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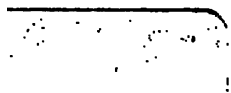
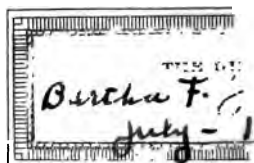
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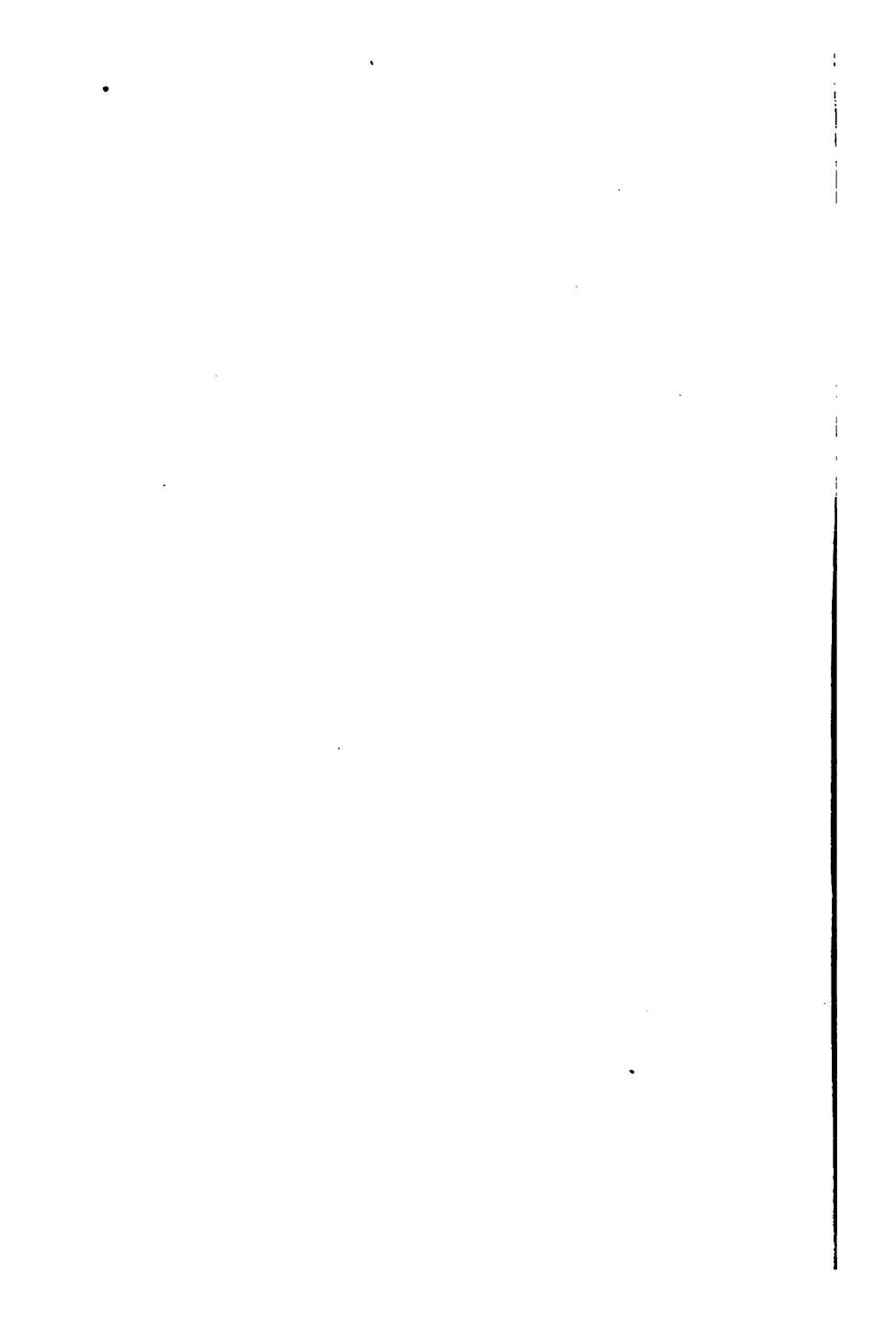
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BY

CHARLES FERGUSON

Author of "The Religion of Democracy," "The Great
News," "The University Militant," "The
Affirmative Intellect," etc.



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PREFACE

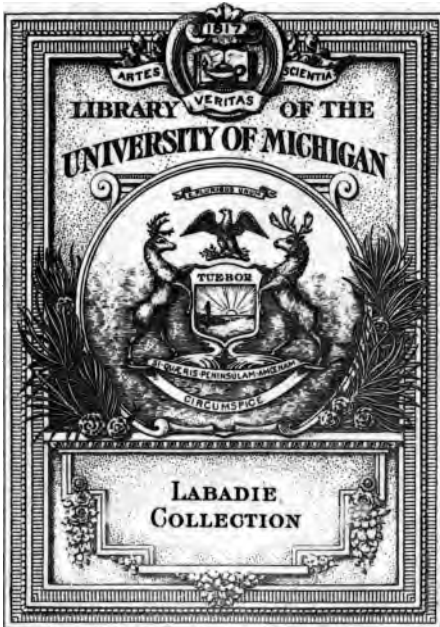
Nothing in the history of the human mind is more remarkable than the general lack of direct social interest in the advancement of the practical arts. Thus Americans, following the traditions of ancient culture, are socially unconcerned about the processes whereby war-power is generated.

We gaze out over portentous battle-fields and shout to each other: Prepare to spend, suffer and die.

But nobody will listen to those among us who say: We can spend only such strength as we have, and we have not strength enough; we must address ourselves to the production of power.

Yet a day will come when everybody will listen. It is near at hand. This book is written in anticipation of that day.

Meanwhile we go on devising new agencies for the expenditure of power, whilst utterly and wilfully refusing to devise any agency for the improvement of our mastery of materials and of elementary forces. There is, so far as I know,



THE GIFT OF
Bertha F. Johnson
July - 1945.

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CHAPTER I

THE METHOD OF PROPHECY

IT has been said that the test of science is prophecy. You are no astronomer unless you can forewarn us of an eclipse of the moon or a transit of Venus, and tell us precisely where to go to see it. And you are not a chemist unless you can say by anticipation just what kind of a crystallization will take place at the jar of the beaker in your hand.

I am undertaking to foreshow things that are coming to pass in the world of men. This is a book of prophecy. Yet I make haste to disavow any special inspiration. I have not been with God in the Mount nor spoken familiarly with angels or oracles. Indeed it is my opinion that the best of prophets — even those whose words have become scripture — have had, each in his own degree, only the kind of qualifications that I have. They foretold what would happen to men, because

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they understood what was happening and what had happened.

Their understanding of events was based upon an understanding of the nature of society in its health — which is a matter concerning which most men have no conception, since none have any experience. No man has ever lived in a society that was not abnormal, in the sense that its order was self-destructive, nurturing fondly in its bosom the fanged wolf.

It is impossible to understand public events unless one is able to measure their meaning against a sound criterion of social health. It is impossible to estimate the strength or weakness of a commonwealth unless one has first achieved a right conception of the way to make a commonwealth strong, to the limits of its latent strength.

This business of being a prophet begins therefore with the task of finding out what kind of a thing a human society would be if it were quite sane. I think that is the way Isaiah began and Amos and Micah and the rest. They may or may not have been wholly successful in their quest. It is sufficient to note that the value of their foreshowings was proportionate to the depth of their knowledge of the real nature of society. And this rule holds also for all the prophets who have not been canonized — for Marx and Buckle, for Met-

ternich and Napoleon and Macaulay and the lead-er-writers in the New York and London newspapers.

If one knows the quality of social health one begins to understand the character and course of social diseases. And then it becomes possible to say, without doing violence to what is called the scientific spirit: Within such and such a time the fever in the nation will run to fatality, or else there will be a resurgence of the life-force and a new and recuperative era will begin. This is substantially the formula of scriptural prophecies. They content themselves with a sharp definition of the issue. They do not say — as, for example, Marx and Haeckel do: Given the present facts, and we will tell you certainly what the future will be.

In this matter of social predictions the scriptural prophets are more scientific than most of the moderns; they have a sense of the truth that the fatality of passing events is balanced — and may at any moment be over-balanced — by a spiritual fatality, a gravitation toward health. That is why the old prophets stated their predictions in alternative terms — as a good physician does. The doctor says: The patient will die at such a stage of the distemper, unless the *vis medicatrix* shall intervene before that stage is reached. Even so the old prophets were content to say: You

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shall arrive at perdition at a specified juncture — unless you repent.

It is however to be observed that a competent prophet, like a good physician, is sometimes made aware of the invincibility of health, even in the face of frightful disease. He can say with certitude: There is great strength here in reserve, the fever will only burn up morbid tissue, the recuperation may be slow and painful, but a new and abundant life is assured. That is the kind of prophecy to which, in all severity of study and understanding, I am able to invite your attention — in face of the fever of nations. I am going to give you reasons for assurance that a new civilization, far happier than we have known or imagined, is in process of being born.

I begin by telling you how I know. I will explain to you in advance the method of this prophecy. This is a chapter on what the philosophers would call epistemology — the science of how one comes to know things.

Francis Bacon published in 1620 his *Novum Organum* to explain how one may best acquire a knowledge of the natural sequence of physical phenomena. The world has made no mistake in accepting his demonstration. Prodigies of intellectual and practical achievement have been accomplished by the method that Bacon defined.

He is the father of modern physical science and of the vast modern development of technology. In him the spirit of the Italian Renaissance acclimated itself in Elizabethan England, and in due time sent forth to America and the four quarters of the world the gospel of earth-subduing realism that is the canon and inspiration of great business. It was through the incomparable work of Francis Bacon that the history of the universal mind turned, as a door turns upon its hinges. True it is that the balance of political and academic power still remains with those who have not been penetrated by the Baconian spirit; but that is only to say that the door which Francis Bacon opened upon a new kingdom of the mind has not yet been definitively closed upon the old order.

We must understand that up to the middle of the fifteenth century there had nowhere been any large-scale social effort to direct the higher powers of the mind toward the business of making people at home in the material world. And the movement in Southern Europe that is called the Renaissance would have spent itself in vain, and could not have diverted men's minds from the ancient Mediterranean abstractions and the cult of sacerdotal resignation, could not have committed the Western races to a career of buoyant action and achievement, if it had not found a secure footing

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in the mind of a first-rate prophet in Elizabethan England.

Bacon elaborated the intellectual technique whereby the modern world has acquired its earth-grip. He invented the mental machinery that has made possible the co-operation of myriads of minds in the working of the physical mechanism of a machine-age. Our modern working organization with its instantaneous communications, its high technology, its corporate structure, its world-changing mastery of tools, comes straight from the *Novum Organum*.

I am going to show that it is precisely this modern working organization, with its incalculable implications of misunderstood or unacknowledged political power, that has precipitated the world-crisis of our times. Thus it may be said, in a sense, that Francis Bacon made the Great War. Yet I insist that he should be exonerated from all blame. For the deeper truth is that the war is due to our own blamable failure to fulfil the work that Bacon began. The great conflict is at bottom a collision between the forces that Bacon set in motion, and certain other ancient and belated powers of the mind that have stubbornly refused to be touched by the modern spirit, and that now are giving disastrous battle at their last stand.

The edge of the conflict is an inherent contra-

diction between a modernized working system and a political and social structure that is not modern. It ought to be admitted that *The Advancement of Learning* and *The Novum Organum* do not reveal any clear prevision on the part of their author of the danger of such a contradiction. He attended to the work he had in hand, and began at the right beginning of it. He laid his emphasis upon the need of "restoring or cultivating a just and legitimate familiarity between the mind and things." He spoke with a strange voice of order and sense, to a world that was inveterate in intellectual confusion. He was lonely, and his task was heavy upon him. One may find in his own words some measure of the gravity and difficulty of the undertaking — such words as these:

Francis of Verulam thought thus, and such is the method that he determined within himself, and which he thought it concerned the living and posterity to know. . . . Whilst men agree to admire and magnify the false powers of the mind and neglect or destroy those that might be rendered true, there is no other course left but with better assistance to begin the work anew, and raise or rebuild the sciences, arts and all human knowledge from a firm and solid basis. This may at first seem an infinite scheme unequal to human abilities, yet it will be found more sound and judicious than the course hitherto pursued, as tending to some issue; whereas all hitherto done with regard to the sciences is vertiginous or in the way of perpetual rotation. . . . Nor is he ignorant that he stands

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alone in an experiment almost too bold and astonishing to obtain credit, yet he thought it not right to desert either the cause or himself, but to enter boldly on the way and explore the only path that is pervious to the human mind. . . . Uncertain however whether these reflections would occur to another, and observing that he had never met any person disposed to apply his mind to similar thoughts, he determined to publish whatsoever he found time to perfect. Nor is this the haste of ambition; but anxiety, that if he should die there might remain behind him some outline and determination of the matter his mind had embraced, as well as some mark of his sincere and earnest affection to promote the happiness of mankind.

These are words of high emotion. Who can read them unmoved? Who shall reproach Francis Bacon for neglecting — say rather refraining with nicest calculation of costs and consequences — to point out the inevitable antagonism between inductive science and the Aristotelian abstractions enthralling the politics of his day and of ours? For my own part I am content with him and am deeply impressed with the dignity and validity of his warfare. The social problem was not his problem, and he did well to let it alone.

His intellectual valour and his discretion are alike remarkable. He took the social order as he found it and saluted king, lords, commons and the academic and ecclesiastical establishments with a deference that may seem obsequious, but was strategic. He quotes with significant relish the

saying of the sage who would not dispute his best with the Emperor Adrian, because "It is reasonable to yield to a man who commands thirty legions."

It is related that Diogenes, when challenged to explain why it was that philosophers followed the rich while the rich did not follow philosophers, said it was because the philosophers knew what they needed and the rich did not. This acid answer was Baconian. Whatever one may think of Bacon's political morals there is no lack of the completest proof that he himself thought ill of them, and of the legal and social circumstances to which he had adapted them. When he was deposed from the High Chancellorship by the House of Lords for taking customary gifts from litigants, he remarked concerning the judgment: "I was the justest judge that was in England these fifty years; but that was the justest censure that was in Parliament these two hundred years."

Three centuries ago this wise, bright Francis Lord Verulam "rang the bell," as he said, "to call the wits together." They came; and during these long cycles it has happened that they have done their work of freeing the world from the sway of loose words and vain abstractions—mainly in the realms of chemistry, physics and kindred studies. In these realms they have given

us the kind of knowledge that can be turned into life-sustaining power. But "the wits" have mostly stood, as Bacon stood, with their backs to the fictions and futilities of law and politics. They have let those sleeping dogs lie — or have left it to men of lesser faculty to disturb them.

Hence it has come to pass that modern science and practical art are unsocial — in the sense that industry and great business have broken loose from social conscience. On the other hand, it should be set down in strictness of speech that there is as yet no such thing as social science — no ordered knowledge of the real nature of society or understanding of the reasons why nations rise and fall.

In law, politics and diplomacy we are fog-bound and rudderless on the bosom of a tumultuous sea. In high affairs of state we are blinded by the brilliance of ancient words. In our manner of using such words as property, sovereignty, authority, liberty, they are devoid of realistic and definite signification.

Thus the spirit of science has conquered the integument and extremities of life, but not the blood currents or the pulsing heart of it. We understand astronomy, geography, the chemical elements, plants and the lower animals, but we do not understand human nature in its massive

action. Some say that it is good, some that it is bad, and some that it changes quickly from good to bad or *vice versa*; but no living man can define with authority this goodness or badness, or offer a convincing exhibit of the causes that work the changes. We can make machines to weave tissues or cut isthmuses, machines to conquer great distance and obstruction; but we have no agreed and workable comprehension of the social mechanism, or of the dynamics of high-powered society. We can compass Orion and the nebulae and chart the ways of protoplasm and bacteria, but neither Washington nor Wall Street has any sure and foreseeing knowledge about the psychology of money, or credit, or commercial panic, or war.

Now I protest it is not necessary or inevitable that the modern spirit, the passion for science and reality, should content itself with the mastery of the periphery of life, and submit to be endlessly excluded from the emotional centre of it. There is really no reason to suppose that knowledge can penetrate the things that matter least, but not those that matter most. The intrinsic laws of society are not unknowable. *What is necessary is to ring the bell again and call the wits together. And that is what I propose to do.*

It is necessary to finish the work that Francis

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Bacon with such bravery — and withal such careful reserve and prudence — has successfully begun. The scientific spirit must penetrate to the heart of the social problem.

Up to this moment social reformers have in general either used the methods of an antique philosophism or else have misapplied the Baconian method. We have had nothing but a pull and haul between utopians and statisticians. The utopians from Rousseau and Mazzini to Mr. Roosevelt and Mr. Hillquit have tried to finish off a perfect state dedicated to social justice. The statisticians, on the other hand — such as the English Fabians, including Bernard Shaw, and Americans of the type of Professor Ely or Mr. Gompers — have assumed that natural evolution will succour us, if duly assisted by figures, and by intestine fights for small but cumulative improvements. These have supposed themselves to be acting in a modern and scientific spirit; but I venture to say that Francis Bacon would not suppose so.

It is not scientific to assume that human affairs must improve by mere lapse of time. It is no more scientific to trust to time than to trust to space. And as for the gains made by the statistical study of specific social wrongs and disabili-

ties, they are very nearly negligible. They generally cost as much as they come to.

The true social implication of the Baconian culture is not that men should be studied as things are studied, or bred as horses are bred — but quite the opposite of that. Bacon laboured to draw society out of its inveterate preoccupation with itself, and to direct its will and mental energy to the mastery of the sub-human world. Thus the all-inclusive social question from the Baconian point of view is this: *How can the social constitution be made to achieve the highest possible power over the forces and materials of nature?*

How is society to be cleared of its morbid moralisms, its paralyzing legalities, and mobilized for the advancement of the practical arts? That is the social problem, stated in Baconian terms. The war will force the most reluctant to give respectful attention to such a statement of the problem. For war is Baconian in its argument. It finds the world full of loose words and vain abstractions, but in the deepening intensity of its agony there is no room for rhetoricians.

If men are slow to perceive that the Baconian statement of the social problem is the true statement, it will be discovered to the surprise of many preachers that the reluctance proceeds primarily

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not from selfish attachment to gainful interests that must be sacrificed, but rather from a false culture of heart and mind that has blinded us to the truth that social virtue and social strength are the same thing, and that the social mastery of arts and arms involves all spiritual issues.

For my own part, the confidence I have in the prophecy of a vast and recuperative social change, rests upon a Baconian habit of mind fortified by peculiar disciplines. I am not disconcerted by the doubts of others, because I know that with their outlook I should share their doubts. The resistance of traditions to the great change I foresee — traditions legal, ecclesiastical, academic, commercial, political, populist — seems invincible to those who look out upon the world from the standpoint of one or another fixed social or professional status. They do not fully feel, as I do, the force of the cancellation that these several traditions exercise upon one another. Therefore they do not perceive that the way to the renewal is wide open.

For twenty-five years or a little more I have had no absorbing preoccupation — save for frequent intervals of idleness and waste — but the problem of social mobilization: How to escape from the deadlock and disaster toward which the world is running. I should have preferred farm-

ing or a technical specialty or the pursuit of money to play with, rather than any intellectual or clerical profession — if I had not seen the social problem in terms of sharp antithesis challenging a definitive solution, and so luring me on to try my wits upon it in professional establishments and institutions. Always the quest was for a conception of social health and power that I could feel to be clear and scientific — a working knowledge of the kind of society that would really work.

I did not occupy myself with reforms, and no reform has ever interested me. For I have been forewarned that no change in forms can save us from failure. We require nothing less than a new and modern conception of the source and sanction of law and order; and an institution of commanding energy and authority to impose this modern definition of Right upon the severed parts and faculties of our disordered life.

It is of course impossible to believe that any institution of commanding authority can be brought into existence merely because discreet men see the need of it. Their discretion should go deeper. They should understand that an organ necessary to sustain the life of a living body must in the nature of things be already in existence in some vestigial or prophetic shape. Accordingly I have spent a quarter of a century in making

intimate acquaintance with the organs and functions that belong to what may be called the physiology of modern society. I have submitted to every professional discipline that seemed likely to help toward the discovery of the true emotional centre or vital plexus of modern communities — and to many other disciplines that are not called professional. I have absorbed myself by turns in the practice and routine of the law, the church, journalism, official life, finance, commerce, manufacture, agriculture — caring for each as if it were all, and turning away from each not in distaste or flagrant disability — but because I was pressed on to finish the search I had undertaken.

And now I am through; I have found what I was looking for — as anybody else might have done, with like persistence.

In attempting to exhibit to others what I have discovered I am assisted by the moving argument of events, written in the head-lines of all the newspapers.

CHAPTER II

THE EPIPHANY OF POWER

NOTHING in the record of mankind is more remarkable than the general assumption that goodness is naturally opposed to power — that right and might are irreconcilable. It is relevant to my purpose here to show: first, that this opposition is not natural, but factitious; second, that it had its origin in the oriental mind-sickness that has afflicted the race from immemorial times; and third, that this morbidity cannot survive the higher development of modern technology.

Observe first, that the contrast between virtue and power is not much felt on frontiers and in new lands. In Mr. Barrie's revealing drama called *The Admirable Crichton* there is an artistic exhibition of this truth. The efficient butler of a ship-wrecked English family, deploying in a crude and savage environment his latent resources of wisdom and valour, becomes the acknowledged head of the household. Thus, in a wilderness, natural rectitude coincides with social power. The case is different in old cities, and the playwright does not miss the clinching point of his demonstration. The family is rescued and re-

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turns to London; and there the butler's elemental dominance does not save him from social feebleness. In the last scene of the play he is presented in servile habit as of old, gliding noiselessly over the polished floors, in that hush of self-effacement which is supposed to be becoming to the good.

✓ It would not be difficult to show by historical studies that nearly all aristocracies have gained their original differential of power by their virtues. The traditions of the *beau monde* — patrician, gentry, Samurai — begins generally with a superiority in courage, in skill with tools and arms, and in practical understanding and social sensitiveness — the feeling of the reality and importance of the common life.

✓ But the experience of history is that this originating moral superiority of aristocracies does not last. It stifles itself in settled privilege. Thus it appears that the qualifications that preside at the origin of a ruling class are of a higher moral character than those that preserve its later power.

Ruling classes have their beginnings in pioneering or revolutionary moments when the salutary law of wealth and service breaks through the false tissue of social conventions. But as the social tissue knits again at the end of pioneering or revolutionary episodes, it has never yet failed, as a

matter of historic fact, to develop a law unfavourable to elemental virtue and offering promotion to ambitious men on terms quite other than those of natural worth. Hence has arisen the literary and popular assumption that no man or class can be trusted with power unless another man or class is set to watch. It is falsely supposed that aristocracies decay because power, in its very nature, is corrupting.

Now the truth is that power cleanses and integrates the will, to the extent that it is derived from courage and enterprise. The kind of power that properly belongs to a man does not corrupt him. He is corrupted only when he consents to exercise powers that are not his — that are merely imputed to him by a legal fiction. It is not in the character of strong men to take the lead in such inventions. Therefore it is inaccurate to say that power is corrupting, without specifying the kind of power that is meant. The strong do not corrupt the weak, but the weak the strong. Society in the large corrupts its *elite*. The vast tides of false social tradition have overwhelmed again and again, a thousand times, the adventures of high-spirited men toward a happier order of linked power and virtue.

This literary and popular notion that power necessarily tends toward moral debasement, is evi-

dently only a special phase of the wider mental phenomenon we are dealing with, to wit: the age-old separation between the thought of what is right and the thought of what is practical. Thus in setting out to discover why it is that aristocracies make their entrances by one law and their exits by another, we are brought in face of the question: Why is it so hard for the mass of men to believe in the goodness of power, or in the potential strength and prevalence of what is right? Why this age-long wistfulness — this abstract and passive devotion to the undoable, and this resigned engrossment in things that are confessedly of inferior interest and worth?

How is it that Americans — even Americans — have come to think that the business by which people get their living must of necessity be actuated by lower motives than those that are supposed to obtain in churches and law courts? Why do we have institutions to cultivate idealism as a specialty, and other quite different and wholly incommensurable institutions to cultivate practicality as a specialty? Why are we scandalized by the idea that there is a natural congruity between might and right? Why do we think of democracy as a delicate flower of the spirit growing in a sheltered garden — a flower that can be nurtured only in happy times and that needs to be walled

and made safe by something that is not democracy? Why do we imagine that the vital and definitive power of a nation, the power of arms, should be regarded as a peculiar cult, superseding the arts and the humanities in grave moments, and requiring that everybody in civil society should eat, sleep, work and think in unfamiliar moods and tenses? Why is it that nothing but war itself — a war of such magnitude that it is in effect the sum of all wars — can make us understand that war-power is only a by-product of creative power; and that the rule of the world belongs to those who do not keep their creative imagination, their vision of the right way to do things, in a chamber of the mind that does not communicate with the common living rooms?

The answer to this question — or to these questions, for they are all one and the same — is the key to the authentic science of society.

The study of mass action and the psychology of the crowd can never get beyond the refined empiricism of such writers as John Fiske and Gustave Le Bon — can never become true science, furnishing a basis for enterprise and prophecy — until the historical schism between the conceptive and the executive faculties of mankind, with its entail of futility and tragedy — is recognized by savants as the right point of departure. This is only

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another way of saying that we cannot begin to put order into our knowledge of what men in the mass have done or are likely to do — until we accept the fact that average men have never up to this time been normal men — while understanding at the same time that health is forever breaking through the settled absurdities, and that it is immensely contagious and must some day utterly prevail.

The academic psychologists talk about the fickle and convulsive mentality of the mob; but they commonly fail to observe that riots are made of precisely the same stuff as revolutions, and that the pathology of the mob-mind applies as well to the restless mutations of states and empires as to the swifter moods of street-rabbles.

The bottom reason why history is formless and irrational, subject to inconsequent changes and reactions and revealing no clear projective purpose, is that it is in the main a story of mobs. One must consent to the proposition that the human race hitherto has on the whole behaved itself very much in the manner of a mob — if only it be duly insisted and allowed that the records of the race are here and there shot through with illustrious stories of gathering order and noble reasonableness.

This is not a doctrine of pessimism. On the

contrary, it is a doctrine of faith and high expectancy. Unless one begins with an understanding of the fact that the historic peoples have never really done their best, it is impossible to believe in the possibility — much less the actual imminence — of a pentecost or an epiphany. Such an understanding lies in the background of the Christian doctrine of universal aberration, or original sin. It should be confessed that this idea has suffered monstrous and incredible caricatures and needs to be restated in terms that modern biology and psychology can accept. But it still stands on its own feet, and is bound to be vindicated as the base line of social science. The law of human aberration bears the general relation to sociology that the Newtonian law of gravitation bears to physics.

Paraphrasing Sir Isaac Newton's formula one may venture to say — by accommodation of course, since there is no real congruity between social and physical science — that a community's working-strength and fighting-strength diminishes with the increase of the square of the distance separating its political idealism from its business system; and that the energy of its repulsion for other communities, or disposition to fight them, increases in the same ratio. Stating the same principle from the standpoint of personal relations,

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we may set it down that the sanity and validity of the individual varies inversely as the square of the distance between his political ideals and his day's-work; and that he feels repulsion for persons of a different interest or persuasion and is moved to defend his own morals, with an impulse that is strong in the degree of their abstraction and invalidity. This is the same as to say that in proportion to the aloofness of a man's idealism, its lack of practical bearing upon his personal conduct, is he zealous to impose it upon other men.

It is due to no conscious hypocrisy, but to that more desperate malady of the mind, the blindness of the Pharisee, that the prosecution of an abstract or platonic virtue becomes an end in itself, a feverish infatuation, against which the temperate strength of those who invest their idealism in good work has only rarely prevailed. The champions of abstract principles of right can commonly command the suffrages of the crowd in proportion to the loftiness of their abstractions. Hence it has come to pass that nations have in general been ruled by men lacking in elemental strength, men whose power was in truth not theirs, but was imputed to them by a system of legal conventions.

The most civilized societies have most conspicuously been governed by the weak. These, while forever fierce to maintain their own moral theories

by sword and scaffold, have fortified themselves by a cult of pacifism — insisting that all moral questions ought to be settled by earnest conversation, without resort to elemental forces the nature of which they never have understood.

Under this immemorial rule of the weak, religion has been protected by those who lacked the energy of faith, the arts have been patronized by men having no ability to practise them, business has been bullied by people devoid of enterprise and the sacredness of property has been championed by those who never earned a meal.

Such is the state of human affairs that Christianity came into the world to cure. The question was: How can a fresh start be made on a normal basis? How may the frightful gap between the conceptive faculties of mankind and its executive faculties be closed up? What new motive or method can be invoked to restore men to wholeness or holiness?

Now if the sin, or schism, that splits life in two were grounded in the primordial character of man there would be no hope. The leopard does not change his spots nor the Ethiopian his skin — and celestial wings do not sprout from the shoulders of mortals. The reasonableness of the Christian enterprise rests wholly, and rests securely, upon the fact that sin is abnormal. It is not natural.

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Therefore it is curable. The blindness of the Pharisee is not beyond the reach of therapeutics — Father, forgive them, for they cannot see!

To say that the light in the ruling class of Judea had become darkness was to say that the abstraction of their legal logic and the extravagance of their national idealism had dulled their natural sense. It is a fact of moral pathology that every excess of sentimentality is balanced by sordidness. Super-righteousness is dogged by cruelty. And the treatment of any fine word — Truth, Honor, Humanity, Liberty — as if it were a real thing, blunts a man's interest in the embodiment of the thing.

Consider now the terrible consequences that flow from this pathological fact, and the desperate pass to which it brings the world — requiring a prodigy of love and faith to restore the health of society. Although in the deepest sense it is not natural for men to be sentimental and sordid, legal and cruel, magniloquent and mean, although it is true that in the mass we are not natural born fools but have rather achieved our rapturous and violent folly — still it remains an historical fact that this madness has propagated itself through the ages with dreadful contagion, and has become a kind of second nature.

Here lies the profound truth of what is called

original sin — the sin of Adam. It is not absurd to say — as in a parable, of course — that if the first of “articulately speaking men” (it is Homer’s significant phrase) had been an effectual artist or a good farmer instead of a futile moralist and rhetorician, the trouble would not have happened. For in view of the virulence of the contagion everything depended on getting started right.

The temptation is intrinsic and unescapable. We may understand that at a certain momentous epoch in the biologic process, a being broke into existence that could properly be called Man — because he could speak. The ability to use words is the power of abstract or conceptive thought. And that implies duality of consciousness — the birth of the imagination as a faculty capable of standing aloof and apart from the current of passing experience. With the entrance of this thaumaturgic power of abstract thought — the power to conceive things that do not exist and to live, if one pleases, in an unreal world — we have the stage set for the tragedy of the Temptation and Fall.

It is in the power of the Man to pass out of the realm of creaturehood and into the realm of creatorship. He can cease to be merely the Finest Thing Made, and can become the Maker

of Things. He can cease to be governed wholly by an external law and can begin to be self-governing. All he has to do is to hold himself together, to insist upon continuing to be all of one piece — as the naïve animals are. But he has a difficulty that they have not — since he has a new and marvellous consciousness that transcends reality and lures him away from the rough contacts of experience.

Shall he use his imagination — his power to conceive things that do not exist — as a means of escape from the harshness of reality? Or shall he become an artist — employing the power of the imagination to master the difficulties of existence and make new things exist? The Lord of Life advises him to take the latter course — tells him to dress and keep the Garden. That requires only red blood. It requires courage, faith in the practicability of one's own ideal. But behold! the Serpent — immemorial symbol of cold-blooded intellectuality, "the native hue of resolution sicklied o'er with the pale cast of thought" — offers a different, a disastrous counsel. Adam is advised to leave the conquest of nature to inferior beings and to devote himself to mental uplift and ethical culture — "to eat of the tree of the knowledge of good and evil."

The Man refuses to take God for granted and

elects to think his way to righteousness. He rejects the creative life and prefers to refine upon his creaturehood. And this choice we are told is the spring of the unnumbered woes that have fallen upon mankind.

Remember this story stands in the forefront of a literature recording the stages of a brave effort made by a particular race of Asiatics to escape from the spiritual thrall of the Orient. Asia to this day holds stubbornly to the choice that Adam is said to have made. The inner life of the East is mainly characterized in India by spiritual wistfulness, and in China by scholastic pedantry. The peoples of these lands may be said to be the most cultivated races on the planet. They are among the most unsuccessful in the dressing and keeping of the Garden. India has always been afflicted with mighty famines, and has never learned to water its deserts or drain its swamps. And China has not learned to make good roads or to uncover the vast coal-measures beneath its soil. China lies as a helpless and dangerous derelict adrift in the heaving sea of world-conflict.

There is point and pathos in the newspaper story that has recently gone the rounds, to the effect that twenty-five thousand persons in British India have been killed by snake-bites since the beginning of the War. The wile of distempered

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wisdom is still prevailing; the heel of the Son of the Woman has not yet bruised the serpent's head.

Sir Edwin Arnold in his *Light of Asia* writes: "The East bowed low before the West in silent, deep disdain; she heard the legions thunder past, then plunged in thought again." That is a true description of the pride and impotence of the Orient in its relation to the Occidental races.

Christianity crowns the scriptural tradition with a definite revolt from this orientalism — the substance of original sin. The historic Christ is an indissuadable apostate from the life of the Orient. He is an Asiatic standing with his back to Asia and stretching out his revealing hands toward Europe and America.

There are of course a mass of Oriental legends clustering about the timeless and incomparable name of Jesus. It is an offence to sound canons of historical and literary interpretation to suppose that these are characteristic of their subject. Men are not made famous for being like everybody else in their neighbourhood — though it is natural enough that their contemporaries should try to describe them in terms of their own habitual thought. If Jesus had been what the orientalizers among us suppose him to have been, he would have been lost in the Palestinian census. It is

absurd to state the meaning of a man whose fame after two thousand years is worship, in terms that are not distinguishable from the pre-Christian cult of yogis, or the orthodoxy of the doctors he disputed with.

Jesus is the pivotal personality of the ages because he pioneered the way of escape from the morbid ideality and intellectualism that had complete possession of the *orbis terrarum* of his day. He was crucified because he was alone in the world and had declared war against it. He strove mightily not to be alone. He did not intend to be a victim — nor refuse to be. His intolerable offence was his awful realism — his emphasis of the preciousness of incarnate life. He insisted, in the teeth of the scribes and doctors — and of Socrates, Plato and Aristotle — that the fine thing to do with the mind is to en flesh it — to spend its force upon living stuff and substance.

To make much of the words of Christ is to make sure of misunderstanding him. Did he say this, or that? — it doesn't much matter. He is not a philosopher, but rather a man of affairs — the first and authentic type of that new order. He is the despair of philosophers, because he comes to deliver the world from the rule of words. He is the inventor of credit-capital,

social commerce and the corporate idea. That is to say, he is the prime illustrator of the practical value of faith, the advantages of level reciprocity and the power of free combination.

The ecumenical church was the projection of the personality of Jesus. It spent itself and was lost four hundred years ago, though not beyond recovery in another form. It was the world's most magnificent and successful experiment in social administration. Its success was due to its militant realism — its conquest of racial prejudice, puristic religiosity and the doctrinairism of sects. Its failure was due to a revival in the world at large of the malignancy of its old diseases.

To think of Jesus as a proletarian reformer, a champion of the poor, striving to broaden down the social law to the level of the disinherited, is to blunt the point of his world-transforming enterprise. He undertook to normalize society, to deliver it from its inherent deadlock — by cancelling out the legal fictions that support the arbitrary power of incompetents. He set out to establish on a basis of social authority the intrinsic and self-vindicating strength of the sane.

In proclaiming the rule of the servant Jesus penetrated the oriental and classical illusion that assumes the weakness of those who spend their imagination and devotion in physical ministries to

life. He saw in the tender carefulness of a serving-man for the comfort of his master a celebration of the spiritual mastery of material things in their relation to living persons. To him this was a foreshowing of that artistic-scientific power — the power of great builders, chemists, artists and engineers — which is assuredly destined to take the control of politics out of the nerveless hands of legalists and rhetoricians.

By dint of profound sanity, a genius of simplicity that was proof against sophistication, Jesus understood a truth that is now at last beginning to be apparent even to pedagogic psychologists, to wit: that energy of will and intellect is the ability to make firm decisions concerning the relative worth of things for the practical uses of life; and consequently that powerful personalities cannot be bred otherwise than in eager and interested contact with material values and life-sustaining processes. Jesus knew that it had been provided in the ground-plan of the world that people who live by their legal privileges, in aloofness from the life-struggle, shall decline in intelligence and personal force. To say that the servant shall rule at length is to prophesy in terms of science. It amounts merely to saying that the strong shall rule at length.

The Church of the Middle Ages was a pioneer-

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ing adventure toward a sane social system — a system in which personal validity becomes the same thing as social authority. This is the heart of the democratic idea. And the Church of the great ecclesiastical administrators was a social order that crossed the frontiers of race and caste and opened the way for a peasant man of whatever breed to mount to the throne of the Servant of Servants. How lethal is the spell of prescriptive time! We talk now of an ecumenic conscience, power, social order — as if it were a dream of benevolent hope, taxing the credulity of realistic minds. Yet the thing was once done — and stood for a thousand years. We have simply forgotten. We have forgotten that a super-national world-order was once an accomplished fact.

We have forgotten that many generations of men like ourselves tilled the soil, built cities, went about their daily work and play, nourished and sustained in the confident expectation that the best that could befall mankind was planned and half-accomplished in the actual living body of the Church. But the breath of the spiritual plague of Asia, the malific east-wind that blows across the world — blighted that expectation. It was not to be — in that manner. We were not to arrive at the Great Deliverance by the way of the Militant Church, but by the way of another

militancy less gracious, and less creditable to the human spirit.

