

Despotism, Democracy, and the Trusts

(November 23, 1911)

It is generally conceded that the trust is the logical result of industrial evolution. This was the socialist contention from the beginning, but it met with strenuous denial until the acceptance of that view was finally compelled by the stern logic of events.

No student of economics and no intelligent observer of events believes the trust can be forced back into its constituent and competing elements to satisfy the cry of a defeated and doomed middle class. Only the academic charlatan and political demagogue, seeking to promote their own selfish ends, yield to the clamor of the small interests that the trust must be “smashed” and that we return to “the good old days of competition.”

This is but a repetition of the cry of the weavers and spinners of England against the introduction of the machinery which threatened to displace them. It is the protest of the stagecoach against the locomotive and of the pony express against the railroad and telegraph.

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What is a trust? Not a combination of capitalists, as so many seem to imagine, for the capitalists are only incidental to the trust, as the owner of a mill is incidental to the mill. If all the capitalists who own the trusts were to disappear from the face of the earth the trusts, in all their inherent power and potentiality, would still be there.

The railroads, for illustration, and not the individuals who happen to own them, constitute the railroad trust. The steel mills and their accessories and equipments of machinery for the production of steel, and not the stockholders, constitute all that is vital and essential to the steel trust.

The owners of the railroad trust, be it noted, have nothing to do with making or maintaining or operating the railroads, any more than the owners of the steel trust have to do with the building of mills, or the making of machinery, or the production of steel.

The trust, therefore, does not consist of a combination of capitalists, but of great industries, growing greater and greater in spite of legislative enactments and judicial decrees, in obedience to the inexorable logic of industrial evolution.

The owners of the trusts, in many instances former competitors and bitter rivals, and not infrequently personal enemies, are now in partnership with each other cooperating with each other instead of competing against each other, not because their competitive relationship inspired them to fly into each other's arms, but because they were driven to do so as the only alternative to bankruptcy and ruin.

Time was when competition in industry was constructive in its effect upon those engaged in it; now it is destructive, and every wise capitalist knows it and seeks escape from competition in the shelter and security of combination and cooperation.

Industrial competition is as certain to culminate in industrial combination as that the millions of tributaries in the Mississippi Valley are certain to united in the Mississippi River.

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To deal intelligently with the trust we must know, first of all, that the trust is simply the twentieth century tool of production, distribution, and exchange, and from the socialist point of view there is but one question in reference to the trust that confronts the people, and that is: shall the trust be privately owned by a relatively few and operated for their fabulous enrichment, or shall it be owned by the people in their collective, organized, and enlightened capacity and operated for the benefit of all?

This is the choice between industrial despotism and industrial democracy — that is to say, between capitalism and socialism. It will finally have to be all one or all the other, for there can be no half-way ground between two such antagonistic forces as despotism and democracy. Lincoln's immortal "House Divided Against Itself" speech of half a century ago would, with slight modification, apply perfectly to the present industrial and political situation.¹

It is urged, of course, by many that we already have democracy and that we are already a free and self-governing people. What sarcasm this is to intelligent workingmen who realize that the jobs upon which their families, their personal freedom, aye, their lives depend upon, are controlled by others and that they are absolutely subject to the will, whims, and caprices of those others, who in fact constitute their economic masters and as a logical sequence their political rulers!

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Let us now briefly examine some of the legislation enacted ostensibly to restrain and regulate the combinations of capital known as trusts. The Sherman Anti-Trust Law was enacted by Congress in 1890. It is no doubt true that a large share of good faith entered into that measure on the part of those who supported it, but a more puerile, silly piece of legislation was never enacted. There is the same political wisdom and constructive statesmanship in that measure that there was in the pope's bull against the comet.

The Sherman Anti-Trust Law was the first attempt to suspend by legislative enactment the laws underlying our industrial and social development. This measure would have applied with equal force to gravitation or the ebb and flow of the tides.

What combination has ever been restrained under the operation, or more properly, inoperation of this so-called law? For four years after it was written in the statute books it was a dead letter and in fact lost to sight until the great railroad strike occurred in 1894 when Judges Grosscup, Woods, and others of the federal bench made the happy discovery that the Sherman Anti-Trust law had been enacted for the purpose of restraining workingmen from forming combinations in restraint of trade. Forthwith the leaders of these workingmen were put in jail, and upon the application of these judges to President Cleveland the regular army was ordered out, Gov. Altgeld of Illinois protesting, to break up the combination of striking employees and restore the rule of the united corporations.

