the saddest exhibitions of history. There is more sound political economy than poetry in the familiar lines,

"Ill fares the land, to hastening ills a prey,
Where wealth accumulates and men decay."

It is not only a mistake, but a fatal perversion of the functions of government, when its energies are directed to the increase of public wealth and the distinction between weal and wealth are disregarded.

Labor's Position.

WITH THIS COMMON understanding of the things we are to consider, we may advance a step and see how they are related, or rather how the one may be employed to affect the other. The aim and purpose of the trust is to deal in a large and comprehensive way with capital, and with the trade and industry of the country. This contemplates, in some degree at least, the control of those agencies which have created our social and economic conditions, and upon which they depend. It would be impossible in one address to consider, even in the briefest way, the various interests that would or could be affected by such a system, and I shall not attempt it. It may, however, prove helpful, in connection with our main inquiry, to consider for a moment how, and to what extent, these agencies operate to affect the public welfare. It will be accepted without argument that the welfare of any community, organized under satisfactory political conditions, depends wholly upon the degree of regularity and energy with which its labor is employed, and the returns with which that labor is rewarded. Idleness to the vast majority of mankind, means poverty, and poverty means wretchedness and misery. The number of those who live by their daily labor, the wage earners, including those directly dependent for daily subsistence upon the wages so earned, largely exceeds all the rest of our population. If, then, the public welfare is promoted by securing the greatest good to the greatest number, it may fairly be claimed that this result is to be expected when the labor of the country is advantaged by any system or policy. Especially must this be so, since it is impossible to conceive of any policy that would advantage labor, and at the same time be oppressive to any other interests. Labor can only be generally employed, and adequately rewarded, when our industries and trade are active. With these active, and labor employed and adequately remunerated, we have the best possible conditions we can hope for this side the millennium, so far as political and economic laws can control the situation.

Observe, I say, with respect to labor it must be adequately rewarded. It is not enough that it be constantly employed. It may be all this and yet have all the wretchedness of slavery; it must be adequately recompensed; for this it is that elevates it above servitude, and redeems it from the wretchedness of poverty. I mean no indeterminate standard by adequate reward. What I mean is, that it is an essential condition to public welfare that labor shall receive something beyond a bare living; that it shall have the opportunity of accumulating something over and above, on which it may build confidently its hopes for advancement; something upon which the laborer can draw for those supplies needed for his moral, social and intellectual improvement. So long as it is limited to a supply of his merely physical wants, no matter what his political privileges are, if they are powerless to increase his wages beyond this point, he is under a bondage that in the end that must dwarf his manhood, quench his aspirations, and prevent anything like progress toward better things. It is this narrow margin between what the laborer receives, and what he is required to expend for his daily bread, that counts most in every problem affecting the public weal; and it is upon this, so far as economic laws operate, that all advancement of our age depends. There is nothing that the history of our civilization teaches more clearly than this.

To secure such regular employment and adequate returns for labor, it is essential that the industry and trade of the country should be active to a high degree. Between the two, there is a very close relation; each is to a certain degree dependent on the other. Without industrial activity, there can be no sufficient employment of labor; without labor there can be no industrial life; but the dependence is not equal; the advantage is always with the employer rather than the employed. Labor cannot be advantaged, except as industry and trade prosper; but industry and trade thrive on low and sometimes starving wages; and there is this further truth, seek to disguise it as we may, because of the very conditions that surround it, labor cannot extort from industry, while industry may and often does extort from labor.

Now, it is easy to see that any policy that has the effect to change the condition of our labor, either by enlarging or reducing its dependence for employment, or enlarging or diminishing its rewards, must tell directly upon the public welfare. The connection and relation between these things may be thus stated: public welfare depends on employed and remunerative labor; the condition of labor is determined by industrial activity and trade; these in their turn are to be subjected to the control of trusts. It is through our industrial interests, operating upon the labor of the country, that the public welfare is affected, either to its advantage or detriment, by trust control.

Case for the Trusts.

HAVING CLEARED the way of these preliminary considerations, we ought to be better prepared to encounter the main issue—are these trusts consistent with public weal? It is an open question, much discussed, full of interest and important beyond all present issues; and since its decision must rest finally with the people, it is necessary that it be studied with impartial minds, so that the verdict may express intelligent conviction, uninfluenced by prejudice or partisanship. As an aid to this, however feeble it may be, I shall endeavor to present to you the considerations relied upon by the respective parties to the controversy, without intentional injustice to either.

