

The Independent.

VOL. XIV.

LINCOLN, NEB., MARCH 26, 1903.

No. 44.

POPULISM TRUE SOCIALISM

John A. Hobson's Lecture at University of Nebraska Clearly Sustains the Populist Contention

John A. Hobson of London, England, addressed a large audience at the old chapel, University of Nebraska, Tuesday evening (March 24). Mr. Hobson is the author of "The War in South Africa: Its Causes and Effects," and has written a later book on "The Economics of Distribution." He is regarded as among the strongest and clearest thinkers and writers on political economy. At present he is engaged in a tour of the United States, studying the economic conditions here, and incidentally lecturing before various colleges and universities. Fortunately for Nebraska he is a strong personal friend of Prof. Edward A. Ross, at the head of the department of sociology, and this friendship resulted in giving the students and citizens of Lincoln the pleasure of hearing his lecture on "The True and False in Socialism."

It was a red-letter event for the populists who were present; rather discomfiting for the Marxists, headed by Dr. Aley; and the republicans, who have progressed no further than the "full dinner pail" stage, were pleased without really knowing why. Mr. Hobson began by quoting from a statement made by a teacher in his class that the duty performed in the 19th century had been the establishment of a political democracy, and that the duty to be performed in the 20th century is to establish an economic democracy; but he felt that the 19th century task had not been fully performed and that much yet remains to be done before we can truthfully say that a political democracy is completed.

He then explained the laissez faire doctrine of Adam Smith and showed that while this was seemingly good from a theoretical standpoint yet nevertheless it is faulty. He likened it to the efforts of men to invent a machine of perpetual motion. Many of these machines were marvellously good, but the inventors always ignored one insignificant factor—friction. And friction always stopped the machine. It is a mistake to suppose that self-interest will always be sufficient to regulate the actions of capitalists and laborers so that competition will produce the greatest benefits to society, because the conclusion is based upon the assumption that there is perfect fluidity in capital and labor—which is not the case. Capitalists cannot always quickly abandon a business which is proving unprofitable and engage in some other line; neither can laborers who have learned one trade quickly change to another.

Taking up the question of free competition and the right of free contract, Mr. Hobson called attention to the earlier efforts to escape cut-throat competition by establishing private co-operative institutions—which very naturally failed to accomplish the intended end. He recounted the growing tendency in the last fifty years to interfere by legislation with the right of free contract—factory acts and the like, and declared that the common doctrine that the interests of capital and labor are identical is only partly true, as is also the converse of that proposition. It is not to the interest of the employer generally to pay "sweat-shop" wages or treat his employes in such a way as to injure their productive capacity; it is not to the interest of employes to demand an increase of wages when the market is falling. But the point of conflict—the friction which stops the perpetual motion machine of laissez faire—always comes where a surplus is being produced above a fair return for both capital and labor. It is to secure a share of this surplus that labor unions are organized; and to retain it that counter-organizations are effected among the capitalists.

In addition to the interests of the capitalist and the laborer engaged in any industry, Mr. Hobson called attention to the third party in interest—the consuming public; and he sees danger to the interests of this third party in the recent development of alliances between organizations of capital and organizations of labor, citing the glass trade in the United States as an example of what will doubtless be more common in the fu-

ture. If such an alliance should be made in one of the fundamental industries—coal mining, for example—it would be a menace to every other industry. It is because of this third party interest that there is no such thing as a strictly private business.

Taking up the question of state socialism (which is nothing else than populism) he declares that control without ownership of the large industries, especially those which require a franchise, is almost impossible. As fast as one form of combination and consolidation is tabooed by legislation, a new form is invented. The only solution finally will be municipal or state ownership, but the political democracy must be improved and perfected to go hand in hand with the economic democracy. He recalled that there is a much larger survival of the small businesses than many suppose, declaring that the giant businesses have simply thrown them in the shadow. He recognized that in many small businesses there seems to be no tendency to grow larger to any considerable extent, and that in many large businesses there is no tendency toward combination and consolidation. In these individual initiative would continue to prevail. He denied the correctness of the "scientific" socialist demand for collective ownership of all the means of production and distribution—and then the Marxists present lost all interest and felt that here was a brainy man acting as agent for the capitalists.

