

Scott Nearing's Direct Testimony

Q. What is your name?

A. Scott Nearing.

Q. How old are you?

A. 35.

Q. Where were you born?

A. Morris Run, Pennsylvania.

Q. Your parents born in that state or were they born elsewhere?

A. My father was born in New York and my mother in New Jersey.

Q. Are you a man of German extraction?

A. My mother's family were Polish, her name was Zabrisky; formerly it was Zabrowski, and my father's name was Dutch, the family name was Van Neering.

Q. How long have they been in this country?

A. Both families have been here for 200 years.

Q. You are a married man?

A. Yes.

Q. Have you any children?

A. Two children.

Q. Their ages?

A. 4 and 6.

Q. Where did you attend school first?

A. I first attended school at Morris Run.

Q. Before I go into that, what business was your father in?

A. He is a broker.

Q. Where?

A. New York.

Q. What kind?
A. Stock broker.
Q. Now, have you any brothers?
A. Two.
Q. With reference to the army, will you state?
A. I have one brother in France in Bordeaux at the present time and another brother who was in the army but has been dismissed or discharged.
Q. Volunteers?
A. One volunteered and one was conscripted.
Q. You and your family are on good terms notwithstanding your views on economics?
A. Yes.
Q. Will you state your general course of study and work please?
A. I have attended school at Morris Run, Pennsylvania, at Philadelphia, in the elementary grades, in High School; I attended the Temple University, the University of Pennsylvania, academic course, and the University of Pennsylvania graduate school.
Q. That finished your career as a student in the schools or being a pupil in the schools?
A. Yes.
Q. What line of work or endeavor did you take up then?
A. I was secretary of the Pennsylvania Child Labor Committee from 1905 to 1907.
Q. How was that committee constituted?
A. It was a volunteer society of mostly political people, liberals, I suppose, who were interested in the child labor problem in Pennsylvania. At that time Pennsylvania was the second largest manufacturing state in the country and we had more working children in Pennsylvania than in any other state in the United States: in the mines and in the silk mills and in the textile factories and the glass houses, particularly.

At that time the age of child labor in Pennsylvania was 13 and there was a very vigorous campaign to arouse public sentiment to raise the age to 14 for day work and 16 for night work. I was secretary of that volunteer committee that was busy with that campaign.

Q. How long did you serve in that capacity?

A. Two years.

Q. Following that, what?

A. Following that I became a teacher in the University of Pennsylvania.

Q. What did you teach there?

A. I taught economics and sociology.

Q. How long did you continue in the university as a teacher?

A. Nine years. During that same time I taught three classes a week at Swarthmore College from about 1908 until about 1912.

Q. Did you write any books at that time?

A. A number, yes.

Q. Can you give us the names of some of them?

A. The first one was a book on economics which was called "Elements of Economics"; and I wrote that in collaboration between myself and one of my fellow instructors, F. D. Watson, who is now professor of sociology and economics at Haverford.

The second book was my doctor's thesis, called "Social Adjustment."

The third one was based on my experiences with the Pennsylvania Child Labor Committee.

Q. Coming to the first one, did that have a general circulation?

A. No, it was a text book, and used in colleges and used to some extent in more advanced high school classes.

Q. In what state?

A. Well, I cannot tell you as to what state. It was

published by The Macmillan Company and circulated throughout the country and in England because the Macmillan Company is an English firm, and the American offices are the branch offices.

Q. Did you write any other books while you were there?

A. I mentioned "Social Adjustment." That was my doctor's thesis. That was also published by the Macmillan Company.

Then I wrote a book called "Solution of Child Labor Problems" that was based on my experiences with the Child Labor Committee.

And then the next one I wrote was a book called "Social Religion." That was an attempt to apply the principles which are laid down in "Social Adjustments" to the ethical or religious field.

Then I wrote another book called "Social Sanity." Which was an attempt to show that changes are bound to occur and that if we are wise and foresighted, and if we understand what is coming they can occur sanely and intelligently and constructively; but that if we are stupid and bigoted and refuse to see what is coming, the changes may overtake and wreck our civilization.

I tried to point out that the ruling class in society, the people in charge and in control of any society would do well to realize that progress is bound to be made and would do well to study the problems of progress and see that they were sane rather than the chaotic progress. Changes will come anyway and the question is whether they will come wisely or insanely.

Then this little book published by B. W. Huebsch, called "The Super Race." That is a study in the improvement of race standards, or improvement of our racial stock. It is an attempt to show that people can be better born if they exercise the wiser pro-

visions, that we can become a better racial stock to begin with.

Then the fourth book is one called "The New Education"; and that was a book written and describing some of the most promising educational experiments that were being carried on in the United States at that time.

I traveled all over the country and studied all of the most progressive school systems and I wrote out a series of chapters or articles—they were both—concerning the new work that was being done in education.

Then there was another series of five books, the first one: "Wages in the United States." That was an attempt to show what wages were being paid in the United States and it was the first attempt, so far as I know in the country, to study wages.

That was published in 1914. It was the first attempt by any other than governmental authority to study wages; and the most astonishing thing about the book, about the study, was the smallness of the wages that were paid. The great majority of the working people at that time got less than a decent wage, nine-tenths of the men got less than \$1,000 and nine-tenths of the women got less than \$600 a year. And that held true both of the railroads, industries and factories, all up through the line of industry at that time.

That was the first of a series of five books dealing with the question as to the income of the country as it was at that time.

The second was a book called "Financing the Wage Earner's Family"; and that was a study of our standards of living. The study of wages was an attempt to show how much the people got, and this study was an attempt to show how much they needed in order to

maintain physical health and social decency.

The conclusion from this study was that the majority of workers, both men and women, at that time, 1915, were getting less than a decent wage; that is less than a wage which would enable them to maintain physical health and social decency.

The third book in that series was a book called: "Reducing the Cost of Living." That was an attempt to show that even where men were getting comparatively good wages, their income was being cut down by the increased higher prices.

This book was an attempt to indicate some of the possible remedies for the high cost of living.

