

## ARTICLE II.

THE RELATION OF CORPORATIONS TO PUBLIC MORALS.<sup>1</sup>

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THE corporation is closely connected with the political, the industrial, the educational, and the religious interests of the people: its origin is political; it is a creature of legislation; and its work reaches out into the realms of production, of commerce and exchange, of learning, of philanthropy, of religion. Many of our great manufactories are conducted by corporations; all our railroad companies are corporations; so are our banks, our private charitable institutions, most of our colleges, and all of our churches. The question of the nature, the power, the limitations of corporations thus at once appears to be a question of the most vital and far-reaching importance. Our material prosperity may be said to be almost wholly in the keeping of these institutions; our intellectual development is largely dependent upon them, and it is easy to see that the standards of public morality must be powerfully affected, for good or ill, by their transactions.

What is a corporation? "A corporation," says Judge Cooley, "is a body consisting of one or more natural persons, *empowered by law to act as an individual*, and continued by a succession of members. If it consist of but one member at a time it is a corporation sole, if of two or more it is a corporation aggregate. Bishops, parsons, and vicars of the Church of England are corporations sole, but in the United States few if any exist."

The King of England is also a corporation sole; the

<sup>1</sup> Read at the Oberlin Summer School of Christian Sociology, June 26, 1895.

kingly powers and prerogatives which he assumes at his coronation are regarded as immortal; they do not die when the king dies; his successor is king as soon as the breath has left his body. "The king is dead! long live the king." The English parson, in possession of the living of a parish, is also a corporation sole. The tithes are due to the *office* of the parson,—to the impersonal entity which is still holding the place, after the parson dies, and before his successor is inducted. These legal fictions, as Judge Cooley says, are not familiar to Americans; we know nothing of the existence of such an artificial person as the corporation sole. The corporation aggregate is, however, an everyday acquaintance; we can scarcely take a step in life that we do not encounter him; he is the servant of our convenience, the minister to our wants, the purveyor of our pleasures; and if, sometimes, his hand is laid heavily upon us, the pressure is so slow and gradual that we are scarcely aware of the source from which it comes.

Corporations are public or private. The government of a village or a city is a public corporation. All citizens who are voters are members of these corporations; the officers chosen by them are officers of the corporation. A manufacturing company like the Singer Manufacturing Company, or the Pacific Mills at Lawrence, is a private corporation. The holders of the stock are members of the corporation. If you sell your share of stock to me, you cease to be a member, by that act, and I become a member. The voting in such corporations is by shares. The holder of a hundred shares has a hundred votes; the holder of ten shares ten votes.

There is also a class of *quasi* public corporations, among which are national banks and railway companies. The fact that national banks are subject to the constant inspection and surveillance of the government, and that all their operations are carefully regulated by law, clearly indicates their public character. Still more evident should it be that rail-

roads are not, though they often assume that they are, private corporations. They are public highways, as truly subject to the power of the state as are our public roads and our city streets.

These artificial persons, called corporations, created by the state for certain purposes, are very curious entities. There is nothing exactly like them in the heavens above nor on the earth beneath. It takes not a little subtlety to define their nature and comprehend their powers. "We are not likely," says Mr. Edward Isham, "to exaggerate in our conception of the distinctive personality of these mythical beings who are nevertheless actual members of the community. They may perform nearly all the acts that natural persons may, but these are in no sense the acts of their various members. They act by their respective names and corporate seals, not by the persons who compose them. In the language of Lord Coke, 'a corporation is invisible, immortal, has no soul, neither is it subject to the imbecilities or death of the natural body.' These words have attracted animadversion, but they are substantially accurate. If all the members are collected, one does not see the corporation. It may be sued, but if every member appear the corporation has not answered the writ. It may own property, real and personal; but the members will have no property nor any right in any part of it. It may owe debts of which the members owe nothing. . . . It is a citizen of the state by whose sovereignty it is created, and its action is determined by the mere majority of its members. All the members, however, may change, but it remains unchanged. They may succeed one another indefinitely; so that they may die, but the corporation remains immortal."

