THE COAL QUESTION

Some reasons why it is pressing
and some suggestions for solving it

By
SCOTT NEARING

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The Coal Question

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Scott Nearing

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INTRODUCTION

THE COAL SCUTTLE

They lie there in the scuttle—the big, ugly chunks of blackness—unlovely as the day they were wrenched from nature's bosom at the face of Old Number Six heading. Yet they draw men to them like diamonds,—black diamonds,—precious, and so rare that during December, 1917 and January, 1918 men lied for them; women wept for them; children stole for them.

They lie there in the scuttle—the beautiful, wonderful black diamonds for which human beings will abandon their moral code, foreswear their faith, and do things that no man dreamed of until he found himself in the depths of winter, with the thermometer falling, the snow flying, the house chilling, the children wailing and the scuttle empty of its magic contents. They are teachers of wisdom these black diamonds, for during the past winter there were millions who learned things that they had never known until the lesson was frozen into their memories.

They lie there in the scuttle—black diamonds—one of nature's choicest and freest gifts to man. Under the hills the black diamonds are packed—mile upon mile, awaiting the labor-magic that shall call them from their long resting place.

Under the hills they lie—in such abundance that for years to come, no family in the United States need suffer for lack of them.
There is coal in America—coal for all, and to spare.

There are families by the hundred thousand eager to buy coal, that they may retain their hold upon health and life.

Yet millions suffer, freeze, sicken, die,—all for the want of the thing which has been so freely provided.

Why is this?

Nature has blessed this country with an abundance of this warmth-giver—coal. Why then should the people perish for the lack of it?

Is the matter hard to explain?

No, the answer is easy!

The black diamonds in the scuttle are calling a message to the American people,—“Men need coal; nature has placed it, ready at hand; you have tried out a method of handling the coal—private ownership; that method has robbed the consumer, exploited the worker, enriched the owner, and at the last hurled you into the devastating coal crisis of the last winter. You have tried and failed. Try again! Special privilege and monopoly have not succeeded and could not succeed. But there is another way—out. Mine the coal and distribute it, not for private profit, but for the health and life of the people!”

Listen further to the message that the black diamonds have been teaching during these past years,—“Awake; arise; throw aside the old things; quicken with the new. You have had your lesson. Re-read it! Learn it by heart! Men everywhere are weary of privilege, weary of great wrongs entrenched in high places—profitably entrenched for the exploiting of the multitude. The empty scuttle is a symbol of the misery that has been and is; the scuttle well filled is a symbol of the comfort, joy and gladness that shall be when men have learned the lesson that the black diamonds are teaching.”

This is the lesson,—“Coal! Coal! Coal for the people!”
1. COAL FOR WHOM?

Coal for whom?
That is the question at issue.
Under the hills are billions of tons of coal,—some in thin and some in thick veins; hard, medium and soft coal; real coal and stone-coal; slate-coal and clean coal. Coal by the billions of tons is deposited under the hills.

Coal for whom?
Surely, surely, for those who need it to keep themselves warm.

Upon what other basis can society exist? How else shall men live and labor together in joy, unless he who is hungry is fed; he who is naked, clothed; and he who is chilled to the marrow is warmed by every agency that society can muster to warm him?

"From each according to his abilities; to each according to his needs" is a noble motto, upon which the new world-society of justice and brotherhood will be built.

When the day comes that society is managed wisely, we shall go out into the highways and the by-ways and compel them—men, women and especially the children—to be warm. There is no other way in which society may do its duty by its own. There is no other method by which a people may defend itself against the embrouited mind that crouches in a shivering body.

Coal for the needy, the suffering, the shivering brothers of men who stand on the outskirts of life and reach themselves shrinkingly forward toward the warmth that radiates from the center of a well-managed society.

"Liberty, equality, fraternity," cried the French Revolutionists. And the greatest of these is fraternity.

How better can you judge of the fraternity of a people than by the way in which they pass on the warmth of life to needy brothers? By the way in which they use their coal?
America! America! carrying the doctrines of democracy—of liberty, equality, fraternity—across the high seas—how is it, America, with your coal? Have you used it to promote liberty, equality, fraternity at home or have you used it for something else?

Men and women, citizens of the great Republic of the West, we are being judged by the way in which we have used our coal—and by the acts of our own hands we are being condemned.

We believe in liberty. We are laboring to establish democracy. We have tried—tried in the case of our coal—and in that case we have failed mightily. Why?

Let us see.

2. NATURE’S COAL SUPPLY

During certain months of the year, coal is as important as bread to millions of American families.

The people who live in the northern, eastern and north central states depend largely for their domestic fuel supply upon hard coal or anthracite which comes, largely, from five counties in the northeastern part of Pennsylvania. There is no other anthracite coal of importance now being mined in the United States. The entire anthracite industry is therefore concentrated in one small section of one state. To that one small area millions look for their fuel supply.

When anthracite mining began, a century and a half ago, the Pennsylvania region contained approximately 19,000,000,000 tons of coal. Since that time, the amount taken from the mines, or made unavailable by the abandonment of old workings is equal to about 5,000,000,000 tons, leaving an estimated reserve of 14,000,000,000 tons.

Experts figure that 25 per cent of the coal can still be secured from old mines and that 50 per cent of the coal can
be had from the new mines. The total available supply of anthracite is therefore about 8,000,000,000 tons.\(^1\)

Taking the amount actually mined as a standard, it appears that the coal still in the mines is equal to seven times the amount of the product to date and that the coal that can be made available for consumption is equal to four times the production to date.

Coal is needed for the people. Fourteen billion tons of hard coal lie unmined in one part of one state. How, then, shall this coal be taken where it is needed?

That is the problem which society faces in the case of all of the gifts which nature has bestowed upon man,—"By what means can nature's bounty best be converted into human joy?"

Through the ages men have struggled with that question. Through the ages a very few have taken possession of the good parts of the earth upon which all depend for a living, and because of this fact they have been able to exploit and enslave their fellows. As a nation disposes of its natural resources, so it disposes of the life and happiness and liberty of its people. A study of the manner in which the American people have handled their hard coal deposits, throws a flood of light upon their ability to follow the path that leads toward democracy.

3. A TRIAL FOR PRIVATE OWNERSHIP

Natural resources may be owned by individuals or by the whole group of people who live together and use the products from the resources. Both plans have been tried in the past. Both plans have been tried in America. The harbors and navigable rivers have been kept as a common pos-

\(^1\) The figures on which these statements are based will be found in "Increase in Prices of Anthracite Coal," House Document No. 1442, 62nd Congress, Third Session, p. 126.
session of the people. Almost all of the other resources, including coal deposits, have been placed in private hands.

Our forefathers thought that private ownership would lead to opportunity. They failed to see in it the seeds of monopoly.

The early colonists accepted a system of private ownership of natural resources. They had fled from the tyranny of landlord-dominated Europe, with an abiding dread in their hearts of the oppression which grew out of a concentration of wealth control in the hands of a small ruling class. They had lived for generations in or near European countries which were suffering from the burden of a landed aristocracy which was able to exercise formidable power over all of the institutions of society.

