

TRUSTS

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Trusts by S. C. T. Dodd

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S. C. T. DODD

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S. C. T. DODD.

1900.

ADDRESS AT SYRACUSE UNIVERSITY, 1893.

AGGREGATED CAPITAL.

Mr. Chancellor and Members of the University :

I desire it to be understood that I am neither a public lecturer nor a political economist. Still less, I am very sorry to say, am I a capitalist. I shall treat the subject upon which you have invited me to speak this evening as a practical man, and from an historical rather than theoretical point of view.

To study the history of aggregated capital one must begin at a comparatively recent date. The ancient world knew little about it. Wealth, in the hands of single individuals or families, accumulated to wonderful proportions, but it was unproductive wealth. Business was too ignoble for the Egyptian, the Greek, the Roman aristocrat. Plato, in his laws, ordered a citizen to be punished if he attempted to concern himself with trade. Augustus is said to have condemned a senator to death because he so degraded himself as to engage in manufacture. Rome obtained her wealth by plunder, not by production. Hence, these nations knew little of capital as we are to consider it this evening—wealth used in reproducing wealth; still less did they know of aggregated capital—large capital composed of aggregations of the smaller capitals of persons associated in trade.

Little did that great commercial nation, England, know of aggregated capital until within the last three centuries. Prior to that time wealth was almost solely in landed estate, or in personal property used for hoarding or display. Trade was considered unworthy of a freeman. The business man, or shopkeeper, is still looked upon with contempt by the English landed aristocracy, a survival from those old days. Then there was little demand for active capital and none for aggregated capital. There were no banks in which small savings might be placed for use as an aggregated mass. Outside of farm labor there were no employers or employees. The tailor needed only his goose and needles, the tinker his pot and irons, the cobbler his hammer and last, the farmer his plow and spade, and the few tools necessary to manufacture his wool, flax and skins, for his own use.

Now all is changed. Individual labor, where a man is at once master and man, is almost unknown, except remote from the great centres of trade. Labor is divided and subdivided, and is carried on by means of costly machinery in great factories. Workingmen are hands, and are subject to the directions of superintendents. The smoke of the workshops and the railways carrying products befoul the landscape and vex the hearts of John Ruskin and his sentimental followers; trade strikes and riots are known; capital and labor are, or are said to be, at enmity. For this aggregated capital is responsible, because without aggregated capital commerce and manufactures are impossible.

Surely those must have been idyllic days before the great change. The farmer plowed his soil and called no man master; the plow-boy went merrily whistling to his work as the sun rose above the hills; the milk-maid skipped over the dewy fields; the harvest was gathered

home with songs and rejoicing; the villagers danced at eve about the beribboned May-pole. All was like a scene in an opera and just as real. No such days existed except in the imagination of poets. England, prior to the days of the introduction of machinery and her extensive manufactures and commerce, was a very different land from that pictured. The mass of the people lived in abject poverty. Their food was peas, black bread, fern roots and the bark of trees. Their clothing was of leather or their limbs were wrapped with wisps of straw. Their thatched huts were without chimneys or glass; a hole in the roof partly carried off the smoke from the fire on the mud floor, and the fire had to be covered at the ringing of the curfew bell. Many of the people were as savage as Indians. Half-naked women chanted wild measures, while the men with brandished clubs danced a war-dance. One-half of the families did not know the taste of fresh meat, and most of the other half had it but once a week. Roads were mere gullies filled, in wet weather, with mud, through which travelers floundered on foot or on horseback. The king and court traveled in carts drawn by oxen. The first carriage was introduced in 1561. It was deemed a sinful luxury, and was denounced as "a temple in which cannibals worshipped the devil." The houses were without ventilation; the floors were covered with rushes, the bottom layers of which were left untouched sometimes for twenty years, alive with vermin and foul with unspeakable abominations. The house servants went about naked or in extremely filthy garb, and slept on the ground by the fireside at night. Noblemen were destitute of comforts which are now the necessities of every workingman. Clean shirts were almost an unknown luxury; the coat-sleeve served the purpose of a handkerchief. The purest country air was fouler than the air of our city slums; the

death-rate was double that of to-day, and men were old at forty. The people were as degraded mentally and morally as physically; a majority of members of Parliament could neither read nor write; religion consisted in reciting the catechism or in ecstatic visions; the cart ever creaked on its way with victims to Tower Hill or Smithfield or Tyburn.