This impersonal person, this unmoral agent, this fictitious immortal is, you may safely conclude, a creature that will bear studying, and watching. When such a prodigy is let loose in society there will be consequences, depend upon it! Do you think that you could foretell exactly what it would do?

If you study its natural history inductively, by trying to observe and record its habitat and its habits, you will come upon some very curious and interesting facts. You will find, to begin with, as I have already suggested, that it has been a very useful creature. Under domestication and proper control it has been taught to bear many of the burdens of society, and to guard its highest interests. In the sphere of education, for example, what could we have done without this creature of law, the corporation? For the maintenance of great institutions of learning vast sums of money must be collected, land procured and held by firm title, buildings erected, funds endowed; and there are thus great accumulations of property to be held and administered from generation to generation. What other device for the custody and care of these great and permanent institutions could be so simple and effective as that of the corporation? The law establishing the corporation sometimes names the trustees who shall hold the property, always prescribes the general use to which it shall be put, and empowers the trustees to fill vacancies in their own number. This is an instance of what is called a close corporation; and under organizations of this kind the greater part of the educational and philanthropic work of this country has been done. The necessity of some such legal machinery as this for the administration of great schools and great charities, and the perpetuation of institutions of learning and benevolence, is sufficiently obvious.

The indebtedness of the church to this device is equally great. The church must have property; its property must be placed in some custody; provision must be made for transmitting it from one generation to another; and it would be difficult to hit upon any other way of securing it than that of incorporating the church (or the ecclesiastical society associated with it), and committing the property and the financial affairs of the church to the trustees of this corporation.

The industrial, the commercial, and the financial inter-

ests of our people are still more signally indebted to this contrivance. When the invention of machinery and the division of labor made great combinations necessary, and summoned into existence the large systems of industry, the corporation immediately appeared as the minister of these great functions. Few single men could be found whose accumulations of capital were vast enough to build and stock a great factory; still fewer to construct and equip a railroad; but the savings of many, combined, could be effectually used for such vast purposes. In the eloquent words of Mr. Isham:—

“The changed conditions of society found these mythical beings ready to spring into existence, with power and endurance equal to any requirement. They have enormously multiplied in the past few years. Unincumbered by the infirmities of natural persons, for them no aggregation of capital or of physical force is too great, nor any enterprise too vast or long enduring. Their administrative powers may expand from such as conduct the smallest enterprises to such as equal or surpass those of political governments; so that it has come about that the whole business of transportation has passed into the hands of corporations. The business of transportation includes all corporations engaged in the storage and transfer of freight, the carriage of persons, of parcels, of messages, and everything that relates to the intercommunication which is productive of commerce, and it is easy to see that their relations to society are of the most intimate and involved character, and that their stupendous powers are exercised directly upon the ratio of the resources to the subsistence, not of individuals here and there but of every person in every community. These are new conditions in human life. No such gigantic social power has ever existed in the world before. The conditions are not temporary. They are permanent and in process of development, and society must adjust itself to them.”<sup>1</sup>

<sup>1</sup> Lalor's *Cyclopedia*, i., 671.

If these words of a sober and clear-headed lawyer are true words, then it behooves every man to give due heed to the tremendous problem thrust upon our nation by the existence of these mighty agencies. That these great combinations of capital and these vast organizations of power are necessary to the production of comfort and the ministry of convenience in these days is obvious enough; that they have resulted in increasing, almost miraculously, the material wealth of our people, and in greatly extending knowledge and the possibilities of welfare is not to be denied. We can never again dispense with them, until we agree to dispense with private capital altogether and adopt the socialistic programme, and that day, most of us are prone to think, is yet a long way off. And yet it is plain enough that with all these stupendous powers for good which they embody, there are also enormous capabilities of evil. When the purpose of a corporation is philanthropic or religious, its working is almost uniformly beneficent. But when the purpose is gain, the demon of avarice is let loose, and it must be owned that the safeguards of virtue and the restraints of lawlessness which act effectually as checks upon the conduct of individuals, are much less efficient in the case of corporations. It must be evident enough to any one that such a creature as a corporation has been described to be may do a great many lawless and mischievous things. The corporation has no soul. That is to say it has no conscience. If wrong is done in its name, the responsibility rests on no one in particular. At any rate it is perfectly easy for the individual members to hide themselves behind the corporation. "A body of men," says Herbert Spencer, "will commit as a joint act that which every individual of them would shrink from did he feel himself personally responsible." I am constrained to believe that the existence of industrial corporations has thus had a very deleterious influence upon public morals. Men are constantly performing acts, or consenting to acts, as members of cor-

