

WHO SHALL OWN AMERICA?

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Shall the Prosperity and Property of America Belong to the Individual American? - A Problem and the Solution

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Through history, the very basis of the American Republic has been the ownership of the property of the country by individual citizens. They still own the property, or most of it, but the control of that property has passed into the hands of a few great corporations, and the corporations which now control that property with complete control will come to own it, with an absolute ownership, unless something is done. The prevailing temper of the people of the United States is to ruin the domain of the corporations which have sought possession of their property. But the real problem before this generation is not how to injure this new great domain but how to reclaim it honorably. To suggest a solution is the purpose of this wise and cogent article. - THE EDITORS.

The government of the United States collects and disburses every year over one thousand million dollars. There are some of us who criticize this as a flood of extravagance. There are others who look upon it as the high water mark of government success. But whatever we think of it as an item of politics, we all agree that an annual normal fiscal operation, involving one thousand million dollars, is a new great thing in the history of the nations.

Within the government - the creatures of the government through one of its forty-five States, and brought into being, so far as government is concerned, by a line or two found in the State statute - there are at least two corporations whose fiscal operations exceed even that vast sum. The fiscal operations of other corporations, to a large number, approach that sum. And if we had any way of disentangling the transactions that are strictly corporate, from the entire body of the country's transactions, it would be found, I think, that the corporate transactions exceed in magnitude, perhaps nine to one, all the other business transactions of our people put together - that the difference in magnitude between the business transactions of a hundred years ago and the business transactions of today is almost exactly measured by what the corporation has injected into the business activities of our people.

In looking, however, for means of comparison, the fiscal side of industry's activity is not the only means at hand. The activity itself - the actual stir and motion of industrial and business life - show just as strikingly the preponderance of the corporation. Take for illustration our present day facilities for transportation. Every railroad right of way is owned by a corporation. The road-bed

upon which the rails are laid was constructed by an incorporated construction company employing implements made by incorporated manufactories. The rails are the output of corporations, from the ore mines of Michigan and the coal fields of Pennsylvania to the rolling mills of Pittsburgh and South Chicago. From their steel frames down to the electric buttons, the cars used are the products of corporations. The whole operation is a corporate operation - the patron coming in touch with individuals only as such individual represents a corporate master.

Or turn from this, the railroad, the greatest single enterprise in America, to the commonest - the supply of the food we eat and the clothes we wear. Our shoes are from a corporation last, our clothing from a corporation loom. The butcher of today is a corporation. A corporation gathers for us the fruits that go upon our tables. The loaf of bread as it comes to us is almost exclusively a corporation product. It was a corporation that manufactured the plow that turned up the soil, the harrow that mellowed the soil, the drill that put in the seed, the harvester that cut and gathered the ripened grain. The elevator where the grain was stored was an incorporated elevator, so also the mill that ground the grain into flour, and the biscuit company that baked the loaf. Each step in the making of the loaf was by some corporate activity.

In still another way may be measured the preponderance of the corporation. We are accustomed to say of America that she feeds Europe, and to think of our country chiefly as an agricultural country. The agricultural development has been vast. According to the census of 1900, an inventory of our agricultural wealth - the value of our farms, farm implements, cattle, farm products on hand unsold, all that would go into the schedule of farm resources - showed a total of over eighteen billion dollars. But the same census showed that the wealth embodied in the corporations of the country - the property possessed and wielded by corporations - exceeded this sum by more than five billions of dollars. Barring city real estate, more than half the country's property is under the form of corporate ownership.

Still another comparison - the setting side by side of the sources out of which our people obtain their livelihood. We are accustomed here again to think of our people as engaged in agricultural pursuits. Two generations ago a large majority were on the farms. But the census of 1900 shows that more than twelve millions of our people are now engaged in mechanical trades - a statement that carries with it the showing that nearly one-half of our people subsist upon what is got by the artisan, in the way of wages, out of the nation's industrial activities. And when we add to this the men, women, and children who live on the wages of clerks, accountants and the like, to these activities, and call to mind the fact that the nation's industrial activities are nearly all embodied in corporate form, it is seen that much more than one-half of our population live off corporate treasuries. From whatever point of view then, visual to the mind and eye, we may look at it, *the domain of property, covered by the corporation, stands out as the great central fact in the industrial life of the century that is just opened.*