It was possible in either of two ways to bring into the light of universal acknowledgment the truth that service is stronger than privilege, and that goodness and power are in the ground-plan of nature one and the same thing. The way of the Church was that Goodness should go forth into the world proclaiming its right of dominion and summoning the free wills of men to the conquest of the Kingdom. That way came within sight of success. It covered the world with the organic tissues of a new and transforming order. But on the whole, we say, it failed. In the sixteenth century the hope of the militant and ecumenic church was practically abandoned. Men ceased to believe that goodness could fight, that it could mass its forces and conquer the world. The institutions of the ideal were thrust out of the forum and market-place. The church became the ward of the state, and was left to nourish its hope in a region of high abstraction.

[The plot that has culminated in the Great War began to work out its fatalities four hundred years ago. But these fatalities are not wholly tragic. On the contrary, they lead straight to the goal toward which the militant church strove — but now by a different road.

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The Church said: Given the organization of goodness on a grand scale and we shall arrive at power. But it is equally true to say: Given the organization of power on a grand scale and we shall arrive at goodness. For four centuries of travail we have been moving toward the rule of the servant through the organization of earth-subduing power on an ever widening basis. The modern development of technological industry forces us, even against our will and purpose, to the discovery of the spiritual laws of society.

Percival Lowell, sitting with his eye to his great telescope at Flagstaff, Arizona, in absorbed contemplation of the planet Mars, supposed that he was gazing upon a world that was able to sustain its life only by a complete social unity centring in an intense devotion to the practical arts. His theory was that the astonishing net-work of geometrical lines appearing upon the face of the planet is in fact a system of canals belonging to a prodigious system of irrigation; that the diminishing moisture in their atmosphere must have forced the Martian people into the finest economy of the forces of life and of nature for the maintenance of a food supply, and must therefore have developed a form of social organization in which high place and power could be achieved only by those who manifestly excelled in social service.

Now high technology and the Great War are accomplishing on our planet something like what Lowell imagined concerning Mars. The rise of technical science and the machine process, with the consequent grand-scale social organization for work, have left law and morals far behind. Our legal and moral conceptions, our ideas of right, duty, property, punishment, authority and so on, are reminiscent of the Old Testament or of the antique Mediterranean culture cherished in classical schools. We have gone on defining personal and property rights in a mood that has no relation at all to the need of putting the control of tools into competent hands, or any other consideration of social economy and efficiency. The war is the explosion of this absurdity. Now for a moment the energy of the machines is turned against the life of the race. There is dearth everywhere and dire extremity. We are reduced to the plight of the planet Mars. There is no exit from such distress except the road that Mr. Lowell suggested. We shall have a new social order in which virtue shall be linked with property and authority, and in which a man's goodness shall be defined in the pragmatic terms of the New Testament: I was cold, hungry, naked, and he produced the fuel, the food and the clothes.

There are several steps in this disentanglement.

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Substantially as follows the record may be expected to run. Germany precipitated the catastrophe because Germany was of all countries the most antique in political morals and the most modern in tools. The Teutons had acquired a differential advantage in tool-power because they had invested a small percentage of their political idealism in a direct effort to advance the industrial arts, while the other great nations, excepting perhaps Japan, had reserved their political idealism for other uses. But idealism when turned earthward becomes formidable. It can fight. Thus Germany made war — a war of industrial systems vitalized by diverse degrees of practical idealism. England, France, Italy begin to invest their moral virtue in the machines. But their available percentage is too low, for the moment. Russia drops out and relapses into feebleness, because she is oriental at heart and cannot put the power of dreams into tools. America girds herself. She has immense reserves of creative strength drawn out of every nation under heaven and nurtured on the bosom of a fresh continent; but her sectarian religion, her party politics, her academic culture, had been aimed at the sky. With one voice they had protested against the abuses of business and had restrained some of them — a little; but they had never cast their pas-

sion for beauty and truth and goodness into the engines of industry as fuel and fire. Yet now the day had come in which this must be done.

I say we are living in the grey morning of an apocalyptic day, because I am acquainted with the American people and the peoples of western Europe, and know the largeness of their spiritual reserves. Without that knowledge it would be reasonable to suppose from the face of the facts that Germany would win for the present. In that case the day of the great change would be postponed — and there would be a much longer agony of parturition.

There may be brief pauses, truces, futile diplomacies — but the West will not submit to Central Europe. I expect the great change to be precipitated in the United States, and I think it will come quickly because the only alternative is the universal prevalence for a generation or so, of the Teutonic political type — entailing wars upon wars with only breathing-spaces between.

But the United States cannot prevail over Teutonism in the near future — cannot compress the world-agony into a narrow compass of time — without committing itself at once to a profound internal renovation that will involve every institution of business, politics, religion and culture. We may continue for a moment to think of these

changes as war-measures; but they will be irrefragable. The short statement of the case is that we are now obliged to make a permanent investment in physical business, of at least fifty-one per cent of our intellectual and emotional energy — most of which has hitherto been used to turn the windmills of an abstract and impotent idealism.

If our national reserves of elemental health prove to be inadequate for the present emergency, if we are not yet able to direct the major part of our idealism to the romance of reality — our failure will postpone, but cannot prevent, the coming of the great change. The postponement can hardly reach beyond the middle of the century. For the very existence of modern grand-scale industry, with its universal credit-accounting and the enforced mutuality of the machine, forces the spiritual issue with an irresistible hand. Grand-scale industry is fatal to the rule of abstract idealism — the physically irrelevant kind of goodness and rightness that obtains in our actual churches, schools, courts and chambers of commerce. It is fatal to that rule not directly and obviously, but in a manner that is none the less decisive.

When industry becomes organized on a national or international scale it drives the rule of abstract idealism to suicide. There is no possibility of escape. The march of the fatality is as irre-

sistible as the movement of an Æschylean play. The economy of small and unintegrated crafts that preceded the machine process or what is called "the great industry," could manage to exist for a thousand years under the sway of an antique legalism. For small-scale industry can keep tolerably close to the natural laws of life, in spite of the worst that lawyers and politician may do; it can follow the instinctive law that yields craft-mastership only to those who have proved their fitness. But when the agencies that sustain the life of a great nation become linked in a single indissoluble system, the safe and instinctive rule of the craft-master is thrown into the background, and the control of the life-sustaining system is committed for weal or woe to such masters as the conventional laws of property and precedence may happen to endue with power.

Thus the great industry challenges the existence of the old transcendental legalism by submitting to it, committing the life of the nation to it, and so exposing its physical feebleness and incompetency. The old juristic order is forced to undertake a work that it is unable to perform, and is therefore driven to self-destruction. Its definitions of personal and property rights are found to be wholly out of drawing with the facts of life.

The discrepancy is first revealed in the yawning

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of an unbridgeable chasm between "labour" and "capital" — between those who live by the natural law of physical function and those who depend for their existence upon the validation of conventional claims. It is discovered that the lowest depths of poverty are reached in the countries that have the highest per capita rate of income, and that the schism between riches and poverty does not tend to close up, but rather to widen, with the increase of documentary wealth. Thereupon it is made evident to competent observers that the self-destruction of the old legal order cannot be postponed in any country save by expansion of its credit and commerce to fresh lands. But the international rivalry for the possession of fresh fields must of necessity produce war; and this is the swiftest way of suicide for the powers of transcendental politics. For modern wars are waged primarily with tools; and victory in such warfare must inevitably rest with the contestant who is able to invest the highest percentage of his intellectual and moral force in the practical arts.

These considerations furnish, I think, solid grounds of assurance that the greatest of human events is either close at hand or else will be reached by the mid-century. The world will be delivered at last from the immemorial deadlock between idealism and enterprise; the creative imagination

will master the machines in the service of art, and of a finer civility than we have known.

War will come to an end quite incidentally and as a matter of course — with the rise of a great people emotionally devoted to the creative process and therefore sovereign in the realm of chemical and physical force. Such a people will hold the hegemony of a universal alliance — by the diffusion of its goodness and by the compulsion of its power.

CHAPTER III

THE POLITICAL LAW OF EXPLOITATION

POLITICS is the art and science of human mass action. To know something of politics is to know something of how and why men are moved to act together. It appears to be the first rule of politics that men act together to get things that they cannot get by acting separately; and that community of interest in material things is the basic fact of mass action. Man is "a political animal" — in Aristotle's well-worn phrase — because he is the only living thing with imaginative and forecasting desires — desires that run far into the future. Man is political because he plans for the future. And all the uncovenanted and universal laws of politics are related to this forward-looking toward a common satisfaction.

It is commonly said that political organizations are conservative when the main motive that holds them together is the desire to keep and defend what they have; and radical, when the cohesion is furnished by a common desire to get something they lack. But this distinction is superficial and misleading. The conservatives are held together

by a common desire for things not yet achieved — exactly as the radicals are. Politics is not a science of fixed facts, but of moving forces. No class, party, or nation can stop for a single moment. The law of the group is that it must strive for more and more, must go on and on — or else disintegrate. The desire of the heart for a more abundant life — whether of love or lust, of art or ravin — is inextinguishable. Men are never satisfied *en masse*. If there are satisfied individuals they have no politics.

Thus conservatives in politics are not satisfied people, but people who think they can get what they want out of existing social arrangements; and progressives or radicals are those who think they can not — and therefore are moved to insist upon other and different arrangements. The student of politics should keep in mind the fact that it is not the arrangements that matter; it is the community of interest that matters. It may be observed in historic study, that if a dominant class or party can maintain its mutuality of desire it can keep its place under almost any arrangements. Successful politicians do not fail to keep this fact in mind. The unsuccessful miss it.

Now the fatality of the historic class struggle — its general failure to eventuate in social happiness — lies in the illusion that political ar-

rangements are matters of primary importance — whereas they are in fact little else than shibboleths and war-cries whereby the *esprit de corps* of parties is maintained. Consider the wrecks of reform that have strewn the barren strand of politics during the last two or three decades in this country — reform of the civil service, the anti-trust movement, tariff revision, the struggle for direct primaries, the initiative and referendum, or Mr. Roosevelt's stand at Armageddon and battle for the Lord. These things have hardly touched the solidarity of organized well-being in its contest with the uncomfortable. They have not affected the fundamental political issue.

Nothing can hold a political organization together but a common hope of an enlarged estate. And nothing can materially affect the balance of classes and parties save a change of direction in the force of desire. The politician who thought to stigmatize the party of his opponents as "an organized appetite," did not fall far short of a scientific definition of all parties, all classes and all nations. He was thinking no doubt of the coarser ambitions. But in real life the coarse are mixed with the fine; and no desire that can be called political is without a solid physical basis. Thus we arrive at what may be called the political law of exploitation.

It may be set down as a datum of politics that mass action cannot move otherwise than toward a physical conquest. I believe this law is irrefragible; and that if it cannot be made to operate wholesomely, it will operate unwholesomely. If the current of exploitative energy is not turned directly against the obstacles and resistances of nature, it will be turned against men of rival groups. *There can never be a wholesome and salutary politics that is not in the nature of a conspiracy for the advancement of the arts and the exploitation of the physical universe. Until we arrive at that political conception, it will remain true that the only alternative to class antagonism is the antagonism of nations.*

In the realm of pure intellect and moral abstraction men are monads. The drama of politics is not enacted in that realm. To be sure, the abstract ideal is of infinite significance. It is the most precious possession of the private heart. It gives every man his chance to do his own proper and unique work in the material world — a work impossible to any other man. But men cannot be bound together for effective action by standardizing their ideals. To attempt to do so is not only to fail in the action, but also to dry up the inner sources of passion and power.

This is the fatuity of religious sects, and human-

itarian cults, of propagandist statesmen and the radical intelligensia. The historic church in its great days suppressed the speculative sects because they standardized ideals. They stifled the individual and sapped the fighting strength of militant Catholicism in its struggle against the narrow racialism and Chauvinism of the times. Groups with standardized ideals have always hated art, and enterprise, and have been ineffectual and fanatical in their social impact — from the Waldenses and Albigenses to the followers of Billy Sunday.

The effectual meeting of human beings can be accomplished only on material grounds. It is as Emerson said, "We descend to meet." Thus the canon of politics is that *persistent mass action can be got only where there is a common participation in the gains and honours of an advancing exploitation*. This truth comes to light by putting together the two principles stated above, namely: that nothing but a material community of interest can bring men together for action; and that masses must move constantly or disintegrate.

For thousands of years moralists and political philosophers have sought a cure for poverty and war. Their quest has been unrequited because they have generally lived and wrought under the shadow of the immemorial illusion that the drama

of politics is enacted on the stage of the intellect. Thomas De Quincey says somewhere, with whimsical overemphasis of a primary truth, that "the intellect is the meanest of all human faculties." The truth is that the intellect stands in such a relation to the primal passion of life that it is not fitted to furnish a program of conduct for the individual, or a constitutional pattern for society.

The life-forces transcend and over-pass all programs and constitutions. It is impossible to make a beginning in the science of politics until it is understood that the subject matter is not static but dynamic. From that point of view it should not be difficult to see that it is quite impossible to solve the war-problem or the poverty-problem by mere refinement upon the definitions of property and territorial sovereignty. The terms we have to deal with are forces moving with an incalculable momentum. If we will but seize that fact and will understand also that human masses in motion must necessarily spend themselves upon objects of desire that have a physical embodiment, we shall be well on the way toward a definitive solution of the primary problems of politics.

The question narrows itself to this: How can these human masses that are always in motion toward a physical conquest or exploitation be kept from subjugating and exploiting each other?

The answer is so plain that one hesitates to state it with iteration, for fear of the discourtesy of mental patronage. Is it not clear that we can never escape from poverty and war save by turning the exploitative energy of group interests directly against the resistance of nature?

I have undertaken to show in this book that the modern working organization — the system of credit-capital, contractualism and corporate enterprise — needs only to be made self-consistent in order to furnish an admirable engineering apparatus or social technique for the deploying of the forces of a community against hunger and cold, ugliness and cheerlessness, feebleness and defencelessness. Before the development of this apparatus and technique it was indeed difficult to conceive how a grand-scale exploitation of nature — with wide-spreading and ever-deepening community of interest — could in practical fact be worked out. But now it is not difficult. The intelligent imagination finds now no obstacle to the conception of a vast society with immeasurable mental powers and vital energies invested in an orderly exploitation of the infinite resources of nature.

If one will take the trouble to think about this matter, he will see that a society devoted to such an exploitation would certainly be stronger, for

peace or war, than any neighbouring society devoted to an internecine exploitation. With a little further reflection one may see also that no nation expressly organized to prey upon other nations (if such a thing were a moral possibility, which happily it is not) could acquire incidentally, and as it were with the left hand, a technological ability or power of tools and arms that could possibly give a tremor of fear to a people whose mental passion was artistic and scientific.

The mutual exploitation of classes and nations has been the most constant factor of history — simply because no class or nation has, up to this time, had wisdom and understanding enough to turn the passion of its desire directly upon the infinite stores of value that art and science can unlock. Men have stolen each other's clothes and bread, under warrant of legal sophistications and the morbid moralities of war, because they had not political sense enough to mass their forces for the exploitation of chemistry and physics. There are lush fields and glittering palaces hidden in unexploited nature and in the fallows of the mind under the briars of ancient fears and frauds.

Up to this moment there has never on earth existed such a thing as a class or a social system organized for the purpose of producing wealth. The motive of class interest and the emphasis of

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social law have left the creative process on one side, to shift as best it might — while the struggle went on for the control of the product.

We shall escape from poverty and war at a point a little beyond the moment when the production of wealth becomes the direct aim of a political party.

On the other hand, the world will continue to waste its strength under the inexorable political law of exploitation, until we escape from the illusion that men can act in masses for purely ideal or metaphysical ends.

CHAPTER IV

REVOLUTIONS TOWARD EVOLUTION

THE doctrine of evolution, as generally understood in our times, has been an obstacle to the development of a genuine and useful politics, or science of society. For that doctrine has exposed us to reformers, who have put patches on an old garment and dissuaded us from demanding a new coat. There will be time enough for social evolution when we once get started right. Meanwhile the thing that society needs is not reform but regeneration.

Politics has not yet entered into its age of evolution. Its history hitherto has been a succession of minor and tentative revolutions. These are to be understood as instinctive efforts to escape from states and stateliness — from fixed status, statistics and every other word and thing that goes with the conception that society ought to stand still. The revolutions all run in favour of mobilization — disclosing a profound preference of human nature for a social constitution that is not framed to keep things fixed, but to keep things moving. The revolutions agree in nothing but

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this: they all alike imply that social life is not a condition but a career, that static law is sickness and dynamic law is health.

Evolution is the health toward which the revolutions yearn. But no revolution hitherto has been successful; none has succeeded in establishing this principle of health. I think the least unsuccessful revolution was that which produced the historic Church in the midst of the Mediterranean decadence. And next in significance was the revolt that severed America from European politics.

It appears that societies are more or less valid according to the amount of imaginative or conceptive power they spend in life-nourishing enterprise. Unhappily the social drift has always run rather to abstract ethics than to enterprise. In every country people spend much more effort in dividing goods than in producing them. They are more concerned to get the apportionment right than to increase the product. They are ready to starve for a fine legality.

For thousands of years the practical arts have languished and the deserts of the planet have gained upon the arable land, because no society has made sound investment of a major part of its mentality. *A fifty-one percent investment in the practical arts, on the part of any social sys-*

tem massive enough to make a demonstration, would be climacteric — would inaugurate the age of social evolution.

I mean to say that such a society would accomplish the absolute revolution to which all other revolutions are relative and provisional. It can be shown, in the nature of things, that this absolute revolution would be universally diffusive. And it would be persistent; it could not suffer relapse. It would put a definitive period to the age of revolutions, because it would guarantee the world's mobilization for a career of continuous improvement. The age of social evolution would begin.

The gains of civility and art made hitherto, are all insecure, and may possibly be lost. But there are diminishing degrees of insecurity. We have at this moment pressed down toward a minimum the possibility of total loss. That is the character of our progress hitherto. We have made progress toward the entrance into an estate in which progress shall be cumulative and assured.

History is strewn with the wrecks of progress. Arts and manners have been won and lost a thousand times. There was small chance of the perpetuity of gains in ages when the civil systems had low percentages of productive power. For the low percentages are not contagious across

frontiers. They rather excite antagonism — as individuals are repelled from each other by the display of accomplishments that are unmaturing, and not yet centred in the heart of life.

Periclean Athens, with a creative or actualizing power that exercised say, about fifteen percent of its mental force, rose like an alp out of a plain of oriental resignation, that elsewhere did not lift itself to an art-level of five percent. The ancient Greeks at their best were weak in the basic arts, had a precarious food-supply, bad roads and cold wintering in their houses. And they were poor in shipping and dreaded the open sea at night. On the whole their productive skills were less contagious than their intellectual vices. Socrates hated the thought of physical science. Plato fixed the evil bent of the world toward the treatment of words as if they were things. Aristotle became the oracle of mediaeval scholasticism and of all "the splitters of cummin-seed" unto this day. His formal logic was the manacle of science that Francis Bacon strove to break. We are told by Plutarch that Archimedes thought it beneath the dignity of a philosopher to apply his discoveries in physics to practical uses.

Taking coarse arts with fine as being all essentially of the same stuff — and understanding that it is rather wholesomer to begin with the coarse

than with the fine — we may say that the art-power of Augustan or Aurelian Rome, of the Spanish Moors, of the free cities of the Italian Renaissance, of the Hanseatic towns, of the Dutch Republic, of Elizabethan England, was distinctly superior to the best of Greece, and reached percentages, in these several times and places, varying perhaps from fifteen to twenty-five.

The United States, between 1820 and the Spanish war, made an extraordinary mental investment in enterprise — along the elastic lines of its western frontier. I should say that in that period we probably reached a percentage approximating thirty. This achievement was perhaps unrivalled, up to the first of August, 1914, by any civil society save the German empire. At the outbreak of the war the Germans seem to have had a somewhat higher degree of emotional interest in the practical arts than any other people. Presumably that is the reason why they have been able to force the battleline in every quarter beyond their own frontiers.

It is to be understood of course that a nation with a third of its conceptive mind turned to the practical arts may easily be less sane than one that does its day's work with a lower percentage of art-power. Working-strength and fighting-strength grow indeed with every increment of

realistic idealism, even in the lower percentages; but there is no guarantee of sanity until the higher percentages are reached — i.e., until the interest in reality becomes preponderant. A nation that spends two-thirds of its mind in Hegelian and Fichteian metaphysics, or in the bloodless fatalism of Marx and Haeckel, may be very much madder than another nation that wastes three-fourths of its mentality in milder follies.

Old-fashioned clergymen are wont to say that a man's righteousness is filthy rags, until it reaches the pitch of definitive conversion; and they are profoundly right in principle. Thus, strictly speaking, there is no solid moral value in the social gains that have crept toward realism and veracity through the ages, but have not yet arrived at that majority interest in the creative process without which the moral integrity of society cannot make a real beginning.

Let it be understood also that to say that a third of the national mind of Germany has been applied to the practical arts and that Germany has corresponding strength, is not to set up a scale for the measurement of German efficiency. Indeed it is quite impossible to establish a general scale for the measurement of efficiency, because the possibilities of creative intelligence are practically infinite.

If, however, we had been asked in 1914 to venture a surmise as to the comparative productive competency of Germany and England, with reference to the possibilities then in sight, I should have said that Germany had something like a five percent efficiency and that England's figure was about two percent. It was to be noted, however, that Germany's superiority was mainly due to the fact that her political oligarchy checked and limited the wastes of her financial oligarchy; and that the antique political system that gave Germany her five percent, would probably keep her from getting much more than that — while England and the other democratic countries had only to correct their plutocratic bias in order to achieve a degree of working-power and fighting-power that would easily double or quadruple the German percentage.

Here we have the chief paradox that has confused the issues of the war. The truth is that political autocracy on the German feudal-mediaeval model has served an important use in our time, through the restraint it has laid upon unsocial and uneconomic wealth. The autocracy of Germany has forced the hand of the democracies — compelling them “to leap from their seats and contend for their lives.” The life of democracy cannot be saved and fulfilled without purga-

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tion of the plutocratic poison; and that is what the war is accomplishing for us. When it has been accomplished, autocratic politics will have served its turn; it will have no further use and will pass out of history. It cannot endure, because, though it is stronger than the rule of un-socialized finance, it is immeasurably weaker than the authentic order of democracy.

It is possible to understand why dynastic or personal government has had a belated revival in Central Europe during the last half-century, if one will but consider the obvious elasticity of personal government as compared with what we in America call "government not by men but by laws." A satirist might say we are governed not by men but by lawyers. And all the western democracies have suffered a kind of senile necrosis and hardening of the arteries because of the predominance in their politics of that cold impersonal legalism which was the ideal of Pharisaic Judea, Stoic Greece and juristic Rome.

There have been moments in our recent history when it appeared that the United States was the most immobile and reactionary of modern nations — as indeed it is unquestionable that it has undergone fewer constitutional changes in a hundred and thirty-five years than any other great commonwealth. But England and France have also been

gravely afflicted with legal rigidity; and up to the outbreak of the war they had succeeded no better than we had, in making political and legal adjustment to the new and revolutionary conditions entailed by the rise of capitalism and the great industry.

It was by means of a revival of the mediaeval principle of personal government that Germany managed, not indeed to harmonize business and politics — no nation has yet succeeded in doing that — but to make the contradiction between the two a little less crippling and disabling than was the case in the western democracies. It would have been difficult, in the spring of 1914, for us to understand this truth that personal government is more favourable to the mobilization of industrial power than is parliamentary liberalism and the rule of lawyers; but it ought not to be difficult now. For upon the outbreak of war, did not the western democracies swiftly and intuitively put their incrustated legality aside and resort, by common consent and without debate, to the succour of personal government? In the United States the President became general receiver of political powers; and a like thing had already happened in England and France.

The deep truth is that we are feeling our way, or if you please, hewing our way — toward a

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politics which, so far from fondly patterning itself upon the classic models of the Mediterranean world — the world of abstract righteousness and legal logic — must definitively turn its back on those models. The new politics will engross itself in a conception of right and duty that is serviceable for the mobilizing of working forces. Its law will have an adaptiveness and humanism, recalling the moral freedom and chivalry of the later Middle Ages or the Renaissance period, rather than the stone tables of Moses or the rescripts of Justinian.

Meanwhile personal government is a transitional device, or say rather a life-preserving impulse of atavistic instinct, whereby we return for a moment to the Middle Ages to get a footing there, from which to shake off a still more obsessing atavism — the cold hard-mindedness of our Graeco-Roman law.

It is indeed certain that autocracy cannot live in the atmosphere of a world that is mobilized for work. And personal government has had its moment of revival, only because it is less hateful than the impersonal autocracy of money. The autocracy of money is rooted in a soil of passionless legalism. The war has ploughed up the roots of this autocracy and is now sowing the soil with salt. The law cannot grow there any more.

The Pharisees cried in the courtyard of Pontius Pilate: We have a law, and by our law he ought to die! Obviously the significance of that tragic episode is the irreducible antagonism between cold intellect and creative life. It is plainly deducible from this truth that the modern working world cannot be successfully managed by lawyers. The successful conduct of a vast and complicated creative enterprise requires that justice shall move in a sliding scale, that the mood of the engineer shall displace that of the lawyer, and that the question of the right division of goods shall be regarded as a detail of the problem of production. In a society organized for the advancement of the arts it must needs be the general law of property that those who have personal ability to produce values should have legal control of the necessary equipment.

It was of course quite impossible to get this idea, full-orbed, into the Sanhedrin, the Socratic Academy or the Roman Senate. The old civilizations were so thoroughly preoccupied with the ethical apportionment of rights and duties, and with the ideal division of the good things of life, that they had only small fractions of intelligence left for the production of good things. After the puritanic Hebraizers and the scholastic classicists have had their say and ceased, it remains to be

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said that the convincing criterion by which to measure the advancement of civilization is not nicety of division, but power to create. I venture to believe that we are approaching the grand climacteric of the ages — a moment significant beyond any other epoch — because of evident signs that *there is about to appear on the field of history, for the first time since the world began, a people more concerned to produce goods than to divide them — more interested in creative art than in distributive justice.*

I do not say that this people will be careless of property rights — but that it will begin to define property in terms that do not hinder, but help, the creative process. I do not say that it will evince any nobler motive than is actually operative — but only that the scale of competing motives is now turning, as by a pennyweight or the fraction of a gram. At a certain juncture near at hand, the preponderance of the emotional energy of the people will begin to work toward integrity and health — so that they cannot return to the confusion of spirit and the thrall of those inner contradictions that have shattered all the societies we have known.

And the escape of one people will imply and entail the escape of all. *For the difference in degree of healthy social motive that pushes the*

healing force from a percentage of forty-nine to fifty-one, shifts the corporate administration, and produces a new and indomitable kind of social order, against which no extant system can compete in body or spirit, with tools or with arms.

The competition among communities that will be inaugurated by this event will be of an unprecedented kind. It will be a rivalry in economy of life — a strife to fulfil the engineering formula: maximum use-value with minimum man-strain. To make the human spirit at home in the material world, to better the leverage of the human arm over the forces of nature and the difficulties of existence, to increase the purchasing-power of a day's work, to make goods cheap and men dear — such is the enterprise to which the whole world will be not only invited but constrained, by the advent of a corporate order that is determined to nourish its own life by the advancement of the arts. No rival order can refuse to enter the lists of such a competition — on peril of voiding itself of its own intelligence and valour, and making itself an Adullam's cave of dishonesty and incompetence.

CHAPTER V

OUR ESCAPE FROM UTOPIA

WHEN I was a very young attorney at law, John Austin's classic work on jurisprudence was put into my hands by a certain eminent member of the New York bar, whom I was fain to regard as the man of all men that I could look up to as an intellectual master and mentor. I was told that this book, better than any other, established the study of law on a scientific basis. But it turned out that the book had precisely the opposite effect on my mind to that intended by my kind preceptor. So far from supplying me with a scientific basis for my unordered legal knowledge, it convinced me that the law of our tradition is an air-castle — and *has* no scientific basis.

Austin plans his famous work not on the realities of nature or experience, but upon metaphysical conceptions. He begins with a pure myth, to wit — the doctrine that there exists somewhere in the body of every human society an organ endowed with right and power to tell people what they ought to do. This imaginary organ he calls

Sovereignty, and he gets no nearer the solid ground of science than the conception that a law is "a rule of action imposed by a sovereign upon a subject," or "a rule imposed upon one person by another person having power over him." One has but to realize that such abstractions as these are the best we have in the way of an intellectual frame-work for jurisprudence, in order to see that the fabric is unmodern, and out of drawing with the earth-wrestling realism of an industrial age.

The spirit of our jurisprudence is two thousand years behind the clock. It reflects the disputations of Grecian philosophy and the transcendentalism of mediaeval schoolmen. It fails to grasp the idea that the power of legal compulsion lies in first-hand access to elemental forces—the forces, if you please, of chemistry and physics.

Speaking in more modern terms one might say that a law is an administrative order, issuing from a central office of economic control to offices that are not central. I am not now attempting to define what will be, or ought to be, but what is, and always has been—in ancient as in modern times. The trouble with the ancient lawyers was that they refused to face the facts that were before their eyes. So strong then, as now, was the common wish of the ruling class to give law a lofty sanction, that the wish begot the thought and the

belief that law was, in actual fact, a thing of pure reason — gathering to itself might, because of its reasonableness, but not by any means to be identified with the administration of constraining power. Yet in sober reality it must always have been true that legal right to govern and paramount control of life-sustaining processes were in the same hands, and were in effect one and the same thing.

You read such a statement as this I have just made, and it may be that your mind will react upon it with repugnance — as if it contained a doctrine of human degradation. But that would be a misunderstanding. It is not discreditable to human nature to say that government and might are the same thing. The history of the race has not been disgraced by that fact, but by the denial of it. And here we again come in sight of the capital truth that I am striving, in so many and diverse ways, to bring into the light, namely: *That the constitutional health of the mind requires that it shall abandon the attempt to build for itself a utopia beyond the reach of nature, and that it shall on the contrary turn its miraculous imagination earthward, to seize upon the forces of nature and transmute them into forces of art.* For try as we may to escape from nature

by projecting the imagination into the thin air of metaphysics, we do not really escape, but only commit ourselves to harmful illusions.

The utopias of transcendental law remain utopias and nothing more. They have no substantial embodiment. The forces that sustain civil law and those that sustain life remain inseparable. And our wanton efforts toward an unnatural and uneconomic exaltation of law result only in this — that our social estate is exposed to the blind forces of hunger, hate and fear in precisely the degree that we have wasted in the fabrication and defence of legal futilities, the imaginative energy that should have nourished life.

The grim truth of history that social changes have as a matter of fact largely followed the lines of hunger, needs to be sharply distinguished from the false notion that they must necessarily do so. Those who talk of "the economic interpretation of history," and mean to imply by that phrase that the rule of the stomach is established in the ground-plan of human life — do not know their world. The speciousness of their theory is due wholly to the fact that economics has been orphaned by culture and law. Consequently it has disgraced and degraded the social order that has denied it nurture. The course of history has

moved with a dreadful fatality, because the idealism that should and could have guided it to illustrious ends, has been wasted in utopias.

So far as German culture may be said to mean the investment of imaginative powers in technology and economics, it seems to be valid, and may well outlast the culture that confines itself to libraries and dotes upon excellent states of mind. But the idea that nations can prevail by dint of surpassing violence is manifestly absurd. And the notion that a ruthless and insensitive blood-lust can assure survival in the rivalry of nations, is a coarse travesty of biologic science.

It is quite true that nations do not acquire prevailing strength by ethical or intellectual culture of the kind affected by privileged classes. There is no working power or fighting power in those who refuse to concern themselves with life-sustaining problems and the physical interests of society. Nevertheless it is obvious that the kind of strength that matters most is intellectual and moral. The strength that counts in modern industry and war is not physical but mental. Probably there never was a time when mere muscularity had a fighting chance against veracity and brains — in the rivalry of peoples; but certainly the modern technology has settled the matter.

Now it can be proved, as has been said,—

though I will not here attempt to marshal the biologic and psychologic facts — that mental power is at bottom simply the ability to make good decisions as to the relative value of things for the uses of life. Mental power comes of sound and consistent choices as to what is best worth making an effort for — and what is second and third best. And this power is cumulative. The better your choices of yesterday, the better your judgment today. In a word, mental power is practical economy.

Thus energetic intellect is will or desire raised to incandescence — heat that is also light. When the emotional heat is excessive the brain goes dark — the tungsten wire burns out. On the other hand, to attempt to get light without heat — cunning without sympathy, art without interest, charity without affection, culture and science without purpose and passion — is to squander without recuperation the mental strength that came to you through the sincerity of your fathers.

The idea of a malignant superhuman intelligence is plainly mythical — because *intelligence dwindles with every departure from the wholesomeness or integrity of life*. The Devil is truly represented in all wise literature as the nemesis of overstrained intellect and unnatural desire. He is the being that waits at the end of the avenue

of vanity, or at the top of the pinnacle of ambition, to give fools what fools want.

If the guides and mentors of Germany have really embraced the idea that they can acquire a superhuman intelligence by the elimination of their human instincts, they are not formidable but pitiful. History is full of foul murders and cruel forays of fierce and cunning men in arms, and these need to be resisted; but there is no danger that organized inhumanity will ever have the wit to conquer human nature and settle down upon it. The mad in masses are not so strong as the sane.

The rule of violence is episodic; it never lasts long. It is in its nature weak. Strictly speaking it is not and cannot be a political power. In ordered states, however senseless and cruel the laws may be, an examination of their real sanctions will show that the senselessness and cruelty are not specially attributable to the ruling class, but are due to an overstrain of ideality in the people at large — accompanied of course by mental feebleness and a poor apprehension of the relative value of things. If, for example, the jails are places of torment, it is because the people in general are more interested in the retributive punishment of wrong-doers than in the things of light and grace. Or if the laws of property are

absurd from the life-sustaining point of view, they will be found to be perfectly adapted to a luxury and magnificence that the masses admire; or they will correspond to moral and religious ideals that the people fondly love — as opiates to the pain of thought or action. Always it remains true that settled governments are sustained, not by the direct force of personal assault, but by the control of elemental forces.

The government is base where the control of elemental forces is uneconomic. The rights of property get themselves defined in preposterous terms when the prevalent conceptions of religion, culture and politics run to good words rather than to good works — so that the nation is ready to die for its ideals but not to live for them; and therefore cannot seriously believe that the maladministration of its ordinary business is remediable, or that the life-sustaining process can possibly be invested with romance. This contempt of real life is the sum of all baseness. Its vulgarity penetrates unhappy nations from top to bottom of the social scale — resides equally in the governors and the governed.

In such a society all alike are willing to wait upon fate, or the mere lapse of time, for deliverance from their evil state; and meanwhile must needs spend their inextinguishable hope upon ob-

jects that are indefinitely remote, or upon mental images that are wholly unreal. To say that these paralyzing illusions are wilfully cast as a spell over the poor by the rich, or over the weak by the strong, is to speak without knowledge or examination, and to say what cannot possibly be true. For in a society thus possessed it is not possible for any man to rise to high place in the institutions of religion, culture, politics, law, finance — unless in the main he shares the common illusions and takes them as his contemporaries do. No man can lie to everybody and through a whole lifetime. And that is why the mind that penetrates the illusions of its age, cannot prosper otherwise than through bold disclosure and successful revolution.

If one must try to generalize the infinite complexity and variousness of social illusions it will perhaps suffice to say that they are all summed up in the sin of Adam — an infatuated effort of the mind to make a permanently valid definition of good and evil in terms that shall be unaffected by the accidents and exigencies of the earth-struggle — the dressing and keeping of the Garden. The sum of all popular and historical illusions is the belief that morality and civil rights can be solidly established in the morning before the day's work begins; and then applied in the evening, with-

out regard to the practical problems of art and engineering that were encountered today, or are likely to arise tomorrow.

I submit that the true canons of personal morality and of public law are reducible to very simple terms. The imperative rule of personal duty is that one should help in the business of making the human spirit at home in the material world, and should do nothing to hinder. And the basis of a sound civil constitution is that those who help should have legal rights and political power in proportion to their proved personal strength; and that those who hinder should be stopped, and persuaded or compelled to help.

In the world as we have known it, personal rights and social duties are for ever at war. A man can act legally, or refuse to act, in ways that offend all sensitive consciences. Thus legality and morality inhabit separate spheres, and our lives are torn asunder. Hence it has come to pass that the word Right has acquired two sharply contrasting meanings. When a lawyer uses the word it has an accent of self-assertion. But when a clergyman uses it, there is an accent of self-sacrifice. We spend our distracted days in the pull and haul of these irreconcilable rivals.

But it shall not always be so. In a new and better day we shall cease to build temples and al-

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tars to these dubious gods. *The new shrines will be dedicated to a spirit that is neither self-assertive nor self-denying, but creative and objective.* We shall pay our homage to the Right of the artist and the engineer. These are not preoccupied with egotisms or altruisms. They match their souls against the problem, and when they have found the expressive way, or justly figured the strength of materials and the strain of the load, they use a language that is not ambiguous and that goes to the heart of life: I have got it *right*.

All systems of law that take no account of the engineering problem, or the need of putting the tools of society into the hands of those who know how to use them, are afflicted with this fatality: *they split the social body in two.* On one side are those who have more legal power than personal ability, and on the other those who have less. A legal system that moves in the straight line of formal logic may at its starting-point be tangent to the sphere of reality; but the more perfect the logic, the more certain it is that the legal line will move off into space, constantly receding from the centre of life. So it comes to pass that the older the system, the more uneconomic it is — and the wider the schism between those who have real and creative power, and those

to whom power is merely imputed by a legal fiction.

To those who have perceived this truth that a legal system framed in aloofness from technology and the working world, has only to be severely logical and self-consistent in order to cleave society in two — there can be no mystery in the decline and fall of states. It becomes evident that civil decay is strictly constitutional — it is assured in advance on the day of the establishment of a logical and uneconomic jurisprudence. For the class-cleavage flies in the face of nature and violates the constitution of the universe — which in the long run will have its way with all other constitutions. Nature cannot endure for long a civil order in which real power — the enterprising skill that wrests food from the earth, and sustains the material fabric of the arts — is disfranchised, and subjected to a rule of mere words.