The case submitted in support of the trusts, may be thus stated: First, the present system results naturally and logically from the changed condition of our industrial life and interests, and it has shown itself to be well adapted to these. Second, its tendency, as illustrated by our present prosperity, is to increase our production, multiply trade, and offer more general employment to labor with increased rewards.

With respect to the first of these claims, it will have to be conceded, I think, that we have reached that point in industrial development when established methods of business are no longer adequate. No more could the travel and traffic of today be accommodated by the use of stage coaches for the one, and Conestoga wagons for the other, than could the trade of the country be conducted under methods of business which prevailed a half century ago. Many things have conspired to bring about these changed conditions; but the two important factors have been steam and electricity. Together they have accomplished, in very recent years, a revolution in our industrial life, in comparison with which, all other changes since our civilization began seem insignificant. It is important to indicate but two in this connection; they have multiplied our industrial productive capacity, until it seems absolutely unlimited; by cheapening the cost of distribution, they have given us the whole world for a market.

The consequences are immense. Let us look at some of them. Our labor, as at present employed, produces largely in excess of what is needed to supply our own wants; to keep our industry active up to its present capacity, we are compelled to seek foreign markets; to gain and retain a hold upon these, we must successfully compete with the skill, energy and capital of the world; in other words, we must be able to sell the same article in the same market as cheap, if not cheaper, than our competitors. Whereas the stress of competition has hitherto been between our own producers in a home market, because the field and the capacity have both been so enlarged, the stress is now between our own and foreign producers in the world's markets. The world is clamoring for an open-door policy, and it is confidently expected by many that in a very short time our own capital and industry will join in the demand. It further results, that in order to produce at a cost that will enable us to compete in this larger market, the economies of trade and production must be studied and rigidly applied. Further still, if the open-door policy is to prevail here, the same economies must be practiced to hold our own markets.

Now, in the manifest changes I have indicated, you may find the excuse for the trusts, or rather I should say the occasion for their appearance. The trust advocate stoutly contends that we may find in them, not only the occasion for the trusts, but their vindication as well. His contention is that the new conditions required an increased production at lower cost, and that it was this necessity that called trusts into existence, as the most efficient agent to this end. Their efficiency and adequacy must be admitted. By combination, one management is substituted for several or many, as the case may be; a vast saving in itself. So in every department, except in the actual labor required for the production, the number of employes is reduced; and the manifold items of expense made necessary by the unavoidable competition between the disunited establishments, are avoided. This result is so manifest that it cannot be denied, and it needs no elaboration, or discussion. From these considerations, the advocate of trusts derives the necessity for a change of methods, and the adaptability of his system to the new requirements. He encounters greater difficulty in establishing his next position, which is, that while his system is efficient for the specific purpose in view, it so operates that the greatest good is secured to the greatest number, without oppression to any. Here his argument is largely an appeal to experience. He points to our present prosperous condition, and quite likely if he be an enthusiast, quite certainly if his holdings happen to be large in some profitable trust, he will claim it as the beneficient result of the new system; if he be simply an honest, disinterested convert to the theory, he will be content to claim no more than that the trusts have contributed something to present conditions, and that in any event, the two are consistent, since they are concurrent, with no visible sign of oppression or injustice anywhere.

I said a moment ago that with trade and productive industry active, and labor generally employed and adequately rewarded, we had all the conditions essential to public welfare. That is our situation today. Such an era of general prosperity and progress along these lines, as that which has suddenly dawned upon us and which we are now enjoying, never before blessed the world with its radiance. Our productive energies are taxed to the utmost of immediate capacity; our trade is busy and pushing its way to the ends of the earth; labor is diligently sought after and liberally recompensed. But manifestly the claim that we owe this condition to the operation of the trusts cannot be allowed. I have not the time to discuss the causes that have co-operated to bring to us this season of prosperity. A little reflection will satisfy anyone that they are several, if not many; and that they have been silently operating for years. It is a revival following a long period of depression, during which our productions were far below the measure of our capacity, and during which accumulated stocks were consumed. Such periods of depression are recurrent, and at long and short intervals, depending upon causes not always apparent, revival follows. Trusts never intervened before; why should they be regarded as a cause now? The claim that they have contributed can be supported with much greater reason, and the impartial mind will be apt to concede it. Put the two things together, exhausted supply and reduced cost of production, and we have conditions decidedly favorable to a revival, so far as they go. Something more is needed, but these play a most important part, if indeed they be not essential.