porations, that they would not do or allow if they stood alone. Thus their moral perceptions are dulled, and their moral stamina weakened. This schooling in corporation morality prepares them for doubtful practices in individual transactions. Think of the rascally deeds with which most intelligent men are perfectly familiar, that have been done by corporations, under the cover of law! Think of the more startling fact that they have lost in this way but little social credit! These things become so common that the consciences not only of those who perform them but of those who witness them are somewhat blurred: the whole community suffers moral injury by familiarity with such dishonesties.

And there is still another way, as Mr. Spencer points out, in which corporations become the occasions, if not the authors of immorality. Individuals seem to have less conscience in dealing with corporations than with other individuals. A man will cheat a railroad company, if he can, when he would not cheat his neighbor. He can imagine the pain and indignation that his neighbor would feel on being cheated, and his realization of this restrains him; he cannot imagine anything of the kind in the case of a corporation, and therefore he cheats it with much less compunction. Of course this is not the fault of the corporation, it is the fault of the individual; but it is the natural consequence of introducing into society these unmoral entities with which moral beings are brought into moral relations. There can be no moral reciprocity between a man and a corporation,—between a being with a conscience and a being without a conscience. Yet transactions which involve moral principles are constantly taking place between men and corporations. Clearly the man is at a great disadvantage. He is not likely to get from the corporation what he is justly entitled to, and he is not inclined to render to the corporation all that it is justly entitled to. The whole relation is abnormal, and therefore morally

injurious. Men are morally damaged continually by their contact with corporations—those who are within the corporations by the weakening of responsibility; those who are without, by the lack of that reciprocal action of conscience upon conscience by which morality is vitalized.

Not only by the blur of conscience, but also by the impediment which they put in the way of equal freedom, the corporations are seriously affecting social morality. When it is said in the Declaration of Independence that all men are created equal, a very serious error is apt to be conveyed. It seems to signify an equality of natural powers; and that does not exist. Great inequalities of natural powers appear among men. From this natural inequality will inevitably result great inequalities of condition; and no law can prevent it. Some men are stronger than others and will get a larger portion of the good things of this world. So long as competition is the law of commerce this must be so. There is one and only one adequate remedy for this, and that is to fill the strong with the spirit of Christ, so that they shall use their strength not altogether in their own aggrandizement, but also in the service of the weak. So long, however, as self-love is the ruling motive in the conduct of men, so long there will be more or less of oppression of the weak by the strong; the natural law that "to him that hath shall be given" will operate to increase the accumulations of the rich and to deplete the small earnings of the poor. At best this is a grievous condition; it requires a constant exertion of the moral forces of the community to prevent it from operating with crushing weight. All this is true when individuals compete only with individuals; when the law of competition has its perfect work in existing society; when those natural inequalities which exist among natural persons furnish the field for competition. But the case is greatly aggravated when these tremendous artificial persons known as corporations are introduced into the field. The greatest inequality of power between one man

and another is as nothing compared with the inequality between this humblest man and the gigantic corporation. And this is an equality that is not natural; an inequality for which the Creator is not responsible; an inequality that we have created by law, for the promotion of the material welfare of the community. If the natural inequalities among men, when unchecked by conscience, often bear with crushing effect upon the weak, what must be the operation of these artificial inequalities which are so much greater?