The social schism puts the incompetent above the law, and makes them the administrators of a power that is derived at second hand from the artists, engineers and organizers of industry. Now the police power by which the law is executed is, in its last analysis, as I have shown, purely economic — expressing itself in practice as a command of the wheat fields and the shops. Thus the social contradiction must eventually come

down to this: a struggle to determine whether the wheat fields and the shops shall be held by those who are masters of natural forces and practical arts, or by the police agents who owe their own bodily sustenance to these masters, but owe their official allegiance to other masters — legal masters who cannot work to a straight edge or draw a straight furrow in a field, whose claim of title is not vested in their own bodies and minds but in paper documents, and who are themselves, like their agents, dependent upon their adversaries for the support of their physical existence. Is it necessary to show that when the lists of such a contest have been drawn, there has never been any doubt about the immediate issue?

I say the immediate issue, because in the past the masters of arts have in general hardly celebrated their triumph before yielding their minds again to the yoke of the masters of words. History has moved in a sickening cycle, because the minds of the effectual workers and the prevailing fighters, have not yet been delivered from the spell of words — the immemorial and pathetic quest of brave men for a form of consecrated words, finer and more authoritative than their own valiant deeds. Again and again, a thousand times, revolutions have ended where they began — through the establishment of some new definition of that

Right of priests and lawyers which despises the intrinsic law of the work — the Right of the engineer.

But now at last we have come, I think, to the day of deliverance. These times are not like any other times. They are different mainly because of the massiveness and intricacy of the apparatus by which we get our living. It is by means of the Great Industry and the enforced mutuality of the machine that the obsession of a righteousness that is higher than the law of life, is at last to be exorcised like a malefic spirit, from the minds of those that work and fight. As it is the search for that illusory righteousness that has led our age-long wanderings in the shadows of no-man's land — so now the hour has struck for a foray into the fields of an imprescriptible liberty. We shall escape from Utopia.

The pointed reason why I believe we shall escape, is that the nineteenth century taught us and compelled us to work *en masse*. It implicated us beyond the possibility of extrication in an art-process whose inner law is so compulsive and exacting that it has weakened the hold of every other law. Yet consider how difficult and obscure has been the way that we have travelled. And how darkly — by the very nature of the case — the hope of our deliverance has been hidden from us.

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We can understand both the difficulty of seeing, and also the revelation, if we will bear in mind the truth I have tried to set forth above as to the character of the social schism — and will fit that truth with the fact that the effect of the rise of the Great Industry has been to give unprecedented acceleration and emphasis both to the disease and to the reaction. The sickness has been appalling beyond precedent; the recovery will also go beyond precedent — beyond relapse.

The social schism that separates law and morals from the working process has always been reflected in the private mind by a schism between the conceptive and the executive faculties. As the social disease progressed its effect has been to afflict every man with an ever deepening persuasion that the ideal is not practical, and that what is practical must necessarily be somewhat irrational and unreal. In the common mind right and might, the ideal and the real, the sacred and the secular, what ought to be and what can be — have become alien and strangers to each other. It followed that as the actual posture of affairs grew more and more unbearable, it seemed more and more irremediable; and the latter stages of the disease were marked by a certain numbness or atrophy of the imagination and of conceptive thought. Then always when expectation had been

abandoned, and moral enterprise had become incredible, the explosion came.

Now all the symptoms of this ancient malady were illustrated in the highest degree in the United States during the fifty years that preceded the outbreak of the Great War. The disease was so intense and so rapid in its symptomatic development, because of the high organization of industry and commerce — the life-sustaining process. I am going to show in other chapters of this book that this new and marvellous organization of tool-power is endowed with organs of administration and a social technique, in virtue of which it will be seen to be exactly fitted to prevail as a new politics — after we shall have gotten rid of the old political superstition. But the business system of ante-bellum days had not been quickened to an understanding of its moral destiny; it had no organic science and worked in a moral vacuum without social purpose. We all looked to the state to provide the social purpose that the business system lacked. And, considering the weakness and vagueness of our political agencies, that was a condition of affairs that offered facilities for a more rapid and complete sundering of natural power from legal power, of the real from the ideal, than history has elsewhere or at any other time exhibited.

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It is just because the modern system of finance, industry and commerce is so strong in its natural constitution, and so well fitted to supplant the state, that its period of moral infancy and state-tutelage has been so disastrous to the unity and mental integrity of the common life. Under an unsocial and unscientific administration of the governing organs of business, the ancient superstitions of law and politics have operated with blighting effect — accomplishing with astonishing rapidity the transfer of legal titles from the masters of materials to the masters of formulas.

But this commitment of modern life to the delicate and intricate mutuality of high technical organization, requires great abilities and proud originating wills at the centres of industrial control. The system cannot be operated successfully by hired and subjected men. Even in the lowest ranks of industry, it becomes increasingly necessary, with the increasing interdependence of modern life-sustaining processes, that men shall be free and self-governing — respecting the intrinsic law of the work more than any arbitrary command, or any extraneous statute in a book.

The greatest of historic catastrophes has been precipitated precisely because the kind of law that John Austin wrote about is fatal in its impact upon the new industrial world. It shifts the control of

tools from those who know how to use them, to those who do not know how. Because that transaction was unendurable and because the war is a war of industrial systems and can reach no settlement save in the emergence of an industrial order controlled by men whose strength is not in documents but in their own valour and skill — I am sure that the legal lotus-land is drifting into memory behind us.

We shall escape from Utopia.

CHAPTER VI

THE UNIVERSITY MILITANT

It appears that we are in the midst of a revolution, so profound in its revisal of all things, that it cannot complete itself without a spiritual conversion that shall change everybody's mind about the meaning of primary words — such words as Christianity, democracy, state, church and university. It may indeed be necessary to invent new and wholly unfamiliar words to express the thoughts that matter most. But I am inclined to think we shall make shift to use the old, because it is easier to put a new meaning into an historic word than to fit a new word to an historic idea. G. K. Chesterton says somewhere, that history is like a suburban "addition" whose workmen have been withdrawn under stress of hard times, leaving all the buildings incomplete. Thus when the good times come again — the times of renaissance and reformation — we are obliged to turn back to the foundations and scaffoldings of antiquity to find the plan of the houses in which our children are to live.

When, for example, we read in the newspapers that three professors of Columbia University have, for diverse inner and outer reasons, found the institution intolerant or intolerable, we should not too hastily assume that either the trustees or the professors must be guilty of a wrong. Perhaps both parties are dealing with an impossible thing. If we would search the past to recover the ground-plan of the university — the genetic idea of it — we might be delivered from moral and intellectual confusion in this matter.

Professor Beard's case is separated from that of the other two gentlemen concerned. Theirs is the common case of social heterodoxy. But Mr. Beard strikes a note that has a flash of discovery in it — revealing something of the original purport of the university-word. He says he has left his place as an accredited teacher because the accrediting discredits him. He has no quarrel with the social doctrine that pervades the school. He agrees with it and desires to spread it abroad among the people. But he thinks he could not reach the people, that they would turn from him and disbelieve in the sincerity of his words, if he continued to speak with academic guaranty under present auspices.

It is as if a priest should say: The Church is so far gone from its original standards, the light

within it has become such darkness, that it sheds doubt into the world instead of faith; therefore I must abandon holy orders that I may make the gospel credible once more.

If this is not heat lightning it is a shattering bolt. It may be the beginning of a new Pentecost of the university-spirit, the spirit of creative and world-refreshing art and science that brooded in the cathedral schools of Charlemagne and that broke forth in the Middle Age in that apostolical succession of unfettered learning that began with such names as Alcuin, Anselm and the Venerable Bede.

Do we need to be reminded that the university in its origin was a continuator of the historic Church? It was founded upon faith in the reasonableness of things. Its master-word was Anselm's apothegm: "I believe, in order that I may understand." This marks a clean breach between the university of our tradition and the old Mediterranean cults. The Academy and Areopagus at Athens, itching to hear "some new thing," the vast archivism of the Museum at Alexandria, the state regimentated culture of the imperial schools of Rome — these had nothing to do with the gestation and birth of the modern university. They belong to a dead world and to temples that have been given to the bats and owls.

We shall not find in these relics any habitable place for the men of the future.

The university at its beginning in the Middle Age — the morning of modern times — stood between the Pope and the Emperor, the spiritual and the temporal power, acknowledging both but confessing no unqualified allegiance to either. The great multitudes of grown men and women who flocked to the schools of Paris and Oxford, of Bologna and Salerno and the other famous centres of learning, were the pioneers of a civilization more modern than the modernity we have known. The great universities were free and democratic cities — municipalities, alive with a fresh and cosmopolitan politics and governed for the most part, not by teaching faculties or the trustees of endowments, but by the student bodies. These academic cities had their own executive magistrates and courts of justice; and the idealism that pervaded them, the hunger and thirst after science and the humanities, got itself expressed somehow — with whatever of turbulence and temperamental excess — in terms of law and civil order.

Thus, in mediating between the contending and irreconcilable powers of the Middle Age — the Holy Catholic Church and the Holy Roman Empire — the university came to stand in the imagination of men for a militant idealism, a spirit

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of creative art that was not content to abide in cloisters but was determined, in spite of legal pedantries and sacerdotal superstitions, to conquer the common life of the forum and market-place.

To be sure it must be admitted that the true and original university-idea was constantly subject to obscuration. It battled like a strong swimmer against tidal currents that swept backward toward the sophistry and casuistry of the dead Mediterranean world. But the idea was indestructible. It lived, and still lives. It contains today a true portent and prophecy for the remaking of our shattered civilization.

When Abelard was driven out of Paris and fled alone to the vacancy and obscurity of that pleasant Champagne country which is now gashed with the trenches that cut the world in two, he was followed in his exile by hundreds of the youth of Europe, who built their huts around his shack in the wilderness, that they might keep company with a man who faced life and nature with a naked mind. That, I suppose, is the university-idea in its simplicity, and to seize upon it is to understand democracy and to guess shrewdly of what manner of stuff the new world is to be made.

The trench-diggers have, perhaps, thrown up the dust of some of the scholars of Abelard, but the spirit that actuated them is not dust. It was

long since scattered abroad as prolific seed. It has become the germinal impulse of America. For the most characteristic thing about the political life of the United States is not its written constitution or its strife of parties, but its public school.

It should be borne in mind that the American public school is not a creature of the state. It has been begotten by spontaneous generation, of the American spirit. The pioneers in their sweep across the Continent hardly bivouacked for a night without marking their pause and rest by an unbroken sentry-line of school-houses. They never cared overmuch for book learning and their characteristic heroes — Jackson, Lincoln and the rest — escaped the trammels of a liberal education. But the American pioneers believed intuitively, with Abelard and his men, in the organized power and authority of the unfettered mind — to conquer savages and tame the desert and the wilderness. They believed in the institution of the ideal as a fighting force.

Political parties and religious sects in America are a psychologic throw-back. They recall the mental abstractions of European culture and European quarrels. The quick inner life of our communities is religious and political in one breath; but it is merely tolerant or half contemptuous of

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theological dogmas and the rancorous divisions of political speculation. It does not admit the validity of centrifugal ideals. The idealism of America is turned earthward for the mastery of materials under the energetic hands of the imagination. Your real and typical American is romantic about realities.

If you would have evidence of the fact that America does not take seriously the kind of idealism that divides men and sets them against one another, but cares in its heart only for the kind that comes to order and unity in the spirit of creative art and science, you have but to observe that the school-house in small and unsophisticated communities harbours all homeless sects and parties on occasion, with a Trojan-Tyrian indifference. It is itself the object of ungrudging tax expenditure and is sure of shingles and paint, while the tabernacles of the divisive faiths have seasons of forlornness and are supported in decrepitude by fairs and festivals that levy a kind of reciprocal blackmail upon those who do not pretend to believe in them.

The point is that the American public school is an instinctive effort to consummate the work that the Middle Age began; for as the University of the Middle Age was moved by an impulse, deeper than the meditated purpose of any man,

to find a middle term between an overstrained ideality and a distracted secularism, so it has come to pass that the American public school stands as an institution of reconciliation between the unpractical idealism of sects and parties and the unsocial and unscientific empiricism of "business."

To be sure our public school is as yet a merely tentative thing. It has not up to this time entirely succeeded in bridging the gulf — just as the old-time university did not entirely succeed. But it is something that the original university-idea — the idea that the common estate of the mind can be unified, and turned to the building of cities and the subdual of the earth — has in America been appreciated and appropriated by the mass of the people.

[This idea is the true germ-cell of modern politics. It is capable of generating a tissue that can spread across frontiers and form the organic filaments of a universal society.

The root-cause of the wars of nations and classes is extravagance of idealism. The violence that is done to sanity when the imagination is turned from the works of art and industry to follow the lure of an abstracted devotion, is revenged by economic meanness and manslaughter. Adam refused to "dress and keep the Garden" and preferred to ruminare upon the moral law.

The consequence was moral confusion and a ravin of human tooth and claw that culminates in the sack of cities.

It is in this sense that the Great War is attributable to economic causes. Our antebullum economics was monstrous and malignant. The idealism of the world had refused to invest itself in the economic process, and had left the vital business of the race to operate in moral vacancy. Political and cultural ideals of rival nations and classes were irreconcilable because they had no focus in the earth-struggle, but flew to the four winds of heaven.

It cannot be too often repeated — for it is the heart of the Gospel of the Incarnation — that if we use the imagination in order to escape from reality there must needs be the devil to pay. It appears that the only right use of the miraculous faculty of word-imaging,— whereby we are able to conceive things that do not exist,— is to conquer the natural difficulties of existence, and make new things exist.

This dare-devil affirmativeness of the human spirit is the quintessence of the university as Anselm and Abelard understood it. And those who think of the university as a store-house of pulseless and achromatic knowledge or as a bastion to defend the harassed frontiers of the *status quo*, are

thinking in the manner of the Alexandrian archivists or the imperial scholars of Augustan Rome. They do not understand the university — or the modern spirit that has come out of it to renew the world.

It is quite impossible to understand the nature of the university if one persists in thinking of it as one of the institutions of society. Its true character does not appear until it begins to be thought of as society itself — the generator of property and power, and the nourishing mother of the only kind of law and order that can possibly conquer the feuds of race and class and prevail over wide areas, under the complex conditions of modern commerce, finance and industrial technology.

The Great War announced the doom of balance-of-power politics — the kind of politics that begins by assuming the inevitable and perpetual disagreement of group-ideals and group-interests, and therefore proceeds to invent checks, balances and equilibrators in the vain hope of stabilizing the flux of social forces. The solution of the problem of world-reorganization turns upon the discovery or recovery of an authority strong enough to cross the lines between parties, classes and nations. We shall see that the university contains this principle of reconciliation, if we take

pains to get to the root of the thing — and have patience to separate its essential character from the perversions that have obscured its meaning. We shall find that the university is an effort of mankind to normalize itself and that the advertisement of its true aims will draw response from what is deepest in human nature.

Political chaos is not necessarily permanent, and the present parlous condition of civilized man is not incurable. But we must abandon our confidence in political machinery if we would turn the machinery of steel from the ways of death to the ways of life.

Hildebrand, Innocent, Ambrose of Milan and the other primary builders of the Church understood that the building of a cosmopolitan social order is at bottom a simple thing — however difficult. They knew that the difficulty of world order lay coiled in the quarrels of every village and in the mental confusion of every man. They knew that the stupendous structure of ecclesiastical catholicism would grow as gourds do, and would overgrow the stubborn prejudice of all the races — if a motive power could be set to work that was truer to the health and heart's-desire of average men than was the motive power of the Roman Empire.

The university, like the Church, was an attempt

of elemental men to develop a universal social tissue out of a highly vitalized political germ-cell. They found a peculiarly effective way of countervailing the immemorial tendency to sentimentality and sordidness and of bringing men together in healing and fruitful relations to each other and to the material realities out of which we must wrest the stuff of life.

As in theory of common law it takes three disorderly persons to make a mob, so it is possible to say that three orderly men, standing related in a particular manner, exhibit the quintessence of any civil society. Thus in order to understand the nature of the social order that the university prefigures one has only to imagine a communion of three affirmative personalities — say a chemist, a physician and an engineer — conspiring and co-operating to advance the arts and sciences. They unite to escape from the natural rule of necessitousness and fatality and to live a life of spiritual origination and freedom. This conception of the germinal cell of the university society needs only to be rounded out with the understanding that each member has legal authority or governing power within the scope of his specialty and is interested, not altruistically but organically, in the increase of the power and authority of the other members. This follows, since an advance of the

arts in any direction accrues to the benefit of all, and since the exploitability of nature is practically infinite. So that no private fortune is constricted by the growth of another.

Now, if we take this cellular unit and conceive it as expanded into a wide-spreading social tissue we shall find it suited to the genius of modern business.

It has happened to be a part of my occupation in recent years to go about the world making observations on the maladjustment of the business organization of several countries to their respective political systems. The reflection has forced itself into these observations that the Great War would not have been inevitable if the university had retained its original character as creator rather than creature of social law. If the vast body of modern business with its titanic technology, could have come into being with the generations that intervened between Anselm and Abelard, they and such as they would have understood, I think, that the university is by rights the informing and vitalizing soul of great business. They would have known that great business without a soul must, by sheer heedlessness, wreck the framework of civilization. Thus, it is one of the chief misadventures of history that the university as a social and political authority has been sep-

arated by a long age from the rise of big business.

But it is the prerogative of the human mind to conquer time and correct the accidents of experience. The truth that needs now to sink into our hearts — the lesson that is being syllabled by “the dreadful and the just Eumenides” — is that the energy of idealism must be turned into the power of tools. It is seen that modern war is at bottom not military but industrial — a sheer wrestle of rival working systems to see which is greater in the realm of the creative spirit.

The people of England, France and the United States must now — on peril of the submergence of western culture — put aside their traditionary politics and grasp the truth that the working organization of society is society itself — that the politics of business is the whole length and breadth of politics, and that outside of the spiritual mastery of materials there is no place for politics at all.

The principal weight of the struggle against Germany now falls upon the United States. The human and material resources of this country, while not infinite, are adequate for the raising up of a power of art and science strong enough to impose a new law, a Pax Americana, throughout the circle of commerce.

The rule of the world belongs to the strong

— to the masters of the arts whereby the energies of nature are put to the service of man, so that he can build cities or destroy them. It appears that the inheritance of the earth is awarded to the meekness of farmers, fishermen and mechanics and to the humble-heartedness of the artists and engineers who do not stand gazing into heaven. We must be patient to seek the aura of the infinite in the dust of the obdurate earth.

Let us grant that the world is ruled by force, but not by violence — for violence is weak. Wherever there exists concentrated force of arms or tools — though it may spend and waste itself in violence — we should perceive that it has not been won by violence; for violence does not consist with that composure of mind whereby the arts and sciences are advanced, and the elementary forces are made to pulse through the ordered wills of a multitude of men.

So now the time has come for America to play the leading rôle in the greatest of dramas. We must grasp the meaning of our part. We must understand that idealism, divorced from realism, makes wars but does not win them — that idealism without art and science can neither fight nor make peace.

In general we must understand that the separation of the conceptive faculties of mankind from

its executive faculties is the original sin of the race and the spring of the spiritual confusion of the ages. And in particular we must perceive that the catastrophe of the second decade of the twentieth century is due — before and beyond all other causes — to a monstrous schism between the top-lofty idealism of the state and the burrowing realism of business. The schism between business and politics was the chief and characteristic fact of the nineteenth century.

Civilization was split in two by the rise of the business system. It knitted itself into the physical needs of men with an intimacy of personal relationship unexampled in any previous form of human association. It developed, through the new and marvellous agencies of credit-capital, contractualism and corporate organization, powerful centres of social control that everywhere equalled or overbalanced the centres of legal government.

Thus arose a social problem that absorbed all social problems into one. The problem that confronted the people of all countries at the threshold of the twentieth century was this: How shall we resolve the contradiction between the social law and the law by which we get our living?

It was fondly supposed in America and elsewhere that the contradiction was superficial and could be patched up and smoothed out by the

making of a few new statutes. It was not perceived — and alas! is not even yet perceived by most of us — that the contradiction is in its nature eternal, and so cannot be compromised. It cuts to the core of thought and the heart of life.

A national or international organization for work is a new thing in history — and it cannot be understood otherwise than as a new and transforming politics that must necessarily and in the very nature of the case, challenge the authority and jurisdiction of the old politics. The contradiction between the two can be resolved only by the elimination of one term or the other. It is conceivably possible to destroy the political fabric of grand-scale business, to disintegrate the strong and delicate tissues of commerce and credit and abolish the massive structure of corporate industry. It is thinkable that the world of work might be uncrowned of its majesty and catholicity, might be made unpolitical by being reduced to the measure of mediaeval trades-guilds and to the disjunctive units of the old craftsmen's economy. Thus we might — in imagination at least — get the genie back into the bottle and restore the peace of states.

But in truth it is not possible to get rid of the new-born world of work, for it is the kingdom of the creative spirit; its coming is a kind of apoca-

lypse and the rubrics of its credit and commerce are graven into the cortex of the modern brain. To speak in simpler terms, it is sufficient to say that we cannot take out our telephones. It is morally impossible to do so. Therefore we are definitely committed to a life of complex artistry — and to the enforced mutuality of the machine. The new political power of organized production is here to stay.

The old politics is static, the new is dynamic. The old strives vainly for fixed foundations in the midst of the inevitable flux of life; it is false to nature as the Ptolemaic astronomy was false. The new politics on the other hand is Copernican; it gives up the vain quest for settled status and an absolute right; commits itself to grand orbits and to the kind of stability that comes of momentum. Or if one would have a more human view of the irreducible difference between the old political state and the new politics of business, it is to be found in the contrast between the spirit of the Old Testament and that of the New.

Germany has become the Adversary because she has undertaken, with a kind of infidel faith in the God of Joshua, to make the power of the creative spirit serve the old sacrificial altars. Germanism is a recrudescent Judaism. The most important and explanatory fact about modern Ger-

many is that for forty years she made a thorough-going effort to solve the contradiction between business and politics by feudalizing the universal forces of credit and commerce under the suzerainty of a transcendental state. It must be admitted that in England, France and the United States there grew up during that period a half-hearted commercial imperialism that dreamed of trying to do what Germany seriously tried. There is nothing distinctively German about the idea except that Germany was capable of the kind of Maccabean patriotism that was necessary to make a dead-set at it.

It was psychologically possible for Germans — but not possible for Englishmen, Frenchmen and Americans — to “Hebraize” their politics, in Matthew Arnold’s sense of the word. They were able — and we were not and are not able — to think and feel in the manner and mood of the Old Testament. They submitted themselves to the categorical imperative of an inscrutable national law and to a Sinaitic covenant of peculiar duty and privilege. It is because of an atavistic persuasion that they are a chosen people of a divinely favoured breed, and that the capital of the holy fatherland is a kind of New Jerusalem, that the Germans have been hardened beyond compunction to spoil the Egyptians and

fall so heavily upon the Hittites and the peoples of Canaan.

To the eye of philosophy, when this tyranny shall be overpassed it will be plain that Germany was tempted by tradition and forced by circumstances to serve as a proxy and conscript for the whole family of nations in order that the cult of an exclusive nationalism might be made hateful. Germany has proved to the hilt that the universal contradiction between the working order and the old politics cannot be solved by making the ecumenic organs of credit and commerce minister to the separate pride and power of a single state. It is as if the Genius of History were saying of the wreck of Belgium and the sinking ships in the seas: Look, this is what happens to manufacture and trade and to the wide human communion of the bread and wine, because a nation has treated the tools of universal art and science as if they were the appanage of a chosen people!

It will be discovered before we are through with the lesson that a socialistic state is as unfit as a dynastic state to control the vital organs of great business. We shall perceive that modern business moves by a law that rests in the nature of things and the nature of man, and that this law cannot be administered by merely official persons — no more by the elected delegates of majorities than

by oligarchs and kings. It must be executed by men of special and personal competency — by the organizers of industry, by shipmasters and by those who can draw a straight furrow in a field.

It is because America has always had some inkling of this truth that the tradition of Jefferson has restricted the jurisdiction of government and politics to about one-tenth of the area of life, and the tradition of Hamilton to about two-tenths. The implication is that the eight- or nine-tenths have been reserved for free enterprise and the development of organs of social self-control that do not depend for their validation upon the sanctions of politics or the police. In this free area the directive institutions of business have grown up and have become so powerful that they have in the past commonly dictated the decisions of politics.

The irrepressible conflict between Germany and the western democracies turns upon a spiritual contrast that is dramatized in the fact that the democracies have tended, by dollar diplomacies and otherwise, to use the state as a tool of big business — while Germany has reversed those terms. Both tendencies are morbid, but the disease of the democracies is the distemper of a nobler and mightier health. It has come of a half-perception of the truth that the working or-

ganization is a better vehicle of ideals and has a firmer grasp upon reality than has the official state. When we deny this we become — however unwittingly — apostate from the faith of our fathers. By doing so we turn our history to confusion and make Americanism meaningless. Moreover, such an apostasy, if unrepented, would surely lose the fight. One must be true to one's own genius or submit to effacement. It is not possible for America to prevail over Germany by extemporizing a German attitude toward offices of state. On the contrary, we must make our working organization sovereign and supreme.

England and France have failed to stem the Teutonic tide because the intimations of their European culture have made them less aware than we are of the truth that tools are greater than arms. They have so far shared the political superstition of Germany as to suppose that wars are mainly won by soldiers. England and France would be more formidable to Germany if they had found a way to make their working organization self-governing and scientific. They militarized it. They hastened to abrogate the essential laws of business and to subject the working organization to arbitrary laws.

We cannot win back what England and France have lost — by following the ways of their dis-

comfiture. To prevail over Germany, we must deepen our allegiance to our own instincts. America must hold fast to her primitive perception that political officialdom is not the spine of society. The officials who are greatest in American esteem are they who have known this, and so have used the arbitrary power of the state to stimulate the springs of enterprise and limit the scope of arbitrariness.

To President Wilson the opportunity is given — in a measure unmatched in history — to take an arbitrary power into his hands and transmute it into free energy.

This self-immolation of arbitrariness is the redemptive act whereby an authentic democracy can most readily get its leverage under the burden of these times. Because of the unfitness of American business and politics to meet the stress of war, it came to pass that powers of vital reaction, which should have been distributed to ten thousand ganglia throughout the social body, were suddenly accumulated, like a rush of blood to the head, in one great office — the Presidency of the United States. [Thus it is given to Mr. Woodrow Wilson to serve as the minister of the renunciation that is to redeem the world.

The notion that fighting-efficiency and high productive-power are best achieved by the elimination

of personal wills and the mechanization of the multitude under the hand of a super-philosophic demiurge is a puerility that we have inherited from Plato. This psychologic recoil to an age of the jab-iron and the distaff discounts two thousand years of growing science and socialized technology. It is an hypnosis that threatens to cancel the supreme chance of democracy and give victory to the Teutons — for in the degree that the Germans are masters of machines their social system has ceased to be mechanical.

If the high places of counsel at Washington were held by first-rate industrial engineers, such men as Mr. Harrington Emerson and Mr. H. L. Gantt, it would be explained to the country from a wealth of experience, that increase of working-power and fighting-power can be had only by increase of personal freedom; and that first-rate organization for a factory or a commonwealth eliminates "the boss," clears a space of free origination and authority for the humblest workman and gets unity of action not through fear of punishment but through mutuality of interest. It is in the light of such considerations that the mission of the university-spirit should be made plain.

The development of modern technology has made autocracy absurd. For the higher powers

of the machine-process cannot be evoked by autocrats, plutocrats or politicians. These powers can be brought into being and deployed on battle-fields only by the conspiracy and concord of free creative men. It was not always so, but it has come to be so through the rise and development of a vast complex of co-ordinated working forces in which every man's bread and wine depends upon the common effort.

Modern civilization is a kind of supernatural creation, a stupendous work of art, sustained from day to day against the assaults of nature and the dissolving chemistries of earth and air by a communion of personal courage and loyalty on the part of the masters of the machines. Everything flows. There are no fixed values. The stuffs by which we are nourished, clothed and housed, our transportation materials and all our war-gear are a kind of effluence from the tireless and timeless spirit of creative enterprise. The things come and are gone — year by year.

If American is to prevail in the test of rival earth-powers it will be because America understands better than the states of Central Europe the meaning of mobilization. It is a word of spiritual and prophetic import implying a definite abandonment of the strained political effort to maintain a fixed status of right and property, and

a commitment of the whole fortune of society to the open road and the march. The most mobile society — the people weighted with the lightest baggage of economic and political tradition — will win.

All absolute rights of persons or property are being swept away. Vested interests are to be re-conceived and ratified in terms of social function or public service. We are on the march against the Germans and must lay aside every impedimental weight of the past. And we shall not turn back to recover these incumbrances, for after the capitulation of our present adversary we shall continue to be on the march against everything that obstructs or opposes the spirit of reconstruction.

The mobilization of America is indicated by the socialization of finance, commerce and the news. Upon this triple sovereignty of the modern order of business the Government at Washington has laid its constraining hand. Those who cry out for a return to the old political liberalism will be disappointed. We shall not go back to the sway of accident and class-interest in these matters. It is, however, urgently desirable that Washington should rationalize its imperative action. It needs to be made clear that the sovereignties of the bank, the market and the press,

which have been taken away from unsocialized agencies and accumulated into central and official hands, are to be redistributed to local communities as soon as the communities can produce fit agencies of social authority.

The editor of the *London Statist* says we are coming to understand at length that modern finance is not an economy of money but of skills. Financial power is the power to give social sanction and support to the adventures of private enterprise, and thus to allocate and direct the productive abilities of the community. It is only in a secondary sense that finance has to do with money, or even with tangible tools and the ownership of them. It must be confessed, however, that this truth is not yet quite understood in Wall Street or Lombard Street. It is still supposed in those avenues of ancient but receding authority that money is power. It is supposed that ownership of the productions of yesterday confers a natural right to compose and direct the working forces of today. The supposition is preposterous.

It is a deplorable accident of history that finance got started wrong. It followed the tradition of the Fuggers and Rothschilds who lent money to embarrassed princes — and so fathered the socially destructive theory that finance consists in

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the manipulation of claims against commonwealths and the capitalization of social debts and disabilities. Hence it came to pass that the Bank of England was founded, not upon the vital wealth or productivity of England, but upon the certificated inability of the English to pay their debts on demand.

Even so in the United States today the financial columns of newspapers are full of a jargon that yields to no analysis of common reason. Current financial discussion is made uninteresting because it has no basis in science or the humanities. Indeed one may say that the mystery of uninterestingness is the peculiarity of the unsocial financial tradition that has now come to its day of judgment. Every other great power known to history has been edged with an aura of charm or splendour and has fortified itself with effulgent light. Among the forces that have moved mankind it was left to our antebellum finance alone to defend itself from intellectual intrusion and the assaults of rebels by swathing itself in siccate formulas against which the humanities recoiled with mental stupor and emotional fatigue. Stockbrokers' finance is as complex as theology — though the practicable finance of art and science is as simple as the Gospel.

Be it known, therefore, that the new and re-

generative finance is the socialization of skills. It is the art of putting private value-creating abilities together in such manner as to produce a public value-creating power of the highest possible efficiency. This implies that the values of yesterday must be preserved or reproduced in new forms. But it does not imply that the owners of yesterday's goods — who depend upon the working process for the preservation or recreation of their values — have any special right to direct the process or divert it to private ends.

A finance controlled by organized ownership for the purpose of laying the heaviest possible overhead charge of unearned incomes upon the general working-plant, is a work of "the wild asses of the devil" and is beneath the level of intellectual disdain.

For if the decisions as to priority of capitalization and as to the interstitial adjustments of the parts of the working system are constantly made, not with reference to increase of creative power but only with regard to the collectibility of legal claims — the system can have no architectonic unity but only a legalistic unity. Its driving centre will lie not in the will of the engineer but in that of the policeman. It will consistently inhibit every motion of the creative mind that may carry the working process into new realms beyond the

reach of the mortgagee. It will make an institution of poverty and disemployment; it will cleave a social chasm between wages and profits. Its overhead charges will constantly tend to exceed what it is physically possible for the plant to bear. All securities will be made insecure. There will be periodic attacks of industrial paralysis with progressive prostration, ending in *rigor mortis* — or an unquenchable fever of war. All this has been shown by bitter experience.

At the present moment in the United States finance is striving toward simplicity and sanity by courses that owe much to instinct and little to reflection, and that are due in considerable part to exhaustion of the possibilities of wrong-headedness. The central office of American finance has already passed from Wall Street to Washington. It has become for the moment a function of that general receivership of all social powers — the Presidency.

We are undertaking to spend twenty billion dollars a year to maintain the Government and prosecute the war — though the gross annual income of the nation, according to Professor Patten and other economists, is hardly more than thirty billions. This effort to do what cannot be done without regenerative improvement in our working organization has taken from the banks their regu-

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lative power over industry and has caused a progressive scaling down of stock-market values to a total amount in a single year of something like ten billion dollars.

We are in the midst of the revolution that sums up all revolutions. It is the revolution absolute—the passing of the consciousness of mankind from creaturehood to creatorship. In terms of politics this means that government by the Socratic discussion of abstract principles of right is passing away, and is being superseded by a kind of government that neither Hobbes nor Locke nor Rousseau nor Montesquieu nor the fathers of the American Constitution conceived, to wit: government by authoritative appraisal of the relative value of persons, projects, commodities and events, with reference to the uses of life.

This new kind of government is here. It is an accomplished fact. It has been called “the invisible government.” A kingdom, coming without observation and as a thief in the night, broke into history in the middle of the last century. Because it came thus and had no prophets or philosophers to herald its coming, its portent has been misunderstood. The reformers and the moralists of liberalism and socialism have regarded the invisible government of the working world

as an entirely sinister thing, deserving only to be destroyed. They perceived that it did in fact administer the new social sovereignties — credit, commerce and the press — in a manner that was class-interested and unsocial. They did not see that government by appraisalment of values is intrinsically stronger than any other kind of government — is in fact unconquerable. Thus it did not occur to them that the only possible solution of the social problem is to make the invisible government visible.

That is what is now to take place. Because of our stubborn misunderstanding of the process whereby the control of credit, commerce and the organs of intelligence is being transferred from unsocial centres to centres of social responsibility, there is danger of great damage to the legitimate claims of those who have invested their money and their moral and mental faith in the old order. Such is the warning that should be read in the present state of the securities market. We should make haste to transform our low-powered productive system, now overburdened with investors' claims, into a high-powered system that can sustain them. If we refuse to cancel the bad system we must cancel the claims that it is unable to bear. We shall enter into the new order without the

gravest travail if we succeed in effecting the change before the honest debts of the old order have been written ruthlessly off the books.

It is not within the power of any man to resist the urgency of the great change. But it is within the power of the President of the United States to save us from confusion in the transition. In the spirit of his significant action at the beginning of the war when he appointed,— on nomination by the five national engineering societies,— a standing committee in every State to speak with authority concerning the war-worthiness of its industrial organizations, and in the spirit of his historic effort that created the Federal Reserve System,— it is possible for the President to institute in each of the twelve reserve districts a self-governing authority, to polarize the productive forces of the community and restore to the fluent life of the people the power over the organs of credit, commerce and information that has drifted into his hands. It is possible for the President to reorganize the new industrial war powers at Washington in such manner that they shall correlate the twelve local authorities and act by requisition upon them.

By using his arbitrary power to crown and accredit the real masters of arts, and to set up new centres of intrinsic power and organized enter-

prise, it is possible for the President to quadruple the productive ability of the United States, or increase it by some higher multiple. He can let loose an energy for war or peace sufficient to command acceptance by the Germans and by all other reluctant races — of a new and regenerative order of the world.

This new order of the world, a thousand years overdue, is now precipitated upon us by the conjuncture of high technology with a devastating war that cannot be settled otherwise than by the development of an unprecedented civil polity that capitalizes the inexhaustible resources of the imagination to increase the productive force of the machines.

The latent powers of organized art and science are practically infinite, and in their political development they will prove to be irresistible. The spirit of the university, turning its back upon the cloister and taking tools and weapons in its hands, will be revealed as the strong mother of the race, to whom proud dynasties and rebellious mobs are only as little children.

CHAPTER VII

SELF-GOVERNING BUSINESS

[THIS chapter is written to show the turn of the road that brought me in sight of the Civitas Dei, or goodly state of human affairs, that has been prepared for us in the secret heart of modern business. We ought long since to have arrived there. This I now see; but the sight is so new to me that I can announce the discovery with modesty and can understand why others are slow to see.

Then too I was under special obligations to find out about the matter, so that only a special dulness could have kept me from being among the first to see the promise and portent of big business.

It was during the fifteen months ending with the outbreak of the War, that I found the clinching reasons for believing that business cannot long continue to be just business, that it soon must become a new and transforming politics, establishing the law and order of a better age than we have known. Because of certain experiences I had at that time it became plain to me, that the living fabric of modern business, touching the nerve of

every one's existence and spreading over all frontiers, is comparable to nothing in history save the universal Church that sustained the strength of the Middle Ages and was shattered by the Teuton pride of Martin Luther.

The universal business system of 1914, like the Mediaeval Church that faced the Reformation, was sorely disordered and stood in need of some stronger Erasmus or Melancthon to touch it with the breath of a rational spirit. But the twentieth century, like the sixteenth, let the moment pass in which the peace of the world could be preserved by straightening out the system that sustained its life. And so, once more the universal bond was to be shattered by the intellectual pride and the racial narrowness of the Teutons.

Up to the spring of 1913 I had for a while been an editorial writer for the New York *American* and the Hearst morning chain of newspapers. I set it down without deprecation; such are the ways of experimental social science. It was a good chance to come to mental terms with a considerable part of the American people. And this chance was doubled during the presidential campaign of 1912; for Arthur Brisbane came to me one day and said: "Do my stint too in politics." Thus it fell out for a moment that I was not wholly

overlooked by practical politicians, for I covered a huge acreage of print. This experience had two concrete results that concern my purpose here. First, it gave me an appetite for a different kind of politics than what goes by the name. And second — as if to whet that appetite — it gave me Colonel House. There is a politician of unique and prophetic significance! He is a discoverer of new ways.

So in the spring of 1913 I set out to look for a new politics. I went to Europe and wandered about. I had my clues of course, for as it is the good reader that makes the good book, so one does not find anything important unless he knows where to look for it.