Summed up, Mr. Hobson's lecture was a pleasant surprise to the populists present. It was an academic presentation of populism with all references to "the money power," "trust magnates," "railway kings," and "coal barons" left out. In every important particular it is in harmony with the position taken by Dr. Ely, of the Wisconsin university, in his works. It is, as John Graham Brooks says in "The Social Unrest," "the new consciousness of difference between a really private business, like a grocery store, and one that has ceased to be private in that sense."—De France.

THAT NEGRO PROBLEM

Mr. Vance's Wrath is Aroused by Mr. De Hart's Article Last Week

Editor Independent: For malignant misrepresentation of fact, distortion of truth, and unadulterated demagoguery, Mr. De Hart's article in last week's Independent is the meanest specimen, since the crazy old days of abolitionism. I state but a simple truth when I say that 99 out of every 100 men in the south will cheerfully admit that Booker T. Washington is every way the peer of Theodore Roosevelt. The reason why Mr. Roosevelt's hospitality was criticised was that it was considered a cheap piece of politics, intended to catch the southern negro vote in the next national republican convention.

Mr. De Hart's article would convey the impression that the only amusement, pastime or recreation of the southern people consisted in "burning negroes." Will Mr. De Hart be kind enough to point out what punishment, he as a man, would inflict on the brute, be he black or white, who had assaulted his wife, sister, or daughter? Colorado has burned negroes for this crime. Nebraska has lynched both black and white men for criminal assault, Illinois, Indiana, Ohio, wherever the crime has been committed, the same fearful retribution has followed. Does the gentleman consider the punishment too severe? or does he consider the crime a venial one to be punished by fine and imprisonment? The truth is, the same crime would meet the same punishment in Massachusetts that it does in South Carolina.

Bishop Turner, as grand a colored man as the African race can boast of, tells the negroes of the south plainly that "the morals of the colored race are responsible for all the lynchings and burnings that occur at the south." Whatever sentimental fools may say to the contrary, the enfranchisement of the negro at the time it took place was a calamity to the colored race; it was not done as a measure of justice to the colored man; the freed man needed a hundred other things worse than he did the ballot; he needed food and raiment, education, moral training, civilization. His blind partisan-

ship, his adherence to the republican party, made the colored man a political issue—brought him in conflict with the keenest intelligence of the dominant race. That he failed to carry the southern states for the republican party was a foregone conclusion.

At the north it was different. The solid negro vote at the north has kept the republican party in power for thirty years. Mr. Roosevelt himself owes his election to the colored vote of New York. Without this vote the republican party could not carry a state outside of New England. If Mr. Roosevelt were honest, if his party were honest, they would discharge their political debts by appointing colored men to office at the north.

Let Mr. Roosevelt "open the door of hope" by appointing a negro collector of customs at New York city, or United States attorney for Delaware. Surely he could find a man to take Byrne's place who has twice been rejected by a republican senate. Could he not find "a \$10," "boiled chestnut," "tin-tagged," Addicks negro who would be acceptable to a republican senate, every member of which owes his seat to the negro vote? If not, why abuse southern men for refusing to swallow a pill that the northern man rejects with still greater loathing? As good a republican organ as "The Outlook" has declared within the last month that "the corrupt use made of the ignorant colored vote by Addicks in the state of Delaware, more than justified the restrictions placed upon the ignorant colored vote in some of the southern states."

Mr. De Hart can doubtless look back to those halcyon days of negro supremacy when the bonds of South Carolina were being sold on the streets of New York for 7 cents on the dollar. If Mr. De Hart is to be believed, this costly experiment must be tried again, not in the republican states where the party is in power by the grace of the negro vote, but in the democratic states where he has failed to qualify and vote—or we must prepare for "a race war."

Massachusetts has placed greater restriction upon the right of suffrage than either Virginia or South Carolina. Why not a race war in Massachusetts? When Mr. De Hart says "a large section of the south wanted negro slavery and tariff for revenue only," he stated a plain falsehood, and in the following sentence, "The whites make the laws in the southern states, and they ought to make them in such a way that men like Booker T. Washington at least can vote." Booker T. Washington and men very unlike Booker T. Washington can vote. Any man can vote in the southern states who has paid taxes and can read and write, regardless of race, color or previous condition. The restrictions apply to white men as well as colored, and need only be temporary.