Now, allowing all the claims considered up to this point as made out, it is yet of little value in determining the main issue, except as the remaining position can be made good, viz., that experience shows trusts to consist with the public welfare as we have defined it. They may be best adapted to accomplish certain results, but it does not yet appear that these results consist wholly with public weal; they may, under certain qualifications and restraints, be what is needed to meet our changed condition of commerce, trade and industry; but it is the trust as now operated, free from legislative restraint or control, that we have experienced and no other. The trust advocate does not commend his system to us under any modified term, but just as it is, and just as we have experienced it. The argument drawn from present experience is manifestly inconclusive, for the reason that our experience is not sufficient; it has been too brief, the returns are not all in. It may be that a computation of the returns as we now have them would show largely in favor of the trusts; but it is too early to close the count. Besides, our vision is not at its best; we are like one stepping from darkness into brilliant sunlight; so suddenly has this new era dispelled the clouds that depressed us and darkened our way, that we are hardly done rubbing our eyes to accustom them to the change. Our experience with trusts as a general system does not extend over a year at most, whereas a score may be required to work out all the logical results that bear directly upon our present inquiry.

If we agree to a prima facie case on the strength of this argument we allow it the utmost that can be claimed.

The Other Side.

LET US NOW turn to the other side, where perhaps properly the burden rests, and consider the objection urged by those who stand in opposition to the trusts. These are all derived from the one position they take, viz., that whatever the occasion for the trust, and admitting that it is efficient in reducing the cost of production, yet its certain and necessary result is to create monopolies, which in themselves are the fruitful source of evils great and small; some of which are already observable, affecting our industrial, social and political welfare; and that more and worse must certainly follow in the train.

It is of little consequence what the purpose of the trust is; it is its effect that concerns us in this inquiry. It is equally unimportant whether the trust admits or denies that monopoly is a necessary consequence; that it is, is so obvious that denial would avail nothing. This conclusion finds confirmation alike in experience and the simplest use of arithmetic. We have trusts which include as many as two hundred different establishments, which before were individual and independent; some may include twice that number, the maximum I cannot state. There are many distinct industries in the country which would be wholly and entirely absorbed by a combination that would include so many as fifty; and such consolidations would manifestly result in placing a single management in control of the market for that particular product. True, with respect to most articles of manufacture, they are easily produced at little cost, and the plants producing like specialties among them may be counted perhaps by the thousand; but combinations among these are as practicable and certain as where the number is few, requiring only a little more time and trouble. The match trust, the starch trust, the baking powder trust, the shoe trust, these and a hundred others that might be named, show how practicable the scheme is. It is nothing to the purpose to say that some of these have not engrossed the market. The point is that such results must inevitably follow, if it be true as claimed that the cost of production is materially reduced by the operation of the trusts. If this be true, then, as we have seen, they are without any excuse for their existence in any shape whatever. No matter how numerous the establishments may be that are engaged in the production of a specific article, if a considerable number of them consolidate, and thus effect for themselves this saving in cost, the rest will be drawn into the original combine, or be compelled to consolidate independent of it, so that like advantage may accrue to them; otherwise they will be driven out of business by the combination that can undersell them. Competition means bankruptcy, when attempted against such odds. When the specific article is of such general manufacture, it may be urged as a probable result that there will be several, if not many, combines for its production, and that competition may be expected between them. But we shall escape any such delusion, if we but consider that the same considerations that led to the original combine, viz., the avoidance of such expense as was made necessary by competition, must lead to a combination or consolidation of the combines themselves. The plain English of it all is that the sole aim and purpose of any trust is to escape competition, because of its expensiveness. If the expense is to continue between the separate trusts, why combine at all?