I was looking for the roots of the political power of business; and my thought was that as zoologists get hints of what is constant and essential in life by passing many kinds of animals in review, so I would practise a kind of comparative zoology of the economic life of nations — to jar my wits into a perception of vital processes which, but for their blinding familiarity, I could doubtless find at home. I already had some inkling of the truth that the modern business system — with its credit centres and universal exchanges, its instantaneous communications, its corporate structure and its evolution of a hierarchy

of administrative powers — constitutes a new kind of social tissue and a new kind of government. I had received hints in these matters from reflective men in the business world. Particularly I recalled suggestions made by Mr. Franklin Ford, formerly of *Bradstreet's* and latterly the founder of the Credit Office that serves the silk merchants in New York. But probably the whole vast bibliography of business at that date could have been searched in vain for an illuminating chapter concerning the nature of the governmental powers that are vested in the administrators of modern finance and commerce — or a paragraph shedding a ray of light on the reasons why the sovereignty of the working world must by intrinsic strength supersede every other sovereignty.

I met Colonel House again in Paris in May of that year. He had at that time gone at least as far as I had — perhaps very much farther — in the discovery of the political significance of financial and industrial facts and forces. His mind moved in this matter as in most others, with stimulating freshness. The social-economic question was never with him an issue between the Haves and the Have-nots, though he was sensitive in his feeling of the lost balance, and of the pervading social injustice. He looked instinctively for the missing middle term, the principle

of reconciliation that should establish the unity and maximum power of politics.

With Colonel House the sentiment of democratic order is religious, lying close to the heart of love and faith. I have seen him deeply moved at some poignant word or action suggestive of the deliverance of the world from its confusion and pain. Those who cannot understand how a man of great qualities can be unconcerned about his own place or fame, can be enamoured of obscurity though disappointed in the quest of it, can parcel the minutes of his days as under a monkish rule, and give them all, to the last bad quarter of an hour, to any labour, peril or tedium that may lead to the desire of his heart — have made a mystery of Colonel House. But Colonel House is no mystery to those who have felt the felicity of having a rational object in life.

In that pleasant month of May, 1913 — when the war was only a little cloud like a mailed hand on the eastern horizon of Europe, and when America was bright with the beginnings of the new administration at Washington, promising a new freedom and an Augustan age of democracy — I crossed the Channel one afternoon with Colonel House, and went with him, to be his guest for several days in a snug little hotel at

the end of a blind alley in the St. James region in London.

It was there that I got a fresh start in my search for the new politics. The so-called anti-trust legislation was pending in Congress at Washington. And this involved the length and breadth of my problem. What Congress actually did at that time has, so far as I can see, left the world intact — but with Colonel House's assistance it was made the occasion of my own attempt to find out what really ought to be done.

I was given a commission from the Department of Commerce, accompanied by an open letter from the President addressed to the diplomatic and consular officers of the United States, asking their help in my behalf. I was to go about from country to country in Europe on my own schedule — save for an occasional direction from the Chief of the Bureau of Corporations — to observe and report upon the general ideas and aims that actuated the several governments in their relation to what is called big business. It was understood to be a part of my qualification for this work that I owned up to a complete ignorance, in business matters, of about everything that stock brokers know. I have since damaged this credential to some extent, but not materially.

It was hoped in Washington that my errand might help in framing current anti-trust legislation. But I feel sure it did not — though my reports were frequent and voluminous and I understand they were read.

Under this commission I visited France, Germany, Holland, Belgium, Switzerland, Spain, Italy and the several parts of the British Islands. The ambassadors, ministers and consuls were kind, and opened the doors to cabinet offices, banks, chambers of commerce, counting houses and so on. There were cellar-doors that I opened myself.

As I fared on from place to place the impression deepened that the governments of Europe were victims of events; that none of them could withstand the nameless, impersonal forces that inhere in the very nature of big business. As for the financiers and industrial magnates, they too were drifting with tidal currents that could easily make wreckage of all their devices. The myth of a sinister super-intelligence in finance, a Machiavellian money-power, became as the tale of the wolf in Little Red Riding Hood. The Nature of Things was having its way with us, because we did not know what manner of spirit we were of. The working world was like a new elemental force let loose, and whistling through

the card houses of politics. Or perhaps the Kingdom of the Creative Man had come, without observation and as a thief in the night — and his judgment was upon us.

To speak in plainer words, what impressed me was that business everywhere — save in Germany and in the countries that had fallen under the influence of the new German feudalism — had sucked the life out of politics. The idea of controlling business from the standpoint of old-fashioned statesmanship was coming to be nearly as absurd as the idea of controlling it from the standpoint of old-fashioned churchmanship. It appeared that business is intrinsically stronger than politics, because it deals immediately with the forces of nature and of life, while politics must deal with these things at second hand — unless, indeed, we can content ourselves with martial law. The military state, rigorous beyond anything hitherto conceived, in its jealous insistence that no freedom of private association shall intervene between the sword-hand and the shops — this I perceived is what we must settle down to, if it is not possible for the business system itself to become political, militant and self-governing.

I do not wilfully labour the harshness of this logic. I would state the case softly if I could. But it is hard and inflexible in its nature. There

is no way of escape from it. And after we have received this truth fully we shall love its rigour, and be glad that it would not break or bend.

We cannot go back to those early summer days of 1914. We shall never get back. We cannot any more have socially irresponsible business on a grand scale, playing its absorbing game of pluck-the-goose and beggar-my-neighbour — with just a rap on the knuckles from the official step-mother, or a disabling whipping now and then by act of Congress. It must be that we are a somewhat unreflective folk — from top to bottom of the scale easily persuaded by legal phrases and formal logic — else we could not so long have missed the staring fact that first-hand control of the forces of chemistry and physics is the essence of political power. It should have been plain as day that the immediate grip of these forces was lost to the old loose and liberal politics with the passing of the order of small and isolated industries — the development of a tense and sensitive tissue of continental business and the rise of commanding centres of credit, commerce and news-control. To say that the political authority might intervene to change the rules of business at any point whenever a majority could be got to agree upon the point, is to quibble with the fringe of the case and miss the heart of it.

That the business administration of elemental and vital forces in the lands of liberal politics was unsocial, is completely certified by the fact that when war made the socializing of these forces imperatively necessary, not a single voice was raised in the business circles of Great Britain, France or the United States, against their transfer to public servants, whose only credential was their social agency. And one may judge how feeble was the control of government over a recalcitrant business system in time of peace, by noting the confusion and difficulty that attend the anxious efforts of business communities to submit themselves, as a war measure, to governmental control.

Why have the business communities of England, France and the United States been willing — even eager — to suspend their customary constitution and by-laws “until the end of the war”? Because they know in their hearts that the administration of elemental forces on a private profit basis is, from a military point of view, the most wasteful and enfeebling fashion of social control known to the universal history of politics.

The most conspicuous spokesmen of American business cherish the hope that economic strength can be improvised for war purposes, by dissolving the tissues of ordinary business in an acid bath

of patriotic devotion, and conjuring out of the air a new and militant business system with a solar plexus at Washington. They seem to think that when peace returns, economic strength will be unnecessary because force will be abhorred and all questions of right between nations and classes will be settled by conversation. Therefore it is imagined that after the war the miracle of transubstantiation will be worked backward, the solid militant body of business will give place to the tenuous system of our old habits, and a business organization that can make money but cannot make war will live happily ever after. However, I feel sure the business communities will look around for other spokesmen. Never since the world began has the obscure man of sense had so good a chance to make his fortune.

It is to be assumed that the world will continue to be ruled, as it always has been, by those who have legal control of the board-and-clothes processes. Nothing has happened in the modern world to change that fact and nothing is likely to happen. The important thing that happened in the course of the last seventy-five years or so, was the rise of an industrial, commercial and financial system so massive in its structure and so finely articulated into the crannies of common life, that the legal control of our physiological

existence passed into the hands of private persons, who did not regard their strange new power as social — because nobody else did, and because it was strange and new.

The tremendous fact I discovered by my European pilgrimage — as a ruminant man on a promenade stoops to pick up a coin that he and a thousand others have trampled over — is that the business system is at bottom a revolutionary government, so valid in its ground-plan that nothing can finally withstand the march of its insurrection. No, not even a self-denying conspiracy of all the great financiers and industrial magnates in the world could withstand it; they would be swept aside and superseded by wiser men.

In Madrid the Minister of Finance for the Spanish Kingdom explained to me that there was no need of a railroad commission in Spain, on our Interstate Commerce model, because the railroad rate-fixing power was vested in the Ministry. A Spanish gentleman who was with me at this interview remarked casually in a level tone of resignation, as we left the great man's presence with this word lingering in our ears: "Yes, the ministers fix the rates of the railroads, and the railroads fix the rates of the ministers." The assumption that big business must necessarily have its covert way in politics was as word-worn and

hackneyed in Europe as in America. But that is not what I mean when I say that business is a new and revolutionary kind of government and must prevail. On the contrary, it is just because the covert power of "the invisible government" is intolerable and is now doomed and practically done for, that one may be sure that the invisible government is about to be made visible — taking on the character of an open and morally upstanding revolution.

If it be granted, as it should be, that modern grand-scale organization for work is an ineffaceable fact — that we cannot escape from the enforced mutuality of the machine or take out our telephones, that we cannot expunge from our intelligence the high-tensioned technology of the nineteenth and twentieth centuries and return to the disintegrated craftsmanship of the eighteenth — then it follows that we must continue to live and move and have our moral and physical being in an economic system compacted of delicate and co-ordinated tissues and muscles; and the control of the motor centres and nerve ganglia of this system must, whether we know it or not, and whether we like it or not, be the central and absorbing interest of government and politics.

America is the motherland of big business because it is the land where the power of the old

politics — the politics that does not concern itself to produce goods but only to divide them — has had the narrowest constitutional restriction. It is here that the new creative politics, with its rule by functional fitness, has had the best chance. I don't say we have made the best use of the best chance. We haven't. But it is plainly indicated in all our history that the United States ought to hold the hegemony of the world in the age of the politics that conspires to master materials and advance the arts. It is just because we are so deeply committed to the principle of social-control by function and fitness, that we now find a peculiar difficulty — far beyond that of England and France — in adjusting our war-economy to an official or socialistic basis.

There is no more remarkable hiatus in the intellectual history of any nation than the lack in America of orderly thought or understanding concerning the inherent political powers of business. It is nothing less than amazing that America should have spawned Socialist, Populist, and Progressive parties to keep the business system from needing any social sense or conscience by supplying these necessities from the outside; and that only here and there an American man should have perceived that the business system has already developed within itself, by a kind of spontaneous

generation, the beginnings at least of the needed organs of social intelligence and honourable self-government. When, for example, Mr. Sabin, President of the Guaranty Trust Company, said to a bankers' convention at Atlantic City, that the credit power of business communities ought to be pooled, and administered on a basis of financial priority in favour of the concerns that best serve the commonwealth, he discovered to the light of day the root of the new politics. But alas! the suggestion was offered only as "a war measure," and the tone was that of an ingenious citizen ready to do extraordinary things for his country, at a pinch. Mr. Steinmetz, chief engineer of the General Electric Company, has lately written an excellent book to show that the whole corporate structure of the country can and must govern itself, to social and scientific ends, on penalty of passing bodily into the hand of a socialistic state.

Our former Ambassador to France, Mr. Myron T. Herrick, knows as much as any American about social and scientific banking as it has been developed by the genius of Raifeisen and Schultze-Delitsch in the lower economic regions of Europe, without much countenance from the great capitals — a prophecy of the new economic politics, born in Nazareth and not yet gone up to Jerusalem. Mr. Herrick was good to me in Paris when I

was on my rounds, and prophesied to me in an illuminating manner — notably in several hours of enforced leisure while he stood leaning easily against a beautiful table in a painter's studio, getting his portrait done for the Salon. Mr. Herrick is the chief exemplar and champion of the non-stock corporation. The great bank in Cleveland, The Society for Savings, of which he is the head, is built on that model; and he says the principle can be applied to other businesses as well as to banking. He explains that business corporations in their origin were not stock companies, that the British East India Company was probably the first business corporation constructed on a joint-stock basis, and that the corporate idea — identical at one time with the university idea, since the two words, university and corporation, once meant the same thing — is at bottom simply a legal invention for depersonalizing and perpetuating any social purpose. Therefore there is no reason why the purpose of a community to get its food, its fuel or other commodities, in ample supply and at minimum cost, should not be embodied in a business corporation, conducted as universities and hospitals are — not for the benefit of stockholders but for the benefit of the public. Such a corporation — a drainage company on a gigantic scale — has in fact been organized by the Ohio

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community that suffered from the Dayton flood of 1913. And Wisconsin has a power-plant on the same model. All this is not a question of socialism or of state-control; it is a question of raising business to the level of the liberal professions — of getting business to quit its absent-minded round-aboutness and to aim directly at concrete and useful results — as a surgeon, a scientist or an artist does.

Business adventures of an experimental kind, where the whole capital is in danger of being lost, should no doubt continue to be controlled by stockholders. But the bulk of incorporated business supplies established and dependable demands; and there seems to be no reason why the necessary capital for this kind of business should not be represented wholly by bonds, and no reason why its executives should not act like professional men — be content with fair pay, and rejoice to have a free hand for the direct delivery of the social goods.

I suppose the main reason why old-style business had to confess when the war came that it had too low a voltage to produce the war-gear, and must needs get government officials to speed it up, is that old-style business had never really given its mind to the production of goods. The corporate structure was not built to produce goods.

Incidentally it produced some, to be sure; but strictly speaking it was built just to hold up its roof and cupolas. That is to say, the structure was planned to sustain overhead charges — the greatest possible amount of them short of the cracking point.

To the eye of history it will appear that American business, before the war, was conducted in a sort of romantic abstraction — thinking primarily of country clubs and Palm Beach or of gorgeous benevolences — and concerning itself only in a secondary sense with what it was doing with its hands and feet. It is a gross injustice to say that business was selfish and ruthless. Nothing of the sort. It was simply preoccupied with pleasant but unproductive sentiments. Not business, but the rousing event that woke it up, was ruthless.

It may seem a tiresome thing to say, but I cannot believe that business will ever recover its mood of emotional relaxation. It is not likely that the heart of business, the administration of credit, will ever be operated again mainly in the interest of the bystanders, or to support the diversions and charities of a leisure class. A sufficient reason why the financial underwriting process will not in the future be worked merely to pile up overhead charges upon the general working plant in order to increase the incomes of investors — is that the

interest of investors cannot any longer be served in that way. As things stand all securities have been made insecure because of the enormous bulk of fixed charges that the war has laid upon the industrial organization. It will be necessary to vastly increase the productive power of industry — if only to validate the securities. We have our choice; we can scale down the existing vested claims — or else produce a better and stronger system that will be able to sustain them.

The financial agents who have been accustomed to represent the interests of organized ownership ought, of their own motion and for the protection of investors, to be eager to turn over the initiative of enterprise into the hands of industrial engineers and professional organizers of industry. It appears that these must sit at the head of the directors' board in the industrial banks of the future, and the agents of investors, at the foot.

It is an open secret that a large part of the industrial and military strength of Germany is due to the fact that such financial concerns as the Deutsche Bank and the Disconto Gesellschaft had made what amounted to a beginning in this kind of credit administration. I found, for example, in the immense building of the Deutsche Bank in Berlin hundreds of technicians, an organization that was in effect a university of the practical

arts. German finance took long shots at projects that could not immediately be made to pay the investor. It was not destitute of the impersonal motives of social economy. Any promoter could get a bankers' hearing in Berlin, if he knew how to make two blades of grass grow where one grew before. The case was different in London, Paris and New York.

And these beginnings in Germany of a social and scientific purpose, were not confined to the financial branch of private business; they were to be found also for instance in the commercial cartels and in the agricultural organization — the *Landwirtschaftsrat*. The cartel is a marketing combination whereby the wastes of commercial competition can be avoided, without checking the free play of industrial competition — the socially useful rivalry for superior technology and improved working organization.

Agriculture in Germany is organized as socially as the Catholic Church in France. There is an immense reticulation of local centres, all heading up in a general administrative institution in Berlin — the whole organization having a right to be heard in the Reichstag, and being therefore rather more independent in politics than any national church.

I note the fact that private business in Germany,

before the war, did not by any means wholly derive its social and scientific character from the power of the autocracy — because I want to say that autocratic business is business at a low tension. You cannot get high driving-power out of a business system that is controlled from an external political centre. Most of us are under an illusion in this matter. Our mistake no doubt arises from the fact that non-political business, when it is also non-social, is so unconscionably weak and distracted, that for fighting purposes the public officials cannot do worse, and are likely to do better. But the way to put the Germans out of the race in this matter of business efficiency is to do to the full what they barely started doing, to wit: develop in its whole length and depth an autonomous, social-minded and scientific business system.

I have set down some of the suggestions that brought me to an understanding of the truth that business holds in its heart a latent energy greater than that of any extant civil order; that business is in truth a new kind of politics, developing by its principle of contractual selection a more valid scale of social powers than is possible to the voting process, and capable of eliciting the utmost capacities of men, and of deploying an unexampled force for peace or war by the scientific administration

of the new sovereignty of credit-capital. I have to some extent here used illustrations that belong to a later period, and have rounded out thoughts that were somewhat shapeless at the moment when my European errand for the Government came to an end. Yet I did not at that time fail to see that America had taken a wrong road, a wholly impracticable road, in its governmental dealings with big business. The native genius of our democratic soil and the high tradition of our political thinking ought to have taught us that the intrinsic laws of the productive process cannot be overruled by statutes, and that the business system must either develop in its own body organs of a new and unfamiliar social sovereignty, or else must in the long run submit to have all its living tissues torn to tatters, and must resign itself to the mechanical regimentation of martial law.

It was plain to me that the theory of our anti-trust legislation will have to be reversed — on peril of a decline to economic feebleness and confusion, from which nothing could extricate us — even for a moment — but a militaristic socialism. On the other hand it was plain that our actual anti-trust program could not possibly be reversed so long as the monopolistic tendency remained unchecked.

Washington and Wall Street had been at war

for a generation. Their warfare was devastating the country with a covert waste and carnage that no statistics could assess. In this war, as in all wars, it was tragically hard to stop fighting — since it was felt by the leaders on either side that the slightest sign of demobilization, even a gesture toward a parley, would destroy the *esprit de corps* of the party that made the overture.

Both sides were right, and both were wrong. Washington was right in insisting that business must have a public purpose; but wrong in supposing that such a purpose can be imposed by the police. Wall Street was right in its struggle for liberty, but intolerably wrong in its bias for the leisure class, and its absorption in what the blurring English law calls “unearned incomes.”

This bias had been fixed in the grain of the financial system, and had sanctified itself in a network of moral trusteeships that were binding upon honor and conscience — so that no individual in the financial world, even though he were as strong and intelligent, say, as Mr. Vanderlip, could stop the belligerent career of big business in its struggle against the state. In a similar sense it had come to pass that the political forces sustaining the Washington administration were such that unremitting war against Wall Street — or what

the majority mean by that locution — was the fixed condition of its power.

Here was a situation that required obscure martyrs of diplomacy, envoys of no personal prestige, who were willing to cross the frontiers from politics to business, with a tacit understanding that their mission might be turned to account or might on the other hand be decently repudiated by the government — according to the exigencies of practical politics. It would be possible by such means for Washington to say to the leaders of business: You quit and we'll quit. If you will start a movement toward the self-government of business, the pressure of the police will be gradually withdrawn. We understand that this thirty years' war depresses the energy of industry and weakens the vitals of politics. We know that every new legal discipline we are compelled to lay upon you slows down the wheels of trade. Why don't you save yourselves — and the political fabric of the country — by moving to make business social and scientific, on its own base? Abandon your autocracy and give us peace.

I went again to Paris to meet Colonel House early in June, 1914. We lunched together at a café, and I told him my conclusions. I do not remember that we disagreed in any principle. It

was arranged that I should ask to be recalled from Europe, and should apply for some sort of a commission from the Department of Commerce that would enable me to visit the various business communities of the United States — to convey to them something of what I had learned in Europe.

I came home and was in due time set to work in the way that had been planned in Paris. I acted as a personal representative of the Secretary of Commerce, bearing letters of general introduction to the business communities of the country, from the President and the Secretary of the Treasury. Of the details of this errand and the manner of its reception in Wall Street and elsewhere I do not now feel free to speak.

The President is, I think, the ablest master of political forces — in the traditional sense of politics — that the country has ever produced. He has also an intellectual and prophetic grasp of the principles of that new economic politics that seems now destined to supersede the old. I have sometimes feared that his perception in this latter matter may be too purely intellectual — so that, although he is amply able to think in terms of economic force, he may not be able to feel and act in those terms with the readiness and resolution that the times require.

As things stand, the business system has capitulated to the Government without reserve, and its freedom is now in the hands of the President. He can restore that freedom — cleansed of the autocracy that perverted it. He has but to call upon the several business communities of the country — defined by the boundaries of the Federal Reserve Districts, or otherwise — to create for themselves, each in its own region, a business government that will loyally respond to requisitions from Washington. The Washington power can cease to be despotic, and become a power of concentered knowledge, for the allocation of the national tasks.

The social sovereignty of business has three terms that correspond in a general way with legislative, executive and judicial offices. These are, first, control of the organs of information — for the appraisal of resources, opportunities and events; second, administration of credit — for the appraisal of persons and projects; third, command of the market — for the appraisal of goods.

A business government exercising these three powers with a single eye to the mobilization of productive forces could, in a matter of months, quadruple the economic energy of the United States — and then go on to higher multiples. Thus empowered, America could dictate the terms

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of a universal and permanent peace, because of its evident strength in arms and tools — and because it would illustrate in its own internal order the principle and pattern of that economic community of interest which soon or late must cross all frontiers and bind the world together.

CHAPTER VIII

PROMETHEAN AMERICA

LIKE Prometheus, the half-god of Greek fable, America has divine and earth-conquering strength, a mind filled with proud conceptions outrunning time and space and turning the forces of land and water and the lightning of heaven to the service of the human will; but, like Prometheus, America is in chains, and the vultures are plucking its vitals.

America and freedom are nearly synonymous words, in many languages. There is no power in America, to work or fight, but the power of unfettered enterprise and daring. Without freedom America is helpless — the mere quivering prey of foul birds.

It is with us as it was in the old mythical story; other gods and half-gods might work and play and keep house and wage war in obedience to the moods and nods of the most-high god of Olympus — but it was the nature of Prometheus that he should be free — or nothing. And when liberty was gone he set his back hopelessly to the rock.

America cannot win the war, cannot even

possess and preserve its own soul, unless its miraculous forces of origination are let loose. Great blunders have been made in history, but never before so great a blunder as to suppose that the nation that first stole the fire from heaven and taught the world the mastery of the machines, can itself be turned into a machine. They tell us that England, France and Italy have done well in field, shop and fighting line under a regimentation more crushing to the personal will than the laws of Draco or Darius the Persian. Perhaps they have done well, and perhaps they have suffered unnecessary martyrdom. I will not here offer an opinion about that; but I know that a high technology in tools and arms, adequate to the world's present emergency, cannot be developed in the United States if personal and local enterprise is crushed flat under an arbitrary power at Washington.

It was inevitable that the powers of a business system that was not fit to fight, should fall to the President. He wisely insists that these powers cannot be shared by Congress. The time has not come to say that he will not distribute them to new free agencies. Yet for the moment counsels that are less wise than those that are native to the President seem to prevail; and the country is bewildered.

We had a business system, a working organiza-

tion that was the marvel and envy of the world for energy and technique, but was obviously warped toward profits, and skewed clean out of line from the point of view of a dead-set purpose to produce goods. Anybody could see that the business system needed to change its heart and get itself a public aim. But was that a good reason for turning everything over to Washington officials?

To be sure they are honest and have a public aim. But that is not enough. It is impossible that they should know what twenty million men know — impossible for their good purpose to contain the originating and creative energy of twenty million free wills. Is it not easier to add a right purpose to a nation full of knowledge and initiative, than to give these to officials who have nothing but the purpose? In the hour of a great inspiration, is it not a shorter and hopefuller process, to change the hearts of business men than to give officials such an education in enterprise and technology as will fill the needs of a continent?

What is wonderful about the business system is its practical solution of the problem that all the political philosophers of the ages have broken their wits upon, namely — How to get a massed and channeled current of action out of myriads of unconstrained wills? How to release every-

body's creative imagination and turn it loose — while at the same time keeping people together under a bond of common interest stronger than steel fetters?

Granted that the solution has not been perfect. It can be made perfect — perfect as an Elgin watch or a Baldwin locomotive. And yet it does not need to be made perfect — needs only to be corrected in some of its grosser aberrations — in order to develop a working-power and fighting-power far beyond the reach of any system of social mobilization known to the universal history of politics. Compared with the American model of phalanxed freedom — thus rectified — the work of a Solon or a Lycurgus, a Montesquieu, Hamilton, Stein or Bismarck, would show but a 'prentice hand.

We cannot free the world with any weapon but the sword of freedom. If we are to cross frontiers with a constitution of ordered liberty we must fashion it first at home. The way to win the war is to deserve to win it. And what do we deserve but humiliation, if we are false to ourselves and traitors to our own spiritual tradition?

We can get our back clear of the cold rock and scatter the vultures. The way of deliverance is still open. We have but to quit putting fringes of fine speech and sentimental self-denial around the

edges of business — and to put the faith of the fathers into the driving-centres of it.

Can we not understand that business is a new kind of government — with the high-tensioned, triple-expansion engine of credit at the heart? We have had experience enough with “the invisible government” — to understand. Nothing is the matter with the invisible government but its low visibility. We have only to clarify our commercial conduct, and to exclude from the centres of business-control everything that sinks below the horizon of the common interest. Of course there must be bold, swift structural changes in the system. But when did we lose our talent for devising new corporate forms?

The complete control of investment capital is passing into the hands of the government. Why should we trail England in our manner of dealing with this thing? America is not a small island in the North Sea. It is big and complex, and it has had a way of its own before now. Besides we cannot follow England in this, for England has been able to temporize because she has leaned upon us; and we have only our own courage to lean upon.

It cannot be too strongly insisted upon that the administration of credit is not, in its nature, a private function. It is a public function.

Again let it be noted that we made admission of that fact when we marked out twelve Federal districts, like twelve new commonwealths, and put a public credit-office in the middle of each — under statutory arrangements implying that the Reserve banks were not organized to make money for their stock-holders, but to mobilize the working forces of communities. If the control of credit-capital for private ends is not good enough for war, it is not good enough for peace. The war is not an episode. It is a renovation.

If we do not now fail to seize the principle of financial home-rule, if it shall turn out that the business communities of the several Reserve districts have social integrity enough to produce organs of scientific credit-administration that their own people can trust, and if Washington has wisdom enough to restore economic self-government to the communities — then democracy will not ask safety, but take it with its own arm; and the autocracies will stand out of our sunlight.

If Washington will stop swinging its big stick, and will confine itself to knowing and telling us in New York, Chicago, San Francisco and other regional centres, precisely what it wants — we will most assuredly get it and ship it, on schedule time. For after we have set ourselves right in this financial business, the rest of the problem of

high mobilization will be comparatively easy.

There are, as has been said, two other functions that are vital to the free social self-government of business, to wit: control of the market and control of the organs of information. We shall find ways of exercising these functions in a fashion to correspond with a social finance. We will treat the regional economy of productive ability and physical resources with a reasonable understanding of the fact that everything relates to everything else, in millions of cross-lines close to the ground; and that to deal with the labour problem, the coal problem and fifty other problems, separately and in long perpendicular lines running downward from Washington to Kankakee and Oskaloosa — is a work of confusion.

There is no doubt about it, America is a great country — great in spontaneity, affection, imagination, freedom. But its natural genius for economy is of the affirmative kind; it is disposed to reserve its macerations and asceticisms, until it has tried first what ingenuity and propulsion can do. *The economy that will win the war is not negative but positive — not decrease of consumption but increase of productive power. Luxury must go, of course; but we should spend as we never have spent before, on the nurture of the vital forces of the mass of the people.*

America has fire from heaven in its pulses and in its bones. But we object to Jupiter — and to the vultures. At bottom the reason why we object to being bossed from on high is identical with the reason why we object to having our vitals gnawed. It is weakening. We are a people experienced in grand-scale industry, and we know that it is not possible to manage a great industrial organization on the regimentated model of the Washington bureaus — without sapping the life out of it. Do exactly what you are told, and collect perfect documents to prove you have never yielded by a hair's breadth to the natural temptation to do more or better — that is the unchangeable canon of the bureaus. There are sound reasons why it must be so, in political bureaus — reasons that I will not stop here to state.

But the bureau-rule is known by all industrial managers to be absolutely unpractical in business. In dealing, as business must, with a flux of natural facts and human forces, there must be a margin of discretion for even the lowest worker. He must be free. He must make decisions. Decisions that the lowest man is unequal to, must be made by the next lowest if possible — or the next after that. The fewer the decisions forced up to the high places, the better the management. How then can first-rate business men expect any-

thing but a low tension of industry and a clogging of the wheels, if the consolidated national plant must leave all its decisions to Washington?

Yet it is a great gain, even at the price of this huge momentary folly — if we really have grasped the conception that America is in fact a single and indivisible business concern. The cost has been gruelling, but the lesson is worth it. We have only to stick to that idea, and to an idea that goes with it — to wit, that every separate natural region of the country is just a branch of the one big business concern — and we shall escape from our impotence.

The plain rule of business is that the bigger the concern and the more intricate the physical machinery, the more necessary it is that there should be nothing machine-like in the human organization that runs it. Autocracy and high-technology are oil and water. High-driving power with complicated machinery — the kind of power that war requires — cannot be got otherwise than by a deepening emphasis of the democratic principle. Every industrial engineer knows this. It is time for statesmen to understand it.

The plain reason why the statesmen do not understand that democracy and efficiency are mates, is that they have been closer to the commercial intrigue and politics of business than to the actual

productive processes. They do not know what industrial engineers know, because this knowledge has so far been applied only to separate industrial units, and has never been worked out on a wide social scale. Our social adjustments between the separate industrial units have been managed in the arbitrary and autocratic ways of politics. They have not been democratic, and that is why they have not been efficient.

Thus the social efficiency of business has stood at a very low percentage in the scale of demonstrated possibilities. And when war came, public men who ought to have looked twice, but did not, leaped to the conclusion that democracy and inefficiency are twins.

It was natural enough. Excellent men in Washington did not see that the bruised surface that belligerent business presented to belligerent politics was no true index of the power and freedom that are growing together in the real world of work, under the nurture of great organizers and engineers. But now — assuming that we have settled it that America is just a single big business concern — the thing to do is to make application, in the whole vast factory, of the principles of management that have been proved in the best plants. We should frankly confess that the financial and marketing branches of business have

been enormously wasteful and, from a social point of view, grossly inefficient — necessarily so since mutuality of interest was banned by law, and since every man's hand was, perforce, against his neighbour. Now at last that bad dream can be forgotten, and we can begin to develop the immeasurable powers that belong to the genius of America in its free handling of tools.

The truth is that the productive possibilities of a country like ours — with every man doing his best with his brains and his inventive imagination — are practically infinite. And such a release of the incalculable forces of the mind is precisely the thing that the modern business system — and no other fashion of social team-play known to history — is fitted to accomplish. This is the open secret of world-mastery in our time.

The business system has not yet had half a chance in any country. No community has ever administered credit-capital for the dead-set purpose of improving the arts and producing goods. Business has wasted nine-tenths of its natural force in fighting for legal powers. The comparative strength of Germany is due mainly to the fact that the internal struggle between business and politics has been a little less fierce and disabling there than elsewhere. But not in Germany or anywhere else save America is it morally pos-

sible to release the Promethean energy of great business. Here and now we are in sight of that deliverance. We can, if we dare, turn the whole voltage of a scientific and socialized credit and commerce — against the autocracies.

The bottom reason why we have not yet been able to develop in the United States even a fair beginning of that formidable and overmastering power of tools by which the issues of the war are to be settled, is that we have not yet begun to give our minds directly to that aim. We shambled into the war under the economic guidance of men whose eyes are turned backward over their shoulders, and who are more interested to maintain or restore the social and business order that existed in the spring of 1914 than they are to do the work we have set our hands to. Every practical question as it arises is met by some near-sighted shift to suit the unpractical prudence of these backward looking men. They insist upon putting three-quarters of the eggs into the omelet with the shells intact. Our industrial mobilization is temporizing and amateurish. There is no fundamental brain-work in it. And there can be none, until we have shaken ourselves loose from those who want to get back to where we started.

Our task is to remake America — for the remaking of the world. The war cannot be won

by the old America. It must be won by a new America.

Why should we care to preserve or restore the financial, commercial and industrial arrangements of ante-bellum days? Were they so very happy? To most of us they did not seem so. But whether they were happy or not, they are gone beyond recovery.

Under stress of war, business by the old law of every man for himself was suspended by general consent of the business communities, both in America and in Europe. This was done because there was manifest need of a higher power of tools than that system could furnish. But this higher power of tools is the essence of material progress. The industrial organization that was too feeble for fighting, is too feeble also for the rebuilding of the waste places — and we shall have no further use for it. Let it go.

The development of tool power is the main business of social science. It involves the fine arts as well as the coarse arts — involves also the fine equities between man and man. If now we will give serious attention to an examination of the organs of modern business we shall find that we have grossly misused them, and that they are capable of generating a productive power infinitely greater than we have supposed.

What do we know about the latent power of credit-capital? We are kept from understanding it because our ears are full of curb-brokers' jargon, and the mere slang of finance. The invention, or rather the discovery, of credit-capital — for the thing came into existence by instinct, and nobody seems to have thought it out — is more revolutionary than steam, the spinning-jenny, the power-loom, the internal combustion engine and all other technical inventions and discoveries rolled together. For the administration of credit-capital is the art that mobilizes all the arts, and makes possible a new and dynamic kind of economic government, more powerful than all the Great Powers now extant. By means of this administration — turned directly to social uses and operated by the best brains — a community can be made to achieve a productive power limited only by the elastic resources of the creative imagination.

To measure the productive capacity of a human society by the poll-census, is absurd. A million men can produce, not merely a million times as much as one man, but many million times as much. It is a matter of the perfection of organization, and the kindling effect of fine co-operation. And the administration of credit-capital far surpasses every known agency of social-control — for bring-

ing into action the "second wind" reserves, and the hidden miracles of invention and enterprise.

We have fumbled our problems of war-finance, because we have thought of money in mediaeval terms, and have misunderstood its inseparable modern relation to credit-capital. We have failed to grasp the fact that the basic thing in finance is the improvement of the working-organization — the generating of the higher powers of industrial co-ordination.

There are bankers among us who still cleave to the eighteenth century idea that a community's capital is merely the sum of its existing physical and productive commodities. In face of the fact that during the last quarter of a century our credit-capital has doubled again and again, in response to improvements in organization, and out of all proportion to the increase of the volume of commodities — these gentlemen still fail to understand that modern finance is based primarily not upon existing goods but upon operative productive forces.

The principles of modern scientific finance could in fact be admirably and thoroughly illustrated in a community bereft of the whole body of its physical wealth. Ten thousand men banished to a wilderness would find that a bank for the issuance of credit-capital to the individuals most

capable of economic initiative — would offer a superb system of team-play to fight famine, exposure and pestilence and provide arms against their enemies. For the fundamental business of a modern industrial bank is simply to allocate the right amount of social backing behind the right men — for the purpose of generating the strongest possible current of enterprise.

Banking is the science of social dynamics. The right limit to the expansion of credit-capital is to be found by this test: Would the addition of another unit, release a new unit of useful enterprise equal in value to the face of the credit certificate? In modern theory and practice credit-capital is normally and wholesomely expansible to the limits of working-power. And working-power, in turn, is indefinitely expansible to the limits of the creative imagination in its relation to the resources of nature, and to the financial skill that knows how to put the right two and two together.

Thus it is to be noted incidentally that labour-power and capital-power are at bottom one and the same thing; and consequently that the reconciliation of labour and capital waits only upon general acceptance of a sound theory and practice of finance.

Our eyes have been blinded to such truths because we have not put ourselves under the guid-

ance of an engineering finance, but of a finance that is so absorbed in getting unearned incomes out of the social working plant, that it neglects to think of improving the plant — or even of making the output adequate to sustain the overhead charges. It should now be plain that such guidance is suicidal — both from the investors' point of view and that of the fighters in France. For its practical result is that securities have been made insecure. And the industrial process has been obstructed and slowed down, to such an extent that a nearly complete stoppage has at certain moments supervened.

The so-called coal crisis was a portent that meant much more than comes under the head of fuel. The implication is that an unscientific finance has come pretty nearly to the end of its tether, and has required a little extra slack to get its breath. This antique finance is a millstone about the neck of America. We must get loose from it and let it drop into the depths of the sea — without our company. For drop it certainly will before long, and the only vital issue concerning it, is whether it shall carry our cause and our hopes with it to the limbo where it belongs.

We should lose our fight, without the shadow of a doubt, if we did not modernize our working organization; we shall win without the shadow of

a doubt when we do. Modernized business is emancipated and self-governing business — business that is ruled not by an arbitrary and external power at Washington or in Wall Street, but by its own intrinsic laws of efficiency and service. And these laws must be applied from regional governing-centres that stand as near as possible to the physical facts. The proper service of the super-governing centre at Washington is to deal with the local centres of business-control in the same spirit that befits these centres in their relations to the several social groups and business concerns within their own jurisdiction — ruling not by compulsion but by intelligence, and through the due apportionment of tasks and opportunities.

In the Federal Reserve system as it stands we have, as has been said, the framework of a modernized self-governing business organization. And we have also written into the statutes of that system the basic conception of the new order, to wit: that scientific finance exists, not to make money for a class, but to mobilize the working-forces of communities. Too little came of the President's action in calling upon the five national engineering societies to nominate, at their own discretion, five fit men to serve in each state as a technical social intelligence to appraise the war-worthiness of the working-organization of the country. The idea

involved in that memorable *démarche* is of the highest social significance, since it furnished our first example of an authoritative social intelligence applied to business affairs. It is a great pity that the idea was not at that time given a permanent embodiment and a development suitable to its importance. That must now be done.