The fourth book in that series was a book called: "Income." That was a study of the whole question of income and as to how it was divided up between wage earners and property owners. I tried to make one of the points in that book which is one of the well known points in the socialist doctrine, that there were only two sources of income, or from which income can be derived:

A man is paid because he works, as a man who works on a railroad; and a man is paid because he owns, as a man who owns stocks and bonds in a railroad, and who did nothing actively himself to give him that income. And I tried to work out, using the word "income," to see how it was divided between the two classes.

Q. Do you use it in illustration of a man who worked on a railroad. Do you confine that to manual work?

A. Anybody that performs a social service, that includes the president and everybody else on a railroad.

Q. In other words, your definition of work includes the service rendered by the president, the manager and by all who perform a service in the operation of the enterprise, whether managerial or otherwise?

A. Yes, who perform any useful service, social service; that includes also the man who plays the violin and writes good poetry.

Q. (By Mr. Barnes): Does that include the lawyer?

MR. STEDMAN: I hope not.

A. And the fifth book in that series was a book called "Anthracite," which was a study of the anthracite coal industry, in which I attempted to show by one industry what I have been trying to show was common to all others. I took up the matter of wages of a man located in that region and in that industry, what is the income from the anthracite coal industry and tried to arrive at a conclusion as to the contention between the miners and the operators and the general public, and the conclusion was that the operators, the owners of the mines, ten operating railroad companies which owned over 96 per cent of the mines and wherever there was an increase in wages which had been granted, it had been more than offset by the increase in the cost of living; and the increase in wages was shoved over by the operators in the form of increased prices to the consumers; and while the operator made more in dividends and the labor got some more in money wages, the consumer always footed the bill.

And the last book was a book called "Poverty and Riches," which was a book in which I attempted to describe the results of our industrial system; the results on a man who worked and the results on the owner, the results in the form of poverty, the results in the form of riches; and then I have a chapter on industrial democracy.

That includes about all of them except a number of pamphlets, about a half a dozen pamphlets.

Q. Will you name those?

A. "Work and Pay," "The Coal Question," "The Menace of Militarism," "The Germs of War," "The

Great Madness." I think that is all.

Q. How long did you serve in the University of Pennsylvania?

A. Nine years.

Q. When did you discontinue?

A. 1915, June 1915.

Q. In just a short way, what were the circumstances of the termination of your services?

A. Why—

MR. BARNES: I do not think that we want to go into Mr. Nearing's trouble with the university at that time.

THE COURT: I don't think so either.

MR. BARNES: We will concede he left the university.

THE COURT: He can say there was a difference of opinion between him and the trustees.

MR. STEDMAN: I want to bring it out so they would not think he rifled the treasury or anything of that sort.

Q. Where did you go from there?

A. University of Toledo.

Q. How long were you there?

A. Two years.

Q. Did you resign from the Toledo University?

A. I resigned, and my resignation was rejected, and then the trustees "fired" me.

THE COURT: Is that an academic university?

THE WITNESS: The University of Toledo is a municipal university. The University of Pennsylvania was a state—well, a semi-state university. The University of Pennsylvania had an appropriation of about a million dollars a year from the state legislature, and the University of Toledo was a different university, it was maintained entirely by what you people here refer to as the Board of Aldermen, and there it was called

the City Council.

The University of Pennsylvania had a board of 23 trustees, who were self-perpetuating, that is they elected their own successors.

Q. That is the Board as to the University of Pennsylvania?

A. Yes, and as to the University of Toledo, the members were appointed by the mayor and confirmed by the city council, so that the University of Toledo was a much more democratic institution than the institution of Pennsylvania.

Q. Had you, prior to disassociating yourself or having yourself disassociated from the Toledo University, given any addresses in reference to the war?

A. Quite a number.

Q. Will you state in just a terse way what was the theory of your addresses on the subject of war?

A. The theory of my addresses on the subject was the same as the theory that I had been working out for a number of years.

When I went into the University I didn't have any particular economic point of view. After two years with the Pennsylvania Child Labor Committee I became convinced of certain facts, and the foremost of those was that under the present system the rule of procedure is: "Let him take who has the power and let him take who can," and "every man for himself, and the devil take the last fellow."

Because in Pennsylvania, without any sense of apology, the manufacturers, the miners, put youngsters into their factories and mines who had no business to work and ought to be in school, little boys and little girls, and then proceeded to make profits out of them; and when we went to the legislature to try to get laws keeping children under 14 out of mines and factories—

MR. BARNES: I don't like to interrupt on this

line, but we are not interested in the child labor question here, and I have no objection to the witness stating his views; but I don't think he should detail all the work that he did and the fight that was had in Pennsylvania, all of it.

THE COURT: I quite agree with you.

MR. BARNES: All of us sympathize with the child labor movement.

MR. STEDMAN: All sympathize but we don't do much; that is the difference.

Q. Will you cut it right over to your addresses on the war issue and take it from there if you can?

A. I think it was in the Fall of 1916 I delivered a series of speeches on preparedness. At that time the President had made a swing around the country and he said that if those who disagreed with him had any public sentiment on the other side, they should hire a big hall and go out and get crowds. So we hired some big halls and we went out and got big crowds in all the cities, or most of the cities where he had spoken.

And during the series of addresses I made a talk on the germs of war, and I afterward published that speech in a pamphlet of the same title that was published by a concern in St. Louis, I think in the late Fall of 1916. Do you want me to tell what the theory behind that is?

Q. Yes, you have now characterized your addresses, and I want the theory that ran through them.

A. Well, the theory behind it, behind the "Germs of War" was this:

That if a town was threatened by typhoid fever the first thing you would want to know was what the origin of the germs was, and having discovered the origin or source of the difficulty, you would proceed to correct it from the bottom up.

The war is a social disease, the most deadly of all

our social diseases and if you want to know how to stop war you have got to go to the bottom of the thing and reach down to the germs or origin of war.

And then I took up the question of the origins of war as it is taken up by Hobson in his "Imperialism" and by F. C. Howe in his "Why War," or by H. N. Brailsford in his "War of Steel and Gold."