THE NEW GREAT FACT OF OUR TIMES

There is still another view, not wholly physical and financial - a view that goes to the foundations upon which the social and political life of our people is grounded. For some great purpose of His own, the Creator put into visible nature only the germ of what nature ultimately

could do for men, leaving it to man himself, by the application of intelligence and industry, to bring out of the germ the ripened fruit. The history of civilization is, in large part, the development of that intelligence and industry. At no time, however, has the intelligence and industry of men done so much or shown such results in the way of increasing the practical comforts of the race as during the past generation or two. Cast back your eyes no further than the days of your grandfather. We needed, *then*, the better means of going about. Here *now* are the strong, fleet horses harnessed in steam, and the still stronger and fleetier steeds that travel under the reins of the lightning. We needed better light. Here now is light taken from the atmosphere, and as abundant as the atmosphere itself. We needed better clothing, better food, better shelter. Chemistry went to work in the laboratory, mechanical talent studied the loom, all the trades joined in bringing their best to the places where better things were wanted. We reached out for closer touch with the thought and heart of all the world. The breath of the Creator was put upon our lips, so that humanity everywhere came within our lowest whisper. These measureless new things that have been added to the uses of mankind - this burst of invention, transforming the bud in the forces of nature into the ripened fruit of practical fact - is the achievement principally of the last half of the last century.

It is these new creations that principally have given rise to the new domain of private property covered by the corporation, a domain so vast that it is difficult to bring it within accurate comprehension; a new domain, that in the rapidity of its creation, and in the pre-eminence of its position in the public eye, is without a parallel anywhere in the whole history of the growth of private property the world over. Were I to say that the corporation has monopolized nearly all that the intelligence and industry of man, through the two most fruitful generations of his existence, have created, my meaning would perhaps be misunderstood. I do not wish to be misunderstood. The fact that I wish to lodge in the mind of my readers is this: That utilizing an undoubted right to put into private property, in some form, the creations of the past two generations, the men who have obtained control of those creations have chosen to put them in the form of *corporate as distinguished from individual, ownership, and that it is just in this inner fact, the new great fact of our time, - the corporate form given to the new domain of private property and its results on individual proprietorship, - that is to be found the social, the political, and the moral significance of our corporation problem.*

THE REASON FOR OUR PROSPERITY

No one agency hitherto has contributed more to the development and ennoblement of the individual life of the people, - and no institution hitherto has been more prized by the people individually, - than the institution of private property. To individually possess something, - something that belongs to one as a thing separate from the belongings of all others, - is the individual instinct that has done everything in the development and stability of personal independence. More than either civil or religious liberty, it constitutes a tangible personal independence. Out of this instinct for individual private property has flown the stimulus that is behind nearly everything that has been humanly created and distributed justly, private property has made peoples strong and progressive. America, from the beginning, has been a nation of individual property holders. The prospect that drew the first American across the Atlantic was the prospect of individual proprietorship in lands. The prospect that drew their children across the mountains, into the valley of the Mississippi, was the prospect of lands. The instinct that has

peopled Iowa, Nebraska, Kansas, the Dakotas, and the Pacific Coast, is the instinct for land. Farms, homes, herds, fields of grain, reaching out further and further toward the setting sun, - it was upon these, until the new tide of industrial life represented by the corporation set in, that the American people set their heart and aims. And it was due to this instinct that the old public domain, made up of land, became the great central fact, next at least to slavery, of the century just passed.

No nation in the history of the world ever fell into a heritage so vast - the inheritance directly from nature of more than two billion acres of land, available for cultivation and open, therefore, to some character of ownership. No nation in the history of the world ever dealt with a landed inheritance as did the people of the United States. The statesmanship that dealt with that landed domain kept us, in that quarter, a nation of individual property holders. And it is because of that fact, contrasted with the statesmanship that has been dealing with the still greater new domain represented by the corporation, that I turn for a moment to that page in our history.

Many ways of dealing with the landed domain lay open. There, for instance, was the old way, - old as government itself, practiced by the Kings of England, in the settlement of our colonies, - the creation, out of the public lands, of large estates. The adoption of this way would have built up large fortunes, and large landed proprietorships.

Then there was the way that would now be known as public ownership. Under this, the vast domain would have remained the joint property of the nation, as the lands in Japan are the property of the nation, each tenant paying his toll into the national treasury. Large estates would not have been created, nor large fortunes. But on the other hand, we would not look out, now, upon the thriving farms, and the robust, independent rural citizenship that constitute the backbone of our security as a people of the future.

