PUBLIC OWNERSHIP THROUGHOUT THE WORLD

A Survey of the Extent of Government Control and Operation.

By

HARRY W. LAIDLER, PH. D.

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FOREWORD

Dr. Laidler has brought together in the following pages the facts of public ownership throughout the world. The monograph is conveniently divided into three parts.

In the first part the reader will find an account of the extent of government control and operation of various enterprises before the beginning of the Great War. The record of achievement in the field of public ownership before August, 1914, shows how far different countries have gone in acquiring control of the production and distribution of goods and services.

The war has dealt a blow to individual enterprise in the basic industries. The governments of the various belligerent countries were forced to assume complete charge over the industries essential in the prosecution of the war. An account of the passing of those industries from individual to public control will be found in the second part of the pamphlet.

Government control and operation may not only fail to contribute to the building of a state based on political and industrial democracy, but, in fact, lead to a governmental oligarchy, fraught with greater dangers than private ownership and control. Dr. Laidler takes up briefly in the concluding part of the booklet the requirements for a collectivism which, in the words of a well-known definition of Socialism, will not only provide for public ownership, but also include democratic management of the social means of production, distribution and exchange. From the point of view of social democracy the distinction is most important.

The Department of Labor Research of the Rand School of Social Science presents this little volume as a contribution to the literature on Collectivism—enhanced by the war, and presenting very serious problems to the peoples of the world.

ALEXANDER TRACHTENBERG.

August, 1918.

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New York.
A SURVEY OF PUBLIC OWNERSHIP THROUGHOUT THE WORLD.

IN THE year 1776, the date of the Declaration of Independence, Adam Smith, the great English classical economist, sagely announced to the world that there were only three lines of business in which joint stock companies or corporations could successfully compete against the small individually supervised concern. And for years, while the corporate form of industry was becoming dominant in nearly every line of industrial effort, the brilliant economists of Europe and America were carefully explaining to innocent students that the corporation could survive only in a few lines of endeavor.

In more recent times, economists have been theoretically limiting the field of public operation almost as narrowly as did Adam Smith that of the corporation, and have been writing learned disquisitions to prove that public ownership was a chimerical dream except in the case of a few utilities. But the world outside of the classroom and study has been impudently paying little heed to their theories and the small corporation has been steadily advancing into the large corporation; in many instances, into the trust and combine, and, finally, into governmental or publicly owned industry.¹

Forces Leading to Public Ownership

This last step from private to public operation has been the result of many forces, some conservative, some genuinely democratic. Governments have urged the adoption of public ownership in order to raise revenue and to increase economic and military efficiency in peace and in war. Business men have fought for public ownership of certain

¹ The words, “government ownership,” “public ownership,” “collectivism” and “state Socialism” are here used interchangeably, although it is recognized that valid arguments may be brought against such use.
utilities in order that they might obtain cheaper power and other services, and thus be enabled to compete more effectively against business interests in other communities.

The mass of the people have demanded public control in order to abolish the anti-social exploitation and tyranny of large corporations and monopolies; to promote the health and safety of the community; to increase educational and recreational opportunities; to encourage the use of certain services and commodities, such as the water supply, and discourage the use of others, such as alcohol; to reduce the enormous wastes of individualistic competition; to decrease the high cost of living; to improve the condition of the workers, and to strengthen in general all those forces which are working for a more complete democracy and brotherhood.

**Extent of Public Ownership**

The trend toward collectivism, as a result of these many forces, became so pronounced even before the war, as to make the plight of the individualistic philosopher indeed a sad one. In describing his case in “individualistic” England, Mr. Sidney Webb, the noted English economist, a few years ago, humorously remarked:

“The individualist city councillor walks along the municipal pavement lit by municipal gas and cleansed by municipal brooms with municipal water, and seeing by the municipal clock in the municipal market that he is too early to meet his children coming from the municipal school, hard by the county lunatic asylum and the municipal hospital, will use the national telegraph system to tell them not to walk through the municipal park, but to come by the municipal tramway, to meet him in the municipal reading room, by the municipal art gallery, museum and library, where he intends to consult some of the national publications in order to prepare his next speech in the municipal town hall in favor of the nationalization of canals and the increase of the government control over our railway system.”

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1 Vandervelde, *Collectivism*, pp. 120-1.
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In fact, the state, whether we like it or not, is being silently transformed from a mere government of men into a huge industrial plant. In Europe, South America, the United States, Japan and their dependencies, we are told by the Fabian Research Bureau that, immediately prior to the war, the public property possessed by the various governments, excluding that connected with the armies and navies, did not amount to less than $50,000,000,000. The persons employed directly in public works, numbered between 10,000,000 and 12,000,000, and the wages paid out for all grades of public work aggregated between $2,000,000,000 and $2,500,000,000 a year.¹

"The population in Government employ to-day certainly exceeds," declared the Fabian Research Department, "the whole existing population of the United Kingdom; their annual income, which we may take as some sort of valuation of their services or product, exceeds the entire wealth production to-day of all the inhabitants of any but a half dozen richest nations of the world; whilst the capital thus administered is more than double the entire wealth of the essentially individualist England that welcomed the world to the 1851 Exhibition—is as great, indeed, as Giffen's estimate for the entire wealth of the United Kingdom, as recently as 1885."²

"It is a significant fact," runs the report, "that even omitting the army and navy, the state department has become, in the twentieth century, in every civilized nation, by far the largest employer of labor."

The extent to which this transformation in the character of the state is going on is strikingly brought out in an article published in the summer of 1914, by Lewis Harcourt, M. P., then Secretary of State for the Colonies, and almost the least socialistic of any member of the cabinet. Mr. Harcourt thus described the duties of his office:

¹ Fabian Research Department on the Control of Industry, State and Municipal Enterprise, pp. 12-13 (Supplement to the New Statesman, May 8, 1915.)
"In these days the Colonial office has more the attributes of an immense trading and administrative concern than those of earlier days when it was a mere machine of government. My days and nights are spent in the study of medicine, in the details of railway construction, with the desire that the smallest sum of money may lay the largest number of miles of tracks in the fewest possibly days. I am a coal and tin miner in Nigeria, a gold miner in Guiana. I seek timber in one colony, oil and nuts in another, cocoa in a third—copra and copal, seisel and hemp, cotton, coffee, tobacco, are common to my daily care." (Italics mine.)

Government ownership has developed in an infinite variety of businesses. This development may be roughly divided into the period prior to the European war, and the "war collectivism" precipitated by the conflagration of August, 1914. A study of the pre-war period will indicate a steady advance of collective control in transportation and communication, in education, public health and safety, and, to a less extent, in mining and other industries relating to the development of natural resources, in banking, commerce and manufacture. Since the outbreak of the war, the race toward collectivism, "state Socialism" or "state capitalism," as it has been variously described, has developed into a mad gallop. Hundreds of endeavors formerly regarded as sacred to private enterprise have been drawn within the dominion of the collectivity under the stress and strain of war and, in many cases, this public control will undoubtedly prove of a permanent character.

As the trend toward public ownership before the world conflict presents a more normal development than that resulting therefrom, we will first turn our attention toward this trend. And in considering the industries under public control, attention should first be called to that of communication and transportation. For it is significant that this, the greatest of all modern businesses, "is steadily and increasingly, throughout the civilized world, passing into one or other form of government organization."

1. London Times, July 1, 1914.
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Communication

Mail Service—It goes without saying that the delivery of mail, in every country of importance, is now in the hands of public post offices. Only in such obscure and backward countries as Abyssinia, Afghanistan and Arabia, is inland conveyance of letters left to private enterprise.

Public ownership of the mail service in most countries is by no means of recent origin, and is of little significance, if recent tendencies toward public ownership are being considered. The post office, however, of late years, has been taking unto itself many other services of great social importance connected with the newer methods of communication, such as the transmission of telegrams and of cable messages, and the conduct of the telephone system.

Telephones—So marked has been this tendency toward public operation in these last named services during the last few decades, that the United States, Canada, Spain and Brazil now find themselves the only greater countries in which the telephone service still remains wholly in private hands. England, it may be said in passing, socialized its telephone system in January, 1912. Even in Canada, many provinces now possess their own telephone service.

Telegraphs—Public ownership is still more pronounced in the case of the telegraphs. In no country of the world of any note outside of the United States and Canada does the public have to depend wholly or in large part on private agencies, when they desire to wire their friends, and in both the telephone and telegraph services, the government of the United States has assumed control, though not ownership.

