

THE CONFLICT OF PLUTOCRACY AND DEMOCRACY

Not every rich man is a plutocrat. In the classical nations it was held that the pursuits of commerce and industry were degrading to the free man; and as for commerce, it was believed that every merchant was necessarily a cheat, that he must practise tricks from the necessity of the case, and that a certain ever-active craftiness and petty deceit were the traits of character in which his occupation educated him. As for the handicrafts, it was argued that they distorted a man's body and absorbed his mind and time, so that he was broken in spirit, ignorant, and sordid. The same ideas as to commerce and, in part, as to handicrafts, prevailed through the Middle Ages.

The classical civilization was built upon human slave power. For that reason it exhausted itself — consumed itself. It reached a climax of organization and development, and then began to waste capital and use up its materials and processes. It is, however, clear that any high civilization must be produced and sustained by an adequate force. In the case just mentioned it was human nerve and muscle. Now, modern civilization is based on capital, that is, on tools and machines, which subjugate natural forces and make them do the drudgery. It is this fact which has emancipated slaves and serfs, set the mass of mankind free from the drudgery which distorts the body and wears out the mind, at the same time producing a high civilization and avoiding the wear and tear on men.

The "dignity of labor" and the "power of capital" are therefore both products of the same modern movement. They go together; it is the power of capital which has made labor cease to be servile; it is the power of capital which has set women free from the drudgery of the grain-mill and the spinning-room; it is the power of capital which has enabled modern men to carry on mining and quarrying without misery, although in the classical times those forms of labor were so crushing that only the worst criminals or the lowest order of slaves were condemned to them. Every high civilization is unnatural, inasmuch as it is the product of art and effort. It is, therefore, unstable — ready to fall again to the original level, if the force and intelligence by which it is produced and maintained should fail. Our civilization is supported by capital and by modern science; if either of these fail — if we exhaust our capital, or if our science is not adequate to the tasks which fall upon it, our civilization will decline.

The dignity of capital is correlative with the dignity of labor. The capitalist has not simply fallen under the ban from which the laborer has escaped; the modern times have produced classes of men, masters of industry and accumulators of capital, who are among the most distinct and peculiar products of modern times. At what other epoch in history has any such class of men existed? There have, in earlier times, been great merchants, who have shown that the notion of a merchant as a man who cheats in weights and bets on differences, is a contemptible and ignorant calumny; the great masters of industry, however, are something entirely modern, and the vituperation of such a class as parasites, plunderers, speculators, and monopolists, is as ignorant and inexcusable as the older misconceptions of laborers which

have gone out of fashion. A great capitalist is no more necessarily a plutocrat than a great general is a tyrant.

A plutocrat is a man who, having the possession of capital, and having the power of it at his disposal, uses it, not industrially, but politically; instead of employing laborers, he enlists lobbyists. Instead of applying capital to land, he operates upon the market by legislation, by artificial monopoly, by legislative privileges; he creates jobs, and erects combinations, which are half political and half industrial; he practises upon the industrial vices, makes an engine of venality, expends his ingenuity, not on processes of production, but on "knowledge of men," and on the tactics of the lobby. The modern industrial system gives him a magnificent field, one far more profitable, very often, than that of legitimate industry.

I submit, then, that it is of the utmost importance that we should recognize the truth about capital and capitalists, so as to reject the flood of nonsense and abuse which is afloat about both; that we should distinguish between the false and the true, the good and the bad, and should especially form a clear idea of the social political enemy as distinguished from everybody else. The recent history of every civilized state in the world shows the advance of plutocracy, and its injurious effects upon political institutions. The abuse and the vice, as usual, lie close beside the necessary and legitimate institution. Combinations of capital are indispensable, because we have purposes to accomplish which can be attained in no other way; monopolies exist in nature, and, however much modified by art, never cease to have their effect. Speculation is a legitimate function in the organization, and not an abuse or a public wrong. Trusts, although the name is a mistake, are evidently increasing in number all over the world, and are in great measure a result

of the modern means of communication, which have made it possible for persons having a common interest, although scattered over the earth, if their number is not too great, to form combinations for the exploitation of a natural monopoly. What is gained by uncritical denunciation of these phenomena, or by indiscriminate confusion of definitions? The only effect of such procedure will be to nourish the abuses and destroy the utilities.

The first impulse is, when a social or industrial phenomenon presents itself, which is not considered good or pleasant, to say that we must pass a law against it. If plutocracy is an abuse of legislation and of political institutions, how can legislation do away with it? The trouble is that the political institutions are not strong enough to resist plutocracy; how then can they conquer plutocracy? Democracy especially dreads plutocracy, and with good reason.

There is no form of political power which is so ill-fitted to cope with plutocracy as democracy. Democracy has a whole set of institutions which are extra-legal, but are the most powerful elements in it; they are the party organization, the primary, the convention, etc. All this apparatus is well adapted to the purposes of plutocracy: it has to do with the formative stage of political activity; it is very largely operated in secret; it has a large but undefined field of legitimate, or quasi-legitimate, expenditure, for which there is no audit. As the operations of this apparatus are extra-legal they are irresponsible, yet they reach out to, and control, the public and civil functions. Even on the field of constitutional institutions, plutocracy always comes into the contest with a small body, a strong organization, a powerful motive, a definite purpose, and a strict discipline, while on the other side is a large and unorganized body, without

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discipline, with its ideas undefined, its interests illy understood, with an indefinite good intention.

If legislation is applied to the control of interests, especially when the latter are favored by the facts of the situation, the only effect is to impose on the interests more crafty and secret modes of action. Mr. Adams says that, since the Interstate Commerce Law was passed, the methods of railroad men have become more base and more secret than ever before. The legislator, in further efforts to succeed in his undertaking, can only sacrifice more of the open and honest rights which are within his reach, just as the Russian Government, in trying to reach the discontented elements in its society, and crush them by severity, only puts honest people to unlimited inconvenience and loss, but does not catch the Nihilists. Under a democracy, when the last comes to the last, the contest between numbers and wealth is nothing but a contest between two sets of lawyers, one drawing Acts in behalf of the state, and the other devising means of defeating those Acts in behalf of their clients. The latter set is far better paid in consideration, in security, and in money.

I therefore maintain that this is a lamentable contest, in which all that we hold dear, speaking of public interests, is at stake, and that the wise policy in regard to it is to minimize to the utmost the relations of the state to industry. As long as there are such relations, every industrial interest is forced more or less to employ plutocratic methods. The corruption is greater, perhaps, on those who exercise them than on the objects of them. *Laissez-faire*, instead of being what it appears to be in most of the current discussions, cuts to the very bottom of the morals, the politics, and the political economy of the most important public questions of our time.