I say must, because must is the right word. Without a social intelligence, authoritative in business, established and operating in local American communities — our cause would be lost.

It is not enough that such an intelligence is established in Washington. The simple reason why it is not enough, is that Washington is too far from Chicago, Denver, and Seattle. Take, for example, the question of the public supervision of new investment-issues. England has managed to leave that question to a single Exchequer committee — first, because England is small; and second, because numberless private English demands for capital that the government failed to provide for, have been met in the United States.

But this whole idea of socializing credit merely to meet an emergency, is inadequate — and is part of the reason why England and France, with all their allies, have failed to conquer Germany. England and France have performed marvels of personal and social valour — but they have not

had the courage to modernize business. And it is precisely because they have not done so, that we must.

With an authoritative scientific and social intelligence functioning in each of the twelve Federal Reserve districts, we can grapple with the fact already noted that modern business has three sovereign powers: first, the administration of credit; second, the control of commerce; third, command of the organs of information. These powers should, and must, be localized — because they are in their nature correlative in their effect upon every enterprise and every commodity. It is impossible to get a high productive power out of any community unless credit and price are made mutually adjustable at a near view of the ever changing facts, and in the light of local and detailed information concerning the inter-relations of natural resources, the store of commodities and the available labour supply.

All staples in the several regions should be cartellized, or bought and sold on public account. Such a system of public marketing could be used as an engine of fiscal finance. *Supplies furnished the nation on requisition from Washington might be treated as taxation levied upon the local community, which the local economic administration could meet by marking up the price of other goods.*

When history shall undertake to explain how it happened that America, the homeland of free initiative and self-directing business, came to imagine for a moment that she could turn the scale in the greatest of wars by the total abandonment of industrial freedom and the improvization of a single-handed economic despotism at Washington — it will have to be recorded that the people assented to that course because they distrusted big business. It will be said that big business assented partly because it distrusted itself, partly because it hoped that the people might get enough of government control and partly because it shared with most of the people the illusion that economic despotism is naturally strong and economic liberty necessarily weak.

It will be hard for historians to explain by what logic Americans hoped to arrive at a world-commanding democracy, if democracy could not develop tool-power, in an age when wars are won by tools. I am afraid they will be forced to conclude that the counsels of America were ruled for the moment by men of brave words who were pacifists at heart — believing that civil strength would go out of fashion in a few years, and leave the world to be governed thenceforth by brave words.

CHAPTER IX


THE DISTANCE BETWEEN WALL STREET AND WASHINGTON

ON the twenty-fourth of January, 1918, Mr. Roosevelt harangued the Washington Press Club on the need of telling the truth about the miscarriages of our war preparations, and Senator Chamberlain of Oregon made the rafters of the Senate Chamber vibrate for three hours to the same theme. This idea of forcing an infinitely complex working or fighting organization into efficiency, by a resounding fanfare about its failings — is politics. It is the kind of politics we all were brought up on — the kind that fixed the mental character of men like Mr. Roosevelt and Mr. Chamberlain. If the motives, manners and methods of these excellent gentlemen seem now to be a little beside the mark, it is not their fault; they have not changed, the times have changed.

It may be difficult for some of us to explain just why it is that our faith in the efficacy of Spartan political virtue and resounding oratory to make the wheels go 'round, has dimmed. But it has. We are no longer able to believe that the solemn

truth spoken with pitiless publicity can build a fleet, break a national traffic blockade or raise a crop to match the famine of the world. Even those of us who cherish most reverently the traditions of the old fine frock-coated statesmanship, begin to see that modern grand-scale industry when it goes to war with its tools, exhibits a law or a lawlessness that is beyond the reach of press clubs and congressional committees. If the apparatus refuses to work, the trouble cannot be cured by mere exposure to the air.

It is natural that Mr. Roosevelt and Mr. Chamberlain should suppose that the old ways will last their time — and that the war of the great machines can be won by impeccable parliamentary politics, assisted in the high places by a war-council made up of super-men of business. I do not see why any one should attempt to disturb Mr. Roosevelt or Mr. Chamberlain in this conviction. But in passing one may observe that old-fashioned politics turns with touching confidence, in times of stress, to what it supposes to be the Machiavelian intelligence of big business men. The statesmen and the magnates of finance and commerce have much in common. A half-century of vehement warfare between the politics and the business of yesterday, produced in the most conspicuous men on both sides of the controversy a similar



mental attitude toward the problem that confronts us. As our present difficulty is not to be solved by political investigations and oratory, so also we shall find that the intellectual equipment of those who have figured most bravely in interlocked directorates is not precisely what is lacking in the councils of war.

Indeed our main difficulty — our economic insufficiency — is due to this racking pull and haul of an old-fashioned politics against an old-fashioned business. The whole trouble is that we have not yet been able to grasp the idea of being business-like and political in the same breath. Up to this present anxious and distracted moment there does not exist anywhere between our two seas, such a thing as an organ or agency of directive intelligence that applies the principles of business to political or social ends.

To be sure there are multitudes of individual business-men who are sincerely actuated by motives of political idealism; and on the other hand nearly everybody in public offices is honestly trying to be business-like. But the fact remains that nobody in a place of authority has a direct interest in bettering the country's tool-power; *nobody identifies his personal fortune with the physical fortune of the commonwealth.*

The controlling agencies of business continue to

be operated on such terms of legal trusteeship for the investing class, that they must necessarily sacrifice public wealth to private wealth. And the expanding agencies of government live not upon increased production but increased taxation; and the fortunes of the individual official depend upon his adjustment to a system of expenditure rather than upon his ability to contribute to the productive process.

There is nowhere a single business-concern that is run — or that under existing arrangements, can be run — for the primary purpose of producing goods. And there is not a single political concern that is not managed for the primary purpose of consuming goods. You may look the continent over and you will not find in town or country — with one exception, noted elsewhere — ten men standing together who are bent upon an economy of materials for the production of life-sustaining values; or who have found or can imagine a way whereby they can make their own physical fortune concentric with the physical fortune of the Republic.

We produce goods if it will pay an individual to do so; and we spend and are spent upon the public cause — without ifs. But we have not thought of establishing in any community an agency of credit and commerce to assure promotion and a career

to the man who excels in producing what the public needs. That is the little mainspring that, in our haste, we have inadvertently left out of our chronometer.

Mr. Frank A. Vanderlip says we are "a nation of economic illiterates." But illiterates is hardly the word. What we lack is not book-reading, but something that costs less in money and leisure, and is much more indispensable for the ordinary uses of life. Rather there is a smell of the lamp, and of the close air of libraries, about the economic philosophy that backs the practice of our business.

It is not to be believed that any intelligent and untutored man, of an out-of-doors habit of mind, could stand in face of the intricate apparatus of modern industry and commerce and insist that it needs no guidance but the instinct of private gain. That idea was school-made. It is not fortified by current experience, but only by a few thumbled books, written in the eighteenth century and the early nineteenth, by men who had never seen a railroad or talked through a telephone. The trouble with our economics is that it is too literary. It is stalled in the alcoves with Jeremy Bentham, James Mill and Adam Smith.

It is only by a stress of faith in the written word, passing the credulity of pious housemaids,

that we have been able to submit our bodies and souls, without a quiver of intellectual protest, to the guidance of "enlightened self-interest" — limited by acts of Congress. But now at last, in this strict and perilous trial-time, it appears that our resignation has been overstrained. I presume to speak for those whose faith in the logothetes is failing.

I venture to say that doing business for the direct purpose of producing food, clothes and fighting-gear is really not absurd. One may not understand all the theology of finance and commerce, but there are a few plain truths in the shorter catechism that do not over-tax the humblest intelligence.

First, it appears that if a thing is to be done, particularly if it is a very complex thing involving the whole range of technical art and science — and if it is a very important thing, the honour and life of millions of sore-pressed men depending on it — it is quite indispensable that there should be, in every community concerned, some sort of agency bent upon doing it. Thus if it is necessary at this moment to greatly increase the productive power, say, of Senator Chamberlain's state of Oregon, it is indispensable that there exist in Oregon a business agency that is more concerned

about the production of tangible goods than it is about the fortunes of the Democratic party, the combined local Chambers of Commerce, or any other sect, class, or group.

I have elsewhere alluded to the fact that for a moment at the beginning of the Great War such an agency did actually exist in Oregon and in the other states. At the suggestion of the President of the United States the five great engineering societies of the country, as represented in Oregon, delegated five engineers who were accepted by the people of Oregon as qualified to say what Oregon had, and what Oregon lacked, in the way of industrial fitness for war. The character of this agency was unprecedented in the history of modern business, since it treated the business organization of a commonwealth as if it were a single productive plant, to be studied and assessed from a point of view wholly social and scientific. But the thing passed like a starry portent across the sky, and disappeared. If it had stayed, had gathered strength, had grown into an institution trusted by the people, had become an authority in the administration of credit, the control of commerce and the diffusion of economic information — there is no limit to the damage it might have done to the old politics and to the financial and commercial monopolies that dote upon that

politics. It would seem that the swift disappearance of the portent was not unrelated to this danger.

Second, while it is made perfectly clear in the literary tradition of economics that control of credit, commerce and information cannot be exercised successfully by anybody who is not an agent of investors — all the notations of experience, made by people who are not adepts in the orthodox mysteries, seem to run to an opposite conclusion. It appears from an immense mass of observations, and from the consistent records of recurring panics, that the organic law or natural constitution of business is somewhat violently opposed to the orthodox doctrines. For business falls into periodic convulsions or a kind of epileptic fits, in its effort to free itself from indigestible securities, gentlemen's commercial agreements and news that is accurate only from a board-room point of view.

Third, it appears that our well-meant effort to weave the thousand strands of Oregon business or Arizona business, from Washington bureaus — is like keeping a large hotel, say, in St. Paul by telegraph from Tampa Bay. For all the factors that go into the problem of inducing a high driving-power in Oregon industry are in daily flux. It appears therefore that credit and price must be made

to move sensitively, in a sliding scale, and according to the best local information on lumber, ships, weather, crops, the labour supply, the salmon catch and a thousand other things. I submit that credit-administration and price-making are, by rights, social powers; and that they should be used as whips and spurs, as honours and titles, as the lure of fortune and the love of women — evoking the sleeping faculties of imagination and enterprise and rallying men from the easy ways to the work that most needs doing.

There have been times when America was capable of a forthright kind of action to save its life. There are passages of our history touched with a youthful and humorous scorn of literary oracles and the rapt priests of the prayer-wheels. This book is written in expectation that the present times will witness a fresh demonstration of the incorruptible integrity of the basic American mind. It is expected that now, under the pressure of an unexampled moral and physical need, the American people will make a successful effort to escape from the narrow doctrinairism of its business tradition and the morbid and uneconomic idealism of its politics.

Business and politics have split our lives in two — invalidating our mental processes, drying up the springs of wisdom and art, committing us to

complicated hypocrisies, weakening our sense of reality and loosening our grip on elemental nature. One would need to search far through the ages of delusion to find anything more preposterous than the American cult of egotistic business as it now stands confronting, in irreducible antagonism, the American cult of altruistic politics.

Doubtless the spirits of the brave and wise look down upon us from the heights of time — and make their comments. They behold the American Man. He goes in the morning to prostrate himself, with marked devotion, in the Temple of Business. He prays for bread and wine, for the nurture of those he loves, for his meed of joy, honour and fame. He fixes his mind severely upon the rubrics of the cult of Business, to wit: That business is business, that ploughed fields and reeking factories exist to make money, that control of the nation's life-sustaining processes should be left to business men because they are practical, that economy of the nation's human and natural resources should be left to clergymen, politicians and college professors, because they are not so practical, that Allah is great, and the country will come out all right anyhow.

But this American Man is also a patriot. There are hours — in perilous times there are weeks and months — when he prostrates himself,

with very sincere devotion, in the Temple of Democracy. The rubrics of this worship run in the opposite direction. They unsay nearly everything that is ordained in the cult of business. Here the ritual is, Give and then give and then give again — for the maintenance of great ideas; give your sons and daughters, give millions, billions, give even what you haven't got, and charge it to posterity. The American consecrates everything to democratic politics. If he makes a reservation to the effect that war should do nothing to business that cannot be undone in peace — it is no limitation of devotion, but of wisdom.

The ancient brave and wise looking down upon us, will not say that the American Man lacks idealism. But how can they help remarking that his fine conceptions are separated from his business sense? And when egotism and altruism work in water-tight compartments, it has been noticed from of old that people run short of coal, and other things. The ancient brave and wise understand that great wars are not won by those who are shrewd and sentimental by turns. They know that the creative strength of a nation requires a fusion of intellect and passion. Therefore it must be that they are waiting for a resurgence of the soul of America — the awaking of

a spirit that thinks with emotion, and feels with discretion.

To think in the sharp metallic language of egotism in Wall Street, and then, five hours later, in Washington, to mellow one's mind to the moods and tenses of a pure political altruism, is to sap the strength of one's vocabulary, and confuse one's thought. The chief obstacle to that "correlation" that Washington is always talking about, lies in this distracting dualism of the American mind. The correlation of administrative forces is a problem that will find easy solutions — after we have correlated our mental faculties.

A fair test of our ability to pull ourselves together lies in the question whether we are able now to devise a way to make business social and scientific — in Oregon and elsewhere. If we cannot imagine such a thing as a business system operated for public ends by business men who are not officials and who do not think of themselves as immolated on the altar of idealism, if we are unable to conceive of a business organization with driving-centres wilfully and emotionally interested in improving the technical and material resources of a commonwealth, if it tires our minds to suppose that business can ever be anything but a class interest, unconcerned about public conservation or

economy, and making long wars and little truces with the political masses and with organized labour — then the brave and wise will thrust their tradition into the future along other lines than ours.

The brave and wise who invested their estates in the American Revolution were not shrewd and sentimental by turns. They were able to conceive of a public policy identical with the private interest of honest men, and of a personal fortune concentric with the public fortune. They pledged their lives, their fortunes and their sacred honour in support of the great charter — without cunning and without unction — in the spirit of merchant adventurers, or if you please, the spirit of Columbus and Cortez.

They neither drove sharp bargains nor martyred themselves to fine abstractions. They invested in the commonwealth, and the risk was good. Their lives were made freer, their fortunes were enhanced and their honour has become fame — because they underwrote the Republic with all their assets.

CHAPTER X

TOOL-POWER POLITICS

It is easily possible in any community for a group of citizens representing, say, from ten to twenty-five percent of the people — to put an end to privilege, and establish a new and democratic centre of political and economic control. There are two principal reasons why this fact has been obscured: first, it is seldom that so many as ten percent of any community have had wisdom enough to act together for any other purpose than to get privileges for themselves; and second, we have generally been unaware of the existence of certain social methods of operation whereby a transplacement of economic power can be effected by a small minority of resolute men.

The general persuasion has been that privilege has its lodgment in the legal system; and therefore it has seemed obvious that it cannot be displaced otherwise than by the co-operation of a political majority. But as a matter of fact privilege is not lodged in the legal system but in the working organization. The law of the courts takes its character from the conditions that obtain

in the industrial process. It is of course possible for statute law to make detailed changes in the habit and custom of business; but it appears that fundamental changes, changes that alter the balance of economic power, cannot be accomplished by statute. The nations of western Europe and America have been victims of an age-long delusion in this matter. It is not too much to say that the delusion that liberty can be got and guaranteed by what Thomas Carlyle called "ballot-boxing and parliamenteering," has furnished the mainstay of privilege in the countries that call themselves democratic. Socialism, so far as it rests on the idea of majority-rule in industry, is the historical climax of this delusion.

Since economic privilege which includes all other kinds of privileges has its seat in the business system, it should be plain that it can be dislodged only by a rectification of that system. Notwithstanding respectable opinions to the contrary, I am sure that the modern business system does not furnish a favourable *milieu* for the lodgment of privilege. It is in fact so constituted, in its internal economy and in its relation to the uncovenanted facts of life, that privilege is poison to it — tending always toward convulsions and a rigour of death. So it comes to pass that those who seek to purge this system of its unsocial ele-

ments have their strongest ally in the very constitution of the thing.

The constitution of business is democratic in the sense that its organs of control work toward stability and expansion, only in the degree that they give power to those who serve the commonwealth, and withhold it from those who waste the public fortune. Thus when bank-credit is administered in the exclusive interest of a creditor class, the social working-plant is crushed under the weight of intolerable fixed charges, and the result is financial panic and industrial prostration. Again, when prices are raised by monopolistic combination, the purchasing-power of the masses cannot reach the product — and the wheels slow down. It is true that a poisoned and half-paralysed business system may stagger on from panic to panic through several generations — so long as it can find fresh fields of exploitation in which to renew its failing strength.

But I insist that privilege was never so vulnerable to the attack of resolute men, never so easily unhorsed, as today under the modern system of credit-capital, free contractualism and corporate organization. This system contains within its own structure an admirable social technique for the convenience of orderly revolution. The system is so constructed that it tends by its own laws

to find its centre of gravity at the point from which its social functions can best be administered. If business is administered today by a group of men who are gravely lacking in social competency, it is solely because no other group having better social competency is prepared to administer it.

Let us bear in mind that modern economic-social power consists — first, in the control of credit, whereby social backing is given to the projects and persons that are accounted most worthy; second, control of the market, whereby assessment is made of the value of products and services; third, control of the organs of information, whereby appraisal is made of the value of facts and events. Observe that as things stand in the United States none of these three branches of economic power is frankly developed to its full significance in the hands of any namable group of men. Yet it is perfectly clear that the partial and unavowed development of all of them is to be found in every American community. It is clear also that they tend to be concentric, and that in practical fact they vest a dominant economic power in namable citizens in every town.

Our false persuasion that deliverance from economic evils is to come through the ballot-box and the legislature, has indisposed us to grant that there is any sort of validity in the nucleation of

economic power that actually and obviously exists in every community. We have been blind to the truth that the modern working organization, by which we all live, *is so extremely complex that it must of very necessity have a government of its own.*

If our times were not singularly devoid of the habit of political reflection this fact would certainly have received general recognition long ago. Times like those that produced "The Spirit of Laws" or the "Federalist" and the "Letters of Junius" could hardly have failed to understand that a business organization, when it becomes very complex and delicate in its internal adjustments, should come to be regarded as a civil polity, requiring the development of organs of control within its own body. We have accepted heedlessly and very unfortunately, an array of political theories that were thought out in the eighteenth century in application to social facts that then obtained but have long since passed away — carrying the sense and worth of our inherited political philosophy with them.

At the base of modern business lies a conception that played no part in the social thinking of the eighteenth century; namely, the idea of community of interest in the exploitation of nature. The modern business system maintains its social

nexus in a manner that was unimaginable to the fathers of the Republic; it is held together, not by consecrated formularies or consent to any stated law, but *by joint participation in the gains of a perpetual adventure.*

The system is held together by nothing whatever but this common interest in the success of innumerable interdependent exploits — flowing together in an enormous current of conquest directed against the strongholds of nature. When, and so far as, the exploitation is turned aside from this main purpose and directed against an economic class, the cohesion of the system is relaxed. And when, through a slowing down of the current of enterprise or any other cause, the mass of the people cease to feel an actuating interest in the movement, the system is thrown into disastrous confusion.

To grasp the truth that modern business is society in motion, and that the movement is measureless both in its object and its inspiration — evoking all the latent resources of art and science for the winning of a public fortune to which the infinite reserves of nature set no limit — is to free one's mind for good and all from the eighteenth century formulas. It becomes clear that modern business cannot be governed from the outside, that it must be governed from the inside.

Business government is leadership in enterprise — exercised by means of agencies that pass upon the priority of particular claims with reference to a general purpose. To say that there is no need of such agencies is to fail to understand the interdependence of all private undertakings. Without correlation of enterprises the working organization would fall into chaos. And this correlation is government.

The government of business may be bad but not wholly insufferable, or it may be bad to the pitch of impossibility, wrecking the industrial structure; it may be good but feeble, or it may be good to the heights of genius and inspiration generating a volume of creative power sufficient to sweep away all poverty, ugliness, malignance and brutal toil. It is all a question of the release of the latent energies of the mind — a question of giving social backing to the right man at the right moment.

There is no social problem that cannot be reduced to utter insignificance — simply by generating a sufficient current of creative enterprise. Slight inequities of property distribution have not been interesting, in times and places where the creative imagination has worked free — with an open career for every man that cared for a career. It is indeed the special characteristic of all buoyant

and expansive epochs — such as the age of Elizabeth and the fifty years that witnessed the settlement of western America — that the new values, in process of creation or discovery, so outweigh the old values, that men care more for a place in the advancing column than they do for juridic niceties. Even so, in the wholesomer social order toward which we now strive men will care little for a formal definition of exact justice, will be well content that there should be a wide and elastic margin of mutuality around everybody's private fortune — if only that fortune be clear and unencumbered in the vital centre.

When the working principles that lie at the base of the modern industrial order cease to be mysteries and are brought into the light of day, it will be seen that nothing is more fundamental to that order than the idea that the working force of society is a single and indissoluble quantity — an estate *in posse* that necessarily belongs to everybody. This principle is linked as a moral axiom to the fact that, under the modern system of highly organized tool-power, a million men can do at least ten million times as much as one man. It follows that society as a whole is put in possession of a nine-million-man power that belongs to nobody in particular.

If you would seize upon a shining clue to guide

you through the dark labyrinth of modern finance — lay fast hold upon this fact. The language of finance has become a jargon, half-unintelligible even to the priests of its own arcana, simply because its grammar has been shaped in studied neglect of the bottom truth of the financial process.

I have been permitted to hold some slight converse with eminent financiers in many countries, and I have never been able to quite clearly verify my hope that some one of them might explain to me, in a homely and untechnical way, what credit-capital really is, and why it can be indefinitely expanded. I have found out, from other sources, that credit-capital is money, or what passes as money, issued by banks, to represent the nine-million-man power spoken of above — in expectation that this power will express itself in tangible goods within an assignable time. And the reason why credit-capital has an indefinite expansibility, is that the nine-million-man power may shrink to nothing or rise to a ninety-million-man power — according to the degree of success achieved by the economic governors of a community in social team-play or the co-ordination of working forces.

The point not to be missed is that the chief characteristic of modern finance is that it has to do with values *in posse*, as well as *in esse*. It is actuarial in its operations. It capitalizes expectancies.

It facilitates production by issuing money to represent productive power in advance of the productive process. Now it is not true to say that money thus issued by a bank to a business man represents the productive powers of that man; the meaning of the transaction with respect to the particular person, is that he is accounted to have the ability to organize a part of the creative force of the community. It is obviously anomalous — an historical accident needing to be rectified — that the social governors that decide who shall be trusted to evoke and marshal the communal powers, do not generally recognize any obligation to others than their clients.

But whatever may be the present abuses in the administration of credit-capital, we must not suppose that the existence of credit-capital is itself an abuse. On the contrary the discovery of a method for the capitalizing of the latent values of creative intelligence, was a *tour de force* of the human imagination, deserving, as I have remarked, to rank with the invention of printing as a prime motor of civilization. If we had not learned to discount the future in this manner it is difficult to see how grand-scale organization for work could be made possible.

Those who suppose that great business is, or could be, run on a basis of mere savings, have not

grasped the elements of the modern industrial order, or thought their way through the problem that nature presents to us in our effort to effect high mobilizations of working force. The chemistries of earth, water and air operate day and night to destroy our savings. Food, fuel, clothes, housing, transportation materials — move in a constant flux of use and waste, requiring ceaseless reproduction. The yearly product of the whole manufacturing apparatus of the United States needs to be much greater than the capital-value of the plant. It is to be borne in mind that the comfortable or luxurious domestic establishments, which are the chief objects of most men's savings, are of no direct use in the productive process; and that apart from such establishments it is physically impossible, in the hard conditions of existence that nature imposes upon the race, that the average man should command, in the way of savings, so much as a year's supply of goods.

This fact of the intrinsic precariousness of human life on our kind of a planet has been universally obscured by the literature and culture of the well-to-do. It is not perceived that to provide for one's own distant future by sheer stress of accumulated legal claims against the commonwealth — or in any other way than by making one's life and livelihood organic to the common-

wealth, and therefore indispensable to it — is only to render the lives of others more insecure.

With this elementary truth well in hand, we are in a position to understand how vital is the function of credit-capital. In making use of it one does not “run in debt” to other men — except as a mayor or a street-commissioner incurs an obligation to the people in accepting a public office. A merchant or manufacturer, when he borrows money from a bank to run his business, simply accepts responsibility for the directing and economizing of a fractional portion of the current stream of social productive power. If he deposits corporate securities of a railroad or a gold-mine as collateral, that does not alter the case; the physical values represented by the stocks or bonds are presumably already engaged in the railroad or the mine, and are therefore unavailable for his present use. And for this use he does not employ his own savings or the banker’s savings, or the savings of the banker’s other clients or of the community at large. He undertakes to administer a portion of the capitalized labour-force of the community in such a manner that it shall, within a certain time, produce goods of social value.

That this is an exact description of the case, could be made perfectly evident in a new and toolless country, or in a community suddenly

stripped of all or most of its substantial values by some devastating calamity. Under such circumstances the whole mechanism of credit-capital would be found applicable, and would furnish the best possible means of organizing the skills and aptitudes of a multitude of men for the essaying of a fresh civilization from the ground up.

Now it is impossible for any reflective man to understand these primary things about the essential constitution of our actual finance and industry, without perceiving that what he has to deal with is a new and very modern kind of government. He will see that he must reckon with social powers that, in the nature of the case, cannot be administered by everybody or left unadministered; that *they must be administered by somebody in particular*. And he will see that it is a very serious historical misadventure, that tradition and custom have brought it to pass that in our actual society these social powers are being exercised without any definite sanction of social accountability.

Thus the internal economy of our high-tensioned working order has become the social interest that deserves to absorb all other social interest. The question is, How can we establish good government at the controlling centres of the business world? If now we will accept this question as the right question, we shall find a solution

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for the problem of privilege. To those who will not accept it I can promise no solution to which they can contribute.

Having therefore freed our minds of the notion that the business of a community ought not to have a governing centre — we will cease to complain of the existence of concentered authority in business. We will agree that the trouble lies in the manner in which this authority is achieved and administered.

Business government from authoritative centres of credit, commerce and information must now be brought out of the twilight and given an orderly and consistent development in all its parts and faculties. If we will carefully study the nature of the three governing powers of business we shall see that they are correlative — that each draws the others after it. There has been no lack of observers to note the fact that those who control the credit of a community, are likely to control the newspapers, and also to exercise a predominant power in the market. But the concentration of authority could begin equally well with either of the other terms.

If a group of men had enough energy, science and social understanding to create a commanding organ of intelligence — a news service that should be generally accepted as authoritative — no op-

posing group of financiers could stand against them; the power of finance and commerce would pass into their hands. Or if the whole purchasing-power of a community could be organized and vested in representative persons, they would control also the press and the banks. One should infer from such considerations that the three powers are normally concentric, that they are the natural components of the government of the working world — just as executive, legislative and judiciary constitute another kind of government.

I have said that this government of business actually exists, in a somewhat ill-composed and irresponsible form, in every American community — that it cannot be done away with because it is indispensable to the working of our complex industry and commerce; that the groups of men in whom this power is lodged, however badly they may exercise it, are less incompetent and more representative of the public than any other groups that have yet offered their associated services; and that when in any community ten to twenty-five percent of the citizens shall combine to constitute an abler and more representative business government, the economic power will pass into their hands.

Now the strength of a socially incompetent financial power is illusory. The illusion lies in

the false assumption that the basis of finance is the legal ownership of concrete capital goods; the position of the financiers seems inexpugnable because they are undoubtedly the accepted trustees and curators of the bulk of such goods. It is therefore made to appear that nothing but an assault upon the institution of property, or the taking over of all financial power by the state, can possibly avail to effect a change of financial government.

I say this view is erroneous because of the falsity of its initial assumption that ownership of capital goods is the controlling factor in finance and industry. *The controlling factor is organized productive power. The financier rules, not because he is the trustee of those who own goods, but because he is permitted to act for those who own productive power.*

The important point is that the possessors of productive power have not organized themselves with reference to the productive process — but have permitted the banker to organize them, in such manner as investors might approve. Thus the investing class has subjugated the *entrepreneur* class, as well as the mass of the workers. The masters of industrial organization have made themselves the servants of the organization of ownership over which the banker presides. *This*

servitude is historical and habitual, but its chains are straw.

There is no reason why industrial engineers and those who are adepts in marshalling men for the conquest of materials, should not cast off the yoke of organized ownership — as men walk out of prisons when the doors are open.

Since modern finance is primarily a capitalization of productive skills, and only secondarily a capitalization of savings, those who possess the skills hold the whip-hand of financial power — if they did but know it. And there is no great difficulty about their being made to know it. Indeed the secret can no longer be kept. With every advance in technology, every increase of delicacy and complexity in the working apparatus that sustains the life of the modern world, the government of the working organization by those who stand aloof from it and have no part in it, has become more anachronistic and impracticable. And the passing of administrative control from the agents of those who would live by their past, to the agents of those whose hands are actually upon the levers, has now become a pressing and imperative necessity.

The war has brought the whole world to an economic condition that requires a more efficient administration of the productive process. It has

disclosed the intrinsic absurdity of trying to manage titanic tools, whose mechanism involves all the arts and sciences, and whose operation is a matter of life and death for all the nations — from the standpoint of a leisure class that invests no skill or knowledge in the working process, and has no interest in it except to lay upon it the heaviest possible weight of overhead charges.

To make every decision as to new enterprises, and every internal adjustment in the complex mechanism that sustains the life of a commonwealth, with the single aim of increasing the charges that those who rest shall lay upon those who work — is an absurdity that needed to be masked with thicker veils than ingenuity and sophistication have been able to furnish. It could easily be shown, if it were worth while, that every decision and adjustment made on a purely profit-making basis has involved a distinct sacrifice of productive efficiency. But it is not now necessary to enter into the details of such a demonstration, because the general inefficiency of leisure-class finance has been historically sealed and certificated by the war. That kind of finance everywhere confessed that it could not furnish war-equipment. And it was obliged to abandon its own administrative centres to the control of political officials, in the stress of the great trial through which the

world is passing. Indeed it is as certain as anything can be certain that was not permitted to happen, that every country in Europe and America would have suffered a rending and dissolving financial catastrophe, if the war had not swallowed the lesser fever in a greater one.

It is possible to imagine that leisure-class finance might have managed an indefinite prolongation of its career if the international contradiction of interest could have been allayed by a universal collusion of those whose fortunes were committed to that finance. It was theoretically possible for the leisure-class in each country to stabilize its dominance over the producers by a discrete limitation of its exactions to a stress that was morally and physically endurable. But such an equilibrium was bound to be upset by the emergence in any country of a finance that was more social and scientific.

Leaving such speculations, let us address ourselves to the present facts. The old finance has been completely discredited. The expectation entertained by some of its votaries that it will be rehabilitated "after the war" — is illusory. Any attempt to fulfil their hope would result in the gravest social disorders. At this moment the mass of the people in all countries — with the possible exception of Russia — are looking toward

a national government, expecting to find there a new and better administration of the vital functions of economic business. But it would seem that this expectation also will prove to be illusory. The best that can be said for a national or imperial administration of business is that it is less intolerable than the administration of a leisure-class.

We need only to watch the course of the daily news for a few months, in order to discover that business cannot be efficiently governed by the power of a political sovereignty operating on an imperial or continental scale. It will be made quite clear that our modern business system is in its nature so organic — that it moves so close to the ground of fact and depends so sensitively upon specific knowledge and upon swift decisions and adjustments to local and fluent circumstances, that it cannot possibly be governed by general administrative formulas, or through long lines of pro-consular power, stretching out from the capital to the far frontiers.

We shall awake some morning to the discovery that imperialism, in all or any of its forms, has been done to death by high technology. This truth — that intensive and highly organized industry is inconsistent with grand-scale centralization of political power — has been disguised by

financial and commercial arrangements that held industry down to a low voltage, whilst enjoying the repute of technical accomplishments that were great only in comparison with the age of petty craftsmanship. Centralized political power consists well enough with a low technology that kills men like an endless battle, a technology of slums and sweat-shops that resists improvement of appliances literally to the death. High politics is on perfectly good terms with high finance — but not with high technology.

A technology that turns from the havoc of industrial exploitation and war, to apply the resources of an artistic and scientific intelligence to the task of rebuilding waste places and raising the standard of living, will find that the empire has passed away, that national governments must cease to be arbitrary, and that financial and commercial authority must be local or regional — in order to stand close enough to the complicated facts to keep the wheels a-going.

In the United States we shall return, I think, to something like the original conception of the federal republic. By the sheer physical impossibility of getting, on any other terms, an effectual war-mobilization or peace-mobilization of industry — *we shall be forced to accept the principle of economic home rule, or regional autonomy in*

the administration of the powers of credit, commerce and authenticated information. And what is true for America is true for the world. In striving for an industrial organization of higher efficiency to meet the imperative and unprecedented demands of the great war and of the reconstruction and revictualment that must follow it, the imperial sovereignties will everywhere be broken down, and economic autonomy will be developed in the minor territorial divisions of the great nations.

This will not mean the disintegration of nations, but rather a reintegration on a securer basis of common interest than history has yet known. But this reintegration of nations will be effected on such terms that the old international antagonisms will lose their reason for being; and there will be no great difficulty in the fusion of nations in an economic community of interest crossing all frontiers. Thus the cause of economic home-rule is not a new provincialism; but, on the contrary, is bound up with the cause of a realistic and un-sentimental cosmopolitanism.

Having in mind therefore the intensive and extensive implications of the new economic politics as briefly suggested above, let us return to the proposition that a rightly disposed minority in any local community can supplant an unsocial and

unscientific economic administration. We are familiar with the idea that a combination of workers can require and compel changes in business administration by concerted refusal to work. It is remarkable that this negative power has not heretofore suggested its positive equivalent.

A government that must yield to mutineers, can be captured and administered by them, if they have the will and the intelligence. Even so, if an organization of competent workers can say, "We will not work, unless you change your government," it can also say, "We *will* work and we will show you how to govern." The negative strike is a phase of the disease of maladministration. It is not a remedy. *The remedy is the positive strike — the strike of those who refuse to quit, and are determined to serve on social terms.*

It is as I have said above — the financial power is absolutely in the hands of the workers. They may take possession of the economic government whenever they have the will and the intelligence to do so. In doing so they will traverse no legal or vested right. On the contrary, as things stand now in Europe and America, a transfer of industrial administration from the incompetent hands of those who think only of incomes to the competent hands of those who think in terms of the productive process — will be greatly to the advantage

of all honest investors. For the financial agents of investors, in their maladministration of industry, have heaped up an insupportable weight of fixed charges upon the deteriorating working plant of society, and thus have made all securities insecure. In order to validate such securities as deserve to be validated — the investments that really represent the contribution that the past has made to the present — and thus to pass without confusion or violent breach with the past, into the ampler horizons of the future, it is necessary that the industrial plant and working organization be immensely improved, and thus made capable of paying its just debts both to the past and to the future. It is true of course that under a social and scientific economics, the fixed charges imposed upon industry by those whose claim is that they have worked but would rest, would be rapidly scaled down from their present inflated proportions, and the interest account would be likely to fall to a level representing little more than an insurance rate; but this process need damage no man's legal rights.

If now in any industrial community of considerable size — a state of the Union or a Federal Reserve district — a portion of those actually engaged in the productive process, from the rank of

entrepreneurs and general managers to that of workmen of the commonest skill — representing on the whole from a tenth to a quarter of the population — were to act together as a political party of a new and more practical type, they could without a doubt supplant the existing economic administration in that community. I have undertaken to show that economic administration as actually developed in the business world is tripartite — consisting of the control of credit, commerce and the news. I shall have more to say on that subject, but it is sufficient here to remark that, just as in the strategy and tactics of the old politics, the aim of a political party is to impose its principles upon the executive, legislative and judicial offices, so in the new economic politics the aim is to socialize the bank, the market and the press.

It will therefore be necessary for the party of social and scientific economics to organize itself in a financial institution, a marketing agency and a news-service — just as the Republican, Democratic or Socialist party organizes itself in caucuses, primaries and standing committees. If the considerations I have attempted to set forth concerning the nature of credit have been given due weight, it will be understood that the initial requirements of capital for such an organization as is here pro-

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posed are not in excess of the resources of such a constituency as is described. The points to be understood are these:

That credit-capital, not savings, is the body of modern finance.

That credit-capital is social labour-power; consequently a bank representing a large quantity of social labour-power plus a small quantity of savings, can financially overrule and subordinate any bank in which these terms are reversed.

That if, under existing conditions, a bank should become accredited by society at large as a true representative and effective agent of social labour-power, it could issue the bulk of the credit-capital of the community, and exercise an incontestable sovereignty over its economic life.

CHAPTER XI

GOVERNMENT BY APPRAISAL OF VALUES

THE day has come to apply the Baconian principle to politics. Inductive science has ruled for three hundred years in the realm of physics, and the whole body of modern technology is an achievement of the Baconian method. But in politics we are still sitting in the grove with Socrates discussing high abstractions. The bottom reason why the United States has so far failed to achieve an effectual mobilization of tools to meet the world's emergency, is that we have not yet learned to think on a political scale in any other categories than those of the Greek academy. We are vainly trying to achieve a new and unexampled strength for the reconstruction of the world — by means of the *a priori* politics that produced the catastrophe.

I have tried to show that the political world as we have known it has fallen in ruins, precisely because it was not properly our world — but a wraith out of the far past that followed and haunted us. The contradiction that lies back of all the other contradictions that are cancelling each other in the great catastrophe, is the irre-

ducible antagonism between our modern Baconian industry and our ancient Aristotelian politics. In our industry and technology we have fastened upon the facts and adjusted the rules to fit them; in affairs of politics and government we have started with rules — and have stayed with them. The facts would not fit.

It is worth while to think our way down to the level of simplicity. We have an inductive industrial system and a deductive government — therefore the railroads clog up and fires go out in blast furnaces. We blame each other, but that does not help. Things are as they are, and the consequences will be what they will be. We are only human and cannot escape from logic — and to the end of the chapter there will be trouble when Alpha Est and Alpha Non Est sleep together in the same brains.