The way that was chosen was neither the way of large individual estates, nor the public ownership way. The way chosen was to distribute widely among the individuals in the ordinary walks of life the ownership of this landed domain, and the preemption and homestead acts had in fact that result. Those measures were founded upon a distinctly republican ideal, - the ideal that money is not the sole basis of capital; that toil is capital; that frugality is capital; that a purpose that will persist through five years of occupancy is capital; that a nation's wealth, in its highest form of effectiveness, is the individual ambitions of its people. And under these ideals more than half of the public domain has been occupied, and more than a million families have been given a property stake in their country's welfare. Let me repeat: The great fact that confronted that generation of statesmen was the almost measureless landed domain belonging to the nation. And the great prosperity that has come to us as a people is due to the wisdom that so managed the distribution of that domain *that the whole face of our tillable soil presents, today, a population of individual proprietors, - a proprietorship so widely individualized that it can be truthfully said of the farms of America that they belong to the people.*

Now it was exactly through this period that witnessed the peopleization of our public landed domain, under the policy and guidance of the preemption and homestead laws, that there crept over the horizon into our national life the new domain, - vaster than the other several times over, - that has come under the form of corporate ownership. Had our statesmanship been able to deal

with this domain of corporate ownership as it dealt with the landed domain; had the property embodied in the railways, for instance, instead of going under the proprietorship of a few men only, come under part proprietorship of the engineers and firemen who steer the great trains, of the conductors, the brakemen, the switchmen, the whole list of men on whose individual faithfulness to duty the successful operation of the roads depend; had our great factories interested as part proprietors the men who smelt the ore and roll out the steel, the men who feed the looms, and supervise their operation; had the great mining properties interested as part proprietors the men who yield to their vocation the health and joy of living in the open day; had the great contracting corporations interested as part proprietors the men who handle the trowel and push the plane; had the men who work with their hands been given opportunity to improve, by ingenuity and persistence, their individual stake as the farmer who obtained land from the government was given such opportunity; had labor of all kinds, instead of subsisting merely on wages, been given individual prospect, and the savings of those who saved, instead of going into the great modern fiscal funnel, from which the men of might, who have control of the outlet, have obtained their power, been given a just dividend out of the great new things that these men of might have created; had *such* a state of affairs in the vast domain now represented by the corporation been brought about, the corporation would be looked upon today, not as something alien and menacing to our national life, but as the great available channel through which that national life found opportunity to keep up a strong and independent individual citizenship.

A DOMAIN WITHOUT LAW

But the new great domain of property, covered by the corporation, was not thus peopleized and humanized. Events did not occur here as they occurred in the landed domain. Instead of putting this new domain under a policy that would widely and equitably distribute its property creations among the people, it was left to the corporation, *and the corporation, as soon as born out of the loins of the State, was abandoned and left to shift for itself.* And thus these two determining currents in our national life, - the policy that controlled the distribution of the landed domain, and the absence of policy respecting the domain now covered by the corporation, though coming in point of time, almost side by side, have run in directions exactly opposite, - the one out to the open sea of permanent republicanism, the other back toward the fastnesses of Feudal conditions; conditions under which to him who had more was added, and from him who had not was taken even the little that he had.

The direct cause of the condition that thus confronts us is to be found in the character of the corporation under whose form the new domain's ownership went. Within the freedom of the corporation, for instance, were the means of legally joining together things theretofore separate, and thus creating, by consolidation, a property twofold, many fold, more valuable, measured by net earnings, than the added values of the separate properties. From an economic point of view, consolidation is thus fully justified. *But it came to be the almost universal practice that the whole of this new value, mined and coined out of a shrewd idea put into execution, went to the men who had conceived the idea, and had within their call the financial resources essential to its execution.*

Within the freedom of the corporation were the means of so marshaling corporate assets, - that is laying securities, one set over another, - that if the expectations given out at the organization of the corporation were disappointed, the men on the inside still had the securities that were valuable, the public on the outside finding itself in possession of the wilted and fallen exfoliations. And all over the new domain of property that went into corporate form are strewn these fallen and worthless securities.

The corporation had within itself the freedom, a freedom not even discountenanced by the State, of presenting one face to the world and another to its auditor - the freedom so to shift and manipulate, that what was its financial condition yesterday need bear no resemblance to its financial condition of today. Men were given liberty, provided the corporate form was chosen, to

scheme and plunder - a license to cunning of the *higher order* that bluntly imitated by *ordinary* cunning, would have brought the individual employing it, without delay, to the bar of justice, as engaged in criminal schemes to defraud.

