

gant profit. If it be, they at once demand their share, and the employer must, and inevitably does, succumb. It is thus that wages always tend to a maximum, and profits to a minimum.

The maintenance of the high standard of wages now paid in the United States is absolutely dependent upon our realizing the advantages which come through superior organization. We are today shipping manufactured goods to countries where the rates of wages average 40% less than our wage-earners are receiving. Of our exports of manufactured goods 80% are produced by large industrial corporations. Articles of manufacture which we do not produce through consolidations are being almost entirely supplied to the neutral markets by the cheap labor countries—Germany, Belgium and England. The centralization of manufacture and consequent use of special machinery have emancipated the slave—have raised the American workman to the position of overseer, not of pauper labor, but of its productive equivalent, machinery. And he is receiving, and is entitled to, the wages of superintendence. Note the continuous substitution, through the use of larger capital, of mental labor and manual skill, for pure brute force. Nothing illustrates this better than the evolution from the galley, where the sole power is muscle at the end of the oar, to the modern steamer. Notice also the moral difference. The man at the end of the oar was a slave. The modern engineer is a freeman of the highest type.

Labor to be Uplifted by Evolution, Not Revolution.

Now, the intelligent labor leaders understand this perfectly. It was my pleasure to entertain at my home some of the best known of these. Speaking of labor conditions, I asked one of them to define the difference between his organization and that of the professional agitator. He replied: "We hope to bring about by evolution what they claim should be accomplished by revolution." They said that they welcomed new machinery, because it did the work which had heretofore degraded labor.

The wage-earners of the United States are today enjoying a higher standard of living and a larger measure of well being than wage-earners have ever before enjoyed in the history of the world. They are the real money power. The railroad managers have rails and rolling stock; the miner has mines; the manufacturer has bricks, mortar and machinery, and most of them have debts, and many are mortgaged to the banks for savings; but the wage earners in the United States have on deposit in cash in the savings banks, subject to call, two thousand five hundred millions of dollars.

Thus through coöperation and combination every interest is being bene-

fited, but labor most of all. As wage-earners become more intelligent, as they become overseers of machinery, they better understand these conditions. They have the intelligence to recognize that their greatest comfort and happiness is in furthering the industry of which they are a part. Today one of the great advantages that the United States has over Europe is that its laborers are the more intelligent, are the healthier and happier. The European wage-earner, instead of welcoming labor-saving machinery as our workmen in the United States have done, has tried persistently to retard its general use, and the result has been that while wages have been lower in Europe, the American workman has received more because he has produced more, and this is the great reason why, notwithstanding our high wages, we are so rapidly extending our trade with foreign markets. The best factory inevitably gets the most work. There is a continual struggle for existence between good factories and poor factories, and the good factory invariably wins.

Quick Sales and Small Profits.

The law of consolidation of capital and division of labor holds as good in the field of distribution as in that of production. It is inevitable and it is profitable. The department stores and the money order stores sell for 10% instead of 30% profit, and the consumer thus saves 20%. The profit thus obtained by the distribution of staples, on the way from the farmer to the consumer, is less than one-quarter what it was thirty years ago. The farmer secures a wider market, the consumer gets his staples just so much more cheaply, and the enterprising middleman avails of improved banking and transportation facilities to do a larger business. This is why he has adopted as his motto, "quick sales and small profits."

The real benefits of "capitalistic production," as compared with production on a small scale, are twofold. The first and greatest benefit of industrial combinations goes to the whole body of the community as consumers, through reduction in prices. The next benefit, and that most largely distributed, goes, as I have shown, to the workers through increase of wages, and thus it happens that the workingman gains simultaneously in two ways. He gets more money for his work and more goods for his money. * * *

Nothing is Stationary.

In life nothing is stationary; contraction or expansion goes on continuously, and if you don't expand you contract. It is so with nations: Spain contracts; the United States expands. So it is with industry. There are periods of expansion when the mills are running full, and there are periods of contraction when the number of unemployed is

large. Confidence is at the foundation of expanding business activity. The amount of business transacted on credit is over two thousand times that transacted in exchange for gold or silver. If there is confidence, the manufacturer employs many hands, the laborers purchase more, the retailer sends more orders, the jobber orders more from the manufacturer, the manufacturer to still further increase his output, employs more hands, and every man who wants work can find it. This is prosperity.

Confidence Essential.

Lack of confidence causes contraction—the manufacturer is afraid to make many goods; discharges some of his laborers; they purchase less; the jobber cancels his orders; the manufacturer must still further reduce his payroll. The result is "hard times."

During the past few months of political agitation, sufficient uncertainty has existed to reduce business activity, in spite of the country being in a most favorable condition for trade. Nothing better proves how sensitive confidence is than this holding up of business because of the remote possibility of legislation which may conflict with natural laws. In 1896 the fact that a national party advocated the undermining of our financial, legal and industrial systems, created sufficient uneasiness to cause our bank clearings to decline 12% in comparison with the corresponding months of the previous year. It caused our interest rates to advance to 25% per cent per annum, and threw out of work a whole army of men and women. You are all familiar with the change which took place in 1897 when conditions became assured—how renewed confidence set the wheels of prosperity in motion, a result which every one familiar with industrial conditions then predicted, just as we now know what will take place as soon as confidence is again restored.

If the mere possibility of unwise and immature financial and industrial legislation caused such a panic as that of 1896, what a terrible cataclysm would be occasioned if, instead of the possibility we were confronted with the actuality. The difference would be that between the storm and the cyclone. On the other hand, remove all questions as to the sanity and conservatism in our laws, as to the stability of our currency, as to the continuity of our industrial development in accordance with natural laws, and we will have a condition of prosperity such as no country in the world has ever known.

The attorney
SMYTH. SMITH. general of Nebraska was born plain Smith but he knocks out an "I" and sets in a "Y." His speeches lack pith for he spells it p-y-t-h. His mind needs t-i-l-t-h which S-m-y-t-h calls t-y-l-t-h. What not, if not f-y-l-t-h?