We agree for a moment, naïvely enough, that what makes the trouble at Washington is red tape. But we shrink from the philosophical reflection that Washington and red tape — as our pains-taking fathers planned them both — are one and the same thing. The American government was made by brave men who did not shrink from the conclusions of syllogisms. They wanted a government of stout rules, and they got it. They did not pattern it for purposes of agriculture, ship-

building or high industrial technology; they erected it as a barricade against kings, climbers and every kind of knave and dastard that might launch an ambitious imagination against it. It is air-tight to enterprise and imagination, because it was meant to be — by men who were capable of doing a good job.

Can we not understand that an administrative system designed in all its branches, to the last sub-bureau and civil-serviced clerkship, to constitute a government not of men but of rules — is not fit for great industry? And can we not also understand that this kind of government is not democracy, and was not meant to be; that it is a kind of placenta or integument under the protection of which it was expected that democracy would grow strong for the conquest of the world — by laws of life quite other than those of our organic statutes of political impotence?

Government as originally conceived in the United States was not intended to cover more than a fraction of the area of the common life. [The wide spaces were left free, for the development of organs and institutions of social control that should be sanctioned only by common sense and by a realized commonness of interest. The text-books of politics speak of self-government as if the main point of democracy were voting for

officials, and as if the democratic character of a country turned upon its method of doing this. But the truth is that the characteristic part of a democracy is the non-official part; and the most democratic country is that which is least concerned about its officials, and has least cause to be concerned. A democracy, as the most memorable Americans have understood it, is a social order in which the vital powers are administered by men whose authority or representativeness is personal and inherent — is not merely imputed by a legal fiction or derived from a formula of political consecration.

I would not recall these axioms at this time, if by leaving them in abeyance we might gather strength enough to weather the storm. At such a time abstract principles are an impertinence — and only a fool will contend for them. We can get along very well without any of the principles of democracy — if we have the power of it. But the power we must have. And that we cannot get, in the way we are going.

We cannot get a sufficiency of food, fuel, clothes, housing, transportation — on *a priori* principles defined by a political authority. We shall lose all the stakes if we run the race by civil service rules. The strength of America is not in the obedient man. It rests in the man who does

not do what he is told — but does better than anybody but himself could imagine. If we escape disaster, it will be by the spontaneous action of non-official men.

We shall be saved not by the Aristotelian syllogism but by Baconian induction. The men who have made rules and required the facts to fit them, will stand back. They will give place to those who know the facts and are able to handle them under elastic formulas. The kind of government that imposes laws which men must obey under penalties, will return to its historic rôle — considerably shrunken. A space will be cleared for another kind of government much more characteristic of the American genius; to wit, a government that rules by the incitement of opportunity, giving fortune and power to invention and enterprise.

It is not believable that we shall pass through this heart-searching epoch without bringing to the surface of thought and understanding the latent law of freedom that has actuated all our great adventures in the past. The most excellent thing in America — the world-changing thing — is a social harmony and order, induced not by covenant or compulsion, but by the mere lure and attraction of an expansive life. It is in America that the world is to make full discovery of the truth that opportunity is a political force, infi-

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nately more effectual in tools and arms, for peace or war — than is the law of retribution.

In the working organization of the United States — in spite of its failures and corruptions — the spectacle has been presented of a vast co-ordination of personal wills, effected not by a negative but by an affirmative discipline — not by the fear of pain but by the hope of gain. That is the secret of American power. To miss it is to misunderstand America. This is a country where nearly anything may be done, by instigation of enterprise and hope — and next to nothing can be done by compulsion and fear. We do not like to be told that we have nothing to gain in this prodigious adventure. We may be content with a fine kind of goods — goods not lacking in generosity and spirituality. But our hearts are set on gain; and by gain alone can we be ordered and governed.

We are a working people having no settled dogmas of duty — beyond the work itself. We are accustomed to great business. And the way to mobilize us for a supreme task is to rectify and clarify the ways of doing business. We cannot readily conceive of the triumph of great ideas won by spending our day in scales weighing our food. But we can conceive of a system of business that

would quadruple the food supply and assuage the hunger of the world.

Our modern industrial organization in its ground-plan — i. e., that part of it which is close to the ground and has to do with the handling of materials — constitutes a new kind of political or social structure, differing from any and all of the forms of traditionary government and politics, as the logic of Plato and Aristotle differs from that of Francis Bacon. This industrial organization has achieved its measure of success in the advancement of the practical arts and the amelioration of the conditions of human existence — in obedience to a method of social control that stands in sharpest contrast with the method that forms the subject matter of the approved political treatises. For the idea of government as the doctors of law and politics have expounded it, regards prohibitions and punishments as the main sanctions of social order. It has been assumed that men cannot be got to act together in mass save by subjection to rules and definitions as to what they must not do.

This conception of government is now discovered to be the principal cause of the suppression of technology for five thousand years. For it is impossible to make notable progress in the practical

arts so long as social place and power are attainable only by those who have a strong sense of the value of formulas and a weak sense of the significance of facts. What is happening now, through a universal labour of parturition, is the birth of a new politics — a Baconian politics — in which the masters of the actual facts and forces of life shall supersede the masters of formulas. It now appears that the issues of the war will be unfolded and imposed upon the world by the nation that is first to arrive at a super-excellent mobilization of tools. And it should be plain that such a mobilization is possible only where government by rule-makers has been definitively superseded by masters of productive art and engineering.

Over against the old social discipline by generalized prohibitions and punishments, stands the new discipline by specialized appreciation and promotion. Under the old order the voice of social authority said to the individual: What you do well does not interest me, but my eyes are open to what you do ill. Under the new order the voice of authority says: The ways of well-doing are as many as the impulses of the creative imagination and are not definable by rules, but I know a good thing when I see it; show me that you have power of art and science, and I will give you social power to match.

What is more remarkable in history than the fact that this new Baconian politics — this way of governing without rules — by mere appraisal of the practical value of projects, performances and events — has now been in vivid existence for three or four generations, without attracting the attention of political philosophers? The modern business system has a government of its own as distinctly articulated in its parts and faculties as the government that has occupied the thoughts of academic politics — though it is to be admitted that in its distracting struggle for a footing, against the adverse possession of the old régime, the new politics has exhibited an aspect of confusion that has disguised its character.

Pressing down through the confusion and disguises, this Baconian politics may be limned and featured as follows:

Its basic conception is government, not by definition of general rights but by specific appraisal of values. Its law is not static but dynamic. Its primary purpose is not an establishment but a mobilization. It does not strive to keep things fixed but to keep things moving. It maintains social order not by setting a pattern of conduct, but by co-ordinating personal forces under an authority that stands for community of interest.

This authority represents the social intelligence

in action — an organized intelligence informed and vitalized by so much of artistic and scientific competency as the community has achieved. As all intelligence is at last simply ability to discern the relative value of things for the uses of life, so this social intelligence acts by authoritative appraisalment of the relative social value of *entrepreneurs* and their projects, of offered personal services and commodities, of natural resources, technical methods and current events. These appraisements are made by means of governing organs that control respectively the administration of credit, the making of prices and the diffusion of information.

Through the administration of credit the social authority underwrites enterprises in proportion to its estimate of their comparative worth. This governing function in the new order corresponds to the executive branch of the old government — only now instead of commanding a sworn corps of officials to do what the chief authority requires, the authority permits and empowers the action of those who seem most capable — throwing the weight of social backing in any direction that promises the greatest increase of social wealth and power.

By means of its market-control or price-making power the social authority judges the works of in-

dividuals with a view to the rewards they deserve — just as the judicial branch of the old government judges works with a view to punishments. The making of prices, taken in connection with the administration of credits, constitutes a governing power that is capable, in competent hands, of evoking all the latent creative energies of the community, and of deploying, for peace or war, an economic force incomparably greater than has been evinced by any extant society.

Finally it is through its control of the organs of information that the new politics assesses the value of resources, methods and events — exercising a governing function that is analogous to that of the legislative branch of the old politics. But it is to be observed that while the legislature undertakes to make a synthesis of the meaning and value of complex facts and forces, at a given moment, and to fix its estimate in a stated form of words, the corresponding branch of the new government envisages the moving realities of the world as a living tissue of news — a presentment escaping all final formulations, and needing to be evaluated day by day as the ever-changing ground of fact and force upon which the other offices of government — credit and price — must be administered.

Proceeding to a further examination of this new

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politics that is swathed and half-hidden yet powerfully operative, under the surface of our current experience — and viewing the matter now not from the point of view of society but of the individual — what we see is a state of affairs in which every man feels himself to be absorbed in the creative process, and in which the motive and ambition of his life is undergoing the profoundest change. He no longer uses business as a means of advancement in a social realm that lies outside of business, because that realm is disappearing. Society itself is becoming simply an organization for the advancement of the arts that free the spirit from the yoke of natural necessity and servitude.

Under the pressure of war all the nations have learned that the control of credit, commerce and the news-service are legitimate social powers, not hereafter to be given over to the covert administration of a class, under pretence that they are not social powers; yet needing a socialization that is not arbitrary but in harmony with the intrinsic laws that condition the productive process. Thus, taught by the world's travail, by its unappeasable need of a better mobilization and of an economy of forces that leaves no place for life outside the process by which we live, the individual is prepared to understand that there need be no wealth

that is not capital — that all expenditure that does not nourish the creative spirit and further the creative process, is a waste not merely of goods but of life.

Thus the leisure class view of business, as taught yesterday in our literature, schools, churches and chambers of commerce, becomes an anachronism. Henceforth responsible men will not enter into the productive process in order that they may after a while escape from it into what is called a position of independence. Children will be brought up to understand that the productive process is society itself, that they must look forward to living and dying in it, that it is wide and deep enough to contain the fine arts as well as the coarse arts, and that they should invest in it their imagination and romance — and keep them invested there.

The idea that the measure of a man's success is the amount of the burden of unearned income that he is able to lay as an overhead charge upon the social working plant, is already obsolescent, and will doubtless pass out of common memory. Yet to the end of the world, we may depend upon it that men will work — as the ablest and most interesting people now do and always have done — for an expansion of personal power or expressiveness translatable into material terms.

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The assumption that such a motive is normal and persistent is the spiritual basis of the business system. That system has prepared the way for the new politics; and the reason why we may confidently believe in the development of that politics is that it offers the surest means of translating personal power into material terms. Under a social administration existing primarily for the very purpose of finding the man of personal ability and giving him a suitable equipment — the desire for physical expression of spiritual power draws a man of energy ever deeper into the vitals of the system. He becomes content with the income that belongs to the rank of his office. The question of profits becomes an impertinence; because the idea of profits is income without action or expression. And the most characteristic personalities in the world of modern business never retire. They care for profits only because the system in its present state would exclude them from power if they did not.

I know how deeply the corrosion of the old politics has entered into all our minds — obscuring the most persistent realities and etching into our thoughts an image of human nature that is a travesty of life. It seems that nothing but hardship and calamity, beating upon our house of illusions and battering it to the ground, could have

sufficed to restore us to the elements of nature, and to an open air view of things. We shall find that our hereditary discipline of suspicion, nurtured under the old politics and in the tangled intrigues of a business system that was obliged to pretend that it had no political power, will be useless and inapplicable in the day of mobilization. We shall find that any man can be trusted to the limit of faith, with so much of power as rightfully belongs to his character and genius. And we shall see that our hereditary notion that governing powers must be balanced against one another, is true only for powers that are imputed to their possessors by legal fiction; and does not apply at all to intrinsic powers of mind and heart, won in the earth-struggle and socially authenticated by the production of accepted values.

These latter powers are recognizable on the instant by the mass of men; and there is a kind of spiritual freemasonry among all these who have such powers. It is only necessary to pronounce the password or to "lift the high indicative hand"—and men of elemental truth will flock together. If it were not so, the warp of the social texture of the United States could never have come into existence; for underneath all the hair-drawn legalities and fine civilities in the Western world is the profound and instinctive communion

of pioneering civilizers — the uncovenanted spontaneity of the Vigilance Committee. That communion will assert itself once more and be celebrated in the light of day. It will be discovered that the new politics is after all the very oldest of politics — a return to that rule of the masters of materials which is primordial and at last indefeasible.

But for the present we go on day by day meshing deeper and more inextricably the entanglement and sophistication of our day's work. We think for the moment, vainly enough, that we can speed up the working process by the accustomed methods of a decadent finance. We issue incredible volumes of debt-certificates, every item of which constitutes a new charge laid by the by-standers upon those who are occupied with the engines — a fresh transfer of controlling-power from those who know how to manage the machines to those who do not know how.

It is impossible that those who actuate this process of industrial disintegration intend to do what they are doing. They do not understand the nature of credit-capital — do not know that it stands for the current creative power of the commonwealth, and that it can be expanded successfully only in even pace with improvements in

the technique and *morale* of the working organization.

There is a way — and there is only one way — to pour untold billions of fresh credit-capital into the physiological system of the United States, without vertiginous and apoplectic consequences. The loans must needs be issued through agencies whose motive and resolute purpose is to improve the technique and *morale* of the working system; and *these agencies must frankly intend to shift the gravitational centre of the system from the organizers of investment ownership to the organizers of enterprise.*

At the moment when the war broke out in 1914, the issuance of credit-capital through investors' agencies, for the sole advantage of those who live by unearned incomes, had already reached the point of saturation. The fact that the old financial order was everywhere drawing towards its end, was obscured by the sudden taking over of business-control by European governments, and by the action of the forced draft of war-demand upon the smouldering fires of American enterprise. From that moment the business system of the United States, in spite of its vast galvanic activity, has gradually lost character and tone as a living, breathing organism. Its

parts and faculties have functioned with declining consentaneousness — as under the panting respiration of a pulmotor.

That the men to whom we look for leadership in the crisis of the life of nations, should treat this monstrous and moribund system of industry-for-the-sake-of-the-idlers as if it had in it counsels of strength and sinews of war, and as if it were heir apparent to the estate that lies beyond the agony — that they should treat as a dream of visionaries the rising demand of engineers and industrials for a fresh and recuperative order of industry and for a working-world finance — this constitutes a blunder so colossal that the imagination is awed in contemplation of its possible consequences. However, there are men in the second range of power who understand. And these will not consent to be denied.

Nothing will suffice but a conclusive transference of economic initiative to men who do not represent the leisure class but the working organization — men who think in terms of engineering and who are capable of a scientific economy of man-power and physical resources. A jerry-built finance, calculated to fall to pieces at the end of a period of special stress — will not do. We must build for the far future and for the rehabilitation of a devastated world.

Such a need cannot be met by the devising of a national financial corporation to take the weight of socially necessary industry off the back of leisure-class finance, leaving its own original resources all the freer to exploit the luxurious industries — nor can the need be met by a temporary system of financial priorities, resting upon the action and mental habits of men whose only training is that of investors' agents. Yet such ineffectual adventures contain a confession of the irresistibility of the march of the new Baconian politics. We shall not get an effectual mobilization of industry until the posts of primary decision and directive power are held by men whose minds begin with the physical facts and work upward toward generalizations, rather than by those whose mental processes move in the opposite direction.

This distinction has been dramatized in the historical development of the business system. The operative or productive part of an American railroad or steel-making corporation has achieved success under managerial minds that moved inductively; and this success has promised great social advantage. But the social advantage has been largely cancelled out by the opposite and contradictory mentality of the over-ruling financial and commercial part of big business. And

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power to a stated headship over the various departments of business. Then, after the logic has been perfected — the gaps filled, the overlappings reduced to a geometrical demarkation, each part manned by a person of rare ability and all duly co-ordinated under a supreme demiurge — it is expected that the dialectic conclusion will work out in a form of rhythmic order and unconquerable might.

Such things do not really happen. And men who have been bred to engineering tasks know that they cannot happen. They know that industrial order and the might of tools are to be come at in precisely the opposite way. The beginning must be made close to the ground at a point where the primary facts, in their infinite changefulness, can be accounted of. Then the hierarchy of powers, built up to a commanding and over-seeing centre, must be adaptive and elastic in its nature — acting not by stress of will or any arbitrary force, but rather by force of intellect applied to a synthetic knowledge of the realities that are to be dealt with. And the highest administrative power of all — especially if the organization is vast and complex — must be freest from the need of making uncontingent and peremptory decisions — must measure its administrative success by its ability to get the sharp decisions made

by those who stand nearest the facts, and must in general rule by the allocation of tasks, and not by compulsion.

Such is the definition of executive unity and strength as it is understood by minds that are accessible to the Baconian logic. And such is the description of high-powered industry as practised by competent engineers and organizers in the technical and productive departments of great American corporations. The method of success and power in great industry is democratic — not in the sense of the balloting practice, but in the deeper and more significant sense that the lowest man moves free within a margin of personal discretion, and is not ruled by any arbitrary law, but by the intrinsic law of the work itself.

In all the democratic lands, history will have an accounting, full of grief and disillusionment, for the dogmatists of politics and of finance, who have misled each other in this great and terrible day, as blind men leading the blind — and have for a bitter season obscured to the sight of the people the truth that in a war with tools and elemental forces, democracy needs no defence from autocrats — save the rigorous realization of its own dynamic law.

CHAPTER XII

AUTHORITATIVE DEMOCRACY

THE war is a struggle between two historical social principles that are in their nature irreconcilable. The sovereignty of the state is engaged in mortal combat with the sovereignty of the people.

The idea of the state as a sovereignty is a metaphysical conception of great antiquity. It carries with it the idea that moral right inheres in the *force majeure* of society. It assumes that order cannot be maintained otherwise than by a gendarmerie of fighting men; and this is militarism. To say that it is not militarism unless the fighting men are numerous or aggressive, is like saying that the *patria potestas*, or household dominion of the eldest male, does not exist unless the master of the house is selfish or cruel.

On the other hand, the sovereignty of the people means — when it stands for anything but a sentimentality — that moral authority is not lodged in the official government, that it rests with the people, and that the people are able to maintain order by common consent, and to use soldiers

and police as agents of their free associations. This is democracy as history understands the word.

The question now being tried out is the comparative strength of militarism and democracy. If militarism is stronger than democracy it will prevail. If democracy prevails, it will not be because of its appeal to an abstract idealism, but because of its realistic strength. We should therefore make strict examination of the democratic order to find the source of its strength, so that we may make the most of it.

We have found that the cohesive force of democracy is a mutuality of interest in the creative or productive process; and that the free associations through which this mutuality is expressed are the organs of social control that regulate credit, commerce and the news-service. We have found that these organs have been imperfectly socialized. Consequently we have called in the power of the state to supply the social purpose that was lacking in the centres of free association. I want to show in this chapter that this dual control of productive business — in England, France and the United States — saps the strength of democracy in its struggle against militarism; and on the other hand, that experience is forcing us to a point where we shall

see that our kind of a state cannot socialize business, and that we must invest our social purpose directly in the local governing organs of the productive process.

As there is said to be a soul of truth in things erroneous, so there is an instinctive wisdom and a permanent validity in most of the underlying assumptions of the business world — notwithstanding the fact that these assumptions have expressed themselves falsely. The falsity lies in trying to give them expression through organs of business control that have lacked a social and scientific character.

Thus the business world rests upon the magnificent assumption that its order is self-vindicating, that the laws of finance and trade are natural laws, that they are not derived from any political charter or franchise and cannot be abrogated by statutory power — that the constitution of business is in short nothing less than a transcript of the constitution of the universe. Now there would be no fault to be found with this idea — if only those who champion it would understand that a world-wide institution representing what is simply human and scientific, should be administered from centres of science and the humanities.

Observe, in the second place, that the business world has always refused to regard the political

state as an originating economic agent — and has treated it merely as a public service corporation, standing in the relation of debtor to the business system. From the point of view of democratic philosophy there is nothing wrong with this theory — except that it needs to be completed by making the business system the responsible guardian of the public fortune — and making the administration of credit-capital a public function. If the state itself is the true credit-centre, then the idea of lending money to the state is absurd. *There must exist somewhere in the social body an organ representing the commonwealth as creditor. The commonwealth is an accumulation of economic values. Therefore, in the main, it should lend, not borrow.*

Here, then, is the predicament. The administrators of productive finance refuse to regard themselves as public agents, and insist that their responsibility is only to their investing clients. The consequence is that the original idea of the democratic state has been subverted. The people have been forced toward state socialism. The state is coming to be regarded as the mother of credit, and is tending to supplant the free financial system as originating dispenser of credit-capital.

Thus the great financiers of England, France

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and the United States have been caught on the sharp horns of a dilemma. The war will deliver them from this dilemma — though not without some rending of garments.

If the business world had produced a single administrator, of the proportions of a Hildebrand or a Richelieu — if there had arisen anywhere a man worthy to be called a Napoleon of finance — he could have socialized the local centres of financial control throughout the circle of commerce, and established a democratic economic empire, to which all states should be merely tributary. Militarism would have been cut down at the roots by refusal of the credit power to lend money to any kind of public service corporation, beyond the compass of a limited taxing-power.

If any one says that such a thing could not have been done, he underrates the power of socialized credit as a political force. He can hardly have reflected upon the bearings and implications of the fact that the credit-capital of a community in which the economic administration is bent upon the highest possible development of creative power, would be indefinitely expansible; and the fact that *the mere existence of a single such community would precipitate a democratic economic revolution throughout the world.* The competition of such a community would suck the economic

life out of all its neighbours — if they refused to reorganize themselves on the new pattern.

No community that offers its high prizes only to those who excel in financial and commercial intrigue, can stand in the presence of a neighbouring community in which the intriguers are thrust aside and the places of power are conceded to the masters of civilizing science and art. In such a competition the original differential advantage would be cumulative — in geometrical ratios. All the capable men would soon be on one side and all the short-weights and charlatans on the other.

Thus one may understand that a valid finance has only to make a beginning in a territorial space sufficiently ample for a demonstration — and it will force the *orbis terrarum* of commerce over into a new political climate. Then the nineteenth century competition to make goods dear and men cheap, will of necessity give place to a new kind of competition, to wit: a competition of rival communities, to advance the arts and raise the standard of living.

However, since the business world did not have the happiness to produce in those haggard and careworn years preceding the great war, a man of imaginative and practical genius of the first order — it remains to show that the war is doing for us, with infinite pain, the arrears of work

thus left undone. The effect of the great agony, as it unwinds its thread of fate in the democratic countries, is first to expose the unsocial and unscientific character of leisure-class finance — by carrying its false suggestions out to the uttermost limit of endurance; and then, second, to demonstrate beyond possibility of denial that no order of international society is now possible except the order that the business world betrayed and caricatured.

As to the first point, the business that called itself a scientific and cosmopolitan system, to which states were only a special kind of public-service corporation, and which nevertheless was eager to make use of the state as a social sovereignty to further business ambitions — was forced by war-stress to abandon — completely, though as it thought temporarily — its claim as an independent social power, and to turn over the government of business to the official government. The net result of this transaction is now working itself out in the United States in terms of financial inflation and industrial deadlock. To treat the state as an infinitely obligated debtor to private persons, and yet as the mother and instigator of all the life-sustaining processes — is not practicable.

The contradiction expresses itself, on one hand

in an impairment of industrial correlations and a deterioration of the working plant, and on the other hand in the heaping up of an overhead charge that mounts as fast as the working-strength to sustain it diminishes. The proximate result must be the substantial elimination of stockholders from that part of the industrial organization of which the income is not underwritten by the government — and the concentration of the claims of investors in the various forms of the public debt. The ultimate result will be the passing of the control of the industrial organization into the hands of men of creative and organizing ability; who will be able to rehabilitate it only by definitely subordinating the interest of those who lend money to the interest of those who lend enterprise and skill. Since the validation of the public debt will depend upon the minimizing of all other charges upon the working organization, and will require the improvement of the organization in technology and productive power — *it may even be expected that the influence of the great income-takers will be cast on the side of the financial revolution.*

Thus we come to the demonstration that no international society is now possible except the international order that was always implied in the constitution of the business system, to wit: a society based on universal and self-vindicating

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laws, bound together not by conventions but by organic community of interest, and dealing with states as public corporations of limited powers and liabilities. If we do not decide to have this kind of an international society, we must return to the balance-of-power principle expressed in the treaties of Vienna and Berlin and in the perilously unstable equilibrium that preceded the war. To imagine any other alternative — except triumphant autocracy — is to pursue a phantom.

Only three kinds of politics are possible in the modern world: autocratic politics, balance-of-power politics and community-of-interest politics. The war is eliminating the middle term; the final issue will lie between the first and the last — between autocratic militarism and an international democracy achieved by the rectification of the business system.

The balance-of-power principle had its origin in the domestic politics of the western democracies. The idea of the Congress of Vienna was in essence an application to the whole of Europe of the English-French idea of party government. If England or France could maintain order by a shifting equilibration of internal forces, why not Europe as a whole?

The case in America was different at first. The Constitution of the United States was not planned

for party-government. We were forced to accept the balance-of-power principle and were driven into party government by the rise of an unsocial financial-industrial system that stirred the "plain people" under Andrew Jackson to move for class-control of the state. *Thus community-of-interest politics, which had its origin in the American constitution, has been side-tracked for three generations by the failure of the business-system to develop social and scientific agencies of administration.* The American state has been committed to the balance-of-power principle and has gradually been made over in the image of the western European states. This process has culminated in the great war. *And the war will throw us back upon the original principle of the constitution.*

Balance-of-power politics applied to the internal life of a modern industrial people, is a method of social suicide. It assumes that the state is the vital centre of society, and then sets up an internecine struggle that saps the strength of the state. It forces the possessors of economic power into an attitude of belligerent defence, which precludes the frank socializing of that power, while offering no serious obstacle to the aggressions of economic intrigue. Thus political liberalism has come to be the hand-maiden of plutocracy. The

self-cancellation of the electorate by the contradiction of rival parties, has delivered the state into the hands of those who hold to a non-partisan community-of-interest; and the teaching that every evil can be cured by a majority vote has generated evils that require a major operation in surgery.

Whatever may survive the war, it is certain that political liberalism will not survive. To return to the political condition in which England, France and the United States found themselves in the early summer of 1914, is one thing that is impossible. To imagine that a modern highly organized people can be governed by a balancing of interests, through a flux of public opinion, and to identify that condition of affairs with democracy, is to make democracy for ever uninteresting and unimportant.

With the growing complexity of the vital processes of modern life, government by public opinion has become incredible. Under the sway of a press supported by advertising, it is obvious that opinion can be manufactured and bought and sold by measure. There can be no doubt that what we need is government by the truth and the facts. And that presupposes the development of agencies of credible authority. Acting from such agencies it would be feasible to administer the vital proc-

esses of society on a social and scientific basis. Democracy in its original intention would become possible; otherwise it is not possible.

Thus the real political issue that the war has precipitated is this: *Shall society be administered by an autocratic or by a democratic authority*—by an authority clothed in majesty and dread, or by an authority that rules by science and the humanities? We shall not be able to escape this issue. We have already exhausted every possibility of evasion and postponement. We shall find that autocracy is stronger than any of the make-shifts for democracy; and that nothing is stronger than autocracy but democracy itself.

If we cannot believe that there is in the mass of men any appetite for the truth and the facts, if we cannot believe in the possibility of a general consentaneousness of mind and will, under the direction of a scientific and serviceable authority—we should capitulate to autocracy without splitting hairs. For in that case there would be no real difference between our faith and that of Potsdam.

If, however, we do really believe in democracy our present task is to find a way of handling the stuff of life, to which we all can be committed—simply because it is a way that suits the nature of

man and the nature of things. *We must have a solid institutional authority, to interpret with irresistible force the intrinsic laws of life.*

In the internal politics of the United States, as well as in the international politics of Europe, the public fortune has hitherto been plighted to the balance-of-power principle, because no other principle is conceivable to people who think of the modern liberal state as a sovereign power. If you will not have a prince, and yet will have a power capable of crushing down all personal wills, how can you possibly manage it — or even seem to manage it — without trusting to the flux of the major force? And if we should now go forth to international councils with this idea of the caucus and the party in our mind, and in the full persuasion that when the major force has spoken the result is consecrate and spiritually unimpeachable, how could we possibly consent to a league of nations, or to an international court or police-force, that would stand on any other ground than that of the balance-of-power?

But the President of the United States addressed the Congress on the 11th of February, 1918, for the express purpose of repudiating the balance-of-power principle. We are therefore committed to the community-of-interest principle, and to the development of an international work-

ing organization on that plan. The mind in the White House is more than a statesman's mind. *The President is looking forward to a new order in which the powers of states shall be limited by a power outside the states.*

The democratic state cannot socialize business because in absorbing the life-sustaining powers of society it necessarily assumes a character of sovereignty, and thus commits itself to the balance-of-power principle. In the ceaseless struggle of parties for the control of the organs of credit, of commerce and of information, it would not be possible to maintain a high industrial mobilization. The moderate degree of success in state socialization of industry attained in France and England by military governments acting under dire pressure of war, and with party politics in abeyance, is not to be credited to the principle of state socialism. It is to be remembered also that, from the beginning of the war, the United States bore a large part of the economic strain in England and France; so that the true value of militarized industrialism in democratic states is to be judged by the later experience of America rather than by the earlier experience of the Western Allies. It is here rather than there, that the democratic-military-industrial state is working itself out to its intrinsic and logical conclusion. The evidence

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of record goes to show that the military state as an improvisation in democratic countries, cannot develop so high a power of tools and arms as is possible to a veteran scientific bureaucracy operating under an autocratic power that has habitually subjected the organs of business to political ends.

The psychology of the German political system is abhorrent to us; and whatever the errors that have been propagated among us concerning its character, our aversion to it is not on the whole factitious. The western world fights against the German system with an impulse that comes from the roots of democratic instinct. Those who say that the West has been committed to the autocratic principle by enforced military service and the suppression of unregulated print and speech, are gravely mistaken. None of the disciplinary measures of war has hurt the core of our democracy. They all have proceeded logically and inevitably from the situation in which we found ourselves. If they prove to be unavailing with respect to the main issue, *they will at least serve to put an end to the nerveless liberalism of mid-Victorian tradition, and to vindicate the principle of authority upon which the future of democracy depends.*

Almost at the moment when the President was

speaking to the Houses of Congress about the hopelessness of a balance-of-power settlement, the frail dam of Russian resistance to the tide of German economic invasion began to crumble from end to end. Thus it appeared that a territory of immense natural resources — like a new America — was, soon or late, to be delivered over to the commercial and industrial exploitation of the German empire. It appeared also that, with such a release of internal economic tension, the threatened domestic revolution in Germany would be put beyond the bounds of reasonable hope. There would be no power in evidence that could check the advance of German economic hegemony in a march to Vladivostok — save that of Japan. And the profound congruity of the Japanese system with that of Germany should prepare our minds to expect, in the long run, an amicable composition of the difference between the two.

In this emergency it seems that the policy of the democracies, in their uncompromising war against the Empire, may perhaps best be guided by a recuperative Fabianism. We should understand that the kingdoms of the world and the glory of them, belong at last not to violent men but to the masters of elemental forces. We should steadfastly undertake to develop a democratic power of tools and arms incomparably greater

than anything that is possible to imperialism. And with that purpose the war should be pressed to the end — for fifty years if need be, not truceless perhaps, but uncapitulating.

If we should be obliged to content ourselves for the present with the freeing of the democratic lands from the feet of imperial invasion, we should be brave and wise enough to rest there while we gather our strength. *But we ought never to abate our claim for the universal right of a free economic order, and we should never make peace with a government that has subjected the creative process to the uses of political ambition.*

We shall be sure to have our way at last. Autocracy is stronger than a doctrinaire liberalism distracted by class-rule. But it is weaker than democracy.

All battles are fought on the margin of misunderstanding as to which side is stronger. The issue is not determined by the battles but by the demonstrable reserves. It is not necessary to destroy our adversaries but only to clearly out-class them in mastery of art and science, expressible in tools and arms.

This is the work of an Authoritative Democracy.

CHAPTER XIII

THE NEWS-SERVICE

THE saying, "Let me write the headlines and I care not who writes the laws," is partly reminiscent of the times when newspapers carried elections, and partly suggestive of that hypnotic power which is still exercised over the mass of the people by mere emphasis, iteration and the art of putting things. An ironic fate has befallen our journalism. The more anxiously and abjectly it strives to reach the people, the wider yawns the breach of confidence that separates the faith of the public from the ministry of the press. The press no longer directs the people's immediate decisions in specific matters of social or political concern; but in revenge it has taken possession of the inner texture of the public mind — fixing the fashion of thought and establishing the cults and philosophies of life out of which decisions flow. The people rebel against the press and vote against it; but they have not found a way to resist the steady pressure of its mental standardizations.

I have spent five years in Park Row, and have watched the waning of newspapers as guides of

current opinion, and their waxing in bulk of matter and expensiveness of make-up as agencies of distraction, vehicles of advertising, and massive generators of the mental atmosphere in which we all live. Nothing in the modern world is more wonderful, more heavily freighted with the raw stuff of romance, than is the method and apparatus of a great newspaper office. To spend a thousand and one nights in any part of the making of a New York morning paper, is to feel the throb of the presses and the tingle of the world's wires as a part of the pulsation of one's own life — a perpetual stimulus to sympathy and imagination in a world grown small through instantaneous communication and multiplex print.

Our age of high-tensioned technology and the enforced mutuality of the machine, finds in the daily newspaper press its clearest social consciousness and the thing that most nearly serves as a social brain. It follows that those who understand that modernity in politics is government by sheer stress of organized intelligence, can not fail to see that the newspaper occupies the place where the centre of social authority ought to be. If we are to escape from autocracies and the rule of arbitrary and extraneous powers, if we are to be governed by the intrinsic and self-vindicating laws of art and science, we must expect to find the way to

this enfranchisement through a regeneration of the news service.

The decline in the political authority of the press — signalized, for example, in the New York municipal election of 1917 — was well under way fifty years ago. It was impossible that the press should continue to be authoritative in politics — or in anything else, save such matters as shipping news and stock-market reports — because the idea of authority departed from American life with the rise of Jacksonian democracy.

We have lived for three generations under the complete dominance of the theory that democracy is a mere level numerousness — a circle without a centre. Journalism as a profession declined; and those who occupied themselves with it felt constrained to speak of it as the newspaper business — because the social atmosphere was intolerant of all authorities, and was charged with special suspicion of a thing so ostensibly powerful as the press.

Since therefore newspaper men were estopped from any endeavour to set up a standard to which the wise and honest could repair, they very naturally set out to catch the crowd by any means the crowd might like. In course of time and by easy stages, as newspapers multiplied and grew enormously expensive — journalism achieved a

marvellous degree of moral and intellectual passivity. How otherwise could it live? With finance and the big advertisers holding the press under strictest bonds of orthodoxy, with competitors striving desperately against each other to clothe the dogmas of the prosperous in language most alluring to the ignorant — how was it possible that news picked and sorted to carry the advertisements, should truly interpret the meaning of events or the relative value of human things?

Journalism as it exists in New York today is not corrupt or venal, in any vernacular sense of those words. It is even scrupulous to a degree in the mint, annis and cummin of the profession, and its ranks are full of able and conscientious men. But it is incapable, by the very nature of its economic structure, of supporting a single free journalistic mind, or of offering any presentment or interpretation of events that does not chime with the prepossession of a class constituency. It has broken up into a variety of cults, and all classes are, after a manner, represented. But the view that is simply human is nowhere represented. In every quarter that view is found to be exquisitely unavailable and unfit to print.

The truth is we must begin at the bottom and rebuild the news-service of the United States. In doing that we shall recreate the structure of Amer-

ican society. For the news-service is the emotional focus and controlling centre of democracy. Democracy is government by truthful interpretation of the fluent facts of experience. To see the facts as they are, and to show their bearing upon the life-sustaining process of a commonwealth, involves the interests of religion, culture, politics and business. Thus a regenerate news-service will break down the partitions that now unhappily separate and sterilize these interests. As things stand, religion is shattered into sects that make faith a divisive force, culture is reduced to moral passivity and practical impotence, politics is fixed in a superficiality precluding the possibility of solving its own problems, and business plays a rôle of pure esurience. To such a pass have we come, because the indivisible life of human beings has been cloven into quarters.

As there is no solution of political problems that can be stated in the conventional terms of politics, so it is also with the problems of business, culture and religion. We should perish in abject confusion of mind and spirit — if the partitions could not be broken down. But they can be broken down. This book is written to further that purpose. It could come to nothing of course, if the urgent need of the times were not with it. Once more we ring the bell of Francis Bacon, “to call

the wits together " — because it has come to pass under the war-stress, that the realism of his method is penetrating to the heart of the social order.

This is not to say that there will be no place left in the world for great generalizations — or that the human mind will cease to make use of *a priori* logic. That logic is indispensable to the uses of every private mind. It appears that all brave living begins with grand assumptions, and with axioms of faith that it takes a life to prove. Indeed it is of the very essence of democracy that every individual should be free to contribute to the whole, such fruits as he may be able to bring forth out of whatever bold imaginations may be peculiar to his own genius. But the social structure must be Baconian. It must rest upon the proved good ways of doing things.

To try to build society upon fine theories is to suppress the private right to theorize. It is because we have tried to erect our social structure on grand assumptions, that the American mind has been reduced to conventionality. De Toqueville noted long ago the beginnings of our mental standardization. Bryce has more recently remarked it; yet the testimony of these Europeans need not disturb us. It is the palpable fact that should disturb us.

In the Catholicism of the Middle Ages I think there was far more mental freedom than could be found in the hard dogmatic sects of Luther and Calvin. Thus the mind is enslaved by being sworn to a formula of freedom. Always beyond freedom there is a new freedom. The man in the White House knows this — for miracles still do happen. It is not yet quite impossible for a first-rate mind to follow a party and rise to high place through the laboured dulness of a majority-election — though it is hard to imagine a Petrarch, an Abelard or a Francis Bacon attempting such a thing.