I took up this theory, that in the modern economic world there have been three important stages:

In the first place there was the stage when nations reached out for colonies as Spain, Portugal, France and the like;

And then there was the stage when the nations reached out for markets, and that has been the stage of what we call capitalistic society.

In the last 100 years or 150 years the great nations have been looking for markets, and they have had to look for markets because the workers, who produce the wealth, get less in wages than they produce in value, that is, if a worker produces five pairs of shoes, he gets two pairs or three pairs in wages. That is what we call a subsistence or a necessary wage, and then over and above that there will be a margin, and that margin goes to the capitalist in rent, interest, dividends and profits.

Now the capitalist can use only a certain amount of that margin; in the United States at the present time there are about 35,000 individuals who receive over \$50,000 a year.

If a man spends \$10,000 a year under modern conditions he can live comfortably, he can have the comforts and simple luxuries of life.

Now if a man lives comfortable under those circumstances, he would have \$40,000 left over.

Now take the sixty-seven richest people in America having a total income of \$300,000,000 and \$298,600,000

of that is in the form of rent, interest, dividends and profits, and \$1,400,000 is in the form of salaries and commissions. That is, there are salaries and commissions averaging \$20,000 a year apiece.

And over and above that, about 99 per cent of their income is in interest, rent, dividends and profits.

Now that is the surplus over and above of what goes back to the worker in the form of wages.

Now, I say if a man spends \$10,000 or \$15,000 on his living that is all that he can spend and he must spend the difference or at least put the difference in service in some other way. There are two ways that he can utilize it:

He can invest it at home or he can invest it abroad. So long as there are investment opportunities at home, the capitalist, or the man who gets the surplus, invests that, we will say at home. When the time comes that he can no longer invest it at home he has got to send it abroad and that is what we mean by a search for foreign markets. In China and South America and portions of Africa there are unexploited resources: gold mines and iron mines and the like and franchises, trolley franchises and electric franchises, etc., and the capitalist in America or any other capitalistic country takes the surplus that has come to him and invests that surplus in South America or China or Africa or somewhere else.

Ever since about the time of the Franco-Prussian war we have been engaged in sending abroad the economic surplus. That has been true of England, Belgium, France and Germany, and to a small extent Italy and since 1900 that has been true of the United States.

Now, you take the investment field like that in Mexico, for example, around Tampico there are extensive oil properties and of course there are large interests in Mexico.

On the one hand there is the Standard Oil Interests and on the other hand the interests of S. Pierson & Company, the English oil trust, if you could call it so; and these two interests both buy in Mexico oil lands and sometimes they come into conflict, the English Pound and the American Dollar both looking for the same oil well.

In 1850, I think, Lord Palmerston, a British statesman, enunciated the doctrine that the flag follows the investor. The British Pound goes into Mexico and the American Dollar goes into Mexico, and the British flag follows the British Pound into Mexico and the United States flag follows the American investor into Mexico, and when the investor comes into conflict, why the flags come into conflict.

And our theory, my theory, the socialist theory of modern wars is that whenever you get these commercial rivalries developed and established, the result is bound to be war.

We have just seen an interesting illustration of that, probably all of us have been following the end of the war with great interest. The British called us in to help them win the war and we went in and helped them win the war and no sooner is the war over than they declare an embargo on 40 different American articles, and then in the United States Senate the day after, I think it was Senator Lewis rose up in his place and said "Let the British statesmen beware lest they reawaken the spirit of 1812."

And another senator, I think Senator Nelson, spoke up and said something about "bloody reprisal."

Now, we are supposed to be on good terms with Britain and Britain says "you cannot import articles into Britain." And the American senator says "We will make reprisals on Britain." And just as soon as you get that kind of an economic conflict started, you

have the germs of war.

And our theory is that as long as you follow the dog eat dog philosophy in national or international affairs, so long you will have wars that will be based primarily upon the desires of commercial groups for aggrandizement.

I have in my hand here an article written in 1915 by Prof. E. R. A. Seligman, professor of economics of Columbia University. Professor Seligman has been, so far as I know throughout the whole controversy, a pro-war man, he is not a Socialist, he is an extremely conservative man and has been conservative and has taken the conservative position on the question of the science of economics throughout this work which is his specialty, and he has written a book called "Economic Interpretation of History" which is one of the standard works on that subject.

Professor Seligman, as I say, is a pro-war conservative. He says:

"While economic conditions indeed do not by any means explain all national rivalry, they often illuminate the dark recesses of history and afford on the whole the most weighty and satisfactory interpretation of modern national contests which are not clearly referable to purely racial antagonisms alone."

Q. Let me ask you then, do you appreciate the fact that racial antagonisms have, or are in effect in war?

A. Undoubtedly.

Q. And also religion may affect it?

A. Undoubtedly.

Q. And what you mean is the economic determination or principal factor in determining war?

A. Yes, the economic conditions of life determine all the conditions of life. Just as roses and cabbages grow in the same dirt, in the garden, so racial antagonisms and national antagonisms root back in the eco-

conomic life. We all have to eat and dress.

Then Prof. Seligman in this article goes on and discusses this particular war and he shows how economic factors have been at work, and then he says:

"To say then that either Great Britain or Germany is responsible for the present war seems an unbelievable and curiously short-sighted view of the situation. Both countries know, all the countries of the world are subject to the sweep of these mighty forces over which they have but slight control, and by which they are one and all pushed on with an inevitable fatality."

That is his thesis and that is the thesis of the Socialist Party, although Prof. Seligman is by no means a socialist.

I have here another statement interesting and corroborative of that point of view. This is some of the material on which I was working when the "Great Madness" was written and when the "Germs of War" was written.

This is an excerpt from "Sea Power," a magazine published by the Navy League in September, 1916.

This is the Navy League's creed:

"The Navy League believes that most modern wars arise largely from our commercial rivalries.

"2. That we are now seizing the world's trade.

"3. That following the present war will come the most drastic commercial readjustments and the most dangerous rivalries ever known.

"4. That the United States will be the storm center of these disturbances.

"5. That consequently it is our duty to guard ourselves against these dangers while there is yet time."

And then in another of their magazines, "The Seven Seas," another of their publications they say:

"Since the days of the wars, in the name of the Prince of Peace, the battles between nations have ever

been with them directly or indirectly a question of conquest."

