

CHAPTER VIII

THE MACHINE BREAKERS

It was just before Ernest ran for Congress, on the socialist ticket, that father gave what he privately called his "Profit and Loss" dinner. Ernest called it the dinner of the Machine Breakers. In point of fact, it was merely a dinner for business men--small business men, of course. I doubt if one of them was interested in any business the total capitalization of which exceeded a couple of hundred thousand dollars. They were truly representative middle-class business men.

There was Owen, of Silverberg, Owen & Company--a large grocery firm with several branch stores. We bought our groceries from them. There were both partners of the big drug firm of Kowalt & Washburn, and Mr. Asmunsen, the owner of a large granite quarry in Contra Costa County. And there were many similar men, owners or part-owners in small factories, small businesses and small industries--small capitalists, in short.

They were shrewd-faced, interesting men, and they talked with simplicity and clearness. Their unanimous complaint was against the corporations and trusts. Their creed was, "Bust the Trusts." All oppression originated in the trusts, and one and all told the same tale of woe. They advocated government ownership of such trusts as the railroads

and telegraphs, and excessive income taxes, graduated with ferocity, to destroy large accumulations. Likewise they advocated, as a cure for local ills, municipal ownership of such public utilities as water, gas, telephones, and street railways.

Especially interesting was Mr. Asmunsen's narrative of his tribulations as a quarry owner. He confessed that he never made any profits out of his quarry, and this, in spite of the enormous volume of business that had been caused by the destruction of San Francisco by the big earthquake. For six years the rebuilding of San Francisco had been going on, and his business had quadrupled and octupled, and yet he was no better off.

"The railroad knows my business just a little bit better than I do," he said. "It knows my operating expenses to a cent, and it knows the terms of my contracts. How it knows these things I can only guess. It must have spies in my employ, and it must have access to the parties to all my contracts. For look you, when I place a big contract, the terms of which favor me a goodly profit, the freight rate from my quarry to market is promptly raised. No explanation is made. The railroad gets my profit. Under such circumstances I have never succeeded in getting the railroad to reconsider its raise. On the other hand, when there have been accidents, increased expenses of operating, or contracts with less profitable terms, I have always succeeded in getting the railroad to lower its rate. What is the result? Large or small, the railroad always gets my profits."

"What remains to you over and above," Ernest interrupted to ask, "would roughly be the equivalent of your salary as a manager did the railroad own the quarry."

"The very thing," Mr. Asmunsen replied. "Only a short time ago I had my books gone through for the past ten years. I discovered that for those ten years my gain was just equivalent to a manager's salary. The railroad might just as well have owned my quarry and hired me to run it."

"But with this difference," Ernest laughed; "the railroad would have had to assume all the risk which you so obligingly assumed for it."

"Very true," Mr. Asmunsen answered sadly.

Having let them have they say, Ernest began asking questions right and left. He began with Mr. Owen.

"You started a branch store here in Berkeley about six months ago?"

"Yes," Mr. Owen answered.

"And since then I've noticed that three little corner groceries have gone out of business. Was your branch store the cause of it?"

Mr. Owen affirmed with a complacent smile. "They had no chance against us."

"Why not?"

"We had greater capital. With a large business there is always less waste and greater efficiency."

"And your branch store absorbed the profits of the three small ones. I see. But tell me, what became of the owners of the three stores?"

"One is driving a delivery wagon for us. I don't know what happened to the other two."

Ernest turned abruptly on Mr. Kowalt.

"You sell a great deal at cut-rates.* What have become of the owners of the small drug stores that you forced to the wall?"

* A lowering of selling price to cost, and even to less than cost. Thus, a large company could sell at a loss for a longer period than a small company, and so drive the small company out of business. A common device of competition.

"One of them, Mr. Haasfurther, has charge now of our prescription department," was the answer.

"And you absorbed the profits they had been making?"

"Surely. That is what we are in business for."