Such was "Merrie England," such the "golden age" of the past, to which imaginative men would have us return, and to which we will return when we shall have abolished trade combinations and the aggregations of capital which alone render modern industry possible.

The great factors of modern progress have been associations of individuals and combination of capital in business. Without this, commerce, manufactures, business, in the modern sense of these words, cannot exist. While England was still in a state of semi-barbarism, other nations had experienced the light of civilization, and the path of commerce and civilization was identical. In all ages and countries commercial centres have been the centres of culture, arts and sciences. It is only necessary to refer to Carthage, Corinth, Athens, Alexandria, Palmyra, Rome. During the dark ages civilization was preserved by the commercial Arabs, and had its seat in their beautiful cities in Arabia, Africa and Spain, and after the dark ages it was restored to the West through commerce. The Venetians, the Genoese, the Florentines, and after them the Portuguese and the Netherlanders began to learn the powers of association and of aggregation of capital. They established banks; they formed great combinations for trading purposes, such as in modern days would be called trusts; they sought for treasures in distant lands; they covered all known seas with their commerce. Trace the paths of this trade from the direc-

tion of the rising to the setting sun, through Venice, Florence, Genoa, the free cities of the Rhine and the Netherlands, and you trace the direct and almost contemporaneous path of knowledge, enlightenment, arts, culture, comfort, and all that makes civilization.

The Hanseatic League, a trust which embraced not only thousands of persons, but cities and states, with capital without limit, penetrated the known world, kept free the paths of commerce from the freebooters which preyed upon it, and redeemed the north of Europe from barbarism. The great East India trading companies not only discovered America and opened up the treasures of many lands, they brought also to Europe the arts and learning of the world. Still better, by association of mind with mind, like flint striking on steel, mental fire was created, thought was developed and Europe evolved a civilization far in advance of that of other lands.

It was not until the close of the sixteenth century that England began to feel the spirit and effects of association of persons and capital, and of the extended commerce they made possible. The defeat of the Armada and the decadence of Spain opened the seas to English merchants. In 1553 a great company was formed to trade with Russia. In 1578 Drake circumnavigated the globe. In 1600 the first English East India Company was formed. In a few years Englishmen were buzzing over the world, taking possession by their associated companies of old and new continents. The American colonies were formed by chartered corporations whose capitals were subscribed by English merchants. Such were the Virginia companies, the West India Company, the New England Company and a host of others. They were mere trading companies. The Pilgrim fathers tried, but could not obtain a charter; their enterprise, however, was fostered

and encouraged by the London Company and the Plymouth Company, which companies had sent expeditions to, and had fully mapped, the coast of New England before the Pilgrims landed. The cynic who said the Pilgrims came here for "God and gain" was truthful, but not necessarily reproachful. The act which has God and gain for its motive is not likely to be wrong.

Almost contemporaneously the condition of England began to improve. Pavements were laid in the filthy streets of London, and their darkness was, if not dispelled, at least made visible. The smoky and unwholesome cottages began to give place to houses of brick and stone with rooms "large and comelie" and lighted with windows. Stoves were introduced. Men began to experience the luxury of being warm. Beds with bolsters took the place of the floor with logs. Clean wood floors and even carpets appeared instead of vermin-infested and filthy rushes. Shirts began to be worn and even washed; and handkerchiefs usurped the place of the coat sleeve. It was the inevitable result. It is with men as with wind and water, movement means life, stagnation means death. Capital is the force which vitalizes society.

But still a new era was to dawn for England. Commerce made manufactures necessary and necessity stimulated invention. In 1769 Hargreaves invented the spinning jenny, and soon after Watt invented the steam engine. Henceforth labor was to be conducted less and less by the vital force of man, more and more by the forces of nature guided and governed by man's intelligence. The co-operation of many men and the aggregation of their small capitals was necessary to erect factories, to purchase machinery, to organize labor and to secure its results by opening markets for the exchange of manufactured products among all peoples. This was followed by