Cables—Moreover, nearly one-fifth of the cable mileage, whereby continents are bound one to the other, is at present under governmental control, the United Kingdom, France, Japan, Germany, Austria and Russia possessing cables of their own.

Nor have the post offices stopped with the mere business
of communication. Many of them, curiously enough, from the standpoint of American individualism, have gone actively into the business of delivering newspapers, of receiving deposits, of issuing notes and life insurance policies, of granting annuities, collecting debts and acting as advertising subscription agencies.

Transportation

The companion business to communication is that of transportation. Under this general heading may be included highways and waterways, railroads and shipping.

Highways—For centuries, even before the great network of public highways which bound together the Roman Empire, the nations of the world had built and operated their own highways, side by side with the innumerable private toll roads. Public operation was a natural result of military and industrial necessity, and the development of modern life has made public ownership of important highways almost universal. Untold millions have been spent by governments in the construction and upkeep of these arteries of commerce.

In the United States, during the last few years, more and more attention has been given to this great public industry of building and improving highways, principally on account of the demonstrated savings of good roads to industry and commerce. The United States government, for instance, has recently appropriated the sum of $75,000,000 to be expended in the improvement of rural post roads between 1917 and 1921, providing a similar sum is raised by local districts. And through its national research laboratories, it has been engaged in extensive experimentation regarding the best methods of road building. From 1891 to 1915, inclusive, a period of 26 years, the various state governments have appropriated more than $200,000,000 for this purpose, besides the appropriations of municipalities and counties.
Waterways—Public canals and inland water ways generally are also year by year increasing in extent and in importance. One of the most spectacular efforts of any government, and, according to some, the largest single undertaking of any government in any one period of peace, was the construction by the United States of the Panama Canal.

In this experiment the government took practically entire charge of the housing and feeding of the labor force. Thousands of houses, built according to scientific specifications, with baths and adequate air and light, lounging and sitting rooms, were constructed for the workers. Light, fuel, and water were furnished free of charge. Fifteen hotels, and numerous mess rooms and kitchens were established to feed the large force. There were commissary department stores at which every conceivable article could be bought. Government refrigerating plants, ice-making plants, laundries, etc., were also organized. And "so perfect were the arrangements," according to Brigadier General Sibert, "and such care and business ability were displayed, that the cost of living on the Isthmus was materially less than for the same standard in the United States. The Commission was able to effect this result by cutting out the usual profits of middlemen, and the only advance that was made over first cost and transportation was enough to cover handling and amortization of cost of plants. For example, the Chief Engineer, who paid the same prices as everyone else, had daily on his table the very best cuts of fresh meats, in superb condition, at materially lower cost than he paid in Chicago—not five miles from the slaughtering pens—for the same quality."¹ The sanitation department under Gorgas was so effective that from 1906 to 1913 the number admitted to the hospital for malarial trouble was reduced from 800 out of every 1,000 to 70.²

At present the government owns a steamship line, the Panama Steamship Company, plying between Atlantic

¹ Quoted in Walling and Laidler, State Socialism—Pro and Con, p. 255; see also Sibert (Wm. L.) The Construction of the Panama Canal, pp. 92-108.
ports, that operated during the year 1915, without accident, and with a net revenue of about $500,000, although the rates of competing lines were 40% above those of the government steamship company. The government likewise owns its railroad lines on the canal, and supplies steamships passing through the canal with fuel and food supplies, and controls the cable and radio service.

Railroads—As the highways, on land and water, have been regarded for so many years past as essentially public in their nature, it is but natural that the railroads, the modern arteries of commerce, the roads of iron and steam, should, from their early beginnings, have been regarded in somewhat the same light. So year after year, as a result of military, financial, industrial or social necessity, we have witnessed the railroads passing steadily from private to public ownership. In 1914, in fact, "of the total railway mileage of the world, just about half is owned and worked entirely by government enterprise. Out of nearly 70 countries, large or small, having railways at all, there are 50 in which Government administration prevails, either wholly or with small exceptions; in others the Government owns the lines but does not work them, whilst in a few Government enterprise and private capital share the service. Only in the United Kingdom and the United States—which together account, it is true, for about 68% of the whole railway capital of the world—together with a few West Indian or African dependencies, is the railway system wholly in the hands of private capitalism.

"The present movement is definitely towards Government administration. Italy, after various oscillations of policy due to final exigencies, has finally nationalized its entire railway administration. In Germany, Austria and Switzerland the service has become wholly governmental. France has lately added to its Government railway administration the important ‘Western’ line. Even the United States has decided that the new line of a thousand miles in Alaska shall be built and operated entirely by the Federal govern-
ment, under which the construction is now actually begun.”¹

I remember listening to the debate in the House of Representatives when the Alaskan railroad bill came up for discussion. One of the eloquent Congressmen from Alabama opposed the bill with the exclamation, “This is rank Socialism! I never learned that kind of Jeffersonian democracy at my mother’s knees!” To which the conservative leader of the Democrats in the House, Congressman Underwood, replied that the project was merely the logical carrying out of Jeffersonian principles. For had not Jefferson, in the beginning of the nineteenth century, favored the construction of national roads? And do not the modern railroads occupy the same place in present day society as the old highways occupied in the days of young America?

Moreover, municipal systems have shown the same tendency as have public roads. In 1882, the little town of Huddersfield, in England, was the only local body which owned its tramway system. By 1913, over 170 cities operated their tramways and the capitalization of these lines was estimated at $225,000,000. In 1912, 132 such undertakings were reported in Germany. Even America boasts of a municipal line in San Francisco and a small one in Seattle. New York City has also expended a couple of hundred millions of dollars in the construction of New York City subways, although these have been left to private management and exploitation. Omnibus lines, “trackless” trollies and other conveyances are also owned by the public in numerous cities throughout the world.

Public Shipping—As public bodies have taken an ever greater interest in waterways, they have—though with a very considerable amount of timidity—gone into the business of water transportation. Even prior to the war, we find a number of steamship lines were owned by such governments as Australia, New Zealand and Japan, in the Far East, Brazil and the United States, in America, and Belgium, Italy, Russia, Rumania, Sweden and France, in Europe.

Our South American neighbor, the government of

¹ Fabian Research Department, Op. Cit., pp. 4-6.
Brazil, for instance, owns the *Lloyd Brasileiro*, the largest steamship company flying the Brazilian flag. The small Romanian government possessed, prior to the war, the bulk of tonnage sailing under the flag of that country. In 1903, the old Russian government obtained possession of the Russian Danube Line, while almost since its organization in 1878, the Russian Volunteer Fleet has been under the control of one of the Russian ministries.

American tourists sailing between Dover, England, and Ostend, Belgium, went back and forth, for a generation before the war, on a line of fast steamers—eleven of them—owned by the Belgian government, while those travelers who took the more southerly route to the continent from New Haven to Dieppe, patronized the profitable line owned by the government of France. Since 1910, the railroad administration in Italy has had charge of a line of a dozen steamers running from the mainland to the islands of the Mediterranean.

The United States also entered the business of water transportation some years ago, as has been referred to elsewhere, when it became the chief owner of stock in the Panama Railroad Company, which keeps its line of three steamers busily occupied in transporting goods between New York and Colon. Since America's entrance into the war, federal control of shipping has been extensive.

And then in many parts of the world there are numerous municipal ferries and ferries owned by governmental railroads for the transportation of trains in numerous parts of the world. Besides which, of course, there is the enormous traffic of governments in ships of war—a traffic which, if included in the general subject of water transportation, would render governments by far the largest ship builders of the world.

**Natural Resources**

If we consider the next great division, that relating to natural resources—forests, mines, petroleum and water
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power—we must confess that these are still largely in the hands of private profiteers.

*Forests*—Great strides toward public ownership and control have, however, been made in certain directions, particularly in the case of the nations' forests:

"It is probably safe to say," declares Mr. Walling, in dealing with this resource, "that the larger part of the forests in modern civilized communities are already under governmental control, and it is certain that the governmental area is increasing in most countries."\(^1\)

More than 13% of the entire area of Germany and over one-half of the entire forest acreage of that country is now controlled by public bodies—and conducted with remarkable scientific precision. Worthy also of mention in this connection is the vast area of public forest land in India of no less than 240,000 square miles; the 660,000,000 acres of forests in Russia, and the great stretches in Sweden, Japan, Canada, France and other countries.