"And you?" Ernest said suddenly to Mr. Asmunsen. "You are disgusted because the railroad has absorbed your profits?"

Mr. Asmunsen nodded.

"What you want is to make profits yourself?"

Again Mr. Asmunsen nodded.

"Out of others?"

There was no answer.

"Out of others?" Ernest insisted.

"That is the way profits are made," Mr. Asmunsen replied curtly.

"Then the business game is to make profits out of others, and to prevent others from making profits out of you. That's it, isn't it?"

Ernest had to repeat his question before Mr. Asmunsen gave an answer,

and then he said:

"Yes, that's it, except that we do not object to the others making profits so long as they are not extortionate."

"By extortionate you mean large; yet you do not object to making large profits yourself? . . . Surely not?"

And Mr. Asmunsen amiably confessed to the weakness. There was one other man who was quizzed by Ernest at this juncture, a Mr. Calvin, who had once been a great dairy-owner.

"Some time ago you were fighting the Milk Trust," Ernest said to him; "and now you are in Grange politics.* How did it happen?"

* Many efforts were made during this period to organize the perishing farmer class into a political party, the aim of which was destroy the trusts and corporations by drastic legislation. All such attempts ended in failure.

"Oh, I haven't quit the fight," Mr. Calvin answered, and he looked belligerent enough. "I'm fighting the Trust on the only field where it is possible to fight--the political field. Let me show you. A few years ago we dairymen had everything our own way."

"But you competed among yourselves?" Ernest interrupted.

"Yes, that was what kept the profits down. We did try to organize, but independent dairymen always broke through us. Then came the Milk Trust."

"Financed by surplus capital from Standard Oil,"* Ernest said.

* The first successful great trust--almost a generation in advance of the rest.

"Yes," Mr. Calvin acknowledged. "But we did not know it at the time. Its agents approached us with a club. "Come in and be fat," was their proposition, "or stay out and starve." Most of us came in. Those that didn't, starved. Oh, it paid us . . . at first. Milk was raised a cent a quart. One-quarter of this cent came to us. Three-quarters of it went to the Trust. Then milk was raised another cent, only we didn't get any of that cent. Our complaints were useless. The Trust was in control. We discovered that we were pawns. Finally, the additional quarter of a cent was denied us. Then the Trust began to squeeze us out. What could we do? We were squeezed out. There were no dairymen, only a Milk Trust."

"But with milk two cents higher, I should think you could have competed," Ernest suggested slyly.

"So we thought. We tried it." Mr. Calvin paused a moment. "It broke us. The Trust could put milk upon the market more cheaply than we. It could sell still at a slight profit when we were selling at actual loss.

I dropped fifty thousand dollars in that venture. Most of us went bankrupt.* The dairymen were wiped out of existence."

* Bankruptcy--a peculiar institution that enabled an individual, who had failed in competitive industry, to forego paying his debts. The effect was to ameliorate the too savage conditions of the fang-and-claw social struggle.

"So the Trust took your profits away from you," Ernest said, "and you've gone into politics in order to legislate the Trust out of existence and get the profits back?"

Mr. Calvin's face lighted up. "That is precisely what I say in my speeches to the farmers. That's our whole idea in a nutshell."

"And yet the Trust produces milk more cheaply than could the independent dairymen?" Ernest queried.

"Why shouldn't it, with the splendid organization and new machinery its large capital makes possible?"

"There is no discussion," Ernest answered. "It certainly should, and, furthermore, it does."

Mr. Calvin here launched out into a political speech in exposition of his views. He was warmly followed by a number of the others, and the cry

of all was to destroy the trusts.

"Poor simple folk," Ernest said to me in an undertone. "They see clearly as far as they see, but they see only to the ends of their noses."

A little later he got the floor again, and in his characteristic way controlled it for the rest of the evening.