The strong man has only a little while to live. In this respect there is perfect equality between the strong and the weak. He may have had tremendous power to grasp and to control the forces of production; he may have been able by skillful combinations to overbear his rivals; but they hold out against him because they know that this power of his must soon be relaxed. Death will come and unnerve his arm and paralyze his will: most likely his gains will be scattered; in the field that he has dominated there will be room for others. But the corporation is subject to no such vicissitudes, and the individual who is brought into competition with it has very little hope of the relaxation of its power. President Walker has stated this fact so strongly that I am constrained to quote his words:—

“It is because the hand into which these masses of capital are gathered is a dead hand, that the deepest injury is wrought to competition. The greatest fact in regard to human effort and enterprise is the constant imminence of disability and death. So great is the importance of the condition that it goes far to bring all men to a level in their actions as industrial agents. The man of immense wealth has no such superiority over the man of moderate fortune as would be indicated by the proportion of their respective possessions. To these unequals is to be added one vast common sum which mightily reduces the ratio of that inequality. The railroad magnate, master of a hundred millions, leaning forward in

his eagerness to complete some new combination, falls without a sign, without a groan; his work forever incomplete; his schemes rudely broken; and at once the fountain of his great fortune parts into many heads, and his gathered wealth flows away in numerous streams. No man can buy with money or obtain for love the assurance of one hour's persistence in his chosen work, in his dearest purpose. Here enters the State and creates an artificial person, whose powers do not decay with years; whose hand never shakes with palsy, never grows senseless and still in death; whose estate is never to be distributed; whose plans can be pursued through successive generations of mortal men."<sup>1</sup>

As General Walker goes on to say, this is no conclusive reason why corporations should not exist: it may still be that their benefits are so great that we cannot dispense with them; but this is clearly one of their drawbacks. They do enter, as powerful disturbing influences, into the great realm of exchanges. They do enormously aggravate the natural inequalities among men. They do, therefore, impede the free action of many and shut the doors of enterprise in the faces of multitudes. This is part of the price that we are paying for the good that they do. It is an enormous price, and we must not forget it.

It is not, you will observe, the material progress of the multitudes that is necessarily impeded by the growth of corporations, but their moral progress. It can be shown, no doubt, that they have cheapened breadstuffs, and all the necessities of life. What they are killing out is individuality and enterprise. Here is a great corporation that combines the savings of a hundred men and the labor of a thousand men in the production of shoes. The work is all done by machinery, and each workman makes some small fraction of a shoe. The effect of this subdivision of labor in reducing the skill of the laborers, and in narrowing the discipline of

<sup>1</sup> Scribner's Monthly, i., 116.

their work is often referred to. There is room, perhaps, for difference of opinion about this. There are compensating advantages which must not be overlooked. But the effect upon the organizing power of the employing class is certainly depressing. If each of these hundred capitalists was compelled to employ his own capital in the manufacture of shoes we should have a hundred independent employers, studying methods, discovering processes, watching the currents of trade, disciplining his own faculties in the great enterprises of production. The great corporation can produce shoes more cheaply because it can have more and better machinery; but how much does it do in the way of producing men? The great corporation is and must be under the control of one man: he has subordinates, of course, to whom some responsibility is committed, but the organizing and directing power is concentrated in one man. One organizer and leader of business takes the place of a hundred. The effect of this concentration of directive energy upon the spirit of enterprise among the people at large cannot be easily estimated. It is evident that the system gives us cheaper shoes, and also cheaper men in the counting room if not in the shop.

Socialism proposes to suppress altogether individual enterprise, by putting all the capital into the control of the state, and giving the state the exclusive direction of all industrial organization. The corporate system of industry does not wholly suppress individual enterprise, but it is clear that it greatly restricts the area within which it may operate. It is a long step, therefore, in the direction of Socialism, and is hailed as such by all the socialistic philosophers. "Socialists," says Mr. Kirkup, "regard these colossal corporations and the wealthy bosses that direct them as the greatest pioneers of their cause. By concentrating the economic functions of the country into large masses, they are simply helping forward the socialistic movement. Their mission is to displace the smaller capitalists, but they will thereby eventually

undermine capitalism altogether. In proportion as the centralization of industry is pushed forward, the easier it will be for the democratic people to displace its capitalistic chiefs, and assume the control of it for the general good. They are only hastening the time when a vast educated and organized democracy, subsisting on precarious wage-labor, will find itself face to face with a limited number of mammoth capitalists. Such a crisis can have but one result. The swifter, the more complete the success of the most powerful bosses, the quicker will be their overthrow by a democratic society. Such is the belief of socialists."