Our own government, during the last century, has given away much of its bounteous heritage of timber land to great private railroads and other interests. At present it possesses about one-fifth of the 550,000,000 acres of timber now standing, and that not the most valuable fifth. Since 1891, however, the federal government has assiduously endeavored to protect the 100,000,000 acres still in public control, as a result of which, "the forests on the public domain," according to the United States Forest Service, "have passed from a condition in which the timber was always in imminent danger of being destroyed to one in which it is everywhere protected; from a state in which, as a result of repeated fires and wasteful lumbering, the annual growth was steadily decreasing, to one in which scientific management insures a steady increase in annual growth and a good supply of timber for the people for an indefinite period."

*Public Mines*—Far less extensive in proportion to the total are the public holdings in mines. Nevertheless, there

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is a definite tendency toward increasing public control. This movement has been augmented by the evils of monopoly and the labor conflicts accompanying private ownership. Public control has been definitely established in many parts of Australia. New Zealand and Victoria own several mines. As early as 1898, the government in Western Australia provided that land grants should contain a reservation of all minerals. Whenever minerals were found in the land where the surface rights had been alienated, the government was empowered to reenter the land, paying the surface owner the value other than for the mineral contained therein. In Victoria, South Australia, Tasmania and New South Wales the leasehold system is practically supreme, and no private individual may assert with an eye to the truth that God in his infinite wisdom has bestowed upon him the coal properties of those territories.

Some progress toward public ownership of mines has recently been observed in Europe. Holland, Sweden, and Austria-Hungary possess a considerable number of coal mines, and, during the past few years, the first named government has been making a steady drive toward further social control, while Prussia now counts among its possessions no less than 345 coal fields. Iron mines are also owned, in considerable measure, by Sweden and Prussia. Public silver mines may be found in Scandinavian countries. Salt beds are public monopolies in an unusually large number of nations. These include certain South American countries—Venezuela, Colombia, Equador and Peru; Japan and China in Asia and France, Austria and Rumania in Europe.

Oil—Another natural resource of great importance is oil. We in America know from sad experience the great power that may be wielded by those who control this important industry. Our Argentine neighbors have vigorously tackled this problem and, by an enactment of 1913, decided that, in the development of all newly discovered oil fields, the government shall henceforth hold a majority of seats on each board in the oil industry and share in the profits of the business. In little Serbia, which loomed so large in im-
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Importance at the outbreak of the present war, oil has long been a state monopoly. In the neighboring country of Austria, large areas of petroliferous land, as well as oil refineries, are possessed by the Austrian government, while Germany has become the controlling partner in the recently formed petroleum monopoly and may, at almost any time, be expected to assume entire charge of the oil industry.

Water Power—Of rapidly increasing importance in the industrial life of the world is the great natural resource known as water-power. For centuries waterfalls have furnished power for mills located on their sides, but it has been only within the last twenty-five years that water power has been brought into play, to any considerable extent, for the purpose of providing electrical power and lighting to distant parts. In the beginning of this development, the public took little interest in the control of this important source of power, and permitted special interests to harness, for their own aggrandizement, the great waterfalls of the country. Niagara is but one of many examples. The grave danger of this policy, however, has already been sharply called to the attention of the peoples of the nations, and there is now a steady trend in the direction of public control. Canada recently decided that no purchaser of government land shall receive title to any water power that might be contained therein. That some of its provinces are going actively into this line of endeavor is evidenced by the fact that Ontario's Hydro-Electric Commission now supplies no less than 45 municipalities with electrical power.

A survey of the water power situation in Europe shows Norway, Austria-Hungary and Sweden as the three countries possessing, in the order named, the greatest amount of available water power. The two Scandinavian countries, with an eye to the future, have for years been reserving and purchasing many of the finest and most important falls of these rugged lands, while in Norway parliament has decreed that all concessions and plants revert to the state without cost. In the sister country of Sweden, a public board conducts large electrical plants and is constructing further
plants for state power stations. Over three-fourths of the water power available in the country is already under public control. The cantons in mountainous Switzerland also own numerous fall and water stations. In this, as in other directions, Germany has tackled the problem in a systematic manner; has hedged private companies around with many restrictions and the various states are now seriously proposing government monopolies of this huge industry. New Zealand has here again shown its progressive spirit by placing under public control about 40% of the horsepower in use in the state.

In this country, the majority of available horsepower is still in the hands of the government, although it is not being utilized by governmental agencies. According to Franklin Lane, secretary of the Interior, "the total horsepower of the United States has been conservatively estimated at 35,000,000, of which not exceeding 7,000,000 has been developed. Of the total undeveloped horsepower, 74% is in what are known as public land States, and 42% of the total is within government forest reserves."

_Land_-We may also, in a general way, include under the title "natural resources" land used for farming purposes. Although the actual ownership of agricultural land by governments, is, of course, very small when compared with the total, a considerable amount of public ownership, even in this industry, does actually exist. One of the most noteworthy instances is to be found in Ireland, where public authorities with their 30,000 farm tenants, possess the largest farm acreage in Great Britain. Most of the governments of Europe, furthermore, are large land owners.

France, Germany, Italy, Austria, Russia, New Zealand and Australia have gone extensively into the business of horse breeding. The U. S. Department of Agriculture has also extended assistance in the care and feeding of all classes of live stock and scores of vineyards, nursery gardens and sewage farms are worked by the public. The government provides as well a very considerable aid to
the development of agricultural science and to agricultural industry.

Land Improvement—If we take a survey of public activities in connection with the improvement of land, we will find that this particular industry is a most extensive one. In this, strange as it may seem, the United States government is in the vanguard, spending as it does many millions each year in its Federal Land Reclamation Department in draining the swamps, clearing the undergrowth, constructing canals, fertilizing sandy wastes and reclaiming the land from the sea. By June, 1916, the United States had invested over $100,000,000 in 35 irrigation projects alone.

Another country where great irrigation schemes have recently been operated under governmental direction is far away India. In the last third of the nineteenth century, the government there expended no less than $337,850,000 for this purpose, bringing under cultivation more than 30,000,000 acres of land. As a result of this activity, in Bombay and the Northern Provinces nearly double the population is now sustained than was supported prior to the introduction of modern irrigation works.

In still another of the countries under British control, Egypt, there have been extremely important developments. The Assouan Dam, the most noteworthy irrigation works in that land, has given fertility to between four and five million acres. In Europe, France has devoted very considerable attention to this subject, while the small countries of Holland and Belgium in Eastern Europe have been engaged for centuries in literally creating the low portion of their domains.

Commerce and Industry.

Banking—There is one line of endeavor which has long been regarded as peculiarly sacred to private enterprise—that of banking. And yet this industry has been developing public features with remarkable rapidity. In fact, if
one considers the enormous annual turnover of the Post Office Savings Banks, he is forced to give the postmaster general of each of the leading countries the place of honor as the largest banker of his respective community. We find in many of the European countries public savings banks, central banks and agricultural banks.

Many governments are not only assuming an ever greater control over the issuance of notes—a function which they have performed to a greater or lesser extent for many years—but we are also going extensively into the ordinary activities of the private banking concerns. The Prussian State Bank has existed since 1772; the Russian Imperial Bank is equally a government department; several Swiss Cantons have their State Banks, whilst the bank of the Australian Commonwealth Government is entering frankly into competition, not only with the banks of the Australian States, but also with the joint-stock banks in London. Many of the banks lend millions of dollars to cultivators and purchase and sell securities for customers, etc.

Insurance—The business of insurance is now undertaken as well by many governments. “Every European country west of Poland and north of the Pyrenees has its Government Insurance system.” Already the largest two investors in the United Kingdom are the Insurance Commission and the Public Trustee. The New Zealand government does half as much as all the capitalist insurance companies put together. Italy and Uruguay have established legal monopolies in this field.

Trade and Manufacture—But the movement toward public ownership has not stopped at communication and transportation, at the development of natural resources, or even at the ultra-capitalistic ventures of banking and insurance. It has been steadily advancing even into the realm of commerce and manufacture.

This advance has been partly for the purpose of filling general public needs and partly in order to supply with certain essentials already existing public industries. Following
the establishment of the public tramway system in Glasgow, for instance, many citizens asked why, if the city eliminated profit in the actual running of its tramways, it should not seek likewise to save money for the city in the building and repairing of its cars, the erection of its carsheds, and the generation of its own electricity. The demand for that course of procedure finally became so insistent that the municipality found itself conducting these very industries and when I visited Glasgow in the summer of 1914, I found the public working at these tasks with much devotion and efficiency.