These early colonists demanded equal opportunity religiously and politically, because the weight of feudal oppression had been felt in church and state. At that time there was no clear idea abroad regarding the importance of the economic forces behind church and state. They, in themselves, were looked upon as the cause of oppression, and the early settlers declared their liberation from both. Men in the new world were to be free and were to have equal opportunity.

The colonists believed that the remedy for landlord despotism clearly lay in the direction of individual ownership. "Give a man the possession of a barren rock," cried one of the champions of this movement, "and he will convert it into a garden." Acting upon this theory, the early American colonies granted to a man and his heirs forever the possession of those pieces of land for which he could secure clear title.

This plan of individually owned natural resources succeeded well in a new country. For every tree that was preempted, a score stood waiting the next claimant; for every acre of land that had been fenced, there were a hundred still untitled and unsowed. The hills abounded in wealth, the
streams were full of power. In the early days the forest, the rivers and the sea yielded a bountiful supply of wild animals which provided food and clothing. All of these things might be had for the taking, and to no one might they be denied, because each man could get them for himself.

With the ending of the Nineteenth Century the free land in the United States vanished. Long before that time, the best of the natural resources had been labeled "mine" by relatively small groups of powerful industrial and financial interests.

The private ownership of natural resources was a scheme that was devised to stimulate thrift, energy and ambition. It was intended to give an opportunity for life, liberty and the pursuit of happiness.

Each change in economic conditions gives rise to new needs and new relations. Social forms are modified because the basis for life is altered. Two generations ago the country's adjustment to life included a safety valve in the form of a frontier. The frontier meant cheap grazing land, free agricultural land, free timber and free minerals. Today each first-class piece of land in the United States has its price.

Sooner or later the American public must decide whether a system of private property in natural resources can work advantageously after free land disappears. Up to the point where land ownership carried with it no monopoly power, many legitimate justifications could be urged in its favor. Now that private property in land almost inevitably carries with it the power to lay a monopoly tax upon the industry of the community, the situation takes on a very different aspect.

All returns which come from land, because of its location or because of its natural fertility in soil, minerals or other resources, are monopoly returns. Much of the return on anthracite coal falls in this class.
The supply of anthracite coal in the United States is very limited. The demand for it is widespread. The owner of anthracite coal land can set a price that will represent the difference between competitive conditions and the consolidated ownership of the anthracite coal field.

Anthracite land owners have monopoly power because they own the anthracite land. They have clinched this monopoly power by concentrating the ownership of the many acres of anthracite land in the hands of a very few people.

The continent is so arranged geologically that for every acre of anthracite land there are 4,000,000 acres of land that do not contain anthracite. This geologic fact places great monopoly power in the hands of every anthracite owner. Add to this the successful business ventures that have culminated in the concentration of the anthracite acres under the control of a very small group of interests, and the monopoly picture is complete.

The fact that there is only one acre of anthracite land for each 4,000,000 acres of other land means that the chances for competition are comparatively small. Concentrate the ownership of all the anthracite acres in a few hands, and the possibility of competition vanishes.

The anthracite problem as it stands today, may be summarized in these terms. A valuable natural resource, localized in one small geographic area, is depended upon by millions of consumers and by tens of thousands of workers. For years this resource has been the object of constant public attention. The consumers have clamored against high prices; the workers have demanded higher wages and better conditions of labor. Meanwhile the owners of the resource have been actively engaged in efforts to increase their profits.

The attempts of the owners of the coal fields to secure larger profits have culminated, since 1898, in a combination which has virtual control of coal lands, coal mines and coal-
carrying railroads. The coal land owners have thus put themselves in control of the means of marketing as well as the resource and the means of producing coal.

Here is a resource privately owned. The ownership of the resource, as well as of the means of developing and marketing it, are concentrated under the control of one group of interests.

What better object lesson could the American people have of the effects upon all parties concerned of the private ownership of a natural resource?

4. HOW PRIVATE OWNERSHIP WORKED

After several unsuccessful efforts to "get together" the owners of the anthracite fields at length succeeded, in 1898, in forming an effective organization, popularly known as the "coal trust."

Since 1898 the co-operation between anthracite carriers and operators has been very complete. Professor Jones\(^1\) ascribes this co-operation to "railroad consolidation"; "the development of a community of interest among the railroads"; and "the practical elimination of the independent operators." (P. 59.)

The Erie Railroad, early in 1898, purchased a controlling interest in the New York, Susquehanna and Western Railroad. The purchase was effected by means of a large Erie stock issue, the shares of which were exchanged for Susquehanna Railroad stock. The purchase was carried out by the Erie in order to remove the danger of competition which the rapid development of the Susquehanna threatened.

The movement toward railroad consolidation received a great impetus through a purchase by the Reading Company,

which was the holding company of the Philadelphia and Reading Railway Company, and of the Philadelphia and Reading Coal and Iron Company, of a controlling interest in the Central Railroad of New Jersey. Court proceedings and bankruptcy had compelled the Reading interests to relinquish their former hold on the Jersey Central. The obstacles to consolidation were removed by the purchase in 1901 of 145,000 Central of New Jersey shares (53 per cent of the total outstanding stock) at $160 per share.

The price paid for the Jersey Central stock was high, as compared with market quotations, but "the combination of the two railroads placed nearly one-third of the total shipments of coal under the control of the Reading Company." For the future the advantage was even greater, because the Jersey Central owned the second largest reserve supply of coal. Through the acquisition of this reserve, "the Reading System owned and controlled about 63 per cent of all the unmined coal in the state of Pennsylvania." (Jones, page 62.)

These transactions placed the Reading in a position of supreme importance. Holding nearly two-thirds of the available supply of unmined anthracite, and with a third of the annual shipments from the anthracite regions, the Reading interests were in a position to exert a great influence over the anthracite industry.

The movement toward combination was furthered by a large extension of control by a number of other railroads over coal companies and coal lands. These developments placed under the direct control of the coal carriers the unmined anthracite and the machinery of production. They already owned the means of transportation. The control was thus made absolute, from mine to consumer.

Harmony in the anthracite coal fields has been furthered by the establishment of a greater degree of common interest among the railroads. This has been made possible through
the interownership of stock and through interlocking direc-
torates.

Another important factor in the development of an effec-
tive anthracite combination has been the elimination of inde-
pendent operators. This has been done in two ways: first,
by purchase; second, by the general establishment of per-
centage contracts.

The private ownership of the hard coal fields led—as pri-
ivate ownership of resources always has led—to the concen-
tration in the hands of a very few people of all of the most
valuable hard coal deposits. The process took time. When
it was ended, however, the business of hard coal produc-
tion, from the mine to the consumer, had passed under one
control.

Private ownership of resources was tried as a step in the
direction of liberty. Its first effect was the establishment of
an iron-clad monopoly.

Did monopoly make for liberty?

That question can best be answered by examining the
effects that monopoly has had on the consumer of the prod-
uct, on the worker who brings the product into being, and
on the owner of the resource. The facts and figures used
to explain the effects of the hard coal monopoly will all be
drawn from the period before 1914, when the war unsettled
all economic conditions.