Q. Where is that from?

A. That is from the Navy League, that is an organization of the largest business interests in the United States.

The Navy League theory is like Prof. Seligman's theory and that is like the socialist theory.

Q. And that is the theory which you had in mind, and which you were supporting in your "Great Madness?"

A. Yes, sir.

Q. Have you a copy of the "Germs of War" with you?

A. Yes.

Q. Will you now take up the portions of that which are distinguishable, in theory, from portions of "The Great Madness"?

A. The fourth section of the "Germs of War" is headed "Treasonable Lying and War."

"Before human nature can be sufficiently embittered and terrified to produce war between great nations, someone must do a great deal of missionary work. The people must be prepared for war. They must be appealed to, stirred up, exasperated, enraged, infuriated.

"A thorough-going war spirit can be extracted from life only after years of steeping and simmering. Children are taught to hate. In their games they slaughter their foes—by name. Then school books teach them to hate, by distorting the facts of history and by misrepresenting their enemies. Their military drills and patriotic appeals teach them to hate, by making them believe that their country is the greatest, strongest country on earth, and their enemies' country is the weakest and meanest. Their churches teach them to hate by telling them that God is on their side, while their enemies are in league with the devil.

"Thus steeped and schooled in hate, enthusiastic, patriotic and ignorant, they go out to wage war against oppression in the name of liberty.

"The United States is now in the midst of a campaign of misrepresentation, the like of which has never before been undertaken in the history of the country. For years, the American reading public has been treated to a flood of systematic lying about Mexico. So serious did the situation become that the President of the United States was finally forced to issue a warning which was printed in the papers March 26, 1916. Among other things the President charged the great vested interests with a deliberate attempt to start a war with Mexico by circulating false news through this country. He said, "The object of this traffic in falsehood is obvious. It is to create intolerable friction between the Government of the United States and the de facto government of Mexico for the purpose of bringing about intervention in the interests of certain American owners of Mexican properties."

"By way of further emphasis, the President added, "The people of the United States should know the sinister and unscrupulous influences that are afoot, and should be on their guard against crediting any story coming from the border, and those who disseminate the news should make it a matter of patriotism and of conscience to test the source and authenticity of every report they receive from that quarter."

"Here is a deliberate statement made by the highest official in the United States, that certain of the great vested interests are trying to stir up a war between the United States and Mexico, in order to safeguard their properties and increase their profits.

"The New York Times comments on the President's statement in a way that indicates that the President would have been justified in issuing his warning at any time within the past six years.

"It is well known," says the Times on Sunday, March 26th, 1916, "that false reports about the hostility of Mexicans to the American troops of the punitive expedition have been freely circulated. Southern Texas has contained many agencies for the spreading of reports calculated to involve the United States in difficulties with Mexico since the very beginning of the Madero revolution in 1910, and the methods of the interventionists have been perfectly well known to our government and the American newspapers."

"If the Times is correct, and as one of the leading papers of the country it is in a position to speak with authority,

there have been six years of deliberate effort to start a war between two peaceful countries, for the purpose of making certain American investments in Mexico 'pay'.

"Here is a group of dynamiters who are trying to wreck, not buildings but nations. Who can forget the wave of frenzied criticism that swept over the United States when the McNamara brothers were tried? They had destroyed life and property! To the gallows with them! Since the President spoke his warning against this group of buccaneers who are seeking to embroil two nations that do not want war, there has been only a feeble suggestion, in the daily and weekly press, that an investigation be made, that the offenders be discovered, tried for treason, and made to suffer the penalty of their misdeeds.

"Compare this journalistic indifference to a monstrous crime, with the attitude of the papers, toward preparedness. With a few creditable exceptions, the newspapers of the country, during the last year and a half, have come out strong for preparedness and have deliberately suppressed news of every description that bore on the other side of the question. It is enlightening to have a managing editor say to a committee of citizens interested in offsetting the wave of preparedness hysteria—'We are not here to print your side of the case, we are for preparedness. If you want space for your side, buy it.'

"Here are strange doings! The President contenting himself with a warning against treasonable acts. The press of a great country solid on one side of an issue of the most momentous consequence to the future of the country, and frankly refusing to print even the news on the other side. Why are some people anxious to bring on Mexican Intervention? Why is the American Press for preparedness and pro-Ally?"

The next section, which I shall not read, is devoted to social differences that led to war: race, nationality, language and religion as differences that led to war; political causes of the war:

"The germs of war lie deep in the competition for economic advantage that has plagued mankind for ages, and that still rides like a nightmare on the neck of the human race.

"6 The Economics of War.

"Economic conflict has appeared in many forms. In the early dawn of history men were fighting for the fertile valleys of the world,—Ganges, the Nile, the Tigris. Race after race swept down on the garden spots and drove out or enslaved those who held them. For ages, history was a record of the campaign waged by vigorous hill-tribes against the more cultured, richer and less vigorous valley tribes. Then came the wars over trade-routes, and the struggle for the control of sea-going commerce. And now, under the domination of an industrial system that is founded on the machine, the factory, the railroad, the bank and the retail store comes the international competition for foreign markets.

"The United States, despite its 'mind your own business' traditions, is deeply involved with the other nations of the world, in the struggle for foreign markets. Just now 'South American Trade' is our watchword.

"Germany held the bulk of the South American trade before the war. England, Belgium and France had a share. Until recent years the business interests of the United States were so busy with the conquest of the continent and the development of American resources that they had no time to bother with outside sources of investment and profit. Now that the important resources of the United States have been brought under private ownership, the business interests are turning eager eyes to Mexico, Cuba and Central and South America.

"American business interests have entered the race to secure their share of the unexploited resources and the undeveloped trade of 'backward' countries. They are hot on the trail, but they must meet competition, and it is out of such competition that international misunderstandings frequently arise.