In citing the numerous industries run by various governments as subsidiaries to public concerns as well as those of a more general character, the Fabian Research Department gives this interesting list:

"We have, on a larger or smaller scale, Government mines and quarries and brickworks; Government iron and steel and tin and copper works; Government tanneries and saw mills and leather and wood works; Government flour mills and bakeries, and slaughter houses and distilleries and breweries; Government clothing factories and saddlery and bootmaking establishments; Government furniture factories and scientific instrument workshops, and the manufacture, in one place or another, of every conceivable commodity, directly under the control, and for the use of the consumer himself."

Throughout Europe colossal governmental factories will be found for the preparation of such public monopolies as tobacco, cigars, matches, gunpowder, alcoholic drinks, potash, salt, mineral waters, carpets and engravings. "The exquisite tapestries and furniture from the Government Gobelins factories in France and the superb porcelain from the Government works at Servia, and prints from the State printing office, easily carry the palm for beauty."

Huge public printing establishments may be found in the

1 Fabian Research Department, Op. Cit., p. 11.
United States, Japan and India, public iron and steel works in Japan and works for the making of agricultural implements in Hungary. France, we are told, is the most extensive shop keeper in the world, having, apart from all of her post offices, no fewer than 47,500 governmental shops for the sale of tobacco, matches, etc. Restaurants, hotels, meat and fish markets, cold storage plants, grain elevators, warehouses, bakeries and drug stores, lodging houses are also frequently conducted by municipalities and Federal governments.

We are told that the recently established public drug enterprise in France, with its fifty-five tons a day, has proved an immense success, saving annually to the government between two and three million dollars.

Public Ownership and the Individual

The public ownership of the foregoing industries bears a very definite relation to the welfare of millions of people in the world. The vast businesses of communication and transportation, of natural resources, of banking and insurance, of commerce and manufacturing now controlled by the state are intimately related to the economic life of the people.

There is another field of government activity, however, which very directly affects the development of the body and mind of the individual citizen. These come under the general heading of educational, health and housing activities. In many of these lines public control has been plunging ahead at a remarkably rapid rate.

Education—It is in the field of education that the government has been making the greatest strides in the last few years as compared with private ownership. Concerning this development, the Fabian Research Department presents this striking passage:

"Nearly the whole industry (of education) has, within a century, passed from being, for the most part, a profit-making venture of individual capitalist school-
masters, into a service almost entirely conducted not for profit but for use. . . . The development of the enterprise as a Government service has, during the past thirty years, alike in initiative and inventiveness, in diversity and adaptiveness to individual needs, surpassed all past experience and all possible expectation."

When we enter the department of recreation, we note also that governmental activity has advanced at an astounding rate. Parks, zoological gardens, gymnasiums, golf links, libraries, art galleries, reading and lecture rooms, theaters, opera houses, dance halls, tourists' bureaus and watering places, are but a few of the recreational and educational agencies now operated by municipalities and national governments.

Governments have become quite the largest producers of books and other educational matter. The United States again is one of the leaders in this industry. Its printing office in Washington is probably the largest in the world. It issues over a thousand different publications; is the proprietor of two dailies—one the Congressional Record—five weeklies and seven monthlies and has a yearly output of nearly 4,000,000,000 printed pages. To stimulate scientific research and publication, it employs thousands of scientists the year round, to make investigations in agriculture, geology, mining, electricity, chemistry and innumerable other branches.

*Public Health Activities*—Not only has the public undertaken the job of developing the minds of the children of the nation through its public school system, etc., but it has also dealt, to an ever greater extent, with the health of the people, young and old. One of the big driving forces back of the public ownership of the water supply was the desire to safeguard public health. We are told that there are now no less than 10,000 public water stations in the world, with a capital of $5,000,000,000. In the beginning of this republic, out of the 16 water stations reported in the larger

PUBLIC OWNERSHIP

In 1915, more than 80% of American cities with a population of 30,000 and over possessed their own water works. The draining of the city and removal of refuse, so intimately connected with the prevention of disease, have also by this time passed almost entirely into the hands of municipalities.

"For it was found by experience that, whether in constructing sewers, sweeping streets or removing house refuse, reliance on the profit-making contractor did not result in so efficient a service as the performance of the work by the citizens' own staff."\(^1\)

In the United Kingdom millions of dollars are now invested in public swimming pools. Turkish, electric, mud, mineral and hot baths are also conducted by several governments. And so huge has become the business of curing the sick that in a number of important governments "a majority of all of the medical practitioners have been brought into governmental pay in one or another form." Nursing and pharmaceutical work is showing the same evolution. An increasing number of governments have likewise adopted extensive systems of health insurance.

This tendency of providing for the health of the community has been so marked, in fact, that the Fabians are led to the following rather startling conclusion:

"We can hardly doubt that, perhaps within a generation, the nurses, the chemists, and the doctors will be, with comparatively few exceptions, as plainly the officers of the community, pursuing their profession, not as traders for profit, but with the status of public servants, as is already the case with their colleagues (possibly, in the aggregate of 100,000 in number) who are today salaried members of the various medical, pharmaceutical, nursing, educational, or scientific services of public institutions or Government departments."\(^2\)

Nor does community care of the bodies of its citizens

\(^1\) Ibid., p. 5.
\(^2\) Ibid., p. 6.
cease when death comes. Most of the governments of the world provide a public burial ground for their departed citizens.

Private grounds, in fact, are almost unknown outside of the United Kingdom, the United States and Canada. The business of interring bodies in the grave has been practically a municipal monopoly in Paris since 1904, and in some of the Switzerland cantons this service is performed gratuitously.

Housing—Public housing activities may legitimately be classified under the general heading of those public functions that directly affect the well-being of the citizens of the community. For the character of the houses of the workers bears a very immediate relation to the health of the working class family. It goes without saying that the vast business of building and owning houses is, with comparatively few exceptions, private. And yet, during the last generation, many municipalities and other communities have gone into this line of effort with much vigor. In 1912, Paris appropriated $40,000,000 for the construction of municipal houses. Liverpool, London and other English cities have erected great blocks of tenement houses. Liverpool especially has purchased and torn down blocks of dilapidated tenements and erected substantial, sanitary municipal houses in their places. English cities are also developing well planned suburbs.

The German and Italian municipalities have advanced far in these activities. Many of the German cities own a very considerable per cent. of their land—Freiburg, a city of 87,000 inhabitants,—possessing no less than ¾ of the land on which it stands—and this ownership has aided materially in its housing schemes. Frankfort-on-the-Main, which began its building operations in 1897, now values its assets in real estate at about $75,000,000. Buenos Ayres, in the South American country of Argentine, in 1912, contracted for the building of no less than 10,000 houses. In Ireland the government has constructed large numbers of houses for the
farm tenants. New Zealand also figures in this activity, as do Belgium and Scandinavia. Housing operations since the outbreak of the war have been extensive.

**Lighting.**—The task of supplying light to the houses after they are erected—as well as to thoroughfares and business establishments—has been regarded, with every passing year, as a natural monopoly that should be public in its nature. And so we discover that at present perhaps 2,000 municipalities now own their own gas plants throughout the world. These are capitalized at from $500,000,000 to $1,000,000,000. Germany possessed 709 of these plants in 1908, and England 300. The municipality, Widnes Town in England, a short time ago, claimed a rate of 16c. to 25c. per 1,000 cubic feet. This rate, according to the town council, is lower than that of any other gas plant in the world.

Electric lighting is showing the same tendency. No less than 250,000 employees, it is estimated, work in the various governmental lighting plants, which are valued at about $3,500,000,000.