5. WHAT HAPPENED TO THE CONSUMER

The Bureau of Labor at Washington publishes figures
showing the increase in the wholesale price of anthracite
coal since 1890. In that year chestnut sold at $3.35 per
ton; egg at $3.61 per ton; and stove at $3.71 per ton. Dur-
ing the subsequent years prices ranged over a wide field. They were lowest in 1895 and highest in 1913. This holds true of each of the different grades of coal.

The increase in the price of chestnut has been greater than that of any other size. This is explained by the rapidly growing demand for chestnut as a kitchen fuel. The wholesale price in 1890 was $3.35; in 1913, $5.31. Egg advanced in price from $3.61 to $5.06; stove advanced from $3.71 to $5.06.

The extreme fluctuations in the prices of these prepared sizes of anthracite coal occurred prior to 1898. Since that time there has been an upward movement most rapid in the case of chestnut and least rapid in the case of stove coal. The movement is not the less effective in all cases.

Previous to the combination of 1898, the price of hard coal was subject to very much the same extremes of variation that may be noted in the price of soft coal. Thus, chestnut coal was $3.35 in 1890; $4.17 in 1893; $2.98 in 1895. The price of egg coal was $3.03 in 1895; $3.80 in 1897; $3.37 in 1899. After 1898 fluctuations disappear and the climb of prices for all grades is consistent and regular.

There has been a great deal of comment regarding the cost of coal production.

Many consumers believe that the miner receives a major part of the $9 which they are called upon to spend for a ton of coal. They have been told repeatedly by the coal companies that if the wages of the miners are raised, let us say 10 per cent, a corresponding increase must be made in the price of the product in order to recompense the coal companies for the increased cost of production. As a matter
of fact, the mining costs constitute a comparatively small element in the price of a ton of coal.

Company A, cited on page 97 of the Federal Report on Anthracite Prices, is described as "one of those whose operating costs have most largely increased during the period under consideration." In 1904, according to the figures, the cost of coal at the colliery was $2.046; in 1912, the cost was $2.215. In other words, in 1912, the 8,671,013 tons of anthracite coal produced by this company cost, on the average, $2.22 at the mine. The company reported in that year a total of 27,463 employees. The $9-ton of stove coal purchased by the consumer in New York or Philadelphia actually cost the coal mining company a little over $2.

A number of items enter into the cost of coal. The actual mining, or cutting and loading coal, cost in 1912, 54 cents. Other labor costs inside the mine included the costs of maintaining roadway, of ventilation, of repairs, of pumping, of "general expenses," "extraordinary expenses," "improvements," bring the total labor cost up to $1.309. In short, the actual cost of mining the coal and putting on the cars in the mine is only about two-fifths of the labor cost inside the mine. Supplies, machinery and miscellaneous costs bring the cost of coal inside the mine to $1.674. Outside the mine, the labor-costs are $0.419 and the net outside cost $0.541. Inside and outside costs combined give the total labor cost on the ton of coal as $1.728, and for all costs $2.215.

This illustration is only one of a number of instances, declared in the report to be typical. Costs have risen somewhat since the report was made—perhaps twenty or twenty-five per cent. The facts are startling enough, nevertheless.
The consumer who pays $9 for a ton of stove coal distributes his money somewhat as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Retailer</td>
<td>$2.50</td>
</tr>
<tr>
<td>Freight</td>
<td>$2.00</td>
</tr>
<tr>
<td>Mine Profit</td>
<td>$1.40</td>
</tr>
<tr>
<td>Cost of Selling</td>
<td>$0.10</td>
</tr>
<tr>
<td>Mine Up-keep</td>
<td>$0.70</td>
</tr>
<tr>
<td>Other Labor</td>
<td>$1.60</td>
</tr>
<tr>
<td>Mining</td>
<td>$0.70</td>
</tr>
</tbody>
</table>

The figures in the foregoing diagram are necessarily estimates. They will vary from one mine to another and from one part of the anthracite field to another. They are typical rather than specific, yet they give a rough idea of the way in which the price paid for a ton of coal is divided among the different parties at interest in its production.

The entire cost of the coal on the cars, ready for shipment from the mines, is only one-third of the price paid by the consumer. Of this mine cost, only a quarter goes to the man who does the mining. All other labor costs, including the cost of keeping the mine in repair and the labor costs of improving the property, insofar as the mine can be improved, are equal to $1.60.

The miner, including every form of mine labor, gets only one-fourth of the amount paid by the consumer for the coal.
The mine operators and the railroads together get the lion's share of the money paid by the consumer for his coal. Mine profit, selling cost and railroad freight rate cover $2.85, or two-fifths of the price of the coal to the consumer. This, it should be remembered, is secured by the coal owners and carriers after the cost of keeping up the mines (except taxes, interest and other fixed charges) have been charged against mine costs. The amount taken by the operator and the railroad is greater than the entire labor cost of each ton of coal, or even than the total mine cost of the coal.

Prices have risen steadily. There is nothing to show that these price increases were justified by the increasing costs of production, yet the consumer has been called upon to pay the bill.

6. THE WORKER

A visitor to the hard coal fields would never suspect that the workers there were occupied in developing one of the richest of American resources. Only three minerals and fuels—pig-iron, copper and bituminous coal—exceed hard coal in the annual value of their product, while the value of the hard coal mined each year is twice the value of the gold and four times the value of the silver mined annually in the United States.

The anthracite miner is therefore working in a region which, from a standpoint of natural advantage, is extremely rich; in an industry which produces a valuable and highly marketable commercial product; under the control of a number of splendidly organized railroads which work in substantial harmony. All of the advantages accruing from a modern business organization engaged in the development of a highly advantageous resource should be met with in the anthracite region. If there is any industry in the United States which should contain a rich promise of advantage for its workers, it is the anthracite coal industry; yet the visitor
to that region is brought face to face with conditions of hardship that probably are not exceeded by those in any other industrial community of equal size in the northeastern section of the United States.¹

An examination of the facts shows that anthracite labor seems to enjoy no particular advantage because of the fact that it is employed by a highly organized industry in the production of an immensely valuable commercial product. In other words, the benefits which must necessarily accrue from the peculiar advantages of the anthracite business do not accrue to the anthracite workers.

The anthracite worker is not paid at a higher rate than the workers in other forms of mining. A comparison between the wages of the Pennsylvania bituminous and the Pennsylvania anthracite miners shows that the workers in the bituminous mines, as a group, earn a higher return than the anthracite miners. The figures published by the United States Census permit a rough comparison to be made between the wages of the anthracite miners and the wages of miners in all of the other mining industries of the country. Here again the wages of the anthracite workers are among the lowest. The "contract miners" in the anthracite mines, who make up less than a quarter of the total men employed, are paid at a relatively high rate. However, the wages of the "miners laborers"; "other inside men"; "outside workmen"; and "breaker employees" are relatively low.

There is no evidence to show that the wages of the anthracite workers are higher than the wages of workers in other mining industries. On the contrary, there are facts which suggest that, if anything, the wages of anthracite workers are lower, in certain particulars, than the wages of some other miners.