"Has it ever struck you as remarkable that the European War, which began as a struggle between Serbia and Austria, should have developed immediately into a war between England and Germany? England and Germany are at war! There is nothing in their past to explain the conflict. England has fought battles with all of her principal Allies. It is little more than fifty years since she waged a bitter war against Russia. England and France are hereditary enemies. England helped to sweep Spain from her position as a

mistress of the world. So much for England's Allies. Now as to her enemies. There has never been a war between England and Germany. Always the two nations have been friends. They have the same ancestors; the same traditions. They fought side by side at Waterloo. England has never come into conflict with Austria, though her interests have been as opposite to the interests of Austria as they have been to the interests of Russia. Despite these past relations England, Russia and France are now Allies, and England and Germany are the chief antagonists in the war.

"Why?

"Why should a war begun in Central Europe change so quickly into a war between two friendly nations? Who would have thought it? Who, but the student of the competition between nations for the World's markets.

"7 War Business is Good Business.

"War business, or business war? There is nothing in a name but there is a great deal in the connection that exists between modern war and modern business.

"The modern war is a business proposition.

"The nation which prepares for war mobilizes munitions, materials, money and men. The experience of the past few months has showed that the hardest thing to get is munitions and the easiest thing is men.

"Why are munitions so hard to get? Because in a modern war the amount of munitions consumed in a single engagement would have sufficed for an eighteenth century campaign. There have been days during the present war, when one side at one point in one battle front has fired a quarter of a million shells per day, and continued this huge expenditure day after day. This is a greater use of ammunition than was dreamed of ten years ago, even among military experts.

"The peace footing of most nations has called for a comparatively small capital invested in munition factories. The countries now at war multiplied their munitions capital many times before they were on a war basis. This sudden increase in a highly specialized industry and the economic changes necessary to meet the situation, have called into prominence a new arm of the military establishment. Today the success or failure of the war is in the hands of the

'Minister of Munitions,' who has leaped into a position of supreme importance.

"Preparedness for the war involves munition-shops woolen-mills, and stable credit before one regiment can be put in the field. War today is largely a combination of business organization and applied science. Men are incidental. They direct the war machines. They are 'cannon fodder.' They play almost the same role that machine hands play in an up-to-date factory.

"Because of the business nature of up-to-date warfare business thrives on a war just as a fire thrives on fuel. During peace times buyers are careful, they look the goods over, and are slow in making up their minds. Peace times are times of calm and deliberation. War times are times of fever. Men's souls are aflame with patriotism, fear, blood-lust and hate. 'Everything goes in war time,' and at handsome prices.

"The European War has been a wind-fall for the United States. Not since the Civil War have there been such opportunities. Contracts are large, the need is pressing, price is an incident, and even quality is sacrificed to speed.

"Since the outbreak of the European War, wealth has piled up in the United States at an unheard of rate. There have been immense increases in the prices of rubber, copper, lead, zinc, petroleum, steel and other minerals, and like increases in the prices that manufacturers have been able to get for their products; the earnings of the munition factories have been phenomenal as have the dividends paid by many of the war trade industries. Export trade is at the highest point in our history. The war in Europe is the greatest boon that American business has perhaps ever experienced.

"America is enjoying real prosperity—phenomenal prosperity. To the American business world the war has been a Godsend.

"War a Godsend?

"Down below in the abyss from which America is drawing her countless millions, there are other countless millions. Cannons crash and guns splutter. Commands, shouts, cries, curses, screams and groans fill the air. Broken bodies writhe in agony. Other bodies lie still. Families are torn forever asunder; homes are desolated; children are weeping for their fathers, wives for their husbands and mothers for their sons; villages lie in ashes and cities in ruins. Pestilence creeps from house to house, and famine whines at the

door. Death in every hideous shape stalks through the war-torn countries. Nations heap up mountains of debt that must crush joy out of Europe for fifty years. Through the crevices and the yawning chasms of this frightful wreckage tiny yellow rivulets and large yellow streams make their way, forming pools and little lakes in the hollows. Upon these we fling ourselves in an ecstasy of mad joy, warning all others back and crying 'Profit! Profit! Mine.' My very own!

"It is a commercial proposition with us. They are anxious to buy. We sell. Business is good. What is it to us whether they set the guns we make in trenches or put them up as monuments in the public squares? We made the guns; they bought them. They have what they wanted and we have the cash!

"This is the point, exactly. War has become a matter of business. War profits are large profits. So much the better. We will make hay while the sun shines.

"But suppose the sun should cease to shine? Suppose the war should stop tomorrow? What would become of the hundreds of millions of capital that have been invested in munitions plants?

"There is nothing easier. We must begin now to prepare a market that may be used in just such an emergency. A large navy, and a good-sized standing army will keep a good deal of munitions capital busy, even in peace times.

"8. The War Makers.

"Those who benefit most immediately and most directly by the war business are the makers of the munitions of war. The munition makers or, more correctly the 'war makers,' depend for their livelihood on fear, hatred, preparedness, slaughter, desolation.

"The jackal is a prince, the vulture a gentleman, the hyena a reputable citizen compared with these war traffickers. God made the beasts and birds what they are; the munition business is a man-made business. The quivering flesh of nations is its food. There is more joy among the makers of munitions over one nation at war than over fifty nations at peace. These scavengers of civilization make hell on earth and then fatten on the profits of their frightful business.

"If you want a picture of the work of the munition makers, write to Congressman Clyde H. Tavenner, House of Representatives, Washington, and ask for copies of his two masterful speeches, "The World Wide War Trust" and "The Navy League Unmasked." In the first of these speeches Congressman Tavenner shows that the munition-makers have received huge profits from the United States Government. Shrapnel that were manufactured in the Government arsenal for \$7.94 were sold to Uncle Sam by the munition makers for \$17.50; time fuses were made for \$2.92 and bought from the munition makers for \$7.00; armor plate, torpedo flasks, rotary drums—all sold to the government for far more than a reasonable profit on the cost of production.

"If it is true that we are now unprepared, argues Congressman Tavenner, after spending six hundred millions in the past five years on our navy; if we are unprepared and spending half a billion each year on our war establishment, there must be some reason. 'I believe,' he says, 'that these officers who, in the expenditure of the people's money, have been paying \$115,075 for supplies which could have been obtained for \$58,246, should somewhere or in some manner be required to make a public accounting for their acts.