In short, the stipulated fee for the privilege of incorporating being tendered, the State has been putting its seal on every contrivance, good or bad, honest or dishonest, and with an indifference that, exhibited elsewhere, would have shocked long since the moral sense of our people.

Out of this indifference — morally, the *connivance* -- have come corporations bankrupt the day they were born. Out of it have come corporations so loosely put together that from the beginning they were destined to founder on the first billow encountered. Out of it have come corporations flying at their masthead the great seal of one of our States, but manned exclusively by pirates. It is legally possible, under our present corporation policy, as I have said elsewhere, for five men to sit at a table, lay a silver dollar in its center, sign articles of incorporation and subscribe to the stock, repocket the dollar, forward by mail to the State capitol the articles, and by return mail receive a certificate from the State under the State's great seal, certifying that the corporation created is a million-dollar enterprise. I know of one corporation that was organized recently under the laws of New Jersey, with an authorized capital of forty million dollars. On second thought this must have looked high, even to the promoters, for only ten millions were actually issued. After a little more thought, the ten millions were reduced to two, whether from some scruple of the stockholders or as a business expedient, I do not know. A little while after that the corporation was in the bankruptcy court, with current liabilities, contracted after its organization, of more than one hundred thousand dollars and, assets, all told, of less than twenty-five thousand dollars.

What saves a State, launching such a contrivance, from the moral consequences of having issued a false and fraudulent certificate, except the fact that such spectacles have become so common that they are no longer looked upon with acute disapproval?

Out of this connivance and indifference have come the corporation built solely to promote the personal scheme of its supposed trustees. Their number is legion. I know of one that was so managed in the way of a false showing of net earnings, that after having established an apparent value that brought from every quarter streams of the people's money, as supposed investments in a substantial enterprise, the ingenious manipulator was enabled to so dispose of his own holdings, at the high prices established, that he took out a personal fortune that would buy out whole counties in the State of Illinois.

These are examples only. They are examples, however, that can be paralleled in the experience of every community. They reveal the lay of this whole region that constitutes our new great property domain - a region that, unlike the landed domain, has been left, in everything relating to the distribution of ownership, to the chance disposition and cunning of the men who first got upon the ground -- *a region practically lawless*, so far as law can be designed to promote the distribution of ownership; governed, not by law, but by the caprice of men.

THE EFFECT OF THE CONTROL OF THE FEW

Let us look now at the effect of all this upon our people and their relationship to the new domain. First of all, perhaps, it brought on that money madness that brands us as a people from nearly all the other peoples of the earth. But the circumstances considered, it is not extraordinary that we went money mad. Throughout the new domain covered by the corporation the government had set no lights. But the region has not been without its lights - the flash every now and then of some Aladdin's lamp, disclosing the acquisition, in an hour, of personal fortunes that in any other field of private property would have been as impossible as a miracle. A passion for the miraculous took possession of us. And one after another these miracles showed up, until the good old-fashioned notion that a thing to be possessed must first be earned was lost; until all sentiment of sharing opportunity with others was lost; all consciousness that there were others, except as others might be tools or stepping-stone - the whole new domain given over to the mercies of grab. And grab was preached as the legitimate gospel of the times.

Another effect, closely interwoven with the one just stated, has been the exclusion of the laboring man from part proprietorship in the property of the trade to which he is attached. The exclusion is almost complete. With few exceptions, the man who works with his hands does not even own the tool that is in his hands; so that, to the extent *that private property is an institution of the country, the laboring man has become almost an alien.*

Nor is this exclusion, under the circumstances, extraordinary. It is due, in a large degree, to the money mania just spoken of, - the unbridled rush that left to the founders of corporate enterprise no time, and practically no opportunity to think of, or work out, any distribution of proprietorship that would include any one not with them upon the spot. But the consequence is one of the perils of our national life. When the nation took possession of the landed domain, the invitation went out to all to come in and make for themselves a personal independence. In this new domain, covered by the corporation, no practical invitation has gone to the man who works. Under the old order of things, the artisan had the prospect of some day owning his shop. In the new order there is no world of individual prospect. To the artisan, so far as opportunity for ownership goes, the new domain is a region without hope or law. And on this account more than any other, has grown up that strained relation between labor and capital; that unnatural attitude that marks them, not as friends having a common interest, but as belligerents, constantly at war, or sleeping upon their arms.