¹ For a description of the anthracite region, see "Anthracite Coal Communities," Peter Roberts, 1904; "The Coal Miners," F. J. Warne, 1905; and "The Coal Miner," E. A. Sailers, 1912.
Much of the argument before the Coal Strike Commission was intended to show that the coal mining industry is an industry of peculiar risk, and that those who take up the work of coal mining, being employed in a particularly hazardous industry, should be paid in proportion to the hazards involved. The Commission summed up its opinion regarding the hazards of the anthracite industry by stating: "We find that it should be classed as one of the dangerous industries of the country, ranking with several of the most dangerous."

As far as the relative wages of anthracite miners and other workers in occupations of a similar grade are concerned, it would seem that the balance is in favor of the workers in other occupations. Despite the high risks of mining, most other occupations employing men in large numbers pay higher wages or wages equally high. When a comparison is made between anthracite and occupations of equal risk, like the railroad industry, the evidence is overwhelmingly against anthracite wages.

The figures show that anthracite wages differ little from wages in other industries that are operated under similar conditions. If there is any difference, it is against the anthracite mine worker. This same point might have been argued deductively in view of the fact that in the United States, as in any other open labor market, wages are fixed by the laws affecting the entire labor world, and not specifically for any industry.

The prospective anthracite miner must choose between working in an anthracite or in a bituminous mine; between working as a contract miner or as a track layer; between working in the mines and working in a grocery store; between working in a mine and handling baggage for a local express company. The same grade of work, all other things

being equal, will pay about the same rate of return in any one of a group of neighboring industries. The common laborer in a certain district is paid $2.50 per day whether he spikes down rails for the railroads or shovels gravel for the local contractor. In many cases, the existence of unions fixes the rate of wages. In any case, the laws of the labor market or the rules of the unions make a rate for labor, not for the particular industry in which the person is employed, but for the kind of work he is doing.

This being true, no one is surprised to find that the anthracite miner is paid a wage approximately the same as the wages of other men doing similar work.

Both fact and logic point to the conclusion that the anthracite miner enjoys no particular economic advantage because he is an anthracite miner. The fact that he is employed on a wonderfully rich natural resource yields him no additional income. He receives no share at all in the prosperity which goes with natural resource monopoly.

7. THE MINE OWNER

The hard coal business has always been profitable to the mine owners in two senses. First, the product has a wide market that has been growing steadily from year to year. Second, in the case of this, as of any other resource lying under the ground, the owner may, and frequently does, strike it rich.

There were lean years for the mine owners before they learned to stand shoulder to shoulder in their modern combination; but since the formation of the anthracite coal "trust" in 1898, the business has paid. Even in hard years the dividends have been generous and regular.

The men behind the combination of 1898 saw that the chief thing necessary for the financial prosperity of the
anthracite fields was a higher price for anthracite products. Between 1898 and 1903 this higher price became a reality. The movement in the price of stove coal illustrates the point.

The figures show astonishingly sudden changes. The price was at $4.19 in 1893 and at $3.13 in 1895. By 1897 the price was up to $4.01. When the fact is borne in mind that these are wholesale prices in a staple product, some idea can be formed of the instability of the anthracite business during those hard years.

Stove coal prices touched rock bottom in 1895 ($3.13). The combination of 1898 found prices at the level they had occupied in 1890 ($3.71), when the Reading interests were attempting to control the field.

Under the impetus of the Combination of 1898, prices rose from $3.80 in 1898 to $4.82 in 1903. At that figure they continued until 1912.

The anthracite combination, through concerted action, increased the price of coal between 1898 and 1903 by an amount sufficient to yield handsome earnings, dividends and surpluses. Take a single illustration:

"The report of the Lackawanna Railroad for 1903 showed a net profit on the sale of coal of over $3,000,000. This was 85 per cent greater than its profits in 1901. When asked before the Interstate Commerce Commission whether he attributed "that gain of 85 per cent in profit very largely to the excess of the new price over the increased cost of mining," President Truesdale answered: "That has considerable to do with it, of course."" (Jones, p. 158.)

Another way in which profits may be judged is in the increase of dividends.

The production of coal was increasing. In the years from 1895 to 1899 the total production of anthracite varied from 41,637,864 tons (1897) to 47,665,204 (1899). In 1897 the mines worked only 150 days; in 1899, 173 days. Between
1900 and 1904 the production moved up from 45,000,000 to 57,000,000 tons; the days of operation from 166 to 200. Note how this increase of 27 per cent in production compares with the increase in dividends.

The year 1898 shows dividends as follows:

- Central Railroad of New Jersey .......... 4 per cent
- Lackawanna .................................. 7 " " "
- Delaware and Hudson ....................... 5 " " "
- Pennsylvania Railroad ....................... 5 " " "
- Lehigh Coal and Navigation Company ...... 4 " " "

By 1903 a transformation had occurred. The dividend of the Jersey Central rose from 4 to 8 per cent; the Delaware and Hudson, from 5 to 6 per cent; the Pennsylvania, from 5 to 6 per cent; and the Lehigh Coal and Navigation, from 4 to 6 per cent. The next year, 1904, shows a slight increase in dividends, and in 1905 the dividends declared were as follows:

- Reading Company .......................... 3½ per cent
- Central Railroad of New Jersey .......... 8 " " "
- Lehigh Valley ............................. 4 " " "
- Lackawanna .................................. 20 " " "
- Delaware and Hudson ....................... 7 " " "
- Pennsylvania ................................ 6 " " "
- Ontario .................................... 4½ " " "
- Lehigh Coal and Navigation Company ...... 8 " " "
- Philadelphia and Reading .................. 20 " " "

In 1898 the Reading Company, the Lehigh Valley, and the Ontario had declared no dividends. The dividend situation in 1905 was eminently satisfactory.

The price schedules adopted in 1903 proved profitable, from the standpoint of dividends, up to 1912, when the next
price increase occurred. Thus in 1911 the dividend rates were:

Reading Company ................................ 6 per cent
Central Railroad of New Jersey ............ 12 " "
Lehigh Valley .................................. 10 " "
Lackawanna .................................. 55 " "
Delaware and Hudson .......................... 9 " "
Pennsylvania .................................. 6 " "
Ontario ........................................ 2 " "
Lehigh Coal and Navigation Company ......... 8 " "
Philadelphia and Reading ...................... 15 " "

The story told by the dividend rates is clear and emphatic. The price schedules which the combination of 1898 was able to establish in 1903 proved highly remunerative over a series of years, some of which were prosperous and others unprosperous. During good and bad years alike the dividend payments of the anthracite roads have been eminently satisfactory from the standpoint of the investor.

For the year 1913 the earnings on the common stock of the principal anthracite carriers, after the payment of all expenses, including fixed charges and preferred dividends, were:

Reading Company ............................... 17.57 per cent
Central Railroad of New Jersey ............ 26.73 " "
Lehigh Valley .................................. 16.90 " "
Lackawanna .................................. 32.04 " "
Delaware and Hudson .......................... 12.95 " "
Pennsylvania .................................. 8.86 " "
Erie ........................................... 3.67 " "
Ontario ........................................ 2.08 " "
Lehigh Coal and Navigation Company ......... 8.93 " "

1 "The Anthracite Coal Combination," op. cit., p. 140.
The last normal year of railroad operations is 1913. The business conditions in that year were below, rather than above, those of the ordinary year. The war conditions prevailing during 1914 make the figures for that year distinctly non-representative.