With the monopolistic features granted, let us next consider the specific charges preferred against the trusts. First, with respect to our industrial interests. Here the charge rests largely in theory; and yet historical evidence, such as is found in the development of trade and commerce, is appealed to as confirmatory. The specifications are that the system is oppressive to the producer of the raw materials, oppressive to the consumer of the finished products, and in the end must be to labor, thus embracing every class outside the trusts. The raw material interests, if such it may be called, is of immense proportion in this country. Our wealth in raw material is beyond computation. If it is to be garnered by the trusts, rather than by the people who own the material, and by those whose labor is required to develop and market it, manifestly such result would be unjust and oppressive.

If the owner have but one market in which to sell, he can only get the highest price that there prevails; if he have but one party to whom he can sell, he must, if he sell at all, accept just what it pleases that party to give. If it be said that the trust must have the material, and there is nothing to compel the producer to sell, the answer is that he has necessities as well as other people; that the trust will bid just enough to make it advantageous to the owner to sell, rather than retain unproductive, dead material on hand. He dare not hold for better prices, for the price can never be more than it pleases his single customer to pay. Such conditions, applied to the manufacturers of the country, with respect to their finished products, would paralyze their industries, as suddenly and as ruthlessly as does a heavy frost a garden of spring vegetables. The necessary consequence is to place the man who has to sell, at the mercy of the man who wants to buy; making the necessities of the one determine the price, rather than the wants of the other.

Prices and Wages.

IT IS QUITE as evident that the consumer at the other end of the line is disadvantaged by a corresponding denial of freedom in trade. His inability to supply himself, except as he purchases from the trust, enables the latter to extort up to the measure of its greed, subject to a single limitation—the price it exacts must not exceed that at which a foreign producer can furnish the same article at a profit. Here we see how the tariff can be perverted by the trusts from its beneficent purpose which is to protect the wages of home labor, and be made the oppressor of the whole public. The higher the tariff, the greater may be the extortion in the price demanded.

The answer the trusts make to this is two fold; first, they say that experience shows that under trust control, prices have been lowered; and second, that any extortion in prices would be corrected by competition that would necessarily result. Their favorite illustration in support of the first answer is refined oil. The argument and illustration, to have any merit, should not only show a decline in price, but that the trust accomplished it. Great reliance is placed on the fact that refined oil has fallen nearly one-half since 1882, when the Standard Oil company was organized and took control of this industry. But it is equally true that its decline during the ten preceding years, when it was not under control, was still more marked. It can be as confidently claimed that the later decline is to be ascribed to the same causes that produced the earlier. By reason of its enormous capital, the masterly skill and energy with which it has pursued its objects, the Standard Oil company has vastly cheapened the process of refining oil; vastly more, we are prepared to believe, than this difference in price shows; but the illustration, when the relative price of crude oil is considered, fails to show that this saving has been given to the public, in any degree, beyond what was actually necessary to enable the company to retain its hold on the market; in fact to no degree whatever. If any corresponding reduction in the price of refined oil could be shown, to what should it be referred? The tender, sensitive regard of the Standard Oil company for a dependent public, its sense of equity and justice, or the restraints of a foreign competitor?

Take another trust, not so old, but one equally entrenched, and controlling also another indispensable article, the sugar trusts. The tables for the last fifteen years, carefully collated by Mr. Holt, in his article in the June number of the Review of Reviews, and which have not been disputed to my knowledge, show that under control of the trust, the price of refined sugar has steadily increased, in the ratio it bears to the price of the raw material; so that no matter how much cheapening there has been in the process of refining, the public has derived no benefit whatever therefrom. Mr. Holt's estimate is that the public have paid tribute annually to this trust, not less than ten millions of dollars, probably reaching twenty millions. Take still another trust, whose arbitrary action in raising the market price of the article it deals in has recently affected all of us, the beef combine. It is idle to say that such combinations have the effect of cheapening the price of the article they severally produce, except as it is shown, that such reduction results from something else than their good pleasure, that it is compelled. It is ascribing to them a virtue and self abnegation which, to say the least, is not common among individual producers, who have both consciences to chide and characters to regard. Until it be shown that there was some compelling cause that required the Standard Oil company to cheapen the price of its commodities, and the sugar trust to cheapen its, we shall incline to the opinion that they are higher than they would have been, but for their intervention.