Still another effect is the practical exclusion from proprietorship of the people with savings actually accumulated - savings ready to be counted out in dollars and cents. The bank deposits, *exclusive of redeposits*, amount now to more than eleven billion dollars. These deposits belong not to the rich men of the country, for the rich men of the country are the country's borrowers, but to the men and women in the ordinary walks of life. Increased by the holdings of the people in the great insurance companies, and other fiscal institutions, they would buy out, perhaps, at any fair valuation, much more than a controlling interest in the whole domain of property that the corporation controls. Now what is the relation of the people, the owners of this great wealth, to the corporate enterprises that have been floated by that wealth? Are the owners part proprietors or co-partners in those corporate enterprises? Not at all. The deposits remain the wealth of the people. But the corporate enterprises founded upon that wealth, nurtured by it, without access to which the corporate enterprises would themselves be impossible, are the exclusive property of the few who have been able to obtain the ear of the directors of the insurance companies and the

banks. True the deposits of the people have been *transmuted* into the means of proprietorship, the medium being that huge fiscal funnel, that presenting its opening to the wealth of the entire country, narrows down at the outlet as it approaches active proprietorship, to those only who are its chosen beneficiaries. But such transmutation is not in the direction of the republican ideal that the property of the country should be owned by the people of the country. And the fact of significance is that this narrowing transmutation is on the increase, -enormous increase, - for though the whole *wealth* of the United States, distributed per capita, has grown in the last twenty years only about eleven per cent, the uninvested deposits for which the people have found no satisfactory investment, except as deposits, have grown in the same period, about five hundred per cent.

The recent revelations connected with insurance and other circles of high finance help to make my meaning clear. They show instances of enormous corporations launched with no other basis than the borrowed wealth of the people, the control of which has passed from the people's hands, and while the present method of corporate management remains will be always beyond their reach. They show even more instances wherein the wealth of the people has been so managed as to transfer not only its use, but in some degree the wealth itself, to those who have control of it; for what other meaning can be attached to a transaction that consists in the floating of a vast company, and the booming of its securities, followed by the unloading of those securities on the public at fanciful figures, and this followed in turn by their repurchase by the aforetime boomer at the lower figures to which they had inevitably dropped.

NO MAD REMEDIES

If, up to this point, I have succeeded in bringing my reader to see through *appearances* to the *thing behind appearances*, if there now stands out before his mind, as the great new fact of this generation, not the corporation, but the thing underneath the corporation, - *the vast new domain of actual private property*, to the creation and ownership of which the corporation has contributed nothing but form; if he be impressed with the fact that this actual thing underneath, -the great new domain, - all mere form being swept aside, is the real thing that should engage and stir his interest; if I have succeeded in pointing out that the sin of the corporation, as it affects the ownership of this new great domain, is not that it is a corporation, but that, *as a medium of ownership, the corporation has been used to narrow the participation of the people in the ownership of the new domain*; in short, if I have *the facts* of the whole problem before him, in their *right relation* to each other, the remaining inquiry is, which way shall we turn to undo what has been done, and thereby bring into the new domain the republican ideals that have done so much in the distribution of the landed domain.

One thing is sure: We should not turn to *mad* remedies, - deal with the institutions of the new domain as an endangered people would deal with a mad dog. It is one thing to destroy, another to reconstruct. What we want in the solution of the problem before us is not some supposed *retribution*; what we want is *reform*, - some practical, workable reform.

Another direction to which we should not turn is State socialism. Just now State socialism is giving its attention to municipal ownership. Respecting municipal ownership of public utilities, could the movement be confined to that field, I have nothing here to say. But in a few years, -probably by the time the next presidential conventions meet, - State socialism will have widened out to include the railroads, the telegraphs, and the telephones of the country. Should popular approval follow it there, the program would be extended to the coal and ore mines. And in the end, the whole institution of private property would be endangered. That this delusion, in one or more of these disguises, is now under considerable momentum, cannot be truthfully denied. That every revelation of corporate property misused, and of unsuspecting people robbed, swells and accelerates the movement, cannot be denied. That every man who comes to the door of the new great property domain and finds it closed and bolted against such as his kind,

is likely to become a recruit to the socialistic movement, cannot be denied. But socialism *realized*, would overturn civilization, for only in full freedom for the play of that law of natural selection, that balances and sifts men until they have found the place in industrial life for which they are best fitted, does the world, and especially the world of labor, obtain the full benefit of the varying rights that have been sown by nature into the brains and hands of her individual children.