Whatever may have been the case with the simpler politics of an earlier day, the last half-century in America has developed conditions that fix the ways of political success in lines of moral adaptiveness and verbal facility — excluding the kind of mental integrity and strength that characterize all men of constructive social genius. To achieve power in politics under the conditions that have existed here and in England and France for the last fifty years, it has been indispensable that the candidate should be so constituted in his mental make-up that he could steadily intend to be, and sincerely suppose himself to be, the reformer of great wrongs in the interest of all the people — while in fact yielding, “as a practical man,” to an

economic pressure that was not public in its drift. If during this period, in any of these countries, it has been possible by a miracle to set in a commanding political office a man of realistic administrative genius — some new Justinian or Gregory VII, a Turgot, a Mirabeau, or even a Cecil Rhodes or a James J. Hill — he assuredly cannot fail to understand that the struggle of party politics against modern industrial and commercial finance, is hopeless; and that the world must inevitably drift to universal militarism unless the social interest can be institutionalized in an organ of economic control that shall be more powerful than any party. Thus he cannot content himself at last to use his political power in a vain effort to control the business system from without; he must force it to socialize itself from within.

Are we committed beyond reconsideration to the notion that multitudes of little men are a compensation for the lack of great men — and that the great dwarf the average? I am sure that is an error; that great men diffuse their own freedom and arouse greatness in multitudes. There is nothing we need so much for our own strength as men who make revaluations of the common estate, on their own terms, seizing upon the raw stuff of life and creating new authorities that most of us would neither understand nor approve —

until after they were operative. Where there is no authority there is no society — and no freedom.

Now the modern business system is a republic built upon the principle of authority. To be sure the authority must be impersonal, objective — absorbed in its work. The system arose spontaneously out of the needs of life, and therefore contains a wisdom surpassing philosophy. It is, as has been said, a government by appraisalment of values — now fallen into confusion for lack of credible appraisers. We shall find that its latent and baffled energies are enormous, incalculable, verging toward infinity — after the masters of fact and of value have come, and have restored order.

If the men of an earlier age had been asked to produce an authoritative news-service as an instrument of government, the idea would have eluded their comprehension. So also if they had been asked to devise an organ of perpetual enterprise for the economy of skills and the release of creative forces, they could not have conceived of a modern credit-centre. Asked to produce a system of social selection superseding the count of polls and putting the best servants of the public in the commanding places, they would not have imagined the operation of the contractual process.

Again, moved to find a way to depersonalize and perpetuate the successes of private adventure, they could not have compassed the idea of the modern corporate structure.

And we did not invent these things. They are perhaps beyond the greatness of great men. We inherited them. We have only to understand them. And that we have so far failed to do. We have failed to grasp the meaning of them in their wholeness and harmony, and have therefore used them in ways of discord and disaster.

The business system came into the world unheralded by prophets or philosophers and spread its web of intimate human relationship from country to country. It became, within two generations from the time of its distinct apparition, a subtle but persuasive and irresistible political power. It dominated all other political powers, in the countries governed by shifting parties and the free play of public opinion, though it failed to achieve this dominance in Germany and in certain other countries with autocratic constitutions.

The business system binds men together by a physical communion of interest. So do the autocratic governments. The liberal and parliamentary governments, on the other hand, undertake to bind men together by a communion of ideas or general principles. If you will reflect upon this

contrast, you will understand much of the recent historic past — and also much of what must happen in the near future. The simple truth is that the modern development of high technology and grand-scale industry has made government by general principles impracticable, and has necessitated a reorganization of universal society on a basis of physical communion. Henceforth the only choice lies between the kind of physical communion that can be got by autocracy and militarization, and the kind that the business system has worked out in the interest of the prosperous class, but which must now be developed on a broadly social and scientific basis.

Governments organized for the express purpose of maintaining the separate and immiscible character of the physical fortune of each individual, are now passing out of existence — giving place to a new order in which the physical fortune of the individual will either be subjected to the public fortune by force, or identified with it in freedom. The method of forcible subjection is amply illustrated in current experience. The method of free identification is of course preferable on every ground. It promises to generate a vastly superior energy of tools and arms — since physical communion got by subjection, can yield only the difference between the social power that prevails

and the personal forces that are overborne — while the method of free identification can yield a social striking-force equal to the gross sum of all the personal forces concerned.

For the development of this latter method it is impossible to imagine a more admirable social technique than will be afforded by the customary agencies of the business system — after that system has been made self-consistent and applied to the social fortune as a whole.

All the military states as they stand today are attempting, more or less ineffectually, to solidify the physical fortune of society, by using both the methods described above — since they all permit the business system to operate to some extent under its own law, the law of the free identification of interests. This contradiction of principle working itself out in the heart of the belligerent states is the cause of much confusion and discontent — the cause of “profiteering” and “labour troubles.” The states whose national genius is freest and least amenable to military control, suffer most from this internal discord. They suffer most precisely because they are most capable of resolving the contradiction, capable of achieving a new and invincible unity through the free identification of interests.

Our task is to rectify the business system by

putting the interest of society in the place now occupied by the class-interest of organized ownership. We must grasp the conception that society as it actually exists within a given territorial jurisdiction — say a Federal Reserve district — is the historical heir to a great fortune, that this fortune consists on one hand of a precious share in the incorporeal hereditaments of art and science that the race has accumulated through the ages, and on the other hand of a right of eminent domain and reversionary ownership in all the lands of the district and in all the physical property that the common heritage of art and science has produced.

We should bear in mind that the idea of wealth, when sifted to its essence, is not the heaping up of material products of labour, but is rather a vital and spirit-freeing *relationship* between the powers of the mind and the resources of nature. It is conceivable that a wealthy and powerful people might acquire such easy and fluent command of nature that it would restrict the bulk of manufactured materials far within its possible limits of production. *Wealth is at last not products but productive power.* The richest population is that which is least exposed to fatality and blind forces — most free to act from spiritual or unforced motives, and from the impulses of beauty, elegance and order. Thus we should agree that the object

of economics is to improve the relationship between a society and its environment; that this is mainly a matter of better art and science and better organization, and that the size of the working plant and the volume of commodities are not primary but secondary considerations.

Having in mind then such a conception of the nature of wealth and of the character of the economic problem, may we not agree that the business system as it exists in our Federal Reserve district is a social apparatus for the conservation and enhancement of the public fortune? It exists to develop tool-power for peace or war. It is understood that this power is industrial, political, cultural, spiritual; and that the public fortune has all these aspects. The business system, as guardian of the public fortune, undertakes to administer it in such manner that every individual will find a career open to him on condition that he makes his private fortune concentric with the public fortune; and will on the other hand find all avenues to wealth and honour closed, if he refuses to do so.

Consider now the operation of the three sovereign powers with which modern business has been endowed, for the execution of its social discipline, to wit: the news-service, the credit-service, the market-service.

The news-service comes first in logical order,

because this modern kind of government is characteristically *a rule not of will, but of intelligence*; and the news-centre is the focus of its radiant, emancipatory energy. Since the news is a daily exfoliation from a tree of experience that is rooted in the past and spreads to the limits of knowledge, the news-service of the district we have to deal with, will base its journalism on an organization of intelligence, inclusive of all that the community knows that is of common concern. It will be the central organ for the district of art, science, and historical memory in their bearing upon the life-sustaining process in that particular commonwealth. It will be authoritative in the accuracy and detail of its information concerning the physical, moral and technical geography of its region — and the best adviser as to what can be done there and what should not be attempted. Its report and interpretation of events at home and abroad should answer the question: How does this happening help or hinder the success and power of life in this neighbourhood?

Such a news-service as I have described is the natural leverage-point of the new politics — the establishment of a social authority that is not arbitrary, but intrinsic. The news, considered as an interpretation of specific facts in their true bearing upon action and enterprise, is the most precious

of all commodities. It is the commodity out of which all other commodities grow. It is in its nature a supreme value that cannot be fenced or monopolized — simply because it is impossible for men in the mass to believe or act upon the reports of monopolists. As things stand in the United States today there is no investment of money that could compare with this — in yield of economic power to the investor. Any man with a million dollars or two can at least make a sufficient beginning. He can gather a personnel of newspaper men and technicians and provide the physical equipment for a news-service that can become the local centre of an economic renaissance — if only he sincerely desires, and can make the public believe that he desires, to establish a corporation for public service that shall not be ruled by the egotism of an individual or operated for income beyond its own sustenance. Opportunity calls to the rich man, saying: You may have power if you do not seek power that does not belong to your character. You may preside over an institution that will control the economics of a commonwealth if you do not care to seem greater than you are.

I say that a single millionaire — there are perhaps twenty-five thousand millionaires in the United States — could set up the standard of a

scientific and social news-service that would fix the type of a new and indefeasible kind of political power. It is not that science and social devotion can be bought. The truth is on the contrary that the country is full of men and women who would gladly make sacrifice of a part of their income to escape from the net of moral and intellectual compromise that now enmeshes them — into a service of clear rectitude and worth. What money can do is to create a *milieu* in which a beginning can be made toward a normal social life. To find the elemental truth, to speak it openly and to live in it, is the inmost desire of all hearty and energetic men. If they deny themselves this luxury it is because the price of it is set too high, in a social system that nowhere furnishes an institutional basis for the support of pure veracity and an application of the motives of science and humanity to the concrete facts of economics — a system that lures men in every direction with inducements of high promotions and rewards conditioned on mental suppression, and moral subservience to interests that are socially divisive. No, money cannot buy rectitude and the intelligence that penetrates illusions; but it can buy continents of darkness and concession. The proposition here is that a little money invested in white light and arrogance of soul could provide a leverage, which with the

assistance of the truth-ward gravitation of human nature, would lift the world. If all men are liars it is mainly because of social conditions that have a relation to income. Those who will consent to ponder this fact in some of its obvious bearings, will not fail to understand how a sudden precipitation of truth at a single point in the field of economics may free a whole country — even the whole world.

Do not miss the point that it is in the field of physical livelihood that the precipitation must take place. That is the point that many prophets have missed. The power of emancipation resides in an institution that states the truth in terms of bread and wine. It lies in an organized social intelligence, fortified by the best obtainable knowledge of the fluent physical facts in a particular district, that operates day by day for the sole purpose of releasing productive forces and bettering the leverage of the human arm over the natural difficulties of existence. Among all our doings and plannings this seems to be the simple thing that we have not hitherto done or planned. We have organized for every conceivable purpose except the indispensable purpose of bringing the best extant intelligence to bear directly upon the social-engineering problem — the problem of making

goods cheap and men dear, by increasing the purchasing-power of a day's work.

An American industrial community is a finely articulated organism lacking nothing but a brain. We strive desperately for social tool-power to meet the present emergency, but the intelligence of individuals and separated interests cancel one another. There is no intelligence that envisages the working apparatus of a natural economic district as a single working-plant, and applies to that plant the correlating knowledge that is absolutely necessary to the development of tool-power.

In view of this state of affairs, and its invitation to effectual political action, it is difficult to understand how a sensible man can interest himself in the decrepit and superannuated political parties, or in any reform movement that does not move straight to the heart of the matter.

Those who have spent their lives in finding the heart of the matter, might by a like expenditure have won sufficient economic power to furnish the fulcrum of a real and authentic politics that would pry the Republicans and the Democrats loose — though in that case they would no doubt think after the manner of most millionaires and politicians and would not know where to put the fulcrum. It is the rueful comedy of our disordered

state that those who submit themselves to the disciplines whereby unsophisticated sight is won, do by that very fact separate themselves from the sources of extant power. Thus great societies drift to perdition, because those who know are made impotent, and those who can do all things, know not what to do.

Yet I do not despair. For though the short, swift road to the renewal may be blocked by the blindness of generous men, men who lack neither power nor a magnanimous solicitude for the safety of the commonwealth, yet I know there is an amplitude of understanding among the workers — among engineers, physicians, factory managers and the classes that live by earned incomes, and therefore have not abandoned their minds to the illusions of culture, the ambitions of politics or the pursuit of profits.

The new politics will move more slowly in its beginning, if it lacks an improvization of the physical apparatus necessary for the demonstration of its power — but it will be none the less irresistible, after the apparatus has been acquired by the putting together of the resources of those who are not rich.

What could be plainer, even to those who have not worked their way through all the sophistications of politics down to a complete simplicity,

than the staring fact that what the United States most needs in this emergency is a political combination of the workers of all ranks to take the control of practical affairs out of the hands of those who think in terms of unearned income? I am not speaking of social justice, but of social power — and the safety of the life of the Republic. It is possible that all the unearned incomes may be thoroughly validated by a new and better régime. However that may be, the question of lessening the incomes of one set of people and increasing those of another set, is not the main point. The point is that the people who have the kind of mentality that goes with unearned incomes are incompetent to direct the working processes of any industrial community. They cannot possibly superintend the development of a first-rate tool-power. It is quite out of the question. If they were wiser than they are they would be the first to insist, for their own security, that the control of the vital processes of our high-tensioned and infinitely complicated social order should be given over to men of technical science and practical skill. They would insist that their agents should sit at the foot of the board in directors' meetings, and that the engineers should sit at the head.

Yet the safety of the commonwealth cannot wait upon such insistence. It is utterly necessary

for the common good — including the personal security of security-holders — that men who think in terms of use-value and production, shall supersede those whose minds are riveted to the investors' point of view. The news-service I have tried to describe can establish this new polarity — the view-point of the creative mind. And from that centre the other agencies of social-economic control can be operated in a like interest. For the news-service is the true base of the credit-service and of the social power of the market.

I have shown that modern banking is characteristically an administration of credit-capital, and that credit-capital is not savings from past earnings, but is the current productive power of the community. It follows that if this power were administered with a single eye to the improvement of the productive process — instead of being administered as it now is, with a view to the burdening of industry with the heaviest possible overhead charge — it could be greatly expanded. It could amply supply the capital needs of the country at this stressful time. Thus a public service bank should be the executive right hand of the news-service in every natural economic district. Credit should be administered in accordance with the requisitions and certifications of the organ of social-economic intelligence. The general ap-

praisement of social resources, social competencies and current events should dominate the appraisal of particular projects.

The power of the market stands at the left hand of the news-service. This power will, I presume, be vested in a corporation capable of cartellizing or socializing the purchase and sale of any or all of the staple products of the community. Acting in connection with the credit-service, this service of the market will be able to compose and proportionate the productive forces of the community. Credit and price, moving under the guidance of the best obtainable judgment and information, can turn the main voltage of enterprise in any direction that may seem best for the economizing of the material resources and working power of the commonwealth.

There would of course be no labour problem in a community governed for the increase of the public fortune, recognizing credit-capital for what it is, and making incomes of leisure truly the reward of saving and abstinence as they pretend to be. Remember I am not describing a land of Canaan; I am unfolding the implications of the business system — putting its parts in such relation to each other as to effect a self-consistency, and to avoid the violent contradictions that have inured us to business panics, prostrations and disasters. If the

business system were in its ground-plan and inmost essence, the kind of thing we are accustomed to, it would soon pass into ignoble memory. But there is no mistake about the nature of the business system. I have spared no pains in getting to an understanding of it. It is a thing of spiritual and creative implications — a supreme effort of the unconscious mind of the race. It will survive and flourish after the laboured and ingenious devices of statesmen are outworn.

We shall, I think, continue to make use of the old constitutional forms for another generation or two. But I cannot believe that either of the old parties will elect another President.

Politics in the past has been ruled by the business interests, and the parties have served merely to obscure the methods of that rule. The business organization will be rationalized and rectified. The invisible government will be made visible. The parties will be made functionless, and will cease to exist.

The political advent of women and of Labour foreshows the end of party politics. The elemental life-forces can no longer be suppressed. We are at the beginning — or near the beginning — of an era of such release and light that we should be able to bear without heartbreak the burden that now lies so heavily upon us.

CHAPTER XIV

THE RULE OF THE SERVANT

I HAVE undertaken to search and interpret the genius of America. I do not find that the United States is just one of the great powers. Its contribution to history is unique and incomparable. It stands at the cross-roads of the world and all the nations have flowed into it. It is not merely a nation; it is the super-nation. We are to establish here a social polity of such a character that it will be recognized by all men as primordial and purely human — fit to cross all frontiers and compass the world.

The ambition to do this is not to be thought of as grandiose and pretentious. Rather it is an adventure in simplicity, a discovery of the essential and permanent characteristics of the human spirit. The ambition is very old. It was entertained by Alexander and by Augustus Cæsar and has actuated all the builders of empire for many ages. These have failed because after all they did not understand what is deepest in men. The makers of the great Church that held innumerable races together for a thousand years understood better

— but not well enough. The university of the later Middle Ages and French republicanism of the earlier Napoleonic wars were brilliant but unsuccessful efforts of the human spirit, striving to find the way to the immovable centre of human life, and to establish there a civil polity that should be stronger than the divisive forces of political philosophy and racial suspicion.

In face of all the failures, we may still have faith that America will succeed. The movement toward a social order suitable to man as man, was never elsewhere so well begun as in this country. A fresh continent peopled by the pick of European stocks, a political constitution so planned that no last word could be said by executive, legislative, or judicial officers — in order that real and intrinsic authorities might grow up in a wide, free field. We have only to stand by the faith of the fathers of the Republic — and we shall conquer the world. No other faith can by any possibility conquer the world. The world will not yield at last to any authority that is not intrinsic. It will not accept any polity that is dominated by imputed and delegated powers. The sway of officialdom is in its nature local and temporary. To those who think distinctly and who know their way in the modern world, it should stand as an axiom that the kind of authority that can cross racial

frontiers must be the kind that is typed by artists, engineers, physicians, the effectual organizers of manufacture and transportation and the masters of great ships.

The war is shaking down the elaborate fabrics of conventionality. The rulerships that are merely legal are giving place to the courage and skill that control the vital processes. The task of social reconstruction is to make legal and institutional the rule of those who serve.

Every line of this book is written in vindication of the political right and power of those who do not ask that any right or power shall be attributed to them except that which inheres in their personal character as thinkers and actors in the open field of creative enterprise. I have tried to show that the greatness, the imperishable significance, of the modern working organization, lies in the fact that it is at bottom a civil polity that makes the rule of the servant constitutional — so that departure from this rule has thrown the system into confusion — and return to it is necessary for the restoration of order in the life-sustaining process of the world. To say that this view of the matter is idealistic is to speak vainly — and wholly miss the point. The point is a matter of fact. The mass of simple men who countenance and sustain the business system, do so because they have

been led to suppose that — barring exceptional and punishable malfeasance — it actually does offer the highest promotions and freest careers to those who serve best. To these simple men the ideal is a reality. If they knew how monstrously the business system has been perverted from its true constitutional base, and how much of the present agony of the world is due to that cause, they would no doubt — for lack of faith in the curableness of so dire a disease — turn socialist in mass. It is given to only a few to understand how it can be that the corruption of the best thing is the worst corruption, and that the thing that has hurt us most can help us most.

I say therefore to men of understanding, you must move quickly for the rectification of the working organization upon which the lives of all of us depend; if you do not move quickly we shall suffer a social dissolution and an indescribable humiliation.

In suggesting a practicable method of rectification, I do not insist at all upon that particular method. It is the method that has seemed good to an association of engineers, technicians, factory managers, industrial educators, economists and newspaper men organized in New York in December, 1916, under the presidency of Mr. H. L. Gantt, the industrial engineer — for the purpose

of recommending it to the Administration at Washington and to the business communities of the country. But the bond of accord among these men is not adherence to any reforming method, but a common perception that our accustomed order of business has come to an end, and that adequate power of tools and arms to meet the country's emergency cannot be marshalled by imperative orders from Washington, but must be generated in the country at large by a reorganization of the business system on a social and scientific plan.

The heart of the whole matter is that the control of the productive process must pass to those who are interested in perfecting the process. Power over the physical equipment must be distributed from the top to the bottom of the organization in proportion to the productive force of the persons involved. And nobody except those who exercise productive force should have any industrial power at all. All this is merely a matter of sound factory management, applied to the working plant of a commonwealth. From the point of view of maximum tool-power, it is not debatable.

If anybody bred in an intellectual atmosphere of profiteering finance, has difficulty in understanding the practical operation of a business system in which nobody could have economic power on any other ground than his personal indispensableness

to the system — his difficulty is slight compared with the difficulty felt by a competent industrial engineer in imagining a good system formed on any other principle. To a mind trained to think in terms of production rather than of profit, there is no headache in such matters as the turning of the stocks of staple-producing corporations into bonds, and fixing the price of the output at such a point that only first-rate management could make a good balance-sheet and earn salaries; in leaving enterprise entirely free in new and promising exploitations — or in any other of the thousand and one readjustments entailed by the principle that society is the nourishing mother and abiding creditor of us all, and that nobody must get rich in any other way than by enriching the commonwealth. To the creative mind bent upon the betterment of the social estate, it becomes plain that the question of the division of goods between man and man can never be solved when put in static terms. It is a question of dynamics. The right question is, What is the man's value to the working organization; at what figure would society lose by failing to close a bargain with him? *Solvitur ambulando.*

The military tradition has familiarized the world with the idea that promotion in the scale of power and income, should be proportioned to personal improvement in functional ability. In

military theory the high offices should go to those who can best fill them, and the striking force of the organization obviously depends upon adherence to this principle. As a matter of fact no military system on the traditional model has ever succeeded in keeping incapable men out of high places — because up to this time no method has been found of divesting military promotion of arbitrariness. And arbitrariness means weakness. It implies whimsicality, defective knowledge, and personal favour. Here lies the strength of a rectified business system. It is possible to conduct the productive business of a community, by means of organized intelligence acting through credit and price — in such a manner as to reduce arbitrariness to an inconsiderable minimum. Where every man is the maker of his own fortune, it is possible to develop a functional strength in the organization vastly superior to that of any army that has yet been marshalled.

This achievement of community of interest through freedom and self-determination, is the incomparable excellence of the business system — its world-transforming contribution to the art and science of politics. *It solves the immemorial contradiction between individualism and socialism by furnishing a social technique that can carry both to a higher emphasis than has hitherto been*

reached by either. In the presence of this new social technique a continuation of the ancient debate between the rights of the individual and the rights of society, can proceed only from ignorance of the greatest of modern discoveries.

Yet I will not obscure the fact that this ignorance is not merely intellectual but has its roots in a moral perversity. We have lived so long in a disordered social state, a state that has put a premium on shrewdness and circumvention, that it does indeed require a certain moral magnanimity or spiritual aloofness from the current of mere experience, to understand that an obvious way to identify personal interests with social interests, is at our hand. In a society disordered at the heart, the way of life that is practical from a social point of view, has been made unpractical and unprofitable from a personal point of view — and those who have followed it have suffered disparagement of their good sense, coupled with the subtler and deadlier dislocation that goes with praise of their altruism and ideality. It is not to be wondered at therefore that those who know nothing but the items of experience and do not fathom the deeper realities of their own lives or the lives of other people, are unable to see that the well-being of the individual and that of the

community are not separated by any law of human nature but only by legal conventions.

One may observe that active practice in the business world tends to cure this moral malady. In spite of the corruption of business, the man of affairs is apt to give readier acceptance to the idea that personal success can be thoroughly identified with social usefulness, than is the man of leisure and of political and cultural speculation. It is hard for those who live in diversions, in books or in the rhetorical states of mind induced by "practical politics," to relinquish the literary illusion that the world is to be saved by heroes of disinterested devotion emerging on great occasions, and that meanwhile in matters of business one must be smart.

I have noticed that even in Wall Street — perhaps especially in Wall Street — business men tend to subtilize or spiritualize their idea of success, caring relatively little to add house to house and field to field or in any other manner to materialize their gains as a setting of personal separateness and private state — having no desire to retire from business or to take things away from the world of work — absorbed in the working process itself, and striving only to get deeper into it. They measure their fortune not by the abundance

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of the things possessed, but by their capacity to do things — as indicated by the volume of their credit at the bank. If they buy expensive meals, they commonly avoid foods and drinks that tend to weaken their working force. They spend on travel and adventure, as if making discriminating investments in recuperation and inner power. And they hate by a growing instinct all wealth that is inert and dead — all wealth that cannot be transmuted into working capital. Here we have the beginning of a new psychology, unknown to the history books — a habit and temper of mind, at once intensely social and personal, suitable, or at least adaptable to the new order of business that is about to be born.

Men of this habit of mind can easily conceive of a social and scientific politics having strong administrative centres with stability as it were gyroscopic — a stability not of rest but of motion. They can conceive of a governing power that is not come at by majority election, but by the business method of contractual selection, or else by sheer self-vindicating social creditableness. I believe they will understand what I mean in saying that *such a power is in its nature incorruptible*. Its principle needs only to be clearly demonstrated in one community in order to challenge and com-

pel the competition of all communities — a competition that will expose and force the rectification of all that is relatively unsocial or unscientific in each, as compared with its neighbours. Imposture and stubborn disability could not live in such a light. The vital forces of each community would be in constant flux and gravitation toward whatever centre of credit- and commerce-control should prove itself in action to be most social and most scientific.

If business men cannot understand this it is because they have not reflected upon the actual phenomena of the business world. The system of social control I am describing already exists and is in full operation under our eyes — save only the open acknowledgment of its political or governmental character, and the purification that will come of such acknowledgment. Our present business is corruptible because it rests not upon science and social responsibility but upon an historical hypocrisy — the affectation that business is unpolitical, that it does not operate under the law of the governing mind but is bound under the thrall of blind and inscrutable forces. *Nevertheless the power of modern business is moral and spiritual; and in every community it gravitates, by laws that no legislature can make or unmake, to*

whatever centre of control is most representative, or least unrepresentative, of the faith of the people.

It is through the illustration of this truth — the truth that the modern productive order is an embodiment of the creative faith of the race — that an effectual religion and a generous culture are to come back again into the world of living men. The great social changes are not won by meticulous reforms, but are broadly transactional and redemptive. We have passed through a period in which there was no progress at all, but rather a recession and disintegration. The political forces were running away from the centre of health and life. In that period men who had no religion — no faith in the law of spiritual gravitation and the invincible moral order of the world — and who yet did not despair, showed by that token a shallowness of observation and a defect of intelligence.

For my own part, I was able to believe that the framework of the universe is solid, and consequently to foresee that there would be a collapse of overstrained idealities and a return to elemental hunger and the intrinsic laws. It became my quest to find a practicable basis of reconstruction; and this quest shaped itself into a search for a type and fashion of social order that

did not misrepresent men as they really are — in the permanent simplicity of their humanity. I had intimations that religion is something more than a state of mind. And so I spent many years in the service of what remains of the Church. As the titular head of an ecclesiastical corporation I had to do with the building of what was called a cathedral; but I could not find there what I was seeking, and therefore passed on. I lived in a mean street in a large city, and ministered at a candled altar — reached through a kind of catacombs of dark passages — in a rear upper room of a huge tenement house. We named it the Church of the Carpenter. Afterwards in the Nebraska cattle country I rode a broncho horse twenty-five miles on Sundays, summer and winter, between morning and evening prayer, and accompanied with people who lived in sod-houses. I pursued my adventure of faith in an Arizona town, where happily enough, gamblers and gold prospectors accepted me for their own. I wrote books about the religion of democracy and the mission of the American spirit. I proved in print to the contentment of certain scholars that the Anglican Church is, by the law of its history and the logic of its formularies, both catholic and democratic. But the present facts were all against the thesis — and at length I gave it up. Yet these were

years of discovery. I found that the historic Church is the mother of great politics — the truest teacher of what is deep in man and what is permanent in society. From a study of the Church in the great ages, before it broke up into controversial sects, one may best derive an understanding of the dynamic character of the human problem and the hopelessness of the attempt to establish a permanent order by a standardizing of the mind — or by any other means than the concord of wills and of hearts' desire, driving toward a common purpose.

State socialism is the desperate last stand of Platonic politics. In its preoccupation with the ancient problem of the right division of the good things of life, it becomes itself lifeless — a scheme for the suppression of enterprise and the cancellation of the creative impulse whereby all good things are produced. The great men of the militant church understood the dynamic social principle — or at least acted upon it in a measure far beyond the understanding of antecedent political philosophy. It is not the Church, but Platonic politics and the static view of the social order, that has kept the world poor in material goods.

While statesmen and reformers fill the air, from age to age, with endless controversy over the moralities and legalities of distributive justice, the fact

stands to this day that no nation has ever produced physical goods enough to feed, clothe and house the whole of its population at the minimum level of a sensitive civility. It is fashionable among reformers at this moment to say that we have solved the problem of production but not that of distribution. That is not the case. We consume year by year substantially all we produce. The economic excesses of the rich beyond the requirements of facility of living and a gracious human dignity, would not nearly supply what the poor lack of the materials of facility and dignity. No, we shall never escape from squalor of body and spirit, until we rid ourselves of the superstitions of politics and learn to take the question of the division of equipment in peace and war, as a detail of the problem of creative force.

We are infected with a plague of pacifism — and those of us not the least, who are most immoderate in anger against an enemy. Indeed this immoderate anger commonly proceeds from disturbance of a complacent habit of mind — a habit predisposed to believe that force should be ruled out of human affairs, and controversies left to good lawyers. The chief obstacle to the mobilization of the industrial and military forces of the United States is this deep-rooted and obdurate pacifism — in men who suppose for the moment

that they believe in force, but whose fundamental view excludes the idea that sheer indomitable energy of life — the passion of the artist to create and recreate, the pressure of youth for a career, the assault of the poor upon the fastnesses of privilege — can have any spiritual warrant or legitimacy. This is the pacifism that is principally chargeable with the sapping of our industrial strength and the thwarting of our war plans. We shall destroy the German autocracy when we understand that America is not a sheep-fold to be warded from harm by a single wolf-hunt — but rather a tumultuous current of passionate life to be channelled and purified, and turned to lighting.

The militant Church was not pacifist. If the modern sects are so — either in the mood of Tolstoyian submission or that of disturbed complacency — it is because they are spiritually alien to the great Church. It is impossible that faithful men, committed to the creative life, should not fight against destruction and the destroyer — yes, and against every force of obstructive pacifism that opposes the creative process.

There will be no compromise with autocracy. The war will be fought to a finish — with tools or with arms. It will have to be. For it is impossible that any autocratic state can be made a part

of the new order, now forcing its way into the world. This is the absolute revolution, and it can give no quarter.

We are making our general accounting now with War — and also with Woman. The revolution absolute finishes the long compromise of sex. It will soon be made clear that the old politics is not male but female. It treats states of mind as if they mattered most, and concerns itself with composing the talk of the dinner table. What is gracious and beautiful in a woman is not so in a man. It seems that from the beginning to the end of the world a man's business is to master the wild things and the elemental forces; a woman's business is to tame men and to socialize their material conquests. It appears that the most masculine kind of man is careless of opinions and pursues his own purpose, holding an enterprise in his heart. When he speaks it is not the social truth — which on the lips of a woman is good and reverend — but the elemental truth. He is artist and engineer, assaulting the frontier of experience and doing what was never done. Men create things; women create nothing but men. Women do not improve the relation of mankind to the universe, but to each other.

Thus the politics of creative enterprise and earth-subduing power is male politics. The poli-

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tics of opinion, compromise, apportionment, honour and reward is housekeeping; it is feminine.

Woman is society. It is preposterous that men should undertake to make the social arrangements. The human story has become a tragic-comedy, because men have turned indoors — and filled the house with confusion.

CHAPTER XV

THE IRREDUCIBLE ANTAGONISM

WHAT is the cause of the confusion that has come upon the world? Is there any cause that can be called in the language of philosophy the efficient cause? Standing behind the war is there any massive fact that precipitated the catastrophe — a fact which if it had not been, the war would not have been? Undoubtedly there is such a fact. It is the rise, in the nineteenth century, of a new life-sustaining system that forced men into a physiological union — without any corresponding psychological basis.

High tensioned technology, the great industry, universal finance and commerce, the enforced physical mutuality of the Machine — that is the cause of the war. It was this that welded geographical communities, nations and groups of nations into vast carnal aggregates — without due preparation of mental or spiritual communion. Never before since the world began had nations been organized in indissoluble unity — for work. Nations had been organized to fight, to pray, to enforce justice — but not to work. Never before

had the bodily life of each individual been made thus dependent upon all.

The souls of men stood by, separate and distrustful — inheritors of religions, cultures, political philosophies framed for division and isolation — their souls stood by and surveyed this fearful bodily oneness. A few true prophets — half-articulate, none speaking the language of business — came and passed unheeded. In western Europe and America the tendency of religion toward sectarianism, mysticism and an individualistic ethics, the tendency of schools toward classical culture or a mechanical utilitarianism, the tendency of politics toward the emphasis of class-consciousness and special interests — all contributed toward *a progressive dissolution of the psychological life of society, in even pace with its physiological integration.*

Emerson said of a certain kind of man: Only the lime in his bones holds him together — and not any worthy purpose. The great democracies stood in a similar predicament. Beyond their mere structural cohesion they had no bond. They had no unity of mind — except such as was to be derived from memories of their struggle against strong governments and kings that really functioned. Their mental accent was all on the side of political feebleness — a feebleness sedulously

cultivated through calculated balance and cancellation of rival forces, and a cult of mutual suspicion carried to a pitch of high political technique. The idea of freedom was cherished with increasing jealousy, in the degree that it was emptied of positive content. And there was nothing in this negative freedom to resist the encroachments of the mental mechanization that proceeded from the development of the machine process, and the fatalism of an unsocial and merely mathematical finance.

During the earlier years of this century the most alarming social symptom in the democracies was an increasing complacency. There was a marked subsidence of sociologic agitation and a general acceptance of the view that reform had done enough and need go no farther. In superficial aspect the democracy of negations had fully vindicated its assumption that an affirmative faith is unnecessary, and that the destinies of mankind can safely be left to the beneficent drift of natural evolution.

Yet to those who looked below the surface, it was quite as evident then as it is now, that the enforced physical mutuality of the machine must find a complement in a new moral, mental and spiritual mutuality. It was certain that the day of fatalistic optimism and government by flux of

opinion, was drawing to a close. It was as sure as the laws of chemistry and physics that the Great Machine must be governed either by a positive democracy or by a positive despotism. The massive and intricate physiological organization had become a monster like that of Frankenstein. It was necessary either to breathe into it a Galatean soul, or else to rule it from without by a soul of steel. By one means or another the affirmative spirit of man must master the Machine. *If it were not possible to transmute it into an organism of creative life, there would arise a ruthless power to make it an instrument of destruction.*

In plainer phrase, big business forced the issue between the military state and a positive and scientific democracy — because a negative and populist democracy was incompetent to cope with it. The business of producing material goods had become so great and all-absorbing that it was necessary to establish a moral authority to control it — either outside the productive system, or inside of it, at its own governing centres.

The establishment of an external authority meant the revival of the state as moral arbiter — executing its decrees by the might of a military caste, and subjecting the business system to the uses of political ambition. On the other hand, if the authority was to be internal, the working or-

ganization would become itself an originating and creative power, endowed with moral sanctions and rallying the spirits of men to mortal combat with the military state.

So we have arrived at the field of Armageddon. It appears that this is the decisive struggle so far as our planet is concerned. It is not an issue between bad people and good people — but between the ultimate lie and the ultimate truth. The German race behaves precisely as would any other race that had committed itself to the sum of all falsehoods — to wit, the worship of an authority that has no human heart.

The choice has been forced upon the world; it was and is utterly necessary to decide whether the life-sustaining system of modern society shall be ruled from the outside, by a super-human and unfeeling might, sanctioned by superstition — or from the inside by the creative spirit of man and the hearty good faith of human beings. There was and is no other choice; the modern working organization has Titan tools, and a first-hand access to the elemental forces — *it cannot be ruled by talkers in a parliament.* If you do not yet see that it cannot be so ruled, you have not duly weighed the most obvious facts of current experience. See what we have done! It was and is necessary that all the moral authorities of the

democratic peoples — the control of public speech and print, of the market, of financial credit, of the personal service that each owes to all, even to death — should be gathered into the hands of those who best represent society. *That puts an end to government by talk.* The Great Machine cannot be run in times that require unity and strength, by the pull and haul of parties and the balancing of opinions. Do you think that a time will soon come that does not require unity and strength? I wonder what signs you can see of that. I see none.

I am sure we would do well to dismiss the idea that the Machine can ever be turned loose again, to work in a moral vacuum. We should not dream of a time when the moral authority of society will be less imperative, less irresistible. On the contrary we must strive, on peril of all that is precious to us, to make that authority more imperative and irresistible. We must free it from the weakness of distant and arbitrary administration, by drawing it closer to our lives in all our communities, and vesting it in those who stand nearest to the realities that must be dealt with.

Let us then face the issue without self-deception. The democracy of negation and suspicion is gone. It was too weak to live in the stress of the modern world. It could not fight. The issue is now

drawn, sharp and irrepressible, between those who cannot trust each other with power of tools and arms — and so must needs have a transcendental state to trust — and on the other hand *those who are able to believe that men can be found in every field of work or war, who will not betray each other.*

I am sure this is the real and final issue between autocracy and democracy, that it is now pressed upon us by the unyielding arm of history, and that to flinch from it is ignoble — even more ignoble than to have chosen wrong.

It is the issue that lies back of all religion — the choice between the ruthless and inscrutable god that appears in the ante-prophetic parts of the Old Testament, and the human and intelligible God of the New.

It was necessary to choose. For in this sublime and terrible age, paltering was ruled out, and all the issues of life rushed to their ultimatum in religion. The German people chose wrong. They chose the god of a favoured race and a sacrosanct soil, the god that approved the spoiling of lesser breeds without the law, and rebuked all pity shown to alien strangers whose living might strain the bond of the covenant. Such is the spirit of the Imperial German State. If the state is holy, and if the lives of men have no moral meaning except

in the life of the state, then it is the duty of statesmen to be cruel and unscrupulous, when the life of the state is in peril.

This matter goes deeper than Bernhardi and the smart philosophy of jack-boots. It reaches to the calm levels of Hegel and Fichte. And it is not merely German, it is universal, and as deep as life. It is the judgment of Herod, Caiaphas and Pilate.

So now we have to deal with the ultimate lie. And no man has a gift of language that can overstate the malignance of that lie. For it holds out an alluring promise of peace and order, at the price of humiliation, to peoples that have been racked — as, for example, Russia has been — by the misery and turmoil of a negative and unauthoritative democracy. Then, too, it must be considered, that autocratic finance, which cannot live any longer in democracies, can continue its career of subtle and unpunishable ravin, under the suzerainty of the autocratic state — going on and on, so long as there shall remain fresh lands and peoples to consume.

Is it not plain that democracy must become affirmative and authoritative — in order to live? We cannot compromise with the autocratic state. It must be destroyed. And it cannot be destroyed

until it is confronted by a strength greater than its own.