"I have listened carefully to all of you," he began, "and I see plainly that you play the business game in the orthodox fashion. Life sums itself up to you in profits. You have a firm and abiding belief that you were created for the sole purpose of making profits. Only there is a hitch. In the midst of your own profit-making along comes the trust and takes your profits away from you. This is a dilemma that interferes somehow with the aim of creation, and the only way out, as it seems to you, is to destroy that which takes from you your profits.

"I have listened carefully, and there is only one name that will epitomize you. I shall call you that name. You are machine-breakers. Do you know what a machine-breaker is? Let me tell you. In the eighteenth century, in England, men and women wove cloth on hand-loom in their own cottages. It was a slow, clumsy, and costly way of weaving cloth, this cottage system of manufacture. Along came the steam-engine and labor-saving machinery. A thousand looms assembled in a large factory, and driven by a central engine wove cloth vastly more cheaply than could the cottage weavers on their hand-loom. Here in the factory was

combination, and before it competition faded away. The men and women who had worked the hand-loom for themselves now went into the factories and worked the machine-loom, not for themselves, but for the capitalist owners. Furthermore, little children went to work on the machine-loom, at lower wages, and displaced the men. This made hard times for the men. Their standard of living fell. They starved. And they said it was all the fault of the machines. Therefore, they proceeded to break the machines. They did not succeed, and they were very stupid.

"Yet you have not learned their lesson. Here are you, a century and a half later, trying to break machines. By your own confession the trust machines do the work more efficiently and more cheaply than you can. That is why you cannot compete with them. And yet you would break those machines. You are even more stupid than the stupid workmen of England. And while you maunder about restoring competition, the trusts go on destroying you.

"One and all you tell the same story,--the passing away of competition and the coming on of combination. You, Mr. Owen, destroyed competition here in Berkeley when your branch store drove the three small groceries out of business. Your combination was more effective. Yet you feel the pressure of other combinations on you, the trust combinations, and you cry out. It is because you are not a trust. If you were a grocery trust for the whole United States, you would be singing another song. And the song would be, 'Blessed are the trusts.' And yet again, not only is your small combination not a trust, but you are aware yourself of its lack

of strength. You are beginning to divine your own end. You feel yourself and your branch stores a pawn in the game. You see the powerful interests rising and growing more powerful day by day; you feel their mailed hands descending upon your profits and taking a pinch here and a pinch there--the railroad trust, the oil trust, the steel trust, the coal trust; and you know that in the end they will destroy you, take away from you the last per cent of your little profits.

"You, sir, are a poor gamester. When you squeezed out the three small groceries here in Berkeley by virtue of your superior combination, you swelled out your chest, talked about efficiency and enterprise, and sent your wife to Europe on the profits you had gained by eating up the three small groceries. It is dog eat dog, and you ate them up. But, on the other hand, you are being eaten up in turn by the bigger dogs, wherefore you squeal. And what I say to you is true of all of you at this table. You are all squealing. You are all playing the losing game, and you are all squealing about it.

"But when you squeal you don't state the situation flatly, as I have stated it. You don't say that you like to squeeze profits out of others, and that you are making all the row because others are squeezing your profits out of you. No, you are too cunning for that. You say something else. You make small-capitalist political speeches such as Mr. Calvin made. What did he say? Here are a few of his phrases I caught: 'Our original principles are all right,' 'What this country requires is a return to fundamental American methods--free opportunity for all,' 'The

spirit of liberty in which this nation was born,' 'Let us return to the principles of our forefathers.'

"When he says 'free opportunity for all,' he means free opportunity to squeeze profits, which freedom of opportunity is now denied him by the great trusts. And the absurd thing about it is that you have repeated these phrases so often that you believe them. You want opportunity to plunder your fellow-men in your own small way, but you hypnotize yourselves into thinking you want freedom. You are piggish and acquisitive, but the magic of your phrases leads you to believe that you are patriotic. Your desire for profits, which is sheer selfishness, you metamorphose into altruistic solicitude for suffering humanity. Come on now, right here amongst ourselves, and be honest for once. Look the matter in the face and state it in direct terms."