Measured in any terms, anthracite profits have been most generous since the formation of the combination of 1898. Earnings, dividends, surpluses and stock ratings all reflect the prosperity of the railroad interests that control the anthracite industry. During the past fifteen years, whether times were prosperous or unprosperous, the anthracite carriers have been earning most substantial returns on the anthracite business.

8. THE RESULTS OF ONE STRIKE

The evidence presented thus far, dealing with prices, wages and profits, would lead to the general conclusion that the operators have the best of it. The consumers are paying more for their product; the workers are fortunate if they keep pace with the rising cost of living.

The most complete set of facts bearing on the relation between increased labor costs and increased prices was collected by the United States Bureau of Labor in 1912.1 There was a suspension of work; a sharp price increase in many sections, based on coal shortage; and a final settlement that gave the miners 10 per cent more wages, while it abolished the sliding scale, and raised the price of coal about 25 cents per ton. The case is typical of the relations between labor, capital and the consumer of anthracite.

1 "Increase in Prices of Anthracite Coal following the Wage Agreement of May 20, 1912." Prepared under the direction of the U. S. Commissioner of Labor by Basil M. Manly. House Document 1442, 62d Congress, 3d Session. A remarkably clear and detailed presentation of the case.
After a suspension lasting six weeks, an agreement was signed, May 20, 1912, under which the wages of the miners were increased, the price of coal was raised and the operators reaped a rich harvest of increased net profits.

Following their agreement with the workers, the operators increased the wholesale prices of coal an average of 25.82 cents per ton.

The consumer was an unqualified loser in the events surrounding the 1912 settlement. Wholesale prices were increased about 25 cents per ton and retail prices were increased from 25 to 50 cents per ton. In this case, as in many that have preceded and that will follow it, the consumer is called upon to foot the bill.

No sooner had the operators granted the increase in wages in the agreement of May 20, 1912, than they issued a circular prescribing increases in wholesale prices varying with the size of the coal. The prepared sizes (including chestnut and larger sizes) were increased an average of 31.23 cents per ton. The price of pea and the smaller steam sizes of coal was increased 16.14 cents per ton.

The prepared sizes are consumed principally in domestic use, while the steam sizes are used by the manufacturers and owners of apartment houses, office buildings and other public structures. "The reason for placing the larger increase on the prepared sizes is said by the coal operators to be due to the inability to sell the steam sizes in competition with bituminous coal at any greater advances than those which were made." ¹

The decision of the operators to increase the price of domestic sizes 31 cents at the same time that they increased the price of steam sizes 16 cents deserves consideration. From the moment it was decided that the miners should have an increase in wages, the operators began casting about

¹ "Increase in Prices of Anthracite Coal," op. cit., p. 57.
for a means of saddling the increase on the consumers of coal. Here, as in any other case of monopoly power, the rule on which prices are fixed is found in the famous railroad axiom, "all that the traffic will bear." The price is therefore fixed at the highest profitable point. Had the prices of the steam sizes been raised more than 16 cents, the users of these sizes would have abandoned anthracite in favor of bituminous coal. The 16-cent increase represented the limit of the operators' power in that direction.

Although it is impossible to determine accurately the increased burden placed upon the consumer by the strike of 1912, it is the Bureau of Labor estimate that the increase in prices and the suspension of discounts alone forced the consumer to pay $13,450,000 more for his coal at 1912 prices than he had been compelled to pay at 1911 prices. This additional expenditure of $13,500,000 brought not one iota of benefit to the consumers. Indeed, it is accompanied in many cases by inconvenience and dissatisfaction. The $13,500,000 of added cost bought the same number of tons of coal, containing the same number of heat units and prepared under the identical conditions.

The consumer paid the entire bill incident to the 1912 price increase. He was forced to add more than $13,000,000 to the cost of his coal. It seems evident that someone must have profited considerably by the transaction, and the general supposition is that that someone was the mine worker.

Oddly enough, and public opinion notwithstanding, the mine worker seems to have gained comparatively little by the 1912 agreement. Indeed, it undoubtedly represented a net loss for him, as compared with his position in 1903. The mine worker certainly cannot be accused of getting the lion's share of the price increase. Only a little more than one-third of it came his way. The Bureau of Labor reports that "a careful computation based on the records of one of the largest companies shows that the increase in labor cost
resulting from the agreement of 1912 and the readjustment of the wages of men not covered by the agreement, amounted to 9.75 cents per ton." 1 At the same time, it will be remembered that coal prices increased on the average more than 25 cents per ton.

The mine worker did benefit immediately and directly by the strike. The advance in wages which the abolition of the sliding scale and the increase of 10 per cent over the wage of 1903 provided, gave an increase of 5.6 per cent in wage rates. Estimating the amount of this increase upon the basis of the shipments from June to December, 1912, the miners gained about $4,000,000. Against this amount there must be placed the cost of the strike in money and in privation.

The miners’ demands for 1912 included a 20 per cent increase in wages. They actually received a net increase of 5.6 per cent. What did this mean to them in comparison with the increased cost of living during the same period of years?

The United States Department of Labor shows, in Bulletin 140, that the cost of food increased 30.8 per cent between 1903 and 1912. During the same years the cost of clothing, shoes and the like increased approximately 20 per cent. While no extensive study has been made, it seems that the cost of rent in the anthracite fields has increased during the same time from 10 to 20 per cent. Figuring the food as two-fifths of the workingman’s expenditure, and rent and clothing each as one-fifth, the apparent increase in the cost of living would be from 20 to 25 per cent. The increase in the wage rate between 1903 and 1912 was therefore less than one-third of the increase in the cost of living.

There is one other fact that must be remembered. The anthracite miner had more work days in 1912 than he had in

1 "Increase in Prices of Anthracite Coal," op. cit., p. 28.
1903. The total days worked in 1912 was 231; and in 1903, 206. Even counting this additional working time as a part of the advantage gained by the miner during these years, the miner’s earnings increased less rapidly than prices.

The Bureau of Labor estimates that the operators added $13,450,000 to their gross receipts as a result of the 1912 strike.

There seems to be some basis for the operators’ assertion that the cost of producing coal had increased. The agreement of 1912 added 9 cents burden to the labor cost of coal.

The question of production costs is thus summarized in the Federal report: “The present report shows that the recent increases in prices have been more than sufficient to compensate fully those companies whose costs of production have increased more rapidly during recent years, and at the same time has very greatly increased the profits of those companies, of whom there are at least several whose costs of production either decreased or remained stationary during the same period.

“This conclusion is based on the fact that when normal years are compared, none of the companies has suffered an increase in the cost of production equal to the increase in the selling price over and above the recent advance in wages.” As a result of the increased activity following the suspension of 1912, “the cost of production of one important company has been lower during the last six months of 1912 than during any year since 1903, in spite of the increase in wages required by the settlement of May 20, 1912. These comparatively low production costs during the latter half of 1912, combined with the increased prices, have created for this company during the six months net earnings greater than it has had in any entire year from 1902 to date.”