Even in the United States we found in 1912 no less than 1,562 municipal electric light plants, an increase of 91% over a decade before. These were, however, established, for the most part, in the smaller cities, most of the public plants being left to private enterprise. Cleveland is an exception to this, and, in a recent year its officials declared that the publicly owned plant had saved to the people of the city many hundreds of thousands of dollars.
PART II

WAR—COLLECTIVISM

The foregoing is a brief summary of the advance toward public ownership prior to the war. The war has brought an almost revolutionary change in the industrial structure. The reason is not far to seek. Millions of workers have been called from their normal occupations and sent into the trenches. Mighty new industries connected with the game of war have sprung up on all sides. Whole armies have to be fed, clothed, and transported. Masses of material are daily being destroyed by submarine and machine guns. Those who remain at the business of producing and distributing the necessities of life for the military and the civilian population must be utilized to the full. Useless effort must be eliminated. Theory had formerly taught that private competition was in the end the most efficient. Faced by the stern necessities of the war, common sense has pointed out that private competitive enterprise was wasteful, that it took advantage of the tragic needs of the people, that it could not be made to co-operate for national ends. Individualism in industry broke down, and many who formerly scouted the idea of collectivism, almost instinctively advocated it as the only efficient and satisfactory method of mobilizing the industrial resources.

England

Railroads—This collectivist advance was evidenced in practically every belligerent and many neutral countries. Its progress has been noteworthy in England, the classic land of laissez faire. On August 4, war was declared with Germany. I well remember hearing the newsies around Trafalgar Square in London in hoarse voice announcing this portentous event. On August 5, on arriving at the London Station to catch my train to Liverpool, I found that His Majesty’s Government had assumed control of all the rail-
roads in England, Scotland and Wales. The railroad administration had been placed in the hands of a committee of general railway managers, their chairman the President of the Board of Trade. From that time on, the British railroads—formerly deadly competitors—were run as a single system. In 1917, as a result of the orders of the government forbidding the cross-hauling of coal and other supplies, it was estimated that 700 million ton miles would be saved annually. And with these recent changes there is growing up in England an increasingly large body of opinion vigorously opposed to any return to the old competitive regime, and in favor of public ownership as well as public control.

*Shipping*—Extensive experimentation has as well been made in water transportation—in shipping. In dealing with public control in this industry, the Chancellor of the Exchequer stated in May, 1917, that of all ships of 1,600 tons and upwards, 90 per cent. had been requisitioned, or had been notified that they would be!

*Coal*—Another fundamental industry which sooner or later was bound to come under strict regulations was that of coal. At first this industry was given a fairly free hand, though subject to regulation. The continuance of high prices and labor difficulties, however, necessitated radical action, and on December 1, 1916, over two years after the outbreak of the war, the government was forced to assume control, though not ownership, of all the coal mines of South Wales and Monmouthshire. A committee, consisting of representatives of the Board of Trade, the Home Office and the Admiralty was appointed to administer the mines. Three months later, governmental control was extended to all coal mines in the United Kingdom for the duration of the war, and a department was organized for their operation.

*Food*—A further industry which was inevitably drawn into the vortex of collectivism was the huge business of food supplies. In October, 1914, the United Kingdom purchased no less than 900,000 tons of sugar, which it sold to re-
finers, at the same time fixing a maximum price to consumers. During the three years of the war, it secured control successively of the wheat supplies from India, Australia and Canada, and, since 1915, has co-operated extensively with the French and Italian wheat commissions in the purchase of that necessity. Rice and corn were later similarly controlled.

Undoubtedly the most important step toward the conservation of the food supply was taken more than two years after the beginning of the war, in November, 1918, when the Board of Trade was given power to requisition supplies, enter and cultivate lands, regulate the manufacture, sale and use of articles, and prevent their waste and destruction. The next development was the appointment of a food controller. In April, 1917, the controller was authorized by Parliament to obtain possession of any factory, workshop or premises engaged in the preparation of food. The same month announcement was made that all flour mills of any considerable size would be taken over by the government. The Minister of Munitions was also given entire control over all fats, oil and oilseed.

Housing—The housing situation has recently become so acute that the government has also been compelled to become a house builder on a large scale. Immediately after the outbreak of the war (August 19, 1914), it appropriated nearly $10,000,000 for the construction of houses for governmental employees or workingmen on government contracts, and $20,000,000 for the building of houses in urban communities and the lending of money to other bodies for that purpose. While the government has kept most of its work in this direction a secret—as the building has been in the vicinities of armament plants—the secretary of the Garden City and Town Planning Association recently asserted “that when the time comes for a record to be placed before the world of what has been done in this regard, it will be a revelation.”

An illustration of its work may be seen at Well Hall,
near the Woolwich Arsenal, where it has built some 1600 houses of a permanent type, and has erected stores, halls, schools and other public buildings, as well as central kitchens, laundries and churches.

In an act passed nearly a year after the beginning of the war, the authorities were also empowered to take possession of any unoccupied land for the purpose of housing workmen employed in certain government work. An interesting feature of this act was a clause forbidding the government in the purchase of land from paying unearned increments or decrements created since the beginning of the war by any party not interested in the land. Laws restricting the raising of rent have likewise been passed.

Other Industries—England has, as well, since the beginning of the war, appropriated $50,000,000 for the establishment of a dye research laboratory; has established a new governmental department for the encouragement of scientific and industrial research, and has gone extensively into state insurance, assuming all risks at a flat rate of insurance. In the wool, hide, leather and other industries, public control and management have also been extensively developed.

Significance of the Trend—In speaking of the effect of the war on collectivism, the economist John A. Hobson observes that "the war will have advanced state Socialism by half a century." while Professor Howard L. Gray of Bryn Mawr declares that "the doctrine of laissez faire, still respected in 1914, had by the end of 1917 passed into at least temporary oblivion." Finally regarding this trend, H. G. Wells utopianizes:

"I believe that out of the ruins of the nineteenth century system of private capitalism that this war has smashed forever, there will arise, there does even now arise, in this strange scaffolding of national munition factories and hastily nationalized public services, the framework of a new economic and social order, based upon national ownership and national service.

1 Hobson, Democracy after the War, p. 166.
2 Gray, War Time Control of Industry, p. vii.
“By 1926,” he continues, “we shall be going about a world that will have recovered very largely from the impoverishment of the struggle; we shall tour in state manufactured automobiles upon excellent roads and we shall live in houses equipped with a national factory electric light installation, and at every turn we shall be using and consuming the products of nationalized industry and paying off the national debt at the same time, and reducing our burden of rentiers.”

Germany.

As was to be expected, war-collectivism has been as well ardently advocated in Germany, which, prior to the war, had advanced further along the path of collective endeavor than any other country outside of Australia. It is undoubtedly this collectivism which has done more than any other one factor to keep the economic life of Germany intact under the tremendous strain of the last few years.

Food—In an attempt to grapple with the food situation, thirty or forty government corporations have been organized, possessing capital stock derived from the state and holding the right of monopoly over the particular commodities with which they deal. The food controller has been empowered to confiscate the products of the soil, plant and animal. All middlemen between wholesaler and consumer have been eliminated, dealers in foodstuffs are required to secure licenses before they are allowed to do business, and no more wholesalers or retailers are licensed than the business seems to demand. Increase of price by indirection has been made a penal offense. Food advertisements have been closely restricted. Since the latter part of 1916, communal authorities have seized and apportioned between the locality and the imperial bureau all butter produced in the larger dairies, while all live stock is now confiscated and its delivery to the market controlled.

In 1915, Germany also established a monopoly of all ni-

1 Wells, What is Coming, pp. 121-3.
trogenous material for a period of seven years. “This is probably the first instance in history,” writes the chronicler, “of a government using the atmosphere as a source of money.”

Italy and France

The activities of the Italian cities since the beginning of the war have been noteworthy. Rome has established no less than 160 municipal bakeries for the selling of bread, besides many meat markets and stores for the distribution of potatoes, macaroni, noodles, rice and beans. It has sold, at low prices, as many as 80,000 eggs a day, and is daily importing, pasteurizing and selling over 12,000 quarts of milk. This control has helped materially to keep prices down, the advance in price being, until a few months ago, but 18%, a lower increase than that evidenced in any other city of Italy. In its control of meat, fish, flour and bread, Milan saved to the citizens from the beginning of the war, until May, 1916, about $375,000. Genoa has followed suit in numerous activities. The municipalities have here generally worked hand in hand with the cooperative stores.

Unique among the ventures of the federal government of Italy has been the shoe industry. In tackling the agricultural situation Italy has required farmers, for a reasonable compensation, to lend their labor force and machinery to neighbors in need. The Minister of the Interior has here the power of food controller. Grains are bought and sold without a profit by community associations, of which the municipalities are prominent members.

France has adopted regulations somewhat similar to England, although its control has been less thorough and systematic. It has devoted much attention to agriculture, and has pooled small agricultural holdings, and loaned considerable sums of money to farmers in invaded territories for the purchase of farm equipment. In other respects, its activities have been largely regulatory. It has done much more than England, Germany, and other countries to en-
courage the voluntary co-operative movement to try its hand in the solution of the problem of food and other supplies.