There were flushed and angry faces at the table, and withal a measure of awe. They were a little frightened at this smooth-faced young fellow, and the swing and smash of his words, and his dreadful trait of calling a spade a spade. Mr. Calvin promptly replied.

"And why not?" he demanded. "Why can we not return to ways of our fathers when this republic was founded? You have spoken much truth, Mr. Everhard, unpalatable though it has been. But here amongst ourselves let us speak out. Let us throw off all disguise and accept the truth as Mr. Everhard has flatly stated it. It is true that we smaller capitalists are after profits, and that the trusts are taking our profits away from

us. It is true that we want to destroy the trusts in order that our profits may remain to us. And why can we not do it? Why not? I say, why not?"

"Ah, now we come to the gist of the matter," Ernest said with a pleased expression. "I'll try to tell you why not, though the telling will be rather hard. You see, you fellows have studied business, in a small way, but you have not studied social evolution at all. You are in the midst of a transition stage now in economic evolution, but you do not understand it, and that's what causes all the confusion. Why cannot you return? Because you can't. You can no more make water run up hill than can you cause the tide of economic evolution to flow back in its channel along the way it came. Joshua made the sun stand still upon Gibeon, but you would outdo Joshua. You would make the sun go backward in the sky. You would have time retrace its steps from noon to morning.

"In the face of labor-saving machinery, of organized production, of the increased efficiency of combination, you would set the economic sun back a whole generation or so to the time when there were no great capitalists, no great machinery, no railroads--a time when a host of little capitalists warred with each other in economic anarchy, and when production was primitive, wasteful, unorganized, and costly. Believe me, Joshua's task was easier, and he had Jehovah to help him. But God has forsaken you small capitalists. The sun of the small capitalists is setting. It will never rise again. Nor is it in your power even to make it stand still. You are perishing, and you are doomed to perish utterly

from the face of society.

"This is the fiat of evolution. It is the word of God. Combination is stronger than competition. Primitive man was a puny creature hiding in the crevices of the rocks. He combined and made war upon his carnivorous enemies. They were competitive beasts. Primitive man was a combinative beast, and because of it he rose to primacy over all the animals. And man has been achieving greater and greater combinations ever since. It is combination versus competition, a thousand centuries long struggle, in which competition has always been worsted. Whoso enlists on the side of competition perishes."

"But the trusts themselves arose out of competition," Mr. Calvin interrupted.

"Very true," Ernest answered. "And the trusts themselves destroyed competition. That, by your own word, is why you are no longer in the dairy business."

The first laughter of the evening went around the table, and even Mr. Calvin joined in the laugh against himself.

"And now, while we are on the trusts," Ernest went on, "let us settle a few things. I shall make certain statements, and if you disagree with them, speak up. Silence will mean agreement. Is it not true that a machine-loom will weave more cloth and weave more cheaply than a

hand-loom?" He paused, but nobody spoke up. "Is it not then highly irrational to break the machine-loom and go back to the clumsy and more costly hand-loom method of weaving?" Heads nodded in acquiescence. "Is it not true that that known as a trust produces more efficiently and cheaply than can a thousand competing small concerns?" Still no one objected. "Then is it not irrational to destroy that cheap and efficient combination?"

No one answered for a long time. Then Mr. Kowalt spoke.

"What are we to do, then?" he demanded. "To destroy the trusts is the only way we can see to escape their domination."

Ernest was all fire and aliveness on the instant.

"I'll show you another way!" he cried. "Let us not destroy those wonderful machines that produce efficiently and cheaply. Let us control them. Let us profit by their efficiency and cheapness. Let us run them for ourselves. Let us oust the present owners of the wonderful machines, and let us own the wonderful machines ourselves. That, gentlemen, is socialism, a greater combination than the trusts, a greater economic and social combination than any that has as yet appeared on the planet. It is in line with evolution. We meet combination with greater combination. It is the winning side. Come on over with us socialists and play on the winning side."