Opposed to this growing tendency toward State socialism, and generally accepted, perhaps, as its final antidote, is the policy vaguely phrased State Control of Corporations. By this generally is understood a policy that sees to it that the appetite of corporations for too great profits be kept down, -that corporations be reined and bitted, as an over lively horse is reined and bitted. And Mr. Roosevelt's administration has become, in this respect, an example of watchfulness that will be the rule of succeeding administrations for a long time to come.

But though this be commendable, as one of the daily concerns of government dealing with daily conditions, *as a genuine and lasting solution of the corporation problem*, it will fail, completely fail. The vision behind it is far too narrow, the reach of vision far too short to comprehend what the problem really is. It is discerned, of course, or rather felt, that something is wrong - that in the face of conditions as they exist today is an abnormal, even sinister look. But this policy thus far has failed to discern that the feeling behind that look is something deeper than dissatisfaction over the price paid for a bar of structural steel or a beefsteak, something infinitely deeper - *a human instinct, amounting to a passion, as old as the world itself*.

One summer evening, a few years ago, I found myself in one of our northern lakes, pushing out from shore in a little boat, alone. The sky was clear, revealing a firmament from which the stars hung down like points of light; the water unruffled as a mirror, holding in its depths the inverted sky! On no side was there sign of a horizon. Upward, downward, to the right, to the left, whichever way I looked, were the unending reaches of the world-filled sphere.

I looked about me. To the ends of space, sailing the oceans of space, in and out among each other, were the fleets of the firmament, each star a ship bearing I knew not what list of passengers or cargo, but piloted on courses so accurately charted that through three thousand years and more of human observation no catastrophe has been recorded. And in the center of this world-filled sphere - of this sphere of moving worlds - so accurately poised that on him converged all their changing lines, lay this single individual, this almost unknown individual man.

For a moment the vision humbled me, as one feels humbled who finds himself unexpected in some great, best seat to which he has no claim. But then the inquiry came: Whose eye is it that is sweeping this universe from outpost to outpost? Whose intelligence was it that, unaided by help other than the map of the skies, deciphered out of the skies what courses the fleets were sailing, what courses they had sailed through all times past, what courses they would sail through all time to come? Whose heart is that, like a finely strung instrument, is leaping into the universal chorus? For, vast as the universe is, finely as it may be balanced, infinite as is the eternity out of which it came and the eternity into which it is going, it must have been designed from all time for him whose eye and thought have been gradually encompassing it, and whose heart has a string attuned to every one of its harmonies. No. No. The individual man is not swallowed up in the universe. The universe is made for the individual man.

Narrowing our vision to things strictly human to government, to the church, to progress generally

- the same great inspiration appears. Underlying each, the purpose of each, is the individual man. Every sentence in the charter of human liberty was written that the individual might be ennobled. Every inspiration of the church has had for its object his uplifting. The individual put foremost, accounts for every step in the progress of the race. And great as the institution of private property is, it can show not title to existence, except that as in opening opportunity to the achievement of individual independence, it has filled the individuals of the world, since time began, with the stimulus that has made great and lasting the world's achievements. Behind the look that has come into the face of industrial conditions, as they exist today, I repeat, is something deeper than dissatisfaction over prices, something infinitely deeper - *the human passion, old as the world itself, to have some lasting individual part in the achievements of mankind*. And it is just in this quality of human nature that the root of the corporation problem lies - a problem that will not be solved, *or put fairly on its way to solution*, until the demands of this deeper human nature are recognized and adequate steps taken to rescue the domain, created by the labor and genius of mankind, from that practical anarchy that, under present conditions, makes it a dark and forbidden ground.

THE REAL POWER OF THE PEOPLE

Is the rescue impossible? The tree, artificially crowded and twisted out of its natural symmetry, will not spring out and up the moment the restraints are removed. But if the tree be young and growing, nature in time will repair the deformity. And if we, who have the responsibilities of this day upon our shoulders, resolutely set about the restoration of the young domain of private property, represented by the corporation, to an atmosphere that will invite the nation's pride and interest, events will take place here, as they have taken place in the landed domain, that will eventually give us here, as it gave us there, an ownership so individualized that it can be said at last, that all the property of the country belongs to the people. Let me marshal a few of the facts that help to give me this faith.