"Congressman Tavenner goes into the question of armor plate manufacture, which he describes as 'one long scandal.' He shows that nine official estimates place the cost of making a ton of armor plate at \$247.17. 'Yet since 1887 we have purchased 217,398 tons of armor, paying the armor ring an average of \$440.04 per ton.' Then he shows how the armor plate makers of England, Germany, Austria, France, Italy and the United States formed an armor plate trust and he tells of the scandals in all of those countries and Japan that arose out of the efforts of these war traffickers to sell more armor and thus make more profits.

"He shows how the war makers manufacture news, misrepresent events, publish false alarms, and create fear in order to sell munitions. Case after case he cites, in which European Governments explored the trail of the war makers, and found them plotting and planning to create the same kind of intolerable friction between European Governments that the American interests referred to by the President have been attempting to create between the United States and Mexico.

"Most vital of all, he shows that while the United States Government was experimenting with powder, and turning

the results of their experiments over to a great American firm of powder manufacturers, this American firm had a contract with a German firm which required it to inform the German firm of 'every improvement' in their process of manufacture, and to keep them advised of the orders for powder received 'from the Government of the United States, or any other parties.' This firm was actually turning over to the German firm full information regarding all of the powder secrets and powder business of the United States Government.

"Furthermore, Congressman Tavenner shows that a man high in the military circles of the United States was formerly in partnership with one of the great munition firms, and that one of these firms employs an Ex-Army Official and Ex-Member of Congress to attend to its business in Washington. So, page after page, the sickening recital continues.

"The speech 'The Navy League Unmasked,' shows that these same war makers, or their representatives run up and down the land and, in the name of patriotism cry 'Prepare,' well knowing that each dollar spent for preparedness is money in their pockets. There is something sinister for the future of the republic in this 'pocket-patriotism' or 'profits patriotism' because, in the last analysis, it is no patriotism at all.

"A group of Mexican bandits recently made a raid on a town in the United States, killed United States citizens and United States soldiers—killed them with rifles and bullets made in the United States. If war is declared tomorrow between Mexico and the United States, these profit-patriots would sell guns and munitions to the Mexicans as readily as they shipped rotten meat to the American soldiers during the Spanish-American War. Their country is capital. Their religion is profit. Their God is gold. Yet they cry patriotism to a pathetically ignorant and patient citizenship, which is beginning to wonder whether there is not a need for preparedness after all."

"9. The Wolf Struggle of Nations.

"England was the first nation to develop the modern competitive factory industry. Her capitalists owned the resources and the machines. They hired workers, paid them less in wages than they created in product, and took the

surplus (rent, interest, dividends, profits) for their own. This surplus the owners could not consume, so they invested it in new mills and mines at home. These new investments created new floods of surplus. The capitalists then went abroad in search of investments. They found iron ore in Cuba, and Chile, and oil in Mexico. German, English and American capitalists invested their surplus there. There was hard feeling, friction, conflict. Who was to exploit their choice bits of the earth?

"Patriotic Germany was ready to protect the investments of her capitalists. Patriotic England was willing to defend her capitalists. A shot sounded from somewhere and England and Germany were at war!

"Now the American capitalists, who are in charge of a similar exploiting system, are actively engaged in their efforts to lay their hands on Mexico and South America. They are busy now, and it is Uncle Sam's turn to take a hand. The war will end. No matter whether England or Germany wins, the victor again will turn her attention to Mexico and South America.

"The same international, economic competition, based on exploitation at home and investment abroad, that drove England and Germany into war will drive the United States to war with the victor in the European conflict, no matter which nation wins. The American papers talk glibly now of sympathy with English ideals. Kaiserism they hate. Therefore they are pro-ally. They forget that the Czar is also pro-Ally, and Czarism is as repellent to American and English ideals as Kaiserism ever hoped to be.

"The United States has fought two wars with England, and been on the verge of two more. She has never fought with Germany, but it will be as easy to create friction in one case as in the other. If you do not believe it, read current events; read history, and then put two and two together.

"The conflict is inevitable! The United States is driving fast toward war. Therefore, let us prepare!

"Just so!

"This is the real cause.

"Here are the germs of war, lurking in economic competition between nations.

"Now we know why we are to prepare. Now we know why ninety-five per cent. of the patriotism around the campaign of the past year will be found among those who are

benefited by things as they are and as they are to be, with preparedness to back them.

"The American Exploiters are to continue their system of exploitation; they are to take the surplus secured by this exploitation; they are to invest this surplus for the purpose of exploiting resources and people outside of United States and the United States is to prepare to defend them in this new exploiting venture. Thus preparedness is intended to back up economic piracy.

"Do you object?

"Are you willing to pay higher prices, to add to the tax rate, to pile up national debt, perhaps to give your son, your brother, your husband, your father, in this holy cause of economic exploitation? The oil interests, the copper interests, the steel interests, the timber interests, the sugar interests, are calling to you, 'Prepare! Prepare!' will you not rush to their aid?

"You may hesitate unpatriotically, and question—'Why,' you ask, 'do they not sell their surplus products at home? There are many in the direst need here. Why not America first?' Why not? Because the wages paid by these American exploiters to the American wage earners are so small in comparison to their product, that they cannot buy back what they made. The American wage scale stands between the American worker and his product. Why are you not satisfied?

"What, you still protest? Then know this. That in the past, the American exploiters have been under a grave disadvantage as compared with their brothers abroad. They alone, among the capitalists of the world, have had no great standing army to protect their interests in their own country. Consequently malcontents and agitators have been able to stir up revolts and cut profits. Stand aside! Let preparedness become a reality and the vested interests of the United States will have an army in the words of President Wilson's last message,—'No longer than is actually and continuously needed for the uses of days in which no enemies move against us. Under no circumstances,' he says, 'will we maintain a standing army except for uses which are as necessary in times of peace as in times of war.'"

"10. Defending American Ideals.

"A chorus of protest sounds, 'This preparedness is to

defend American ideals, American homes, and American lives against the invader.'