The total result for the operators was an immense in-

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crease in net receipts. "During the four months—June to September, 1912—the seven companies which shipped 69.3 per cent of the anthracite coal during the same period received at the advanced prices for their shipments $3,572,588 more for their coal than they would have received at the prices prevailing in the same months in 1911." This is equivalent to an average of 25.82 cents per ton advance over 1911 prices.

The facts of the 1912 strike verify the conclusions already stated. The operators, as in previous cases, used the strike as a pretext for adding to prices an amount equal to three times the increased labor cost of the coal. This gave to the coal companies the handsome profit of thirteen millions in the one year 1912. The wage-workers, after a costly struggle, found themselves still unable to cope with the increase in the cost of living. The consumers fared worst of all. They paid around thirteen millions for their coal over and above the 1911 prices. In return for this immense outlay, they got no more and no better coal.

The struggle of 1912 came and went. The mine owners profited handsomely; the workers fared indifferently, and the consumer footed the bill!

9. THE COAL CRISIS

The important events relating to the monopolization of the anthracite coal fields occurred before the war shook the modern world to its foundations. The consumer and the worker were exploited. The owner was enriched.

Before a gun had been fired; before an embargo had been declared; before there was a sign of the world conflict, at the end of the 1912 strike, the private ownership of the hard coal mines had proved a failure,—serious to the worker: tragic to the consumer.
The war broke in the summer of 1914, and with it came the testing time.

The war reached to the roots of society and tugged at them savagely. Nothing that was ill-rooted could survive that test. The system of private ownership of the coal business was a failure before the war was heard of. The war-crisis showed it up plainly to everyone for what it was—a gigantic blunder.

During the winter of 1917-1918, scores froze to death; thousands died of pneumonia and other diseases due to the shortage of fuel; millions suffered embittering hardship; business of all kinds was hampered; and the conduct of the war was seriously hindered because there was no coal.

It is not possible to give details on all of these points, nor is it necessary. We remember, only too well, how people suffered,—how the long lines formed outside of the coal yards—women and children standing in the biting wind for hours, often to be told, when their turn came, “No more coal today”; how the gas supply and the oil supply ran low or failed entirely; how the sick sent up their cry from private homes and public institutions; how the babies died in their cribs from “exposure” in homes that had been for days without fuel; how the pneumonia death-rate shot up during those terrible days of late December and early January. We remember, too, how the schools were closed, and thousands of children turned back into frigid homes. There are millions who will not forget those experiences for many a long day.

The failure of the fuel supply broadcasted hardship. Still there is nothing so very unusual about the prevalence of human misery. Since the establishment of capitalistic society wretchedness and want have abounded. Capitalism never pretended to look out for people first. Its chief interests always have been in the preservation of property rights.
The significant thing about the fuel famine is that it struck a body blow at property rights.

The hand of the fuel famine fell heaviest upon the shipping business. The American business interests had orders for an export trade of half a billion dollars a month. The American ship-building program was in its infancy. The submarines were deadly. The Allies were crying to the United States for raw materials, food and munitions, and the United States was straining every nerve to meet these needs. Ships were of all things most needful.

Such was the demand. Note these words from the New York Times of January sixth. “Shipping men yesterday were informed by the authorities of the port of New York that there was no more anchorage room in the harbor, and that this situation would prevail until some of the vessels could get coal to enable them to sail.” “There are about 150 steamships detained in the New York harbor because of a lack of coal.” On January 17, in his supplementary statement, Dr. Garfield made an even more sweeping statement,—“War munitions, food, manufactured articles of every description, lie at our Atlantic ports in tens of thousands of tons, while literally hundreds of ships, waiting, loaded with war goods for our men and the Allies, cannot take the seas because their bunkers are empty of coal.”

What a story!

The business world, the army and navy, the Allies, all crying night and day for ships; the harbors full of vessels ready to sail; new arrivals unable to discharge their cargoes; “on our docks and in our warehouses supplies that have been backing up for months” (Dr. Garfield to Senator Reed, Jan. 17); “vessels lying for as much as six weeks at the docks of New York (New York Times, Jan. 6); idle during the most critical period of the war—all for lack of a few hundred thousand tons of coal.

Was it the result of conspiracy?

No!
It was the result of impotency—the impotency of a worn-out system of social and economic organization.

It was the final word in the message that told the world that the capitalist method of doing things had broken down when it was put to the test of a great crisis.

During the summer and fall of 1917 the newspapers incessantly preached efficiency and speed to "help win the war." Non-essential industries were curtailed. Conservation was enforced. Labor laws were laid aside. Women took up men's work. Commissions, boards, councils and committees were entrusted with the task of seeing that nothing impeded the work of turning out supplies and munitions for the equipment of the American troops and for the use of the Allies. Everything seemed to be moving along splendidly, then, on a sudden, capitalism put one foot squarely in front of the other, tripped over the awkward toe and fell flat on its face.

There was no coal!

Efficiency?

Efficiency was impossible and capitalism had made it so. For once there was no talk of "German gold"; "I. W. W. conspiracies"; and no word about "traitors," but American business was flat on the ground.

Men and women came from cold homes to cold work-places, where they spent half of their time trying to keep warm. Many were sick. Production slowed down because the producers were rendered unfit for work.

Manufacturing establishments, supply plants and even munition factories were compelled to close for lack of fuel. Railroads curtailed operations, and the whole shipping industry was crippled at the moment when ships were the most necessary single item in the campaign of the Allies.

Then, to cap the climax, came the order from the fuel ad-
ministration to cease production for fourteen days. Business was thunderstruck. The work of “winning the war” to which the business world had committed itself was set back for weeks or months, and this was done by an administration established in the interest of the business men.

Was Dr. Garfield to blame?

Not for a moment. No man can make bricks without straw. Had his middle name been “Napoleon” he could not have saved the situation and preserved the system. Capitalism broke down because it was a faulty method of doing things. Like every other wrong method, it was bound to go, and no man could have saved it.

Throughout the coal famine there was plenty of coal—plenty in the ground; plenty dug and brought to the surface.

During the year 1917 the anthracite mines produced about six million tons a month; the bituminous mines about forty-five million tons a month. There were 10,000,000 more tons of anthracite and 42,000,000 more tons of bituminous mined in 1917 than were mined in 1916, and 1916 was a banner year.

Here were people freezing, industries idle, ships tied up for lack of coal.

There was an unusually large production of coal.

Many well-mean efforts have been made to fix the blame.

At first the matter was laid at the door of labor, but it soon appeared that the miners had worked on Thanksgiving Day, on holy days and on New Year’s Day.

Again, it was asserted that the large exports of coal produced the shortage. But the records show that only about 18,000,000 tons, or three per cent of the entire output was exported.

The operators laid the blame on the car-shortage. The National Coal Association was able to show on December
fifteenth that there was a loss of ten million tons in the production for November "solely because of the car shortage and slow movement." "In the Pittsburg field, on Saturday December eighth, seventeen mines with a production of 17,600 tons stood idle all day for lack of cars." On the following Friday, "forty-two mines that could have produced 53,500 tons were unable to turn a wheel because there were no cars" (Phila. Public Ledger, Dec. 17). Similar reports appeared from time to time.