At the same time that the combination of employees was destroyed by the armed force of the government in pursuance of the decrees of the federal judges, the 26 railway corporations centering at Chicago were united in a powerful combination in restraint and suppression not only of trade, but of everything else that stood in the way of their interest, but no cognizance was taken by the courts of the despotic power they exercised in violation of the Sherman Anti-Trust Law. The federal judges who construed the provisions of the law were placed upon the bench by the powerful interests that were violating the law, and so it is not in the least strange that only combinations of workingmen were broken up and only their leaders sent to jail.

In all the 21 years that the Sherman Anti-Trust Law has been on the statute books, not a single combination of capitalists has been broken up and not a single capitalist committed to jail under its provisions, notwithstanding they have been violating every section of it ever since it was enacted.

If this fact, coupled with the fact that combinations of workmen have been repeatedly broken up and their leaders jailed by the government for the alleged violation of this law, does not go far to demonstrate the supremacy of the capitalist class and the subjection of the working class, class rule, in a world as maintained by socialists,, I must confess my inability to understand its true signification.

As for the prosecution of the trusts, the reports of which are now occupying so much space in the daily papers, it should not be overlooked that the national election is only a year hence, and this fact will account for the major part of the "prosecution." The rest is due to the enormous fees and perquisites which fall to the elect who by the grace of the president, whose campaign fund was furnished by the trusts, are commissioned to vault into the area and slay these same trusts in cold blood.

To me there is something funny in the idea of President Taft, ex-President Roosevelt, Attorney General Wickersham,² Special Attorney Frank B. Kellogg,³ et al., destroying the trusts or restraining their operation within the limits prescribed by law. The campaigns of both President Taft and ex-President Roosevelt were financed mainly by the trusts. Attorney General Wickersham made his reputation and fortune in the service of the trusts — and is it possible that for a fee from the opposite side he is now going to turn about and betray his former clients?

As for Special Attorney Kellogg, he is not only a trust attorney, but the congressional investigation of the street trust disclosed the fact that since he has been in he service of the government and drawing enormous fees for "smashing" the trusts he has also been receiving fees from he steel trust for serving the trusts. With President Taft's own brother as chief attorney for the sugar trust and another brother as the personal guest of John Pierpont Morgan, in satin knee breeches, silk stockings, and golden sword, in attendance upon the coronation of a foreign king, it will hardly be expected by any reasonable person that President Taft will make any savage onslaughts upon the trusts.

From the socialist viewpoint, therefore, the prosecution of the trusts is pure political buncombe, and this fact, so flagrantly in evidence to the thinking mind and discerning eye, would be apparent to all if so many of the people were not still in their mental childhood. But the truth is slowly dawning upon the public, forced upon them by the logic of the conditions which surround them and which are becoming more and more intolerable as the trusts increase in power and tighten their stranglehold on the people.

And as the people awaken so do their leaders begin to see that light. Successful leaders are wise enough to follow the people. For instance, the following paragraph is to the point: "Ultimately I believe that this control of corporations should undoubtedly, directly or indirectly, extend to dealing with all questions connected with their treatment of their employees, including the wages, the hours of labor, and the like."⁴

And what socialist made himself ridiculous by such a foolish utterance? No socialist at all; only a paragraph from his latest article on trusts by Theodore Roosevelt. Five years ago, or when he was still in office and had the power, he would not have dared to make that statement. But he finds it politically safe and expedient to make it now. It is not at all a radical statement; on the contrary, it is simply the echo of E. H. Gary,⁵ that is to say, John Pierpont Morgan, president of all the trusts.

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Mr. Roosevelt now proposes what Bismarck attempted in Germany forty years ago to thwart the socialist movement, and that is state socialism, so called, which is in fact the most despotic and degrading form of capitalism.

President Roosevelt, who is popularly supposed to be hostile to the trusts, is in truth their best friend. He would have the government — the capitalist government, of course — practically operate the trusts and turn the profits over to their idle owners. This would mean release from responsibility and immunity of prosecution for the trust owners, while at the same time the government would have to serve as strikebreaker for the trust owners, and the armed forces of the government would be employed to keep the working class in subjection.