"Therefore, we must increase our navy and our army. Therefore, we must spend more billions on war though we were, at the beginning of the European war, spending a larger portion of our national revenue on war than any other great nation. Still we are 'defenseless' and 'utterly at the mercy of a foreign foe.'

"If that is true, it might be sensible to ask what has become of the four and a quarter billions that we have spent during the past twenty years on the navy and the army. But that is incidental. The real question is whether the most threatening enemies of American ideals are in Berlin or in New York.

"No one has yet invaded the United States. Those worthy citizens who have looked under their beds for the Kaiser each night during the past eighteen months have not seen him once. The Japanese are thousands of miles from our shores. England and France have not attacked us. Why then this chorus of protest?

"Why Lawrence?

"Why Paterson?

"Why Little Falls?

"Why West Virginia?

"Why Colorado?

"Why Youngstown, and the copper strike, and the clothing strikes, and the machinists strikes?

"Why this dissatisfaction? This unrest? This embryo revolution? Can it be that the noisome tenement rookeries; the squalid back alleys; the toiling children; the exploited women; the long hours of high pressure work; and the grinding tyranny of unlimited industrial power have aroused the American people to revolt?

"Note these biting phrases:

- "1. Jobs uncertain; strikes; lay-offs and sickness.
- "2. Promotion and advancement uncertain and slow.
- "3. Favoritism and partiality are frequently shown.
- "4. Pay small and limited while learning a trade.
- "5. Same old, monotonous, tiresome grind every day.
- "6. Stuffy, gloomy and uninteresting working places.
- "7. When sick, your pay stops and doctor's bill begins.
- "8. If disabled or injured you receive little or no pay.
- "9. If you die your family gets only what you have saved from your small wages.

"10. Little CLEAR MONEY; nearly all your pay goes for your living expenses.

"11. Old age, sickness, little money saved, your job goes to a younger and more active man."

"Do you know where they came from? They were printed on a circular issued by Uncle Sam, to explain why young men should join the navy, and work for seventeen dollars a month and board.

"American ideals? No. They are not included in the description. That is not a picture of democracy, of opportunity, of liberty, and of justice. It does tell the story of exploitation, and hopeless, intolerable human degradation.

"The Kaiser did not do that to us. No, nor did the Mexicans, or the Japanese. Those unspeakable conditions of American life, that may be met with in every great center of industry, commerce and finance, from New York to San Francisco, and from Chicago to New Orleans, are the product of that same system of exploitation that we are now patriotically preparing to defend in its policy of foreign aggression."

This is the last section, section 11.

"11. Swat The Germ.

"No thinking man can be patriotic to such a scheme of economic aggrandizement. No rational human being can be expected to rush forward to the defense of the gang that has already picked his pockets.

"We are intelligent.

"We use our minds.

"We are for peace.

"We are willing to prepare for peace.

"The means of preparedness are as obvious as they are unwelcome to the profit patriots.

"We are against war. We think we have found the germ, of war. Then swat the germ! Let us here highly resolve that we will devote our energy, our thought, our lives to the work of destroying the germs of war. Joining hands, let us declare that:

"1. War makers must go! Henceforth, all munitions shall be made by the government.

"2. War profits must go! In case of war from this day forward, every able-bodied man in the United States will be put on the government pay-roll at \$17.00 a month, and

rent, interest, dividends, profits will cease until the war is ended.

"3. Economic Exploitation must go! The land, the resources, the public utilities, the social tools, must all be controlled and managed socially, not for profits, but for service.

"These three steps we will take in order to destroy the germs of war. Then having turned our backs on the outworn things of the past, we will begin the work of true preparedness—for life, joy, hope, and the future. In furtherance of this plan to make happy noble human beings:

"1. We will guarantee to every child the right to be well born.

"2. We will guarantee to every child the right to enough food, clothing and education to insure physical and mental health and growth.

"3. We will guarantee to each adult the full product of his labor.

"4. We will provide insurance against sickness, accident, unemployment and death.

"5. We will give pensions against old age to every man and woman who has done his share of the work of the world.

"6. We will take for social purposes all social values, whether in resources, in franchises, or in the product of any human activity.

"7. And finally we will seek to guarantee equal opportunity to life, liberty, and the pursuit of happiness through a government that restricts its activities to those necessary to provide for securing the common weal."

Q. I think you have a letter, a copy of a letter to the Toledo University that you referred to or that was referred to by Mr. Barnes.

A. This is the letter that I wrote explaining my position on militarism on March 10th, 1917, and also in explanation of my relations with the Toledo University:

"During the past few days a number of prominent Toledo citizens have made statements indicating that my further continuance at Toledo University will prove detrimental to the welfare of that institution. In order that the Board of Directors may feel free to act for the best interests of the

University, I have tendered my resignation to take effect at their discretion.

"My utterances on the question of pacifism and patriotism have let to the storm of criticism that have been excited against me and against the University. May I take this opportunity to make clear my position?"

"I am opposed to tyranny, despotism and irresponsible power, whether vested in a king, kaiser or any other individual or group of individuals.

"I believe in the democracy and the brotherhood of all men. No community can endure which ignores the Golden Rule, the basic law of social life—'Each for all, and all for each.'

"Millions of people, the world over, are today seeking to overthrow German militarism. There are two methods of securing this result. The first way is to militarize all of the great nations. I am opposed to this plan because I believe that the dearest liberties, liberties of democracy must be sacrificed in the process.

"There is another method of overthrowing German militarism—to promulgate a higher ideal than the ideal of militarism.

"Ideas and ideals are the most powerful and permanent things in the world, as our own history shows. A century and a half ago our ancestors immortalized themselves by broaching the idea of political democracy to a king-ridden world. Since that time, the idea has encircled the earth.

"The only possible way to save the present day world from militarism is to cut to the root of the problem and establish an industrial democracy, which, in its turn may prove a beacon light to mankind. If we adopt militarism, we lower ourselves to the level of German militarism. If we adopt industrial democracy, we have an opportunity to raise them to our new plane of justice and liberty.