This is the horoscope of the hour as it is read by one of the ablest and most moderate of the scientific socialists. His anticipations may not be realized; but it is significant that he sees in this development of the corporate system of industries a movement in the direction of socialism. My only point is that the depressing effect upon enterprise, and thus upon intellect, of the corporate system, is similar, though of course less powerful, than that which would be produced by Socialism; that something of the same kind of levelling and deadening effect which we might look for under a socialistic *régime* is already realized under the rule of the great industrial corporations.

There is another side to this picture to which our attention should be drawn. There are corporations whose action is uniformly more honest and more benevolent than the action of the average director of that corporation would be; because there is some one man—perhaps more than one—whose standards are high, and whose influence is so positive that the standards of the rest are elevated by his personal influence. I have known several such corporations, in which the integrity and magnanimity of a few leaders have lifted a whole business to an exceptionally honorable plan. Much may be hoped for in this direction, if the men of moral power who are officers of corporations will recognize their responsibility.

It is also true that multitudes of men are employed by these corporations in fiduciary positions; and the integrity of these men is developed by trusting them. Embezzlers and defaulters do appear; but the trustworthiness of the many is noteworthy.

Here are hopeful elements in this problem. These are the points to be strengthened. Yet, making due account of these, I believe that the influence of the corporation, *as it now exists*, upon public vigor and public morality is decidedly injurious. For the advantages that we secure by means of the system of corporate industry we are paying a large price. If the effect of the employment of this agency is to lower the standards of commercial morality, to increase social inequalities, and to repress the individuality, the self-reliance and the enterprise of the people, there is certainly a heavy deduction to be made from the gains they bring us. If we still insist that we must have corporations, let us face the fact that they "come high." We must be rich, indeed, in all the virtues, if we can well afford them. Such a deterioration in the morals of a whole people is a tremendous injury. And it is precisely these subtle but deep-working forces that the ordinary student of statistics and finance is pretty sure to miss. Triumphant Democracy, counting its millions of population and its billions of wealth, reciting the enormous gains of its manufactures, its mines, its farms, footing up its thousands of miles of railroads, and boasting of the swiftness of its trains and the cheapness of its transportation, takes very little note of these effects upon the intelligence, the morality, the self-respect of the masses of the people. The fact that a period may be reached "when wealth accumulates and men decay," is a fact that your enthusiastic statistician ignores.

One of the economists of the time, discussing these very questions, points out that a certain great monopoly has cheapened the price of a certain commodity; and alleges that it would be far better for the people to support as paupers the

unsuccessful competitors who have been crowded out of business by this monopoly, than to forego this great reduction in the price of one of the necessaries of life. Would it? That is the question I am trying to raise. How many paupers could we afford to produce, for the sake of getting our oil a few cents cheaper? I trust that we are not forced to choose between cheap commodities on one hand and the mental and moral integrity of our people on the other; I hope that we may have both; but I, for one, should be loath to see our wealth increasing at the cost of the degradation of our population. And if the methods by which we are carrying on our great industries are such that they are silently sapping the foundations of our national vigor, it is well for us to be forewarned. Is it not possible for us to correct, in part, at least, some of these tendencies? Is there not some wise divine counter-working that we can discover and set on foot by which these demoralizing and destructive influences can be checked? It must be so. It cannot be that there is any such radical contrariety as now seems to be working out between the material and the moral well-being of the race. Corporations are an outgrowth of the social principle. It must be that they can be subdued to the service of the higher as well as of the lower nature of man.