Russia

Concerning collectivism in Russia since the revolution, we are informed that: "Thus far the working class government of Russia has appropriated the banks and the banking system of the country; has taken possession of the entire mining district; has declared the munitions factories state property without compensation; has supported the control of other factories, and their profits, by workingmen's committees; . . . and has decreed the land of Russia to the people who work upon it and the land is now actually held in common by those peoples."1

The United States

Since April, 1917, national control in this country has proceeded most rapidly in the railroad, shipping, fuel and food industries.

Railroads—Of the most far-reaching importance was the assumption by the government, in December, 1917, of the great railroad system with its 260,000 miles of railway, its 1,000,600 men and its estimated investment of $17,500,-000,000.

For several months after the outbreak of the war, the railroads were under the control of a Railroad War Board, composed of a number of the most prominent railroad men of the country. The government at first seemed desirous of giving private operation a chance to show its ability to co-operate. Secretary Lane, in the Spring of 1917, conferred with the presidents of 120 roads and told them "man-to-man, that the situation called for operation of the railroads of the country as one system; that there was going to be a test of their imagination, their capacity, their ability, their statesmanship."

1 The Liberator, March, 1918.
This failure to respond to the needs of the community, led, nearly nine months after war broke out, to presidential proclamation, ordering public control of this greatest of the world's railroad systems. "It has become unmistakably plain," declared the President, "that only under government administration can the entire equipment of the several systems of transportation be fully and unreservedly thrown into a common service without injurious discrimination against particular properties. Only under government administration can an absolutely unrestricted and unembarrassed common use be made of all tracks, terminals, terminal facilities, and equipment of every kind. Only under that authority can new terminals be constructed and developed without regard to the requirements or limitations of particular roads." 1

Public control of the railway properties was assumed by the government on December 28, two days after President Wilson's order, and William G. McAdoo, Secretary of the Treasury, was made Director General. The ownership remained as before, and guarantee was made for the maintenance of the equipment of the roads during the period of federal control, and for the payment of net operating income equivalent to the average net income of the three years preceding June 30, 1917. In order to secure still greater co-ordination in the conduct of the roads, Director General McAdoo issued a sweeping order, on May 21, 1918, for the removal of all railroad presidents as operating heads of the lines, and for the naming of experts to take their place, to be known as Federal Managers, and to receive salaries of from $5,000 to $20,000 a year. These Managers were made directly responsible to the Regional Directors and they to the Director General. Under the former system of appointment, it was held, the railroad presidents were too prone to consider their obligations to their particular roads more highly than their duties to the nation as a whole.

On July 1, 1918, some 1,700 short lines of railroads,

1 See N. Y. Times, January 5, 1918.
mostly industrial or plant facility lines, and representing about 30,000 miles of track were returned to private owners. Between 300 and 400 of the roads relinquished had sought to remain under Government management, but, as the Railroad Administration had been required by law to decide which roads to return by July 1, the requests of the smaller lines were of no avail. A few hours following the relinquishment of the roads, Congress passed an act extending the time for decision. The chief reason for the action of the Railroad Administration seemed to be the fear of financial loss. Some of the roads returned may, within a short time, return again to public control.

The Express Business—Closely allied with the railroads are the express companies. At first these were little affected by federal control. On May 29, 1918, however, the Director General of Railroads approved a plan whereby the four great express companies—the Adams, American, Wells Fargo, and Southern—united in a single corporation, with a capital of $30,000,000, the extent of the actual property and cash included in the company. The service to be rendered by this corporation and the rates to be charged were to be under the control of Director McAdoo and subject to his initiation, while the government was to share on a progressively increasing scale in any profits derived from the business. Predictions are that the elimination of competitive wastes—separate officers, equipment, etc.—will lead to a saving of millions of dollars annually in the operation of this unified service.

Shipping—While the United States failed to take any drastic steps toward the federal control of railroads and express until many months following the outbreak of the war, it was but a few days after the declaration of April 6, that it entered vigorously into the business of shipping. Its first action was the taking over of 91 German ships valued at $125,000,000 to be used in the transportation of troops. On August 4, the Emergency Fleet Corporation, a purely federal concern, requisitioned all of the steel ships of more than 2500 tons then in the course of construction in the great
shipyards of the country. By March 1, 1918, less than a year after the United States had entered the war, this corporation had requisitioned 425 steel vessels and contracted for 720, an aggregate tonnage of 8,164,508 tons; had let contracts for 490 wooden vessels, aggregating 1,715,000 tons and had repaired and put into operation ships totalling 788,-
000 tonnage seized from Germany and Austria. The First Annual Report of the Corporation, in estimating the extent of the work of the year, significantly remarks:

“The Corporation is now engaged in what is probably the greatest construction task ever attempted by a single institution. . . . It is controlling substantially all the shipbuilding of the country other than of naval vessels; and its program calls for the completion in 1918 of eight times the tonnage delivered in 1916.”

After the war is over the title to vessels owned by foreigners will be retained by the government, although American owners will be permitted, under certain conditions, to regain title. The Shipping Board is, as well, conducting a far-reaching scheme of industrial education.

Food—More spectacular in its nature—though, as yet, far from satisfactory from the standpoint of the radical or of the millions hard-pressed by high prices—has been the governmental control of food. The United States definitely entered the ranks of food controllers on August 10, when the president signed the Food Administration Act.

Like food acts in all of the countries, this law sought to stimulate production, to reduce the wastes of distribution, to eliminate “unreasonable” profits and to direct a wise consumption.

It gave the president power to purchase, store and sell wheat, flour, meal, beans and potatoes; to regulate the price of coal and coke, as well as the method of production, distribution, and storage; and, if this business should be run inefficiently or in a manner prejudicial to the public interest,

PUBLIC OWNERSHIP

to take over the plants for operation during the period of the war.

Even more drastic were the powers secured by the president over commodities necessary for the common defense. Food, feed and fuel used in such defense could be requisitioned and proper governmental storage facilities could be provided for them. Factories, packing houses, oil pipe lines, mines and other plants could as well be taken over and operated by the government.

Distilled spirits were prohibited by the act. In consequence, the manufacture of whiskey from grain ceased on September 7. Power was likewise given the president to regulate or prohibit the production of malt or vinous liquors, to license those dealing in certain necessities and to prevent destruction, waste, and monopolizing of commodities.

After the passage of the bill, Herbert C. Hoover was appointed Food Administrator. On August 15, 1917, a $50,000,000 wheat corporation was formed, with all of the stocks held by the Federal Government, for the purpose of buying and selling wheat at the principal terminals, handling all Allied grain business and conducting the buying for the American government. All futures in wheat were prohibited, and, on August 25, "the Chicago wheat pit, once noted for its turbulence, became as quiet as a country churchyard." Dr. Harry A. Garfield was appointed chairman of the price-fixing committee, which, on August 30, fixed the price of wheat for the United States and her Allies at $2.20.

The most forward looking step toward buying on an international scale was taken on August 24, when the governments of the United States, Great Britain, France and Russia reached an agreement whereby all purchases in this country for these allied governments would be made by an American Commission, the Purchasing Committee for the War Industries Board. In explaining the disastrous competition formerly prevailing, a press report states: "In some cases it was found that agents of the allied countries had combed
the Western markets for grain months in advance of any efforts of American buyers, and had large quantities of materials stored awaiting favorable conditions of shipment, while prices went upward in consequence of the steadily increasing scarcity of certain staples." The social implications of such international industrial co-operation may be most significant when peace has been restored. Significant also in this connection is the international sugar commission formed for the purpose of arranging for the distribution of sugar imported from the West Indies and the United States' insular possessions.

The power of license under the Food Control Act was exercised on October 10, when the president placed under the license system all dealers in meat, cereal, vegetable, and dairy products doing an annual business of more than $100,000. This order became effective November 1. All licensed dealers are henceforth expected to limit their prices to a reasonable amount over expenses and to forbid the acquisition of speculative profits from a rising market; to keep all food commodities moving to the consumer in as direct a line and with as little delay as practicable; and to limit, as far as practicable, contracts for future delivery.

Fuel—A further industry subjected to national control—chiefly, however, as related to price and shipment,—is that of fuel. The government obtained considerable control over coal and coke with the passage of the Food Control Act.