Nor is the answer that extortion will be corrected by competition satisfactory. Applied to individual producers, this logic could be conclusive; but nothing less powerful than the extorting trust itself can intimidate or affect its action; and the very immensity of the undertaking suggests the difficulty, if not impossibility, or organizing for such an enterprise. It is one thing to effect a combination of fifty existing and established plants; it is quite another thing to organize and and capitalize an independent association of the capacity of the fifty so combined. It was a simple matter for the two hundred and ninety tin plate mills, all there are in this country, to come under one combine; it would be a very difficult undertaking to organize and capitalize a concern on a competitive basis with such an antagonist. Capital is both too scarce and too conservative for such hazards as this would be.

Concerning the labor of the country, the objection urged has regard to future, not present oppression; and the claim is that it is as necessary a result as those we have been considering, produced by the same condition. We have seen how the monopoly must become oppressive to the raw material interest. The industry represented by the latter affords the widest field for labor. The treasures of mine, field, forest and stream are all within its dominion. The producer from these sources, himself oppressed, compelled to accept for his material the least possible margin of profit, is driven to economize in the only way he can, at the expense of the labor he employs, and becomes an oppressor in his turn. It is not hard to see that, in the end, the extortion practiced by the monopoly must fall upon labor, for the reason that it is the least able to resist. Keeping in mind the fact that the effort of our gigantic enterprises is to gain a hold upon the world's markets for our surplus products, and that, in order to accomplish it, their products must be cheapened to a profitable competitive basis, in comparison with the foreign product, and the further fact that the advantage is now, and always has been, with our enterprises, in everything that enters into the finished product, excepting labor, it would seem reasonable to expect labor to suffer in such a competitive struggle as is sure to result. Once labor, which enters so largely into the cost of every finished product, say on an average 85 per cent. of the whole, becomes as cheap here as it is abroad, an easy supremacy in the world's markets is given us. Here is a temptation to the greed of capital and enterprise which no one need expect to be resisted. The way is open and easy, under present conditions, to achieve it. Nothing is so plentiful in the world as labor, and the markets of the world can be drawn upon for this as for any other supply. The importation of cheap labor is even now no longer an experiment. The apprehension of dire calamity to American labor, resulting from the uncontrolled domination of the trust as we now have it, has foundation alike in reason and experience.

Social Consequences.

THE NEXT objection relates to the public welfare on its social side. This opens up a large inquiry, that touches us at more vital points than any other. I shall refer to but one or two of the specifications under this head, which are most emphasized by those who oppose the trust system. The first that occurs to me is the tendency of the system to withdraw the wealth of the country from the many, and center it in the few. I think all will agree that no system can yield any advantage that would at all compensate for such an injury as this. We people of the Cumberland Valley are accustomed to felicitate ourselves upon our happy and comfortable surroundings; and sometimes in our speech on this subject we offend the sensibilities of our good friends outside, whose pride of locality, as we think, will not allow them to admit our lot to be so much better than theirs. It is our boast that nowhere is there to be found more general comfort and happiness, a lower percentage of illiteracy and dependent poverty, or less crime. Allow our boast for this occasion, if no more, and then ask yourselves for the explanation. You first note the fact that the aggregate wealth of the community is no greater, indeed not nearly so great, as that of many others of equal size; then, that this valley is fertile and healthy, but not to a degree beyond that of many others; you see at once that the larger general comfort of the people comes not from these things, and you are driven to the only explanation that satisfies, viz.: that here there is a larger general distribution of accumulated wealth among all the people than is to be found elsewhere; no concentration, no excessive fortunes in individual hands; but on the contrary, an unusually high per capita distribution. Such are the conditions upon which a high degree of public welfare must rest. Let my illustration suffice for the general proposition.

Now as to the tendency of the trust in this direction. Much that has already been said applies here. We have seen that the tendency of the trust is to appropriate to itself the wealth which properly belongs to the producer of the raw material; also a measure of the wealth of the public by excessive prices, and, in the end, the earnings of labor. This extorted wealth must be centralized somewhere. Do we not see it in the enormous individual fortunes of those who have been active in the promotion and management of monopolistic combinations? The magnitude and multiplication of private fortunes may safely be referred to this system. We know from its construction and methods that it is competent to do just such work; and when we see one individual receiving a hundred and fifty millions of dollars for his single holdings in a trust, and an executive officer receiving an annual salary of a hundred and fifty thousand dollars from another, we may well believe the system is being used to accomplish it. I do not dwell on this part of the case; I simply call it to your attention that the rich are growing richer, with most alarming rapidity. Our earlier inquiry led us to the conclusion that, under these methods, the poor must inevitably grow poorer. When, if ever, these conditions concur, then begins our decline, social, moral and intellectual, which nothing can arrest, so long as these conditions exist. I need not argue so plain a proposition. You know that every civilization that has perished fell before these same influences. A profound historical student, himself an eminent historian, Mr. Froude, has said that the great marvel of history is the quiet submission with which the people endured these inequalities of life. But let not our statemen forget that it is true, all the same, that the most violent disturbances that have ever occurred are traceable to these very inequalities.