Attempts have been made to regulate industrial corporations by law. In view of the inequalities that they introduce and the impediments that they put in the way of industrial freedom, some legislators have thought it expedient to put special burdens upon them. The State of Pennsylvania, if I mistake not, levies a special tax on all corporations. I am not at all sure about the wisdom of this; the corporation is not, like the saloon, an unmitigated evil, that ought to be discouraged by taxation; it is a great blind Samson that needs guidance. It has been grinding too much in the mills of the Philistines, no doubt; the problem is to turn its ener-

gies in other directions—not to cripple its energies by fines and disabilities.

Another proposition is the application to all corporations of that rule of publicity which is now applied to banks and insurance companies and railroads. The theory is that a creature like this, which owes its life to the state, should be kept under the constant surveillance of the state; that it should be compelled, periodically, to give account of its stewardship, and to publish full statements of its affairs. It is alleged that this enforced publicity has had a most salutary effect upon the management of banks and railroads; it is argued that it would remove many of the worst abuses connected with private corporations.

I am entirely clear that all corporations which are based on franchises granted by the state or the city,—or all corporations which use public property, like the streets of a city,—should be subject to the rule of publicity; they are quasi-public corporations, and they are bound to have no secrets from the public whose property they are using, and by whose authority they exist. Every gas company, electric light company, street railway company, should be subject to this rule; the most rigid and stringent regulations should be made respecting their book-keeping, and their annual reports; and any concealment or misstatement of the truth should work a forfeiture of their charters.

Whether the same rule should be applied to private corporations is not so clear; but I am inclined to think that this will yet be regarded as the only safe policy. Every corporation derives its power from the state; and the state has a right to know,—is bound to know, I think,—how this power is used. If any individual or partnership of individuals wishes to do business in the state, we may well hesitate about requiring them to publish their business secrets. Each of them is responsible for all the debts of the concern; and that responsibility is sufficient to hold them to a pretty conservative

business policy. But when a corporation is organized the case is greatly altered. The state has now stepped in and created a new kind of person, with enormous powers, and very limited responsibilities; I think that it is a kind of person whose works should never be done in secret. The people, through their representatives, have conferred these powers upon this organization; now the people have a right to say: "We are interested parties to this contract; the power here employed is ours; we, the people, have a right as real as the right of any stockholder, to know how these powers are used; it is our business to supervise, with the utmost care, all such artificial personalities created by our laws, to see that they do no public injury."

Professor Hadley of Yale University is a sufficiently conservative publicist; but I find in an essay of his, published eight years ago, the suggestion that perhaps all corporations would one day be treated as railway corporations are to-day. "There was a time," he says, "when railroads resented any attempt to secure publicity as much as manufacturing corporations would to-day. Yet when such publicity was enforced it was found to act as a protection instead of a harm to the legitimate interests of the property. The combination of secrecy and irresponsibility with limited liability opened the way for frauds upon the property-owners quite as much as upon the general public. It may be that the history of the railroad business will repeat itself in other industries. If regulation by public opinion and carefully enforced responsibility is resisted, there is danger of something far more stringent and sweeping."

That men have the right to form combinations,—to associate themselves for a common end will not be denied. This is true of both laborers and capitalists. But when such associations are formed they must govern themselves, in their corporate capacity, by the same standard of morality as that which governs individuals. Apply this, first, to combinations

of laborers. A trades-union must not divest itself of social and moral obligation. Every trades-union is bound to consider well in all its action not only what may be the effect upon the interests of the trade represented, but what will be the effect upon all other classes. If it is permitted to these men to associate themselves together as a class, it is not permitted to them to separate themselves as a class from other classes, and to attempt to aggrandize themselves at the expense of other classes. Such conduct is precisely as abnormal and abhorrent to true social ethics as would be the attempt of the arms in the human body to strengthen themselves by weakening the legs, or of the eyes to gain the mastery by stopping up the ears. "There is no schism in the body," Paul says; and there is no schism among economic classes, unless there is insanity in the body politic.