In conclusion, let me say the right of suffrage is a right conferred on the citizen by the state and not by the federal government. The race war Mr. De Hart predicts can easily be avoided by a liberal application of the spelling book and reader and following the beaten paths of honest, patient industry. The disfranchisement of the negro is only temporary. The "door of hope" is only closed to ignorance, vice and crime.

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Pledging Candidates the Best System

The worker in charge of the majority rule campaign in Texas writes:

"The only way to succeed is to have every candidate pledged in writing before his nomination. This will be done with the candidates for the next legislature. Meanwhile some progress has been made in cities, especially in Waco, where every candidate elected expressed himself favorably before his nomination."

From Rhode Island a leading secretary of organized labor writes:

"The senate and house in this state are refusing to enact any measure whatever. They are pursuing the policy of 'dog in the manger.' The house consists of 36 republicans and 33 democrats, the senate 18 republicans and 12 democrats, and no measure is allowed to pass in either place unless the boss 'says so.'"

Try one of Branch & Miller's combination orders for groceries. It will save you money.

GOVERNMENT BANKING

Government Engaged in Banking Business and the Banks Engaged in Governmenting—Abstract No. 32

Editor Independent: No. 32 of the comptroller's abstract of Reports of National Bankers has been sent out. This shows that, on February 6, the secretary of the treasury had made deposit loans to the banks amounting, exclusive of \$7,841,226 of disbursing officers' deposits, to \$140,493,423.

The 62 central reserve city banks, all of which are in New York, Chicago and St. Louis, held \$46,276,910 of these deposit loans.

The 279 reserve city banks, in 31 reserve cities, held \$41,213,688. So that the reserve city banks of both classes held \$87,490,598. The remainder of these loans, \$33,002,825, was distributed among the 4,225 country banks. So far as the public knows anything about it, these loans are wholly without interest. At least, the government gets no interest.

In calculating the deposits to determine the amount of reserves required by law to be held, this entire sum of \$140,493,423 is left out. The abstract does not state this, and there is no way from its face that it could be known, but I have a letter from the comptroller dated March 13, 1903, in answer to an inquiry, that says this is the fact.

That this is a clear violation of the law by Mr. Shaw there can be no doubt. It relieves the banks from holding a reserve against this large deposit loan. There can be but one reason for doing it; and that reason ought to subject Mr. Shaw to impeachment. It is an attempt on the part of Secretary Shaw and the administration to cover up the reserve shortages of the banks. A large per cent of these banks, more than half, possibly three-fourths, particularly in the reserve cities, have been for months and years reporting short reserves. So far as the public has been informed, no action has been taken concerning this flagrant violation of the bank law. If this deposit loan had not been excluded from the calculation, there would have been 20 out of the 34 reserve cities that would have been shown to be short in their required reserves, and in a number of others the banker's surplus would have been reduced to practically nothing. As it is, the exclusion of this large sum could not prevent a shortage appearing in the aggregate of each of twelve reserve cities.

There was not, at the expiration of the time covered by this abstract, a single dollar of the aggregate banker's surplus held by the 4,766 national banks that was not covered by these deposit loans of the government. If Mr. Shaw were to take out of these banks the \$140,493,423, it would take every dollar of the aggregate banker's surplus, and take \$61,876,808 of the aggregate reserves. If he were to draw out of the 279 reserve city banks the \$41,213,688 of deposit loans, it would take every dollar of their aggregate banker's surplus, and take \$32,566,494 of their aggregate reserves.

If he were to draw out of the 62 central reserve city banks the \$46,276,910 of government deposit loans, it would take every dollar of their aggregate banker's surplus, and take in addition \$20,608,470 of their aggregate reserves, as shown by this abstract.

It is shown by this abstract that, in the face of this condition, the national banks have, during the 73 days covered by it, increased their loans and discounts \$47,749,653, or an increase of over \$654,000 per day not excluding Sundays. It is important not to overlook the fact that over \$32,000,000 of this amount is an increase by the 45 New York banks alone.

The reckless disregard of public interest and of possible consequences manifested by the crowd of New York stock gamblers is astounding.

Our administrative and legislative departments of government have, in blind ignorance or dishonesty, listened to the selfish advice and demands of the aggregations of financial manipulators, until the situation has become alarming even to them. No wonder these New York stock gambling bankers were anxious about legislation during the closing days of congress. No wonder, when they found they could not secure the passage of