Here arose dissent. There was a shaking of heads, and mutterings arose.

"All right, then, you prefer to be anachronisms," Ernest laughed. "You prefer to play atavistic roles. You are doomed to perish as all atavisms perish. Have you ever asked what will happen to you when greater combinations than even the present trusts arise? Have you ever considered where you will stand when the great trusts themselves combine into the combination of combinations--into the social, economic, and political trust?"

He turned abruptly and irrelevantly upon Mr. Calvin.

"Tell me," Ernest said, "if this is not true. You are compelled to form a new political party because the old parties are in the hands of the trusts. The chief obstacle to your Grange propaganda is the trusts. Behind every obstacle you encounter, every blow that smites you, every defeat that you receive, is the hand of the trusts. Is this not so? Tell me."

Mr. Calvin sat in uncomfortable silence.

"Go ahead," Ernest encouraged.

"It is true," Mr. Calvin confessed. "We captured the state legislature of Oregon and put through splendid protective legislation, and it was vetoed by the governor, who was a creature of the trusts. We elected a

governor of Colorado, and the legislature refused to permit him to take office. Twice we have passed a national income tax, and each time the supreme court smashed it as unconstitutional. The courts are in the hands of the trusts. We, the people, do not pay our judges sufficiently. But there will come a time--"

"When the combination of the trusts will control all legislation, when the combination of the trusts will itself be the government," Ernest interrupted.

"Never! never!" were the cries that arose. Everybody was excited and belligerent.

"Tell me," Ernest demanded, "what will you do when such a time comes?"

"We will rise in our strength!" Mr. Asmunsen cried, and many voices backed his decision.

"That will be civil war," Ernest warned them.

"So be it, civil war," was Mr. Asmunsen's answer, with the cries of all the men at the table behind him. "We have not forgotten the deeds of our forefathers. For our liberties we are ready to fight and die."

Ernest smiled.

"Do not forget," he said, "that we had tacitly agreed that liberty in your case, gentlemen, means liberty to squeeze profits out of others."

The table was angry, now, fighting angry; but Ernest controlled the tumult and made himself heard.

"One more question. When you rise in your strength, remember, the reason for your rising will be that the government is in the hands of the trusts. Therefore, against your strength the government will turn the regular army, the navy, the militia, the police--in short, the whole organized war machinery of the United States. Where will your strength be then?"

Dismay sat on their faces, and before they could recover, Ernest struck again.

"Do you remember, not so long ago, when our regular army was only fifty thousand? Year by year it has been increased until to-day it is three hundred thousand."

Again he struck.

"Nor is that all. While you diligently pursued that favorite phantom of yours, called profits, and moralized about that favorite fetich of yours, called competition, even greater and more direful things have been accomplished by combination. There is the militia."

"It is our strength!" cried Mr. Kowalt. "With it we would repel the invasion of the regular army."

"You would go into the militia yourself," was Ernest's retort, "and be sent to Maine, or Florida, or the Philippines, or anywhere else, to drown in blood your own comrades civil-warring for their liberties. While from Kansas, or Wisconsin, or any other state, your own comrades would go into the militia and come here to California to drown in blood your own civil-warring."

Now they were really shocked, and they sat wordless, until Mr. Owen murmured:

"We would not go into the militia. That would settle it. We would not be so foolish."

Ernest laughed outright.

"You do not understand the combination that has been effected. You could not help yourself. You would be drafted into the militia."

"There is such a thing as civil law," Mr. Owen insisted.

"Not when the government suspends civil law. In that day when you speak of rising in your strength, your strength would be turned against

yourself. Into the militia you would go, willy-nilly. Habeas corpus, I heard some one mutter just now. Instead of habeas corpus you would get post mortems. If you refused to go into the militia, or to obey after you were in, you would be tried by drumhead court martial and shot down like dogs. It is the law."