Even at that, there was plenty of coal lying about. Dr. Garfield who was appointed August 23, 1917, told a New York audience on December 14: "There are huge piles of coal over the country. It is not uncommon for there to be 100,000 tons, 200,000 tons or more in these piles, which are held in reserve by great industrial concerns." (New York Times, Dec. 15.) Dr. Garfield then explained that the railroads had used the one time coal cars for other kinds of freight. He did not blame the railroads, but he warned his audience that trouble was coming.

The facts seem to be that the railroads had allowed their engines to go unrepaid; had failed to buy new engines and new cars; had sold rolling-stock in large quantities to the Allies; and had made no adequate provision to meet the war situation.

There have been a number of suggestions that many of the operators were holding back the coal for a better price. Clifford Thorne told the Senate Committee on January 7, that the coal operators were making profits of about one million dollars a day. Similar testimony was brought before the Federal Trade Commission.

When all is said and done, where are we?

Just where we began—with the coal shortage.
10. AN OBJECT LESSON IN MONOPOLY

The lesson taught by the anthracite situation is unmistakable. The advantages and disadvantages of the private monopoly of natural resources are clearly portrayed. The conclusion is unavoidable.

Since the private ownership of the anthracite coal fields came to its logical fruition, in the formation of the Anthracite Coal Combination of 1898 the workers have gained somewhat, the consumers have lost somewhat. The supreme advantage of this private monopoly of a vital natural resource has gone to the private owners. When the crisis came with the winter of 1917-1918 the whole scheme failed utterly.

The anthracite coal fields are only one of the natural resources that is being rapidly brought under the control of small groups of financial and industrial leaders, through the system of private land ownership under corporate control. The lessons from the anthracite coal fields may be regarded as typical of the results that will follow from the monopoly of other equally important resources.

The consumer must always carry the first and most direct burden of monopoly. Monopoly prices are fixed at a figure that will yield "all that the traffic will bear." Increased costs of carrying on business, no matter what their origin, are passed on by the monopoly to the consumer in the form of increased prices. The power of substituting some other commodity for the one that is the subject of monopoly limits the price that the monopolist may charge. Subject only to this power of substitution, the monopolist gets all that he can.

The worker gains nothing from the presence of monopoly. As an employee of the monopoly, he is paid wage rates that are not materially different from the wage rates paid in competitive industry. The present method of fixing wage rates, by competition in the open labor market, makes it inevitable
that this should be so. Industry pays for labor not what it can, but what it must. Even though a monopoly could afford to pay a much higher wage than a competitive industry, it need not, and therefore does not, do so.

The monopolist is the real gainer from monopoly. The worker who serves the monopolist is paid the going rate of wages, and while the consumer foots the bill, the monopolist records his advantage in the form of increased dividends.

The figures show conclusively that these things are true of anthracite. There is good reason to believe that they will hold no less true for other equally powerful natural resource monopolies.

The facts cited thus far have referred to the financial cost of monopoly. They are definite. They are significant. They are the only monopoly facts that can be measured in figures.

There are other aspects of the monopoly problem that are more far-reaching than any mentioned thus far. Monopoly affects the economic, social and political organization of society in many fundamental ways.

The economic effects of monopoly are of far-reaching consequence. The monopolist controls the jobs or opportunities for work; second, he has a price-fixing power over the thing he produces; third, he has an automatic income-yielding machine; and fourth, his monopoly power enables him to appropriate values socially created. These four economic effects of natural resource monopoly give the monopolist a position of overwhelming advantage.

The social effects of monopoly arise largely out of its economic effects. Monopoly creates inequality; makes for class distinctions; produces exploitation and makes impossible equality of opportunity. In all of these ways monopoly affects the organization and progress of society.

Among all of the serious results of natural resource
monopoly, perhaps the most serious is the fact that it denies opportunity.

Beside the economic and social effects of monopoly, there are certain political effects, equally well defined and equally undesirable in their out-croppings. Theoretically the citizens of a democracy are the government. Practically, the monopoly of natural resources vests a section of governmental power in the natural resource monopolists.

The most vital governmental power is the taxing power. The power to tax includes the power to destroy. The taxing authority holds life and death power over his subjects.

What is the taxing power?

Originally it was the right exercised by those in authority, to levy on their subjects. These levies included war duty, labor in the construction of some public work, a percentage of the produce of the land, or, in later times, money.

Earlier ages knew no such thing as a regular tax rate. The rule of the tax gatherer was “get all you can.”

Many of the early American colonists fled from just such tyranny. They feared taxes because taxes meant want for the tenant and luxury for the proprietor.

Politically, no phase of monopoly is so important as its taxing power. The powers of government are divided between the people (or their representatives) and the owners of the natural resources. Although the facts are not available, there is every indication that the tax paid each year by the American people to the owners of special privilege is greater than the entire amount paid by them for the maintenance of the local, state and national governments.

However attractive the plan for the private ownership of natural resources may have looked to the early settlers of America; whatever escape it may have offered from the grim tyranny of European landlordism, the project appar-
ently has failed. It was designed to promote ambition, initiative and thrift; to create opportunity and to increase the possibilities for life, liberty and the pursuit of happiness. In practice, it has led to a new form of monopoly—the monopoly of industrial opportunity.

The private ownership of natural resources has gone farther. By giving to individuals the exclusive right over the choice bits of the earth's surface, it has placed in the hands of these individuals an immense power—economic, social and political. Thus the private ownership of natural resources has centered in the hands of the resource owners an immense authority over the destinies of mankind.

The chief resources are today owned by corporations which have neither energy, thrift, ambition, nor any other human virtue. Instead, they are legal entities, with perpetual life, limited liability and an immense range of authority. The ownership of most of the important resources has passed from the individual to the corporation, and with that transfer there has gone practically every one of the original arguments in favor of the private ownership of resources. The founders of American democracy were aiming at individual ownership. The revolution in the form of industrial control has made the ownership largely corporate.

Although the chief reasons in favor of the private ownership of natural resources have been swept out of existence by the inauguration of corporate ownership, private ownership remains—a special privilege under the control of the few, and carrying with it a monopoly power of the most sweeping character. Exercising its authority as a means of augmenting profits, strangely blind to the public weal, the monopoly of the means of life threatens to wreck this civilization as it has wrecked its predecessors.

Natural resource monopoly entered our civilization as a friend and benefactor. Time and experience have shown that a wolf was hiding under the sheep's clothing.
The lesson of natural resource monopoly—as it appears in history, as it exists in the anthracite fields, as it may be found in other American resources—is unmistakable. The benefits go to the privileged few, while the great majority of men pay the bill.

11. THE WAY OUT

The facts that have been cited show conclusively enough that there is, in the anthracite field, a line-up of conflicting interests. On the one side are the operators, on the other side are the workers and the consumers. The operators aim at large profits; the workers demand high wages; the consumers seek low prices. High wages and low prices threaten profits, hence the advocates of high wages and low prices are necessarily brought into conflict with those who aim at large profits.

The answer which American philosophy makes to such a conflict is unmistakably definite. The net gain must be the gain made by the majority. The principles laid down as the foundation of American political and social life allow of no alternative.