Another consideration, affecting the social order, is the tendency to eliminate the individual owner and manufacturer from our industrial life. This consequence is frankly admitted by Mr. Havemeyer, the representative of one of the leading trusts, who, in a recent published interview, declared that the day of the individual had passed. If it be true, its significance is great. It means that, henceforth, our productive industries are to furnish no field for individual activity and enterprise; that the men who now own and operate their individual plants, whether these be great or small, are to disappear from the field, leaving no successors. We are no longer to have individuals owning and operating flouring mills, woolen mills, saw mills, and the like; no longer skilled workmen, establishing out of their savings, plants to be operated by themselves on their own account. Even our merchants are to surrender the ownership of their stores, and become mere distributing agents for the trusts. For myself, I cannot look with satisfaction or hopefulness upon a system that promises any such result. The element that it dooms is the element that every government, at one time or another, has depended upon for its salvation; the element which most strongly conserves our social interests, that originates and accomplishes all beneficent reforms, and which has made the largest contribution to our advanced civilization. Hope of admission into this element has been the powerful stimulant that has energized, enlightened and improved our labor; for it is from the ranks of labor that its members have been recruited. I can see only disaster in any system, the effect of which is to deny to the humblest worker the inspiration and encouragement that comes with the hope that he, too, may become the employer of labor, even though it be but his own, and though his ambition rise no higher than to hear the noise of his own hammer upon his own anvil in a dingy smithy, of which he himself is the proud and contented owner.

Political Effects.

WITHOUT FURTHER comment on this point of the case, I pass to the consideration of the remaining objection. This relates to our political conditions. Have these been injuriously affected by the trusts, or are they likely to be? The charge is boldly and persistently made that they have, and it is urged that still more serious results must follow if the trusts be allowed to continue. The case on this point is made up and proceeds in this way. We are asked to consider, first, the enormous wealth the trusts have at their command, and the enormous capacity for increasing it; that as the one was secured by taking advantage of favorable legislation, the other can be preserved only as legislation is controlled in their interest; that they have used their wealth to this end, and by its corrupt use among politicians and people, they have not only obtained the legislation they desired, but legislation that has enabled them to oppress the public; and finally, that they have obtained such a mastery in the government as amounts to a usurpation of the power of the people.

The first proposition will be admitted without discussion. The second requires no further support than the explanation that favorable legislation, in the connection it is there used, does not necessarily mean legislation that was so designed at the time. Charges of political corruption have become so common in these later days that the public ear grows heavy at the mention of them; but we do wise to remember that, if the offense be not so odious as it once was, this change has not come through any repeal or modification of either the moral or political laws that condemn it. These remain with the same old sanctions, the one as it was when written on the table of stone, and which has commanded, from that day to this, that men shall not steal; the other, derived from it, declaring that popular government, except it be sustained and nourished by public and private virtue, shall die.

Charges of corruption are easily made, and always difficult to prove, except when the issue is tried in the forum of the public conscience, where technical objections to evidence do not avail, and where the only conviction sought is in the intelligent understanding of the citizen, to the end that his political action may be determined. The charge that the present tariff duties upon those articles, the manufacture and sale of which are subject to trust control, were imposed by and through the active instrumentality of the trusts, is not open to debate. It may be that the charge that this legislation was secured by the corrupt use of money cannot be proved in a court of justice, in such a way as to justify the conviction of the parties concerned of an offence against law. But, conceding the first fact, how can the controlling influence of the trusts in effecting legislation, admittedly prejudicial to the public, be otherwise accounted for?