On August 20, Robert S. Lovett, designated the Federal Agent under the Priority Shipments Act, directed forty-six railroads to give coal shipments from the mines of the Northwest precedence over other business. On the following day, the president issued a sweeping order fixing the base price of bituminous coal in all of the big producing districts. On August 23, Dr. Harry A. Garfield was named Coal Administrator. Dr. Garfield fixed a stated price for anthracite at the mines and announced that jobbers handling coal could not charge a commission of more than from 15c to 30c a ton.
Of special significance also was the order of the Fuel Administration which took effect on April 1, 1918, prohibiting mine owners from shipping their coal outside of certain prescribed limits. Under the plan, for instance, industries in the central states are not allowed to obtain their coal from the West Virginia fields, but must draw it from the producing centers nearest them. This, as in England, will, it is estimated, by eliminating the long hauls, save the freight cars millions of miles of unnecessary travel. How far the control of coal will go is problematical. Dr. Garfield, in December, 1917, expressed his belief that the taking over of the coal supply by the government was inevitable.

Telegraphs and Telephones—The last of the great services to be taken over by the government (up to the summer of 1918) were the telephone and telegraph lines. On July 16, 1918, partly as a result of a threatened strike of telegraph operators, Congress passed a resolution giving to the President power to assume control of telephones, telegraphs, cable and radio services. Following this action, President Wilson, on July 23, issued an order declaring that the government “do hereby take possession and assume control and supervision of each and every telegraph and telephone system, and every part thereof, within the jurisdiction of the United States, including all equipment thereof and appurtenances thereto, whatsoever, and all materials and supplies.”

Postmaster General Albert S. Burleson was placed in charge of these utilities, and in turn designated John C. Koons, First Assistant Postmaster General; Davil J. Lewis, U. S. Tariff Commissioner, and William H. Lamar, solicitor for the Post Office Department, a committee on management. The presidential order declared that obligations already accruing be regularly paid, and that dividends and interest be continued until the Postmaster General otherwise directs. Mr. Burleson was given the power to return certain lines to private control at his discretion. The change in control was effected on July 31. The radio service is now under the control of the Navy Department.

Other Industries—A very definite departure in the direc-
tion of social control was also made early in the war by the passage in the Senate (May 22, 1917), of its $50,000,000 war risk insurance bill.

And then, of course, if one wished to cite them, there are the enormous industrial operations recently developed in connection with the army and navy departments, which involve the manufacture of thousands of commodities, the purchase of millions of dollars worth of goods, the erection of great warehouses and plants and the development of expensive and intricate laboratories. Recent purchases of the quartermaster's department, for instance, included 40,000,000 pounds of dried beans, 91,000,000 cans of baked beans, over 65,000,000 cans of tomatoes, 91,000,000 of condensed milk, and large quantities of other food stuffs. One hundred and eighty acres of land have just been acquired for one projectile plant. Plans have recently been made for a warehouse in Brooklyn, which is estimated as the greatest structure of its kind in the world. However, as no effort has been made in this inquiry to describe even the industrial features of the army and navy, this interesting line of investigation must for the present be passed over.

At present writing the lack of coordination between the many scores of governmental bodies; the prices paid by the government for some of its supplies; the insufficient technical experience of certain controllers of governmental enterprises; the failure to reach effectively numbers of profiteers and to eliminate some of the worst wastes of distribution; and the neglect of the government to provide for adequate representation for the workers in public employ, have prevented American war collectivism from fulfilling its possibilities. Nevertheless, that collectivism has undoubtedly saved the nation millions that would otherwise have been exacted by unregulated capitalism, and has made a start toward a reduction in competitive wastes. Extensive plans for improvement in certain of these regards are also promised for the near future.

As in England, Germany, Italy, France, Russia and the United States, so in practically other belligerent and many
neutral countries, governmental operation of important in-
for improvement in certain of these regards are also 
in scope and importance.

PART III.

RESULTS OF PUBLIC OWNERSHIP.

Collectivism After the War

It is well-nigh universally admitted that the public owner-
ship that developed prior to the war has, for the most part, 
come to stay. As the Fabian Research Department brings 
out, “there is today only a single instance throughout the 
world—that of Guatemala—in which a railway, once gov-
ernmental, is now in private hands.”1 And that which is 
true of the trend in railways, is, to a very considerable ex-
tent, true in most other lines of collectivist endeavor de-
veloped prior to the war. But what of the war collectivism 
undertaken for this particular emergency? Will not this 
be exchanged for private enterprise as soon as peace is re-
stored?

Many powerful forces will undoubtedly urge such a re-
turn. In numerous instances they will succeed. On the 
other hand, the war will have given rise to other powerful 
economic and political forces which will throw their in-
fluence on the side of the retention and extension of such 
collectivism, and, as well, its democratic control.

(1) In the first place, it is a difficult task, after control 
has become unified, after competitive wastes have been elimi-
nated, to return to the competitive regime. The late J. 
Pierpont Morgan succinctly expressed a profound truth, 
when, in referring to the trust, he declared: “It is hard to 
unscramble scrambled eggs.” The return, for instance, of 
the control now centralized in the hands of the U. S. gov-
ernment to the scores of railroads operating as separate 
units prior to the war may well prove to be an impossible 
task.

1 Fabian Research Department, Op. Cit., p. 5.
(2) The desire to secure revenue to pay for the public debt will undoubtedly lead many a public financier in the warring nations to follow the advice of Sidney Webb1 and urge the retention and extension of public enterprise in order to obtain the enormous revenue required.

(3) Many business men will demand public control in order to make the nation more efficient in its competition against other nations.

(4) The lessons taught during the war of the advantages of public administration and of the crying evils which are bound to flow from private control of life's necessities, will undoubtedly give an impetus to further control.

(5) The necessity of solving the unemployment problem inevitable after the war will as well give an added impetus to additional public operation. Millions of workers in every country, following the declaration of peace, will be returning from the trenches, from the ammunition and other war industries and will be demanding work. Some of them will find that their places have been taken by machines, some by an entire revolutionizing of industry, others by woman labor. Private capital will not be as plentiful in many of the warring countries as it was before the war, and will not be in so strategic a position to undertake new ventures. Resort must inevitably be made to the extension of public undertakings if the unemployment problem is to be met.

(6) Many thousands of workers, furthermore, after the war is over, will probably be bolder in their demands for social reconstruction than before the conflict. They will have risked their lives in order "to make the world safe for democracy," and on returning will not be satisfied with anything less than equality of opportunity, industrial as well as political. They will, as President Wilson declared in his message to the New Jersey Democrats, be impatient of "mere phrases" and will demand "sincere action" and "real thinking." And the result of all this will probably be a

1 Webb. How to Pay for the War.
greater insistence on the control by the people of their own industrial life.

And much of this yearning "for the birth of a new day," "a day of greater opportunity and greater prosperity for the average mass of struggling men and women," will undoubtedly express itself to a very considerable extent through ever more powerful and ever more purposeful labor and Socialist organizations formed on the economic and political fields. The truth of this seems at least to be indicated by the recent remarkable development of the British Labor Party.

Prior to the war this Party consisted of three groups—the great trade union group, the Independent Labor Party—the Socialist branch of the Labor Party and the small though influential Fabian Society of which Sidney and Beatrice Webb and Bernard Shaw were the moving spirits. It was represented in Parliament by some 40 members. The I. L. P. and the Fabian Society had Socialist bases, but the inclusive British Labor Party had no constructive program. The Party, however, has been profoundly affected by the war. It has greatly increased in membership through the recent addition to its ranks of the powerful co-operative movement and of the brain workers. It has also drifted far away from its old moorings of mere social reform and is now advocating a thoroughgoing program of public ownership and democratic control. "We need to beware of patchwork," it declares in the proposed program of social reconstruction. "The view of the Labor Party is that what has to be reconstructed after the war is not this or that Government Department, or this or that piece of social machinery; but, so far as Britain is concerned, society itself."