The first of these is, that *the bulk of the wealth of the country is still in the hands of its people*. Note the distinction. While the *ownership* and control of the new great property domain is narrowed to a few, the wealth on which that ownership rests, - from which it largely feeds, - is still the possession of the people in the ordinary walks of life. These people own the wealth that makes up the large bank deposits. These people own the largest portion of the nation's bonds, the State bonds, city, country, school district, and road bonds. These people own a large proportion of the railroad and other corporation bonds. They have immense sums invested in insurance and trust companies. *Collier's Weekly* gave it as its opinion recently, that the savings in the *savings* banks of New York alone, would buy out twice over the Standard Oil Company. And though no exact facts are at hand on which to base a statement, I believe it safe to say that the people of America have the financial means at hand to possess themselves, at fair prices, of enough of the new great domain of property to make it as widely individualized as are the farms of America.

The next fact in proof of my faith is, that *the individual instinct for ownership has not yet been put to sleep*. Outside of certain classes who have never been genuinely American, the American, wherever you find him, is still keen to have a part in the achievements of the day, and out of that part to realize something toward individual independence. The trouble is, not lack of instinct, but lack of opportunity, - I mean of course, sober opportunity as distinguished from that fake activity that the stock markets hold up as opportunity.

Nor has this instinct any fear of the corporation simply because it is a corporation. It invests, - for

a deposit is in essence an investment, - in the banks, the savings societies, the insurance companies, and other corporations, though they are corporations. The instinct is not afraid of corporation, but it distinguishes between corporations. It is an instinct that reasons, that selects, but always is alive, - keenly alive.

Still another fact is the rapidly growing tendency upon the part of the present owners of enterprises to admit the men who labor with their hands into participation in the increase of the enterprise. The world is rapidly waking up to the fact that hands with heart and good will behind them are immeasurably more capable than hands that beat stroke only to the passing of the minutes. And what is of more consequence, the world is beginning to wake up to the moral truth that the mere size of one's accumulations do not count for much, that it is just conduct between man and man that counts; and to *this other truth*, that labor, making up with capital the force that gives to enterprise its increase, is morally entitled to a share in the increase of the enterprise. This awakening is manifested in those corporations, and the number is constantly increasing, that are now trying fairly to interest their employees as shareholders, and those others that apportion to the employees each year a share of the year's net earnings. The moral awakening has gone still further, has gone in some cases to a point where *capital* divides with labor that portion of the *stock issue* that stands for what labor, along with capital and management, jointly have done towards increasing the money value of the enterprise as an entirety.

Now men, everywhere, are the creatures of moral forces. The deliberate judgment of a nation, even though it remain a moral judgment only, in the long run rules. Men do not stand out against the righteous judgment of mankind. And a national awakening that would lift the corporation out of the morass of greed and selfishness into which it has fallen, giving to it, in legal form, the moral ideal that labor is a co-partner in every successful enterprise, would be followed, I believe, but such a transformation in the relations of corporation and employee, that in this direction, too, the ownership of the great new domain of property would widen and widen, until it became widely individualized.

But where, say those who have followed me patiently thus far, do you propose to *begin*? What concrete thing shall be done first? At what point will the way turn out of the morass, into the highway that is to lead us into the uplands of corporate properties humanized?

THE WAY OUT

The beginning of the way is national incorporation. I am for national incorporation as the foundation upon which to build, the sole way in which the work of re-organization can go on under the eye of one master, instead of five and forty masters.

Mr. Bryan, Commissioner Garfield, and possibly Mr. Roosevelt, favor what is called Federal License. The object of federal license is to bit and curb the present corporation to the end that it travel not ungoverned in the matter of prices. I am for national incorporation as against federal license, not because the two are nearly alike, as some people suppose, but because in the end to be attained, they are wholly unlike, national incorporation being the only method that will directly and effectively go to the root of the disease, the *peopleization* of the ownership of the

new domain. I would have the corporation of the future deal fairly with the people in the matter of prices. But I set above that, as the supreme object to be attained, this other thing: That the people of the country be brought back into the ownership of the property of the country. And to attain this, the nation must have its hand, not simply in the guidance of existing corporations, but in the *construction* of the new corporation.