The money they have in abundance, the greed is not lacking, the opportunity present, and the final result just what the trusts wanted, and the public does not want. It is the very absurdity of innocence to account for such betrayal in any other way. This charge does not necessarily mean that votes were bargained for in ante chambers, as men bargain for produce in the markets; the charge goes away beyond this, and the evidence in support shows an earlier, a wider and deeper corruption, that had first to prevail to buy the honor and conscience of the individual man, and afterward the honor and conscience of hundreds of others, so that this one man, with forfeited independence and eliminated conscience, might be elected to a seat in the senate. Direct evidence in support of this charge is not lacking. The same Mr. Havemeyer, already referred to, the head of the sugar trust, in his examination before the investigation committee, admitted what the trust expended large sums of money in politics; that in Democratic states they contributed largely to elect senators who would be in accord with them, and in Republican states they contributed to the same end; that they were attached to neither party, and were in politics for business advantages exclusively. What a spectacle this presents for the American people! The representatives of associated capital appearing in the national congress, clothed with an authority above that of the people themselves, directing the votes of senators as they would the obedient service of slaves.

I shall not delay to argue further on this branch of the case. It would be unprofitable to do so, for the man who is yet to be convinced that the trust is actively in politics, that the political machines are its agents, and their product its servants, that its methods are corrupt and corrupting, to a degree that endangers our political security, either does not want enlightment, or is incapable of receiving it.

Conclusions.

I HAVE THUS presented to you, as best I could, and, as I believe, in no unfair spirit, both sides of this great controversy. I said in the outset that the time had not yet arrived when final judgment could be safely passed. This was said not with reference to the trusts as they have been used and operated up to this time, but with reference to a system which, for all we know, may, in its final development, under wise restrictive laws, retain all the efficiency of the present trusts, for purposes consistent with public welfare, and become a beneficent agency. I said also that I had reached certain conclusions, upon which I felt I could rest with reasonable certainty. Some of them I have already stated. Allow me, in conclusion, to give you one or two others.

Upon an impartial review of the whole case, I think it manifest that trusts as now organized and operated are oppressive; that their tendency is to monopolize trade, to greatly increase the inequalities of life, to degrade labor, and to demoralize our social and corrupt our political life. If these features and tendencies necessarily inhere in the system, and can neither be eliminated nor controlled, no advantage the system can possibly offer will compensate in the slightest degree for the irreparable injury it is sure to work. It may gain for us the markets of the world; but the voice of warning with solemn emphasis asks the question—what shall it profit us to gain the whole world, if in exchange for it American labor must give up its independence and manhood and American citizenship its proud distinctions and birthright privileges?

My other conclusion contains more of hope. A change of business methods is not to be averted; such change must come, if not one way, then in another. I am prepared, at least not unwilling, to believe that the essential feature in any system that will be adopted for our changed conditions, will be associated capital and combined enterprises. Furthermore, I believe that it is possible—at present this belief goes no further—to have associated capital, not to the extent we now have, however, without monopolistic power or privilege; in other words, that trusts may be so controlled and regulated by law that while retaining their efficiency they will be unable to prevent or protect themselves against any competition that extortion or oppression of theirs might invite. If this be possible, and competition within reasonable limits be preserved, I believe we shall escape the evils predicted, and those we now suffer from can exist only so long as the public virtue is not strong enough to abate them. I do not presume to suggest any plan or policy. That is not for me; the problem is at once the most serious and difficult we have to solve, and its appeal is, and must be, to the profoundest learning and the wisest statesmanship of the country. The one is in your service now; all over the land the student and the scholar are at work, giving to these great questions their severest thought and labor. It would be a glad sign if as much could be said of our statesmanship: if our law-makers were less interested in distribution of public spoils, and more in these questions that so vitally concern the public welfare; better still, if we had fewer of them who owe their places to the corrupt assistance of the trusts, and more who have the ability and virtue equal to the pressing demands of the hour.

Finally, if the hope I have expressed shall fail; if it shall be once determined that the evils I have indicated are inseparable from trusts, then it means an irrepressible conflict, which can end only with the extinction of one or other of the opposing forces. In such event, while I cannot predict the day or the hour of its accomplishment, nor the measure of public distress that may be exacted, my faith in the intelligence and virtue of the American people enables me to see, beyond doubt or fear, as the issue of the final struggle, the complete overthrow of a system that threatened and attempted the degradation of American labor, and the subversion of our social and political order.

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