And among its immediate planks of social reconstruction, it demands the common ownership of the nation's land, the nationalization of railways, mines, electrical power, steamers, insurance and other industries. And the program which is being considered by this Party of the workers is meeting with ever greater response among the common people all over the world.
Without taking into consideration the remarkable collectivist sweep brought about by the war, the Fabian Research Department, in endeavoring to prophesy the probable development of public ownership and control within the next generation or two, significantly stated "that even if no more were accomplished within the next thirty years than in bringing under public administration, in all the countries of the civilized world, those industries and services which are today already governmentally administered in one or other of the countries, the aggregate volume of state and municipal capital and employment would be increased probably five or six fold. Such an increase, without adding a single fresh industry or service to those already successfully nationalized or municipalized in one country or another, would probably bring into the direct employment of the national or local government an actual majority of the adult population; and along with the parallel expansion of the cooperative or voluntary associations of consumers in their own sphere would mean that probably three-fourths of all the world's industrial capital would be under collective or non-capitalistic administration, whilst three-fourths of all the households might be enjoying the permanence, the social dignity, the security and the incomes deliberately adjusted to the cost of living that mark the best examples of state employment."  

With the still greater development of public control which war has brought about, who can doubt that we are seeing before our very eyes the "collectivist state in the making"?

The Lessons of Collectivism

We have observed the tendency toward governmental ownership both prior to and after the outbreak of the war, and have endeavored to estimate its future progress. Public ownership has thus far led to the elimination of enormous wastes due to individualistic competition. It has made possible in many instances a deliberate determination by the

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1 Fabian Research Department, Op. Cit., p. 82.
community as a whole of the direction in which many of its productive forces would be employed. It has often secured for the common good the increment of values due to the increase in population and national prosperity. It has proved that industry may be run without private profit and enormous salaries.

To the citizen as consumer, it has meant as a general rule, cheaper and better products. "Taking all things into account," maintains the Fabian group, "the government products are more certainly reliable in quality, more certainly continuous in supply, and, on the whole, . . . more economical in cost and cheaper in price than those supplied by capitalism; whilst the gain in being sure that there will be neither adulteration nor short weight, neither cheating nor taking advantage of the necessities of the more ignorant or weaker buyers, or of periods of scarcity, is, in some departments, beyond all computation."\(^1\)

When the number of government bond-holders is thereby increased through nationalization and the number of private stockholders decreased, as a result of the transfer of property from private to public hands, the government as well finds itself in a strategic position to apply large graduated income and inheritance taxes without possibility of evasion.

**Public Ownership and Democracy**

Perhaps the question uppermost in the minds of thoughtful students today is the effect of public control on democracy and internationalism. In the first place, does public ownership help or hinder the democratic movement? This depends to a considerable extent on the character of the government; on the object for which public operation is instituted, and on the strength of the democratic movement of the workers. political and economic, when the transfer is effected.

On the one hand, we find governments, as in the case of Germany, using public industries to bolster up a military

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system to be used for imperialistic purposes. We witness them, as in the French railroad strike of 1910, subjecting strikers to court martial proceedings; we see them corraling the workers to vote in support of the powers-that-be and denying to public employees the privilege of engaging in political activities. Government ownership has, in the past, been resorted to for the purpose of yielding profits to the state, of thus reducing taxation and of freeing the autocracy in control of the administrative functions from the control of the legislature.

Thus far there has been little democratic representation under government ownership. One public printing plant in France has given to its employes the power to choose their own foremen, determine on the distribution of profits and the rate of speed, and assume full responsibility for discipline; but this is far too exceptional in governmental industry.

On the other hand, even the public ownership that we have at present has assisted the cause of democracy in many ways. The larger the number of industrial functions undertaken by the governments, the more emphasis is given to the mere administration of things; the less to the state merely as a police power. Whenever a large industry is transferred from private to public ownership, the state is relieved of the corrupting and autocratic pressure of big business. Whenever the industrial functions of the state increase in importance, the workers have an added incentive to fight for a still further control of the government.

By decreasing the high salaries found in private enterprise and raising, to some extent, the standard of the ordinary worker, government industry develops a better economic basis for democracy.

For the mass of clerical workers and the skilled worker it has generally meant greater security of employment, a higher standard of wages and less hours than in private industry. For the unskilled worker, while there has been a slight tendency, in the few years prior to the war, to
give to him more economic security, this tendency has not been marked.

On the whole, therefore, the democratic cause is advanced by public ownership. The advance, however, is bound to be a slow one, unless there is developed side by side with it, a militant, economic and political movement demanding that the spirit of democracy permeate public administration.

**Public Ownership and Internationalism**

What effect, finally, will this tendency have on the spirit of internationalism? Here, again, the answer is predicated on the spirit in which government ownership is undertaken; and on the strength of the political and economic movement of the workers.

If public ownership is inaugurated by a military or economic bureaucracy for the purpose of preparing the country more effectively to dominate over other lands, it is likely to be used for aggressively nationalistic purposes. Unless an international economic organization is developed side by side with governmental ownership, in such industries as shipping, it may increase, rather than decrease, points of friction with other nations.

Furthermore, if a war has once been initiated for the purpose of obtaining economic advantage, the mass of workers might more willingly support it than under capitalism, since any economic advantage accruing would probably be more widely diffused than at present.

There are, however, a number of tendencies which might be depended upon to reduce materially points of international friction. One of the most important causes of modern wars has been the pressure which big investors in undeveloped countries has brought to bear on their respective governments to safeguard their investments, even at the point of the sword. Such industries as the privately owned armament trust are also powerful factors in aggressive nationalism. These forces would tend to be eliminated with the advance of public operation.
There is, even now, a tendency in governmental industries toward international economic agreements which will undoubtedly aid materially in developing international solidarity. In the railroad industry, for instance, nine European countries in 1890 formed an agreement for international administration in the transportation of merchandise. The results were so satisfactory that a proposal was made, immediately prior to the war, to develop a similar system in connection with the carrying of baggage and passengers. In the sphere of communication, the Universal Postal Union of Berne acts as a clearing house for international exchange of mail. Various governmental industries in European countries have, furthermore, made contracts with foreign governments for the supplying of salt, tobacco, agricultural implements, etc., from governmental establishments. Since the beginning of the war, we have as well witnessed a very considerable amount of international buying. This latter may be a basis for future economic activities on an international scale.

Greater education and intelligence among the masses, a probable concomitant of public ownership, would also tend to prevent wars.

The Challenge of Public Ownership.

The ethics dominating the economic life of the nation may as well be expected to change from that summed up in the motto "each for himself and the devil take the hindmost," to that of "each for all and all for each." It will be but natural that the same ethics will be gradually extended to international relations, and will lead to a more harmonious result that the past has brought forth. Public ownership, however, can never be looked upon, in and of itself, as the forerunner of international peace. It must be accompanied by a development of international, political and economic organization; by the development of a militant and powerful movement of intellectual and manual producers, permeated by the democratic and international point of view;
a movement fighting unceasingly against anything approaching the servile state; a movement unafraid of epithets which selfish nationalism is so ready to coin; a movement willing to make great sacrifices for the building up of a genuine brotherhood of man.

Those who believe in industrial democracy have a two-fold task. They should do their best to strengthen all of those forces that have as their goal a public ownership of a democratic and international nature. They should think through the many problems that must be solved if such ownership is to be made socially efficient, while at the same time giving widest scope for the development of the personality of the great mass of workers. How should industry be socialized? How should managers be selected? How should workers be represented on boards of control? How should compensation be determined? What should be the international relations of the national industry? These and other problems demand the best constructive thought of the day.

If these tasks are performed, this movement will assuredly become one of the great forces in modern society leading to the inauguration of that system of equality of opportunity, of justice, of world-wide fraternity which has been for centuries the dream of the prophets of mankind.

References

The information given in this pamphlet has been gleaned from a number of sources. Perhaps the most scholarly analysis of the trend toward collectivism that has ever appeared is contained in the special 32 page supplement to the May 8, 1915, issue of The New Statesman on "State and Municipal Enterprise." This is a draft report of the Fabian Research Department on the Control of Industry, and is the work of Sidney and Beatrice Webb, G. D. L. Cole and several others. Two other books of prime importance are those of Emil Davies, a member of the Fabian Society, on "The Collectivist State in the Making" (N. Y.: Macmillan, and London: G. Bell and Sons, $2.00 (1914), 261 pp.) and of
William English Walling and Harry W. Laidler (editors), on "State Socialism—Pro and Con." The latter is a compilation of official documents and other authoritative selections showing the world-wide replacement of private by governmental industry before and during the war, and contains an excellent chapter on "Municipal Socialism" by Evans Clark. It gives many valuable references, and was edited at the suggestion of the Intercollegiate Socialist Society. (N. Y.: Henry Holt and Company, $2.00 (1917), 694 pp.)

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