"The solidarity of labor" is the watchword of those laborers who sometimes undertake to push their own interests to the neglect, and even to the injury, of all other classes. This is an utterly unsocial principle: it repudiates the corner stone of republican democracy. Wage workers can never be permitted, in a republican government, to become a class by themselves, and to array themselves against all other classes.

The solidarity of labor is just as great a menace to the peace of the nation as would be the solidarity of capital. It is the solidarity of society which furnishes the true principle of all our conduct. We are all members one of another—laborers, employers, merchants, customers, professional people, artists, traders, all sorts and conditions of men; and this is the body to which we rightly apply the motto, "An injury to one is the concern of all." Not until our labor organizations comprehend and recognize these larger relations and obligations will they cease to be a source of peril to the state.

I have thus tried to show that the Christian law, which is really the fundamental principle of republican government,

applies to the conduct of trades-unions. I have no doubt that every capitalist who reads this heartily accepts all that I have said on that subject. Perhaps there are some capitalists, however, who would demur to the pleading that the same law governs corporations. But the pleading is true. I repeat, with emphasis, that every combination of capitalists is bound to use its accumulated power with a steady regard for the welfare of the whole community. The truth at which I am aiming is vigorously put by a brilliant young clergyman<sup>1</sup> whose voice we are never again to hear. These words were written last summer, soon after the great strike. If they repeat, in some measure, what has been said already, you will not, I think, be unwilling to hear them:—

“Two human creations which are essential to the existence and continuance and magnificence of our civilization, are the machine and the corporation. There is no question as to the soullessness of the machine. The machine, no matter how perfectly developed, belongs to the order of nature and is entirely without personal rights or responsibilities. The corporation, however, equally a creature of man, has been, partly by fiat and partly by evolution, endowed with many of the rights and privileges and responsibilities of personality, and yet it is soulless. Because of this its existence has become the nightmare of this age. It is a ‘Frankenstein.’ It is a monster; and, as we are now learning, is never more to be dreaded than when it undertakes to play the *rôle* of benefactor. Unlike a machine, a corporation may become more powerful than the men who think they manage it. The engineer controls the mighty locomotive of the New York Central Railroad, or if he loses control, it can at the worst crush the animal life out of him. The President of the New York Central Railroad Company is the servant and not the master of the corporation, and it saps his manhood. Moreover, as the corporation enters into competition with individuals it forces them down to a standard of soullessness in business matters. The most powerful and important personage in our modern life, the one which controls more votes, shapes more legislation, exerts more sway over the minds of courts than any other class of personage, is a personage without a soul.

“What is to be done about it? And are we able to do what should be done? Or is it too late? Have we created something which we ought not to have created but cannot now destroy? Was it a mistake to personify the corporation? If so can it now be depersonified? Can it and ought it to be taken out of the kingdom of man and degraded to the king-

<sup>1</sup> Rev. J. P. Coyle, in *The Kingdom*.

dom of nature along with the machine? Or is the more divine thing to go on and implant a soul in it? And are we, the men of to-day, divine enough, is there enough of God in us, to go through with what we have begun, and breathe the breath of life into these beings which we have created that they may become living souls? May God help us!"

What is the precise question now before us. Let us analyze the subject-matter:—

1. All power ought to be wielded by intelligence and conscience. To put vast power into the hands of a being that has neither intelligence nor conscience is a criminal procedure.

2. Property is power,—the most concentrated kind of power.

3. Property must, therefore, always be controlled by intelligence and conscience. If the state puts vast accumulations of property into the control of beings that are lacking either in intelligence or in conscience, the state is guilty of an enormous wrong.

4. It is a common saying that corporations have no souls. If so they must be lacking in conscience, if not in intelligence. I suppose that this is the real meaning of the saying—that a corporation has no moral sense, and must not be expected to govern itself by the ordinary principles of morality.