I have described here a power that is capable of putting an end to autocracy. The basis of this power exists in the physical and mental apparatus of our actual working organization — which is a thing so spiritual in its inner character, so profoundly suitable to the soul of democracy, that its corruption has precipitated the greatest of calamities, and its rectification will come as an epiphany of creative and militant strength.

The secret of this contrast is no mystery. It is an open secret, accessible to all. The modern working organization is deadly and devastating under any administration that treats men as if they were things — or as if they were subject to some higher law than the law of workmanship, and the imperative obligation to deliver the real goods. There is in fact no higher law; and the straight rule of business has buckled and writhed in an agony of contortion, because we have not understood that the productive process is spiritual, and has an irrefragible law of its own.

Much cunning and a modicum of science, with notable executive skills, withstanding and canceling one another, have been spent in directing the man-power of the industrial system. But this

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power has remained arithmetical and inelastic, incapable of spiritual expansion, because the hard legality of property-rights has governed the business world. Under such government of business it is quite true that man-power should be measured as horse-power is measured. For a man treated as a thing is only a little better than a horse, and his productive force can be fairly standardized by the book of arithmetic.

But is it not plain to experience that you yourself — or any other — have an immense and incalculable variability? Have you not found moments and placements of release and disentanglement in which your day's work was worth a hundred times as much as a day of routine? Even so, the productive power of the United States will be seen to be immeasurably expansible, when the working organization has been set free. It is humiliating to say a thing so obvious. It is a platitude. And yet it is necessary to say it. The age has played such tricks with our common intelligence that we go on talking of war and of the power of tools and arms, *as if there were no distinction to be made between man as a creature ruled by an external authority, and man as a creator, law-making and self-governing.*

Have I made diagrams enough? Would you have me reduce the thesis of this book to blueprints and detailed drawing? I hope you would

not. For the things that really come to pass in the large world cannot be foreshown in that manner.

If any one shall say that what is written here is right, but not practical — him I abandon without further apology. I gave him his answer in the beginning of the book.

I would not foretell the action of the American people if I were an outsider and did not know them. Events will soon fix their attention upon two facts: first, that the working order of the United States is too big to be managed from Washington, without local centres of co-ordination and control; second, that the establishment of such centres entails a socialization of credit, commerce and the news-service.

We shall do what is necessary — in spite of resistant interests. The greatest of social transitions will be negotiated. It will be accomplished like a change of weather. A new, creative politics will come into existence. [The road will open wide to the solution of our war problems. The party politicians will miss all their careful appointments with destiny. *The financial and industrial system will continue to have the last word in politics. But the system will have passed into the hands of the masters of tools and materials.*

Our diplomatic offensives and defensives will

come to an end. We shall see that the antagonism between autocracy and democracy has now arrived at its irreducible terms and that diplomacy is bankrupt. Words will not settle the issue of the war. The ultimate question of the soul of man has come down to a question of elemental force — a question of earth-grip. If we are wise we will minimize the slaughter and fight it out with tools. But whether we fight with tools or arms, there is no way of compromise.

If at this moment we cleared the Germans out of Belgium, France and Italy, under a treaty of reconciliation, the autocratic system — released from internal tension by economic expansion into eastern Europe and Asia, and confronting democracies that had not yet achieved economic unity — that system would bear down all opposition, and would cover the world within a generation. Under such a régime of reconciliation, we should see that the power of plutocratic finance and belligerent business is congenial to autocracy, and can find a secure shelter under the feudalism of a great military state, after being everywhere else discredited by the new birth of freedom that the war has brought to democratic lands. And we should see that this new liberty would be the cause of its own undoing, if it expressed itself in England, France and the United States after the

Bolshevik manner — or even in the soberer ways of socialism that Henderson, Thomas and Hilquit would approve. No socialistic society — no society governed by debate, and devoid of the principle of intrinsic authority — could withstand the economic and military pressure of a revived and expanding Germany. A socialistic liberalism engaged in continuing conflict with a half-beaten plutocracy would be even more impotent than a proletarian socialism. And the war has made the unrestrained rule of profiteering big business quite impossible.

It has been made plain that business actuated wholly by the profit motive, cannot live without expansion and cannot expand without war. Business of that kind can never again make use of democratic governments to further its ambitions. There is only one recourse left it in the world. It can offer its enginries of exploitation and its diplomacy of financial intrigue to the Kaiser — for the furtherance of the political ambitions of the Military State.

The conclusion of the whole matter is that there are no possible terms of conciliation between the democracies and the autocracy at Berlin. We can bargain if we choose, we can free the soil of Belgium, France and Italy for a price, we can rest from slaughter and recuperate our internal forces

if that seems best — but we cannot make a peace of commerce and reciprocity with a state that has subjugated the productive processes and the tools of creative life to the uses of its own aggrandizement.

In saying this I do not mean to say that peace is set far off from us. It is regrettable indeed that so many of us are under the illusion that great changes require great lapse of time. The truth is that time is hardly a factor in the very greatest matters. This matter that we have to deal with goes to the heart of life and the roots of power. It is necessary only that a fraction of the American people — the part that is capable of originating action — shall free its mind from the politics of phrases, and establish the standard of an authoritative democracy. The authority of the autocracy will melt away.¹

THE END

¹ A movement in England that accords with the general aim of this writing, is expressing itself in eight books edited by Patrick Geddes and Victor Branford under the serial title, *The Making of the Future*. Two or three volumes of the series have already appeared under the imprint of Messrs. Williams and Norgate, Covent Garden, London. The fourth volume is *Social Finance*, by this author.

APPENDIX

PART I

A LETTER TO THE PRESIDENT

THE ENGINEERS' CLUB, NEW YORK CITY

February 17, 1917.

TO THE PRESIDENT OF THE UNITED STATES,
WASHINGTON, D. C.

DEAR SIR:

Pursuant to the suggestion contained in your communication of February 8, sent to Mr. Ferguson, the undersigned beg leave to describe the aim of a certain organization in which they are interested and to solicit your approval of it.

Our organization was formed last December at the Engineering Societies' Building in 39th Street, New York, by thirty-four men who were attending the annual convention of The American Society of Mechanical Engineers. We have since increased considerably in numbers and now hold weekly meetings at this club. At a regular meeting today the subscribers hereto were authorized, as the executive committee of the organization, to make the following representation.

It appears to us, and to those for whom we speak, that the war which now engages the thoughts and emotions of mankind has come of a general failure to understand the social implications of the grand-scale productive process whose rise is the characteristic feature of the age.

We think that no fact of contemporary politics can be understood until it is viewed in its relation to the dissolving and recreative power of this new-born world of work.

We believe that the vast and delicate mechanism of modern industrial society is so exacting in its demands upon the skill and probity of the race, so sensitive to the spirit of art and science, that it can gain and grow only through a progressive elimination of plutocracy and all other forms of arbitrary power.

Those of us whose business it is to advise concerning efficiency in factories, agree that the springs of high productive power are moral and spiritual; and that as the machinery becomes more intricate, the need becomes greater that there be nothing machine-like in the concord of the people that operate it. Thus it is through technical experience as well as by reflection that we have come to see that the ultimate power of tools — and therefore of arms — belongs not to tyranny but to liberty.

We are therefore jealous and anxious that America shall be made invincibly strong through the rectification of its business system and the release of the creative faculties of the people. It is true of course that a people debilitated and disintegrated by the cold and senseless mechanism of plutocracy may gain a degree of strength by mere regimentation. But the great strength — the strength that can subdue all violence and enforce the peace of the world — can belong only to the nation that shall evoke the infinite resources of freedom — the inexhaustible reserves of imagination and enterprise — for the conquest of materials and natural forces and the mastery of the machines.

We think that the main outcome of the painful experi-

ence through which the world is now passing will be the closing of the gap between business and politics; everywhere business will be socialized and politics will be divested of abstractions and will engross itself in the struggle for economic strength; the idea of a business system working loose in a moral vacuum and devoid of social and scientific aims, and the idea of a politics devoted to subjective rights and careless of the earth-struggle, will in due time pass out of the mind and memory of the race.

We think there is no question about this interfusion of business and politics. The problem is not whether these two things shall become one thing — that is necessary and unescapable. The question is, which element shall prevail in the amalgam. Shall the old static order absorb the new dynamic order, shall the rigid conceptions of the historical state dominate the free and fluent constitution of the working world — or contrariwise?

We believe that Germany became comparatively strong among the nations of Europe, not because of its regimentation, but in spite of its regimentation and because of its scientific spirit and its investment of idealism in economics.

Nevertheless the plain fact is that Europe has, for the present at least, closed the gap between business and politics by the sublimation of the State and the repression of the principles of business. Europe is Prussianizing itself — West and East as in the middle. European countries are thus made stronger than any plutocracy can be — stronger than any country can be that maintains the ancient schism and contradiction between un-social business and uneconomic politics.

But up to the present moment Europe has, we submit,

rendered substantially the wrong answer to the world's problem. It is left for America to give the right answer. It is left for America to demonstrate the incomparable power of an integrated society in which the free creative spirit of great business shall transform and mobilize the state.

The Prussianized societies of Europe can indeed work out within their several boundaries a better economy of men and materials than is possible to America in its present estate. But their external economics are beneath the level of science and civilization. By the very nature of their constitution they are made mutually repulsive. Their business is perforce belligerent in its external relations. They are fatally committed to a war after the war — and to wars upon wars. It is impossible to make a world-order out of this absorption of the earth-subduing powers by the state.

So it seems to us that the rôle of America is quite clear. We are to achieve an unexampled strength by resisting the temptation to Prussianize and by refusing to be regimented under an arbitrary authority at Washington. We look to Washington not for compressive force but for releasing light and a co-ordinating intelligence. We ask you to use the massed credit and certificating power of the Presidency — the most availing moral and intellectual energy now extant in the world — to strike and destroy all arbitrariness and to captain the only good war: to wit, the fight of the artists and the engineers against every human thing that wilfully obstructs or opposes the creative process.

We mean to say that America alone can negotiate for the world the entrance to a new age, because no other country has such gifts of spontaneity and free construc-

tive enterprise. No other country is in possession of a contagious principle of reconstruction that can cross all frontiers.

This is the mother-land of big business. Here only is it possible to conceive of a working order that is autonomous and that is lifted up to a stature of magnanimity and to a vision of self-vindicating law that can compass the world. It is possible for us to understand that the business system — the new social tissue formed through credit-capital, free contract and corporate organization — is at bottom a civil polity that carries its own law within its own body, and that cannot harbour fraud, duress or privilege without deadlock and self-destruction.

We say that business in the United States ought to be consciously and openly political — that the invisible government should be made visible. We think that people who earn their incomes — the great undertakers and organizers of industry, with the farmers and mechanics — ought to concert their political forces to free the shoulders of enterprise from the yoke of incomes that are unearned. We say this is necessary not for justice merely, but for something greater than justice — for creative, conserving and defensive power. We say it is impossible for the nation to be strong — that it will continue to be exposed to grave peril and will run the risk of utterly missing its destiny — if we do not find a way to take the control of the huge and delicate apparatus of industry out of the hands of idlers and wastrals and to deliver it over to those who understand its operations.

We do not dream, we offer no counsels of perfection. We are men of experience speaking of our own country and our own work, and we say that the industrial and commercial process in which America lives and moves

has grown too complex to be run any longer by mere desk-men who sit as the agents of a leisure class. We say that for practical and directive purposes the tools must belong to those who know how to use them — not because it is more equitable that it should be so, but because it is impossible that it should long continue to be otherwise.

Yes, there is one other possibility. We can Prussianize — as England and France are doing. There is no other alternative. The rule of irresponsible finance and the advertisers' press is played out.

These — the credit power and the press — are, we submit, the natural organs of social control in the new world of work. To socialize the agency that decides what wheels shall turn and who shall turn them and the agency that informs the mind of the multitude and evaluates events — is to rectify the business system. To neglect to do so is to rush through confusion to autocracy and the régime of the machine-gun in the streets.

Your administration, Mr. President, has graven in the thoughts of the people two genetic ideas that taken together can meet the need of our emergency — to wit, the idea of a bank operated primarily not for private but for public ends, and the idea of an organized intelligence qualified to criticize the working plant of a community regarded as a whole.

The regenerative idea that is bedded in our new banking system requires to be deepened so that its principle of public service shall be applied not merely to the currency or exchange problem, but also to the problem of industrial finance. Concerning this matter we hope to address you at another time.

Our immediate request is that you will permit us to

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develop under your sanction the new social principle that you invoked when you called upon the engineers of the country to survey and register their findings concerning the industrial and commercial equipment of the several states. We venture to hope that you will call upon us to attempt a more intensive and more permanent application of that principle. We desire to establish, first in New York and then in other cities, a political institution, constituted by the free association of competent men in the spirit of the university, to improve the normal operation of the business system.

With faith and loyalty, we beg to sign ourselves

Yours respectfully,

(Signed) H. L. GANTT,

Chairman of the Committee. Formerly Vice-President of the American Society of Mechanical Engineers.

CHARLES R. MANN,

President of the American Federation of Teachers of Natural Sciences. Chief of a Bureau created by the Carnegie Foundation at the instance of the United Engineering Societies of the U. S. to suggest improvements in the educational system of the country from the standpoint of engineers

RICHARD A. FEISS,

Clothing Manufacturer at Cleveland, Ohio.

H. V. R. SCHEEL,

Manager, Brighton Cotton Mills, Passaic, N. J.

APPENDIX

CHARLES FERGUSON,
Formerly Special Agent of the U. S.
Dept. of Commerce in London,
Paris and Berlin.

WALTER RAUTHENSTRAUCH,
Secretary of the Committee. Pro-
fessor of Mechanical Engineering
at Columbia University.

The undersigned — being present at the meeting at which it was considered — subscribe our names to the principles embodied in the foregoing letter to the President:

PERCY S. GRANT,
Rector, Church of the Ascension,
N. Y.

GEORGE H. MEAD,
President National City Bank, Day-
ton, Ohio.

THOMAS C. DESMOND,
Consulting Engineer.

WALTER N. POLAKOV,
Consulting Engineer.

E. A. LUCEY,
Factory Manager, South Manchester,
Conn.

WM. EUGENE PULIS,
Factory Manager, Newark, N. J.

LINCOLN COLCORD,
Journalist.

H. B. BROUGHAM,
Editorial Staff, Philadelphia *Public*
Ledger.

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JOHN FRANKLIN CROWELL,
Executive Officer of N. Y. Chamber
of Commerce.

A. D. WELTON,
Editor *Journal of American Bank-
ers' Association.*

FRANK CHAPIN BRAY,
Editor *World's Court Magazine.*

FRED R. LAW,
Editor *Power.*

FRED E. ROGERS,
Editor *Machinery.*

And others, mostly engineers.

POSTSCRIPT

Office of The New Machine,
2905 Singer Building, New York, City,

February 18, 1917.

On re-reading this letter the day after its signing, the Executive Committee is prompted to add a word in the hope of divesting the subject of every complication and reducing it to its essential terms.

What we mean is that the strength of the country, for peace or war, is involved in the operation of its business system. We put our technical knowledge and experience behind the proposition that the business system as it stands is ineffectual simply because it fails to stimulate the creative forces. We have enough technology, but not enough liberty. We lack heart, sense, feeling.

Everybody knows this, and multitudes of discordant efforts are being made to remedy our weakness. But there is no effort that goes deep enough — deep as religion, deep

as dying for one's country. The reforms are self-cancelling and futile — as ribs without a spine.

There is need of an all-correlating moral adventure — need of a bright and conspicuous standard to rally the wills of men.

We are thinking not of mental states, but of matters that are entirely objective. Our minds are bent, as your mind is bent, upon the tense pressure of Europe, the rising cost of the necessaries of life, the possibilities of swift mobilization for war, the question of railroads that can run together and of banks that can build cities. We are thinking of nothing but the moment and the most salient facts, and we declare that the problem is too complex for mere circumspection. The disorder is too serious to be dealt with in detail. The disease is too vital for the medication of symptoms.

We should lay the ax to the root of the rotted tree; we should find new bottles for new wine.

One cannot mend a democracy with patches of despotism. The national life is discomposed; if we undertake to meet an emergency with emergency measures only, we shall be still more discomposed. We should have the mental energy and serenity to institute a new power of creation, in the very front of war and waste.

Such are the implications of our request when we ask you to lend us the credit of the Presidency for the establishment of an office in New York and in other cities — to organize the personal forces of those that want to do business in a better way.

We have quite definite plans for the operation of such offices — the enrollment of men for better placement of their abilities, the technical survey of cities, the development of a scientific news-service, of public-service banks,

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of commercial corporations to lower the cost of food, and so on — but all these plans may be cast aside for other plans.

There is no particular plan that can contain and characterize our purpose. We are men of good will — having each some special faculty that can be applied to the solution of the problem: How shall the nation be made strong? We think it noteworthy that we agree without formulas — and that we are not in doubt what to do.

We offer you our personal service and devotion for the institution of a new and more practical kind of politics.

Signed by

THE EXECUTIVE COMMITTEE OF
"THE NEW MACHINE."

APPENDIX

PART II

Stenographic report, reprinted from the *Stevens Indicator*,
Vol. XXXIV, No. 1, 1917.

ADDRESS

DELIVERED AT THE ANNUAL BANQUET OF ALUMNI
OF STEVENS INSTITUTE OF TECHNOLOGY BY
MR. CHARLES FERGUSON

(Mr. Ferguson takes his position by the wall back of the speakers' table.) I have been in Arizona; I have spent several years on the frontier and I like to have my back to the wall when I utter challenging propositions, and I fear that it may seem to you that certain things I am about to say to you tonight are likely to be an incitement to belligerency.

The greatest thing that has happened since the birth of Jesus is the development in the last seventy years of what is called the Business System: the system of credit and contract and capital and corporate organization, which has gone round the world, spread its organic filaments over all the frontiers and created for the first time in the history of this planet a vast system for work.

Men have been organized for many ages on a considerable scale to pray, to fight, to think, but never on a great scale before for work; and when we talk about the social problem or the political problem and its relation to the engineer, what I mean to imply is that it is only when the imaginative and intellectual faculties get themselves in-

vested in the mastery of natural forces and materials that there is any chance of universal peace or universal order.

There have been principally four great adventures in modern times toward the creation of a universal order in the spirit of liberty,— in the spirit of the creative man as contradistinguished from the creature. There are four great attempts of Europe to break loose from Asia and its fatalism. The first was the organization of the church of Hildebrand and Innocent and Ambrose of Milan, throwing their magnificent fabric across the nations and the continents, binding together all sorts and conditions of men, making it possible for a peasant to mount to Peter's throne, obliterating race,— neither Jew nor Greek, barbarian, Scythian, bond nor free.

And after a while, because that thing did not work out in the manner in which it was intended to work out and also because it had a quality of other-worldliness, a too intense aloofness from the realities, another adventure was undertaken, which was somewhat nearer the ground, though not yet near enough, to wit: from the beginning of the twelfth century or thereabouts, the rise of the university. The university undertook to form an organization that should go around the world, that should cross all the lines of race. It should be a universal organization of the masters of arts. This took place, as you remember, under the inspirations of men like Alcuin and Anselm and afterwards Abelard. This university, as most of us have forgotten, was a political conception. It built free cities, was intensely democratic, was governed by the student body. They came to Salerno, they came to Paris and Bologna and Oxford, thousands upon thousands of men, and women too; grown up men and women, not children, and formed commonwealths. The whole

conception was totally different from the thing to which the university has now declined — as different as the church, in the magnificence of its primary conception, contrasted with the decadence of modern sects.

After the university a third great adventure was attempted under the inspiration of the thinkers, doctrinaires and encyclopedists of the French Revolution: namely, the creation of a civil polity, which should proceed from the people and which should not be governed by officialdom; a republicanism that should go far. Napoleon said of this republicanism that nothing but the Cossack could keep it from crossing all frontiers.

Now these three adventures have still left their vast vestigial lineaments with us. Over the whole face of our Western civilization you have the leavings of these great adventures — only the leavings, mind you. Trivial and apostate religious sects, still witnessing for a magnificent idea, which by no means nor in the least degree do they exemplify; universities that have become but cloistered places for the culture of the young, and a republicanism which has exploded in confusion over half the world.

But I say there has been another great adventure of the spirit; and this is the thing I came to say to you, gentlemen. For this last effort of the race is far more truly an embodiment of the idea of Galilee; far more truly does it express the idea of Europe as it stands over against Asia, far more truly is it an exemplification of the conceptions of the Incarnation, than anything that has gone before. This last thing is greater than church, university or republic, because it means that the spiritual power of greatest might and portent must be born from the closest contact with earth, born in a manger, brought up in a carpenter shop and impassioned in the struggle

for an earth-grip which cannot be loosed. This new spiritual power is the organization for work, which, within the last seventy years has spread all over the world.

It came as a kingdom without observation and as a thief in the night. No prophet proclaimed it. The preachers didn't notice it except to deprecate it. The reformers — socialists and such like — have had little but evil to say of it. I mean the régime of credit, capital, contract and corporate organization, the wonderful and subtle texture in which men are bound together in mutuality and in faith. I am thinking of the marvellous manner in which you touch a button and pay a debt in Canton, the instantaneous communications around the world, a vast engine of wonderful delicacy and intricacy, a machine that is at once like the tools of the Titans and the winged feet of Mercury. This machinery, in its external fabric so massive and so exquisitely adjusted, and in its internal fabric making new categories of thought, new ways of thinking about life; this is our destiny. This is the thing that is to settle for us life or death. This will be for us Apocalypse or perdition. For the corruption of the best thing is the worst corruption; and if you refuse to understand the spiritual portent, the human meaning, of the business system, it will destroy you.

Now, in order that we may come at something like an understanding of the difficulty with which this thing was born into the world, it is necessary that we reflect for a moment upon the profound prepossessions of the ancient world out of which we came. That ancient world had a great aversion for practicality; it hated practicality. India is the most cultured country in the world. It has the most exquisite spiritual inspirations. It has given most to intellectualism. But because of this profound

unpracticality of our race in its cradle in Asia, India has never dampened its deserts or drained its swamps. It has never done the primary thing — the mastering of the beast, the serpent.

Socrates hated physical science. Plato had no conception of its value. He imagined that abstract ideas have an objective reality. He considered all those who had to do with material things as necessarily somewhat below those who could talk philosophy and politics.

A friend of mine in Edinburgh, a great geographer, laying his hand upon a globe, remarked that since the beginning of historic times there has been a gradual encroachment of the deserts upon the arable land, so that on the whole there is less land that can be ploughed and made to yield food than there was when we began. We have been too much preoccupied with the struggle of man against man, of race against race, with the exploitation of each other's minds. Never to this moment has any considerable fraction of the race invested as much as 35 percent of its emotional energy in the mastery of the difficulties of existence or in the advance of the practical arts. I include all those spiritual goods that go with the practical arts, and I mean that no race has ever invested 35 percent in anything that is worth while. We have always invested upward of 65 percent in the things that mean death — in forms of social contradiction and suicide, the attrition of will against will and mind against mind. We have given ourselves to spiritual waste and bewilderment, in struggles of race and sect and class and party.

It comes to pass that we are ushered into this wonderful new age under such auspices, that it was to be expected that a race so mistaught, a race so toploftical

and hifalutin, a race which never had sat up for long or paid attention, which never had learned to master materials and which couldn't take business seriously — it has come to pass, I say, that business in the United States, which of all countries was supposed to be the great country of business, unless it were Germany, that even here business has sat below the salt, has been treated as if it were an unfranchised minor. It never has had a political status, it never has had a religious status, it never has had an intellectual status. I say that what is going to happen — and it is for you gentlemen to make it happen — is that you should claim, in behalf of the working world, its rights of enfranchisement in the spiritual things and in the nobler gains and honours of civilization.

I would have you stretch out your hands to the church, as the kingdom of the creative man,— for that is the essential idea of the church,— and say: That is ours. Stretch out your hands to the university, with its power to correlate artistic and scientific abilities, to formulate and to make definite, potent and authoritative in communities the right of art and the right of science. Say, That too is ours. Take possession of politics also. Democracy means the escape from officialdom; it means the rule of the masters of life. The fathers of the American Revolution said to one another: To these propositions we commit our lives, our fortunes and our sacred honour. Now I beg you to consider that they did not mean to say, We are going to give up our lives; we are going to sacrifice our fortunes or we are going to diminish our honour. On the contrary, they meant to live long, they expected their fortunes to increase, and their honour has become fame. There is no true democracy except in

and through the realization of the aristocratic mind. The aristocratic mind underwrites the public. It never can do anything on the sly. It doesn't have its hand out for perquisites. It moves straight to its mark, and what we need in New York is men that will underwrite the life, fortune, and honour of New York. To make one's own estate concentric with the public estate is to realize the conception of the church, the conception of the university, the conception of an essential democracy, and the conception of a business system that will really work.

Now then, consider what has been done to us in America because we have allowed this gigantic power of organized work, the power of credit and contract, the power of the great machine to run loose in a moval vacuum. You cannot spread a meal without the co-operation of 10,000 persons, you cannot travel to Philadelphia without as many to attend you. Such is the enforced mutuality of the machine, which we cannot escape from. It comes to pass that being born in the midst of this thing and working in the midst of it, we have neglected to understand it or to realize its deeper portent, and hence has grown up what we call the "invisible government." The Great Machine is like a huge Enceladus under Ætna, rising, shaking the world, creating earthquakes, making hideous wars and all manner of confusion. There is a jangle of labour and capital and all that sort of thing, because the power of the Great Machine is invisible.

You go to Kankakee or Tucson or Chicago or anywhere else in the United States and you will find there the operation of this invisible government. There are two major forces at the vitals of the modern business system; to wit, credit and the news, the organs of in-

formation. If you go to Kankakee, say, as a parson, if you are elected rector of a church, you can have no social influence in Kankakee unless you are an acceptable person to the men who run the three or four banks, the local board of trade and the local press. They are hierarchical. If they are not satisfied with you — your senior warden will be one of them — you have no career in that town. You may be ever so faithful; they will pity you, they will not hurt you, but you will be encysted like a bullet in a wound. You will be out of the circulation. Or if you are a lawyer and you just hang out your sign, as your grandfather did and expect that by and by, because you are an officer of the court, people will come and ask you what is right and what is wrong about things, you will not build up a lucrative practice that way. That cannot happen nowadays. No, you must be appointed special attorney for the municipal gas company, you must have relation to the railroad, you must have something to do with the system and organization that rules in that town, else you will get no practice. Sometimes a lawyer may succeed by boldly fighting the system — may succeed in a small way — but to be neutral is impossible. So it is with all the other professions.

And as it is in Kankakee and Oscaloosa, so of course it is, or was before the war broke out, in London and Paris. I have undertaken careful investigations, concerning the modern business system, have had the patience and have submitted myself to a great variety of disciplines that I might not be ignorant, that I might really know. I have been about the world, from country to country in Europe and had to do with business, with ministers of finance, and men in high affairs, in order to find out

their attitude toward this great problem of the rise of the business system and its relation to politics.

I call your attention to a fundamental consideration in the administration of finance. In Berlin you go into a great bank like the Deutsche Bank and if you say: I think I can make two blades of grass grow where but one grew before; I think I can raise the standard of living or make bread cheaper in the Empire — you will get a hearing. The fact that you could do this before the war is the secret of the strength of Germany. The engineer was in the bank. It was indeed an institution like a university, employing hundreds of chemists, agricultural experts, engineers to see what there might be in your proposition that by any means might make life more livable in the Empire.

If you went to Paris with a like proposition or to London or to New York, they would raise their eyebrows at you and wonder at your total unpracticality. Nobody in these cities would care about your raising the standard of living; it would be a jest. If you went to a bank before the war — great things have happened since the war — in London or Paris or New York, the question they cared to consider was: "Can you show us how we can derive income for investors out of what you propose?" The mind was riveted to the investor's point of view, that is to say, riveted to the point of view of the people who live on their income, the point of view of leisure and idleness. I am not saying we don't all want to be idle a considerable part of the time; but I submit it isn't reasonable that the work of the world should be done in my idle moods or from the point of view of my idle moods. It isn't safe either for my investments, if I have any — not in the long run. If a bank

thinks only of the investor and doesn't think of the improvement of the working plant upon which all securities rest, sooner or later the working plant clogs up and grinds its own cogs and the investments are forfeit.

It is largely because of the false practice of the financial communities of London, Paris and New York, that we have a grave social problem. The great bankers are all conscientious and well-meaning men, so far as I know. But they have in the past, been indoors men. They have lacked the outdoors point of view. They have absorbed their minds in the figures in a book, without an adequate conception of the external world. Here and there there have been exceptions; here and there somebody did think of the practical arts, but in the main, they didn't care for technology or for the building of cities. They did not look at things from the point of view of the *entrepreneur* or the engineer. There wasn't any engineer in the bank.

Now I don't criticize this system for its imperfection, but for its unpracticality. I criticize it because it is preposterous. It won't work, can't work. It can only seem to work so long as you have endless fresh resources, free lands, etc., so that whenever the thing develops its inner preposterousness, its absurdity and deadlock, you are released by sending all enterprise abroad into some fresh field. You overload the working plant in your own country with enormous overhead charges of the idle; then you have got to go and get some other country to bear a part of that overmastering strain; Mr. Redfield, Secretary of Commerce, said the other day that we are a very wasteful nation. He said it was all a matter of character; he regretted that we had that kind of character. He called attention to the fact that 65

percent of the value of the tree is wasted in making lumber. But Mr. Redfield ought to know that waste is the ground-plan of our system; that it is not a matter of our character at all, except as our character has been made by our business system. It "pays" best to waste the forests; and sack the stores of nature. From the point of view of the investor — and no other view is considered — it is good business to be systematically wasteful — to just take off the cream and throw the rest away. It would not be good business to turn engineers and masters of forestry loose — and take their advice. Waste, I say, is the system.

Another thing. You have the controversy between capital and labour. It is due to the fact that we have too low a voltage of enterprise in this country, always have had. That is to say, the current of enterprise is not deep enough or strong enough to absorb our whole labour power or win even necessaries of life for us all. Consider the immeasurable possibilities of production. England, for example, has now three times the voltage that she had before the war broke out. About a third of the working people are now supporting all the strain which formerly lay upon the whole body. There are immense latencies of power to draw upon, in every country.

I say the low voltage of enterprise brings it to pass that there is always a vast number out of work, always, always; it is part of the system again. Even with the enormous demand for munitions, you never have employed half, not half the working power of the people. Of course, the figures will show that more than half *sometimes* work. That is not the point. You don't employ half the working force, and it is part of the system that you shouldn't. There must always be a great many

at the mill gates begging for a job, in order that this inverted finance may keep its place and power. Hence comes what is called the labour problem — the antagonism between capital and labour. This arises purely from the fact that, there being in general more men than there are jobs, it is absolutely necessary for working men to organize, to see to it that they do not underbid each other and outbid each other for a place,— which would compel them all to drift to the life-line or beyond.

Consider the problem of industrial efficiency. Now efficiency stands in inverse ratio to the amount of influence over the business system that is exercised by idlers who don't know anything about the tools nor care. Inefficiency increases as the organization of business drifts into the hands of indoors men, the desk man. That is what actually has come to pass in this country to a very great degree — a kind of peonage of the engineer or the *entrepreneur*. The people that really do things; the technological or actual working part of every big corporation has the low salaries; the salaries run from five thousand dollars down; whereas in the financial part of the concern, that which has to do with the man against man struggle, the mere belligerency of business — there the salaries range from \$5,000 up. This business part utterly controls the engineer part and subjects it. I mean that the financial strategist does not stand level with the engineer or share his spirit. He uses the engineer as an upper servant.

I understand this Institution, Mr. President (turning to Dr. Humphreys), has been fighting against this subjection of the engineer to the financial power. I am told that it has been your doctrine that the engineer more and more should have the attitude of the consulting mind, and

that more and more the study of the philosophy of business and the control of business should be the preoccupation of the engineer. That, I think, is true prevision.

The type of what I am trying to say is this: that when Mr. J. P. Morgan began to bother with the New Haven road, the trains began to run off the track (laughter); and as to Mr. Bruce Ismay, travelling on the *Titanic* across the sea as the advertising man and the business manager of the White Star Line, with the average advertising and business manager's point of view—the notion that he was running a hotel across the sea and trying to make a record, in ignorance of how ships get to harbour where they would be—when Captain Smith, getting those wireless warnings hour after hour, goes to Mr. Bruce Ismay and says "What about it?" the eyebrows of Bruce Ismay are elevated and the ship goes on the ice. I say there is your dramatic representation of what I am trying to say. The lesson is in everything. The ship goes on the ice because Ismay ran the engineer. Smith knew better and he went down with the ship; Ismay didn't; he flourishes. It is a parable, it is *only* a parable.

Our whole civilization is like that. Hence has come the war. This inverted kind of finance, with its control of the news service, brings to pass a state of affairs that in its nature is suicidal.

Plutocratic business can't live without expansion; it must have the foreign market; it must ever have some new base upon which to lay its enormously overdeveloped overhead charges. It cannot live without expansion; it cannot expand without war, because there are other races that also must expand. *It cannot live without expansion; it cannot expand without war; it cannot fight because it*

enfeebles the workers. It is doomed; you are coming to the end of that inverted finance and of that plutocracy, not because the preachers don't like it, but because it is not so conditioned as to live on this kind of planet. It contradicts itself. It is impossible.

The nations must abandon this monstrous effort to get rich by making each other poor. The papers are full of business belligerency even now: the war after the war. Forsooth, these foolish men imagine that we are going on and on as we have been going on and on. Don't they know that there is no thoroughfare in that direction! *We* should know.

Now I say we have got to work out some way of doing things so as to escape from feebleness and confusion. We shall learn through the agonies. We shall change our minds just as they are changing their minds in London and Paris. But what an expensive method of changing one's mind! Over in Europe they have got a different conception of life, and a new conception of business. In London and Paris now the engineer is in the bank. In London and Paris they have developed an organized working intelligence. The mere moneymakers are being shoved aside; not utterly, not utterly, alas! but so far as possible.

We have got to do that here. Because of these cool 3,000 miles of water, as the President says, we have got a little space to think. Great will be the nation that can reform its mind without compulsion. If we can think straight without being compelled to think straight, then the mastery of the world will belong to us. But if we wait until we must perforce repent, why then we shall go into the welter with the rest and take our chances.

A friend of mine in Philadelphia the other day said, "What shall we do over here? We are very much disturbed by the fact that there is likely to be a great slump in business after the war and we shall have to take up slack. We want ways of employing the people, the capital and so forth, that will be free then." The case will be the same in New York as in Philadelphia. What shall we do here to stabilize such prosperity as we have?

Take the principle of what we call the Chelsea docks. The Chelsea docks pay; that is to say, it is a proposition that in its nature is of such a sort that it finances itself. The rents which come from the ships that use the docks, etc., are said to be quite sufficient to sustain the capital and the interest. There are no doubt many such projects *in posse*. Now suppose we move to make a survey of the City of New York by competent engineers — with reference to determining how many propositions of the character of the Chelsea docks, not yet undertaken, they could discover. In doing this we should not be doing a very strange thing, for this is the kind of thing that the President has advised us to do and that we have actually done in connection with the Naval Consulting Board — only we have done it with reference to states, not with reference to the cities. We have looked over a whole state as if it were a single working plant — and the public has said, "Now, what are the criticisms, gentlemen? Is this plant doing its work well or ill?" Just so we could take the City of New York as a single working plant, and study it and find out what are the things that would most certainly pay if done.

Then taking another principle which this administration has so signally illustrated: the principle of the Federal Reserve Bank. Now the twelve reserve banks are not

run to make money for stockholders. We have produced a new type of bank; it is run to mobilize the working forces of the community. Mr. Strong down here, the governor of our district bank, is supposed to be the servant of the public. Stockholders' dividends are limited by law to six per cent.

So we have got the principle already established. Therefore, merely applying to our own city needs the principle of the District Federal Reserve Bank, we could create here a Public Service Bank, capitalized for say ten million. Probably we could do a hundred million dollar business on that capital. Some such man as Colonel Goethals or Mr. Herbert C. Hoover should be made president of such a bank. Nothing should be asked of the politicians, nothing of the public power, except the necessary franchise. We should exemplify a new principle, a principle of vast and transforming possibilities, namely: the organization of public enterprises by private initiative, the team-play of ambitious men determined to seek their own fortune in and through the improvement of the public fortune. You engineers should do this thing, in the spirit of the men of 1776, pledging your honour and your life and your fortune to the upbuilding of the city, but not thereby diminishing your life or your fortune; quite the contrary.

That is the principle. It lies right open to your hand; finance is the economy of creative skills. Finance is as simple as the gospel—and as complex as theology. After these things begin to be done, the marvel of the world will be, how the deuce did it happen that we were for so long enthralled in the mystery of Wall Street and in those cantakerous theories of money which in their nature don't parse at all? (Laughter.)

It is perfectly plain. Go and build your own city. Mr. Morgan, for example, finances a subway here. We haven't got one hundred and twenty million dollars in our pocket; we suppose that Mr. Morgan has it in his pocket. That is a fond delusion; Mr. Morgan didn't have the money in his pocket either. What he had was social prestige or financial prestige, and the Interboro Railway takes the certificates of indebtedness, passes them over Mr. Morgan's counter out to us, and we buy them. How silly of us! How silly of us! Why don't we do it ourselves? Why don't we erect an institution that shall stand for our own credit, for our own power, for our own knowledge of how to do things, for our social sense, for our belief in each other — for assurance that suspended payments can be met — for the underwriting of great enterprise?

I am going to close with a verse that expresses the spirit of what I have tried to say. I took it out of a newspaper some time ago; I don't know who wrote it. He says:

Scoop down yon beetling mountain
And raze that jutting cape;
A world is on your anvil,
Now smite it into shape.

What is this iron music
Whose sound is borne afar?
The hammers of the world-smiths
Are beating out a star!

No, I won't stop with that. I have got another. This is a suggestion as to how chagrined a man feels when he has missed an appointment with destiny. Henry IV of France, returning from his great battle at Arques,

espies a lieutenant coming tardy, a slacker, to the field,
and he shouts out to him:

“Go hang yourself, Crillon; go hang yourself, for we
have fought at Arques, and *you were not there!*”

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