The laws of life dictate that in every conflict some must lose and some gain. Feudalism boasted a few gainers and a great many losers. The early colonists, as well as the founders of the State and Federal governments, sought a social system under which there should be many gainers and only a few losers.

The problem of natural resources differs not a whit from any other question of social welfare save that it is more vital than most questions. The same rule of social procedure that held good in 1789 holds good in 1916. Those things that can be privately managed, with a maximum of advantage to the community, must be left under private control. Those
things, on the other hand, that under private control might become a menace to community welfare must be publicly managed in the interests of all.

One group of interests in the anthracite fields is entirely willing to let things remain as they are. The coal owners are satisfied. They can well afford to be contented with the situation, since the net benefits from the present system of land control accrue almost wholly to them.

The owners are satisfied, but they are, numerically, only one small factor in the problem. There are 160,000 anthracite workers. What is their position?

The workers are not satisfied with things as they are. On the contrary, they have, during recent years, expressed themselves continually and forcefully in long-continued, bitter labor wars. The workers want a change in the conditions prevailing in the anthracite fields, and they want it so badly that they have shown their willingness, during one suspension after another, to suffer privation and to see their families suffer privation in order to bring about the changes in which they believe.

The consumers are the great majority of people at interest in the anthracite problem. Under the present system of administration of the coal mines, the consumers pay the full cost of every increase in the cost of production, in the wages of the workers, or the improvement of the industry.

The consumer is thus brought face to face with the monopoly. The operators have proved themselves sufficiently powerful to add to the price of the coal the increases that have come from changes and improvements, and in addition a tidy sum in return for their monopoly advantage. The coal owners charge "all that the traffic will bear." What shall the consumers do to secure just or "cost" prices?

It is obvious that the consumers are powerless as individuals. Their one hope lies in concerted action. The
monopolists of any needed resource, under the present system of property ownership, are able to force their will as against any one person, or as against any group of persons, unless they are powerfully equipped to contend in the economic arena.

The machinery of government is the logical channel through which the consumers may express themselves. They are the body of the people, and the government of a democracy is a government of the people. The consumers are organized in the most powerful organization in the community—the government. They would naturally employ this organization in their efforts to secure justice in their dealings with the anthracite interests.

The consumers have their government founded on the idea of political democracy. Side by side with this political government, dominating its activities in some directions, threatening its very existence in others, is the power of the vested interests. This power is so great that it is able to exercise some of the functions of government—most important among them, the taxing power—and to ignore or to negative the work of the political government.

The vested interests have established a form of government that exists at the same time and place as the political government which the citizens of the United States for a long time believed to be the only government in the land.

A house divided against itself cannot stand. Two equally powerful governments cannot exist at the same time in the same jurisdiction. One or the other is bound to assume a position of dominance.

The consumers of the United States must choose between the two governments in the anthracite industry. If they favor monopoly profits, they should decide in favor of the anthracite interests. If, on the other hand, they believe that the democratic principles that underlie the American system of political government are still valid, and still applicable to the affairs of the people, then the people them-

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selves must undertake the management of this and of every other enterprise whose existence threatens the continuance of a government by the people.

The workers in the anthracite regions are in a position where they can exist under the present economic system if they are able to maintain a sufficiently powerful union. To the consumer, the continuance of the present economic system in the anthracite fields means not only the financial burden in the form of an attack on the very foundations of the established political government, which the consumers regard, and rightly so, as their one source of protection and power.

The interests of the consumer clearly demand that the community, acting through the state or the national government, shall take possession of the anthracite coal fields, operate them in the interests of the community and sell the people coal at cost. Many recent precedents for this action exist. The government has developed irrigation projects and sold them to the people at cost; in its largest single venture it is developing transportation in the Panama Canal and selling it to the people at cost. Since the outbreak of the war all necessary industries have been brought more or less directly under the control of the government. The time seems to have come when the public interest demands that the government shall take over the anthracite coal fields and sell anthracite to the American people at cost.

A continuance of the present system of ownership in the anthracite fields will benefit the operators alone. They are the ones primarily interested in the maintenance of things as they are. The workers and the consumers, making up the vast majority of those who are interested in the anthracite problem, will benefit only through some change in the present system. The change which seems most likely to benefit both workers and consumers is an economic reorganization that will make the community the owner and director of the anthracite field and of its administration.
12. THE PROMISE OF SOCIALISM

This winter the coal-scuttle was empty of its precious contents, and there were thousands who, strive as they would, were unable to fill it. To them, and to those others who believe that the coal-scuttles all over the land should be filled while there is coal with which to fill them, Socialism comes with its message and its promise.

There is a way to keep the coal-scuttle full.

So long as the gifts of nature hold out, and so long as men are willing to work together for the common good, it will be possible for the human race to banish economic hardship and economic want. None need hunger. None need be cold. None need suffer for lack of the necessaries of life.

To obtain these results, men must co-operate.

Without co-operation social progress and human well-being are impossible.

Thinkers and students have for years predicted the failure of private capitalism “Capital” written by Karl Marx half a century ago, foretells the disintegration of the present order. Extreme individualists like Herbert Spencer and Henry George believed that a society founded on the grab-it-all principle of “every man for himself” was headed for disaster.

Socialism has stood consistently for the social ownership of all productive machinery because Socialists have seen in private capitalism, not only a menace to national life and welfare, but a threat against world peace. Bebel, Tolstoi, Jaures and Hobson anticipated the world war and predicted
it. They argued that international security could not possibly be founded upon the national selfishness that grew out of the private ownership of those productive industries upon which all depend for a living.

The Socialist leaders who foretold disaster to the capitalist system were “calamity howlers,” “pessimists,” “agitators,” “purveyors of discontent,” and “anarchists.” Today their most extreme prophesies fail to voice more than a tiny fraction of the miseries that capitalism has brought upon the human race. The magnitude of the disaster that capitalism has spread over the world during the past few years passes all bounds of the imagination. There is not a village, and scarcely a home in all Europe that has not been bereft by it.

A system like capitalism, based upon the control of economic opportunity by the few; with the economic surplus concentrated in the same few hands; with the many exploited for the advantage of those who control the economic power of the community; with the increasingly rigid distinction between workers and owners, could lead in only one direction—toward decay and dissolution.

Capitalism is rapidly destroying itself; meanwhile the people suffer.

The break-down came first in the coal business. It might have come almost anywhere else.

The unintelligent rule of the profit system never had a greater showing up than during the coal crisis. The masters of the situation—the mine owners, transportation companies and dealers—were in the coal business to make the largest
possible profit. They were not concerned to keep the people warm.

Either the coal business must be run for the purpose of making human beings comfortable and happy, or else it must be run for the purpose of paying someone a profit.

The Socialist Party stands for the proposition that the coal business, and every other business upon which the public depends, must be run to make people happy and useful. Until the people learn to satisfy their need for fuel in the same way that they satisfy their need for the carrying of the mail, the profiteers will continue to reap their harvest while the people suffer.

The people of the United States will be compelled to take over the business of supplying the country with coal—not because they wish to do so, but because they must do so. The profiteers have tried and failed. The time has come for the plain people to act.
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