It is, however, by no means true that all corporations are administered without regard to moral principle. The men who constitute some corporations are just as scrupulously upright in administering their affairs as they would be in administering a private estate. It is quite possible to conduct the business of a corporation with a constant regard for the rights and interests of the whole community. When it is so administered it is a beneficent power. And the law of Christ requires every man who is a member of a corporation to see to it that it is administered in this way, and in no other.

But a great many corporations have accepted the theory of their own soullessness, and live up to it as well as they

can. Their power is used in a perfectly conscienceless manner for the spoliation of the community and for their own enrichment. They contrive to levy vast tribute upon the industry of the whole country: their burdens are borne by all classes. And this is done, in many cases, by a most flagrant violation of law.

Take two instances. The Atchison railway system, which is now in the hands of a receiver, was reported, by an expert accountant, as having been managed with an entire disregard of common honesty. Its resources were overstated to the extent of seven millions of dollars; and thus investors were deceived and swindled. I heard bitter words spoken about it in England last summer that made me blush for my country. It has practised a systematic evasion of the Interstate Commerce law by which unlawful rebates, to the extent of four millions of dollars, have been concealed. All this is criminal action. Here is a great corporation defying the law and defrauding the community. The extent of the wreckage caused by this failure will be five times greater than the destruction of property in the Chicago riots. Mr. Debs is in jail, I believe. How about the Atchison magnates? When combinations of laborers work mischief we all cry out that they must be punished. Are we quite as strenuous in our demands that when worse mischiefs are wrought, by methods no less nefarious, but a little more genteel, they also shall be punished? That is one instance. Here is another:

Senator Sherman stated, not long ago, in his place in the Senate, that the incorporators of the Sugar Trust, "upon a basis of \$9,000,000, issued \$75,000,000 of stock, and \$10,000,000 of bonds, and paid upon it, watered stock and all, from six to twelve per cent interest every year, *every dollar of which was at the cost of the people of the United States.*" We know, in part, how they have managed to do it: their contribution of campaign funds to both political parties has enabled them to manipulate the national legislature. But is

it not monstrous that such a tribute as this should be levied upon a whole nation for the enrichment of a few men? And is it not clear that property which is administered in this way becomes not only an awful engine of oppression, but a tremendous menace to our liberties?

Now I think that if we, the people of America, mean that this nation shall continue to stand for a genuine Christian democracy we must at once confront the fact that the day of judgment has fully come to all these great combinations of corporate wealth. Such vast accumulations of power cannot be left in the hands of soulless and conscienceless organizations. These corporations must find out whether they have souls or not. If they have and will demonstrate the fact by a conscientious administration of their trusts, there will be no disposition to interfere with them; they will be honored and praised and rejoiced in, as the ministers of God. Such they are now, in cases not a few. But if it becomes evident that they are, with few exceptions, gigantic egoisms, recognizing no relation to the community but that of a predaceous animal, then their power must be taken from them, at whatever cost. The nation is itself a moral organism, and it cannot entrust the greatest power under its control to immoral or unmoral agents. The nation must see that its enormous resources of material power are kept under the control of intelligence and conscience. A man has conscience and moral sensibility; and it is safe therefore to leave him free, under moral influences, to handle the resources of material wealth. But if a corporation has neither conscience nor moral sensibility,—if that is the nature of the creature—and, if there is no room in its constitution for the development of such faculties, then it cannot rightly administer wealth; and the nation must take it firmly in hand and establish a rigid supervision of all its affairs.

I think that in this rather cursory discussion I have uncovered certain "dangerous tendencies of current industrial

life." And I believe that the principles which I have just stated are perfectly clear and perfectly sound. You get down here to foundations which are as solid as Gibraltar. And it is high time that we had cleared the rubbish from these foundations, and had begun to build the fabric of our jurisprudence firmly upon them. When we are ready to do this, we shall find, I think, that outbreaks of violence from the working classes will be much less frequent. This nation cannot afford to give any room to the suspicion that combinations of laborers are judged by a more rigorous law than combinations of capitalists. Upon both these classes of combinations must be enforced the Christian law which binds us all to use all our powers with constant reference to the common good. This is the way of righteousness and it is the only way of peace.