If this were possible it would mark the halfway ground between industrial despotism and industrial democracy. But it is not possible, at least only temporarily, long enough to demonstrate its failure. The expanding industrial forces now transforming society, realigning political parties, and reshaping the government itself cannot be fettered in any such artificial arrangement as Mr. Roosevelt proposes. These forces with the rising and awakening working class in alliance with them will sweep all such barriers from the track of evolution until finally they can find full expression in industrial freedom and social democracy.

In this scheme of state socialism, or rather state capitalism, Mr. Roosevelt fails to inform us how the idle owners of the trusts are to function except as profit absorbers and parasites. In that capacity they can certain-

ly be dispensed with entirely and that is precisely what will happen when the evolution now in progress culminates in the reorganization of society. The trust question will be settled in due time, not in accordance with the preconceived notions or plans of any of us, but in obedience to the laws of evolutionary progress and in harmony with the inexorable logic of events.

One thing is certain and that is that the trust question will never be settled upon the basis of the exploitation of the working class. The trust question is above all else a working class question and only an enlightened working class can finally settle it.

Every conceivable attempt will be made to control and regulate the trusts and all will prove futile in the end; and yet all these are necessary to open the eyes of the people to what the trust actually is and to teach them how to deal with it intelligently so as to convert it from a menace into a blessing to society.

The trust is monumental of the fact that competition has run its course in our industrial life and that cooperation has taken its place as the basis of a more perfectly organized society, a higher social order, and a more advanced civilization.

The millions of workers of all kinds who are employed in these trusts and who alone are necessary to their operation are organizing industrially and politically to take possession of them in the name of the people — to socialize them, in a word — so that all may have the benefit of these modern social agencies of wealth production. Everything about a trust has been socially produced and everything about it is socially used and the character of the trust marks it for social ownership.

We cannot go backward if we would; we are pushed onward by the forces that move society even in spite of ourselves. As the trusts grow more and more powerful and the puny attempts to shackle them become more and more futile, the only alternative left will be to socialize them, have them owned by the people. Only then, and not until then, can they be successfully controlled and regulated by the government.

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All this will no doubt seem visionary and in the far distant future to many of your readers, but let me remind them that the changes are now coming rapidly and that what may now appear dreamy and fantastical may also become realized fact within the next few years.

Who would have been so bold five years ago as to venture the prediction that the leading capitalists would soon call upon the government to take charge of and regulate their private enterprises, even to the extent of fixing the prices of their products, as E. H. Gary has recently declared himself in favor of doing?

But the controlling factor in the transformation from private ownership to social ownership of the trust, from production for the profit of the few to production for the use of all, is the working class, already drilled by the trusts to work together cooperatively and now awakening to consciousness of their interests as a class and developing their economic and political power upon that basis, with the one object in view of abolishing the prevailing system of privately owned industry and establishing in its place the industrial democracy in which all the people shall be free to produce what they need to satisfy their needs and wants and free to enjoy all the blessings of a real civilization.

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¹ Newly minted Republican candidate for United States Senate Abraham Lincoln (1809-1865) delivered the speech containing the famous lines "a house divided against itself, cannot stand. I believe this government cannot endure permanently half slave and half free" on June 16, 1858, at the state political convention which had nominated him. The ensuing campaign featured a series of seven highly publicized debates between the challenger Lincoln and the incumbent senator of Illinois, Stephen A. Douglas, helping to mark Lincoln's emergence as a national political figure. The capture of a majority of seats by the Democratic Party in the election of 1858 ensured Douglas's reelection to the senate.

² George Woodward Wickersham (1858-1936) of Pennsylvania, a partner in a New York City law firm, was named attorney general by President William H. Taft in 1908. He remained in that role for Taft's entire four year term of office.

³ Frank Billings Kellogg (1856-1937) of St. Paul, Minnesota, was brought into government service in 1905 as an anti-trust prosecutor. He led the federal prosecution of the Union Pacific Railroad in 1908 and the Standard Oil Company in 1911. He was elected to the United States Senate as a Republican in 1916, serving one term of office.

⁴ Theodore Roosevelt, "The Trusts, the People, and the Square Deal," *The Outlook*, vol. 99 (Nov. 18, 1911), pp. 655-656.

⁵ Elbert Henry Gary (1846-1927) was a prominent Chicago attorney who helped found the United States Steel Corporation in 1901. The steel company town of Gary, Indiana, was named after him when it was established in 1906. Gary sat as chairman of the board of US Steel from its founding until his death in 1927.