"It is not the law!" Mr. Calvin asserted positively. "There is no such law. Young man, you have dreamed all this. Why, you spoke of sending the militia to the Philippines. That is unconstitutional. The Constitution especially states that the militia cannot be sent out of the country."

"What's the Constitution got to do with it?" Ernest demanded. "The courts interpret the Constitution, and the courts, as Mr. Asmunsen agreed, are the creatures of the trusts. Besides, it is as I have said, the law. It has been the law for years, for nine years, gentlemen."

"That we can be drafted into the militia?" Mr. Calvin asked incredulously. "That they can shoot us by drumhead court martial if we refuse?"

"Yes," Ernest answered, "precisely that."

"How is it that we have never heard of this law?" my father asked, and I could see that it was likewise new to him.

"For two reasons," Ernest said. "First, there has been no need to

enforce it. If there had, you'd have heard of it soon enough. And secondly, the law was rushed through Congress and the Senate secretly, with practically no discussion. Of course, the newspapers made no mention of it. But we socialists knew about it. We published it in our papers. But you never read our papers."

"I still insist you are dreaming," Mr. Calvin said stubbornly. "The country would never have permitted it."

"But the country did permit it," Ernest replied. "And as for my dreaming--" he put his hand in his pocket and drew out a small pamphlet--"tell me if this looks like dream-stuff."

He opened it and began to read:

"Section One, be it enacted, and so forth and so forth, that the militia shall consist of every able-bodied male citizen of the respective states, territories, and District of Columbia, who is more than eighteen and less than forty-five years of age.'

"Section Seven, that any officer or enlisted man'--remember Section One, gentlemen, you are all enlisted men--'that any enlisted man of the militia who shall refuse or neglect to present himself to such mustering officer upon being called forth as herein prescribed, shall be subject to trial by court martial, and shall be punished as such court martial shall direct.'

"Section Eight, that courts martial, for the trial of officers or men of the militia, shall be composed of militia officers only.'

"Section Nine, that the militia, when called into the actual service of the United States, shall be subject to the same rules and articles of war as the regular troops of the United States.'

"There you are gentlemen, American citizens, and fellow-militiamen. Nine years ago we socialists thought that law was aimed against labor. But it would seem that it was aimed against you, too. Congressman Wiley, in the brief discussion that was permitted, said that the bill 'provided for a reserve force to take the mob by the throat'--you're the mob, gentlemen--'and protect at all hazards life, liberty, and property.' And in the time to come, when you rise in your strength, remember that you will be rising against the property of the trusts, and the liberty of the trusts, according to the law, to squeeze you. Your teeth are pulled, gentlemen. Your claws are trimmed. In the day you rise in your strength, toothless and clawless, you will be as harmless as any army of clams."

"I don't believe it!" Kowalt cried. "There is no such law. It is a canard got up by you socialists."

"This bill was introduced in the House of Representatives on July 30, 1902," was the reply. "It was introduced by Representative Dick of Ohio. It was rushed through. It was passed unanimously by the Senate

on January 14, 1903. And just seven days afterward was approved by the President of the United States."*

* Everhard was right in the essential particulars, though his date of the introduction of the bill is in error. The bill was introduced on June 30, and not on July 30. The Congressional Record is here in Ardis, and a reference to it shows mention of the bill on the following dates: June 30, December 9, 15, 16, and 17, 1902, and January 7 and 14, 1903. The ignorance evidenced by the business men at the dinner was nothing unusual. Very few people knew of the existence of this law. E. Untermann, a revolutionist, in July, 1903, published a pamphlet at Girard, Kansas, on the "Militia Bill." This pamphlet had a small circulation among workingmen; but already had the segregation of classes proceeded so far, that the members of the middle class never heard of the pamphlet at all, and so remained in ignorance of the law.