Contributory to this work of reconstruction, a few general principles may be suggested, the first of which is, *that the new corporation must be constructed on lines of simplicity.*

There never has been need, from any sound financial point of view, for the labyrinthian constructions that seem the order of the day -- securities so overlying each other and often so involved, that no one not an expert buying a security can locate his claim. Two classes of securities ought in every case to be sufficient -- the security that represents actual cash paid in, or its equivalent in property, and the security that may be issued from time to time as the value of the property actually increases, and to cover such increased value. The corporation that cannot be financially launched upon lines thus plainly put before the eye ought not to be launched at all, for here, as elsewhere, mystery means not something essential to success, but something open to uses other than the corporation's success.

Simplicity in the issue of securities such as I have pointed out would not interfere with any legitimate financial need of the corporation. The corporation could still borrow money at stated rates of interest, issuing bonds secured by mortgage upon the properties. But such bonds would be a part of the security that represented actual cash paid in, or its equivalent in property, and for all time, and through all change and consolidation, such bonds, together with the stock securities originally represented by cash or property equivalent, would be the *fundamental securities*, on which interest or dividends must be paid before the second class of securities could share in the earnings -- these secondary securities representing the increment of value, the increase in earning power, the good will of the property, as distinguished from the cash investment constituting the fundamental security.

Provision should be made to interest labor in ownership. The securities issued on account of increased value should be issued only as the increase is shown, not by prediction or expectation, but by such experience as proves the fact, and provision should be made that such securities may be divided equitably between the capital invested and the labor put in, and expedients be adopted to encourage corporations formed on that basis.

The corporation being trustee for its owners, the government must be given opportunity to exercise a constant watch that the trust is executed. Under supervision, something like the watch the government holds over the national banks -- seeing to it that financial conditions are always correctly reported, that no capability of the corporation is diverted to private gain, and that transgressions meet with swift punishment -- personal schemes would be reduced to a minimum. And what is more, corporation activity would be lifted to a higher plane of personal and moral responsibility. Under such supervision, too, public utility corporations, deriving their existence from the United States, could be made to obey those laws that look to the giving of equal opportunity to all, because they could be punished by the government for any form of discrimination or favoritism, not simply by a fine, but by possession taken by the government as

the government now takes possession of recusant national banks, and such possession continued until the corporation was brought to obey the law.

Provision should be made for a government exchange, or a private exchange under government supervision, through which the securities of national corporations could be bought and sold. In this way would be drawn a distinctly visible line between the securities of national corporations and securities in corporations that refuse to nationalize -- a line that would soon be understood as the boundary between corporations that were willing to be faithful trustees of the owners, faithful at the same time to their duties to the people and corporations that had inner and ulterior designs. My own opinion is that this distinct differentiation of the national from the hybrid corporation would in time lead every corporation engaged in interstate commerce *voluntarily* to incorporate under the national law. A just plan of organization and supervision being offered, the people would not long permit the bank and insurance accumulations to be absorbed in corporations that refused the plan.

That the vast new domain of property, withheld from the ownership of the people by the corporate lawlessness of the past can, without disorder, be restored to the people, requires some faith. That it will be restored by setting those things right that heretofore have been allowed to go wrong, requires faith that things once set right and kept right will work themselves out right, that a righteous cause, righteously begun and righteously maintained, draws aid from a power that, though not fully compassed by our vision, enters mightily into shaping the destinies of mankind.

I have that faith. Whether the world knows it or not, that faith is the faith of the world. More than anything else it has moved the world. And the immediate work that lies before those who believe with me in the regeneration of the corporation is to reach the faith that underlies American character, to set in vibration the moral fiber in our character, that once set in vibration will not rest until the work of regeneration has been begun, and once begun, has been accomplished.

The great fact of today is the domain of private property under corporate ownership. Widely and individually owned, in accordance with the instincts of a republican people, this new domain would be the pride of the republic. Narrowly owned, under processes which kept going are bound to narrow its ownership still more, this new domain is the peril of the republic. The prevailing temper of the day is to tear it down. But the real problem is not how to tear it down, nor how to hamper this new great domain, but how to honorably reclaim it from present conditions that, like the great landed domain distributed by our fathers among the people, this new domain may come likewise into the proprietorship individually of the people. In the end some organization will give to this work the momentum of a political movement. The practical question is: *When* will some party set out upon this movement? With the cloud that already hangs over the horizon, seamed and streaked with flashes of a people's impatience, that *when* becomes a question full of significance.