"I oppose militarism because I believe it stands for the brute in human nature, and that if we adopt it the democracy is doomed. I hold to the doctrine,—'Peace on earth and good will among men,' because I believe that only thus can the spirit of man be emancipated and the human race be saved. They that take the sword shall perish with the sword. It is only those who are willing to overcome evil with good that can attain to the full promise of manhood.

"I revere the government that represents democracy. I honor the flag that stands for liberty and justice. So strong is my feeling on this point that I resent seeing the govern-

ment turned over to an irresponsible plutocracy, or an irresponsible bureaucracy just as I resent having the flag which is the symbol of our democracy, used to cloak special privilege and shameless exploitation.

"Militarism is the madness of the past dragging us down and destroying us. The spirit of brotherhood and good will among men is the voice of the future, calling us to a higher plane of life than humanity has ever known. To that future I have dedicated my life, and so I purpose to continue to the end of the chapter."

Q. That letter, I assume, was sent to the trustees of the Toledo University?

A. It was sent to the press of Toledo.

Q. You used the term "plutocracy." Will you distinguish it as you use it in your work?

A. Plutocracy is a word of the same root—meaning as democracy; plutocracy means rule by those who own wealth, whereas democracy means rule by the people. Wherever the wealth owners rule there you have plutocracy; wherever the people rule there you have democracy.

Q. I wish you would give a definition as to your understanding of the word "capitalist" or "capitalism" as you use it in this book.

A. The term "capitalist" I used means a person, the major portion of whose income is derived from rents, interest, dividends or profits. Therein, all capitalists are not necessarily plutocrats and all plutocrats are not necessarily capitalists.

Now all economic control is in a very few hands compared with the number of capitalists, that is, people who receive their income through rents, interest, dividends and profits.

Q. That is you think as an abstract proposition, one receiving a profit may fill both positions, so far as concrete cases are concerned, that is one man may have a salary—

A. A man may have a salary and an income from other sources at the same time.

Q. If you will now refer to "The Great Madness" which has been offered here; will you state on what you based the statements there, your conclusions?

I am directing you to recite for our information the data on which you based that theoretical position which you there state.

A. There are a number of kinds of data. In the first place the data referring to the concentration of industrial control.

Q. Will you refer to that data there if you have it, upon what you acted in making that statement and basing your opinion?

A. The trust movement, as such, ended about 1900, with the Spanish-American War, and that produced certain results, and I want to call your attention to the kind of results that that produced. Here, for example is The American Woolen Company as an instance of business concentration. The American Woolen Company has woolen mills as follows: Lawrence, Massachusetts; Blackstone, Massachusetts; Fulton, New York; two at Fitchburg, Massachusetts; Providence, Rhode Island; Maynard, Massachusetts; Dover, New Hampshire; three at Lowell, Massachusetts; Vasselborough, Maine; Plymouth, Massachusetts; Showhegan, Maine; Fairville, Maine; Harrisville, Rhode Island; Winooski, Vermont; Webster, Massachusetts; Dover, Maine; Franklin, Massachusetts; Enfield, New Hampshire two mills;—

Q. Can you give us the number of the balance without enumerating them?

A. I have read half the page and it extends for the rest and goes on over on the back. That type of organization is a concentration under one head of a large number of units like woolen mills and rolling

mills or coke ovens.

Now there is another type of trustification or concentration, for example that represented by the International Harvester Company. They make harvesting machinery in four different cities. They have twine mills in three different cities. They have iron mines, coal mines and a steel plant, a saw-mill and they manufacture gasoline engines, wagons, separators and so forth in five cities. They own four railways. In other words they owned different kinds of industries and then they have one plant in Sweden, one in Denmark, one in Norway, two in France, one in Germany, one in Austria and one in Switzerland and two in Canada. In other words, at that point industry breaks over the boundaries of national lines and internationalizes itself.

That is the second step in industry, concentration—

Q. In the illustration that you have given it breaks over a limited class of products and includes all?

A. Includes many products,

Q. Includes many other products?

A. Yes. As another illustration of the same kind might be the Standard Oil Company of New Jersey. This company owns 58 tank line steamers, it owns refineries—13 refineries, two in Canada,—one in Mexico, one in Peru and the rest in different parts of the United States. It owns a large system of pipe line property; it has a number of accessory properties where they manufacture cans, cases and so forth. Then it controls The Imperial Oil Company, Ltd. with oil wells in Trinidad, Mexico, Southern California and Peru and controls a so-called plant in Montreal. It has marketing stations in Canada. Then it controls other Companies which give it marketing facilities and manufacturing facilities in Great Britain and in seven of the other European countries; in Asia and

Australasia and South Africa. In other words you have there an illustration of an international economic unit.

After that movement had spent its force, or while it was working itself out, there came the next step, financial concentration.

I have here in my hand a copy of a chart from the report of the Pujo Commission.

Q. What commission was that?

A. That was a congressional commission appointed in 1912 to investigate the concentration of control and money and credit. It was a House of Representatives commission and they summed up their work with this chart. In the center of this chart there is J. P. Morgan & Company; Lee, Higginson & Company; Kidder, Peabody & Company; the Continental and Commercial Trust Company; The Illinois Trust & Savings; The Chicago National Bank, and then they have connected with them—I won't read all of these institutions, but it is typical of the kind of financial control,—they have here a series of connections. They have here the telegraph and the telephone industry. They have here a series of manufacturing corporations like the United States Steel, the American Radiator and the United States Smelting & Refining Company and the Baldwin Locomotive and the General Electric and The Pullman Company and The International Harvester Company and a dozen smaller corporations; and then they have the railroads, the Great Northern, the Chicago, Burlington & Quincy, the Northern Pacific, etc., the Chesapeake and Ohio and the New Haven and the New York Central, The Pennsylvania, etc. Then they have the banks and trust companies, The National Shawmut Bank, The First National Bank, The Old Colony Trust Company, Chicago, New York, Boston and a series of banks. Then they have the insurance companies, the Equitable Life, The

Mutual Life. Then they have the International Mercantile Marine.

I have not read all of the names, there are a couple of score there, but that illustrates what we call the concentration of financial control and that is the latest movement in concentration of business in the United States. In addition to the old trust units, which were individual businesses, really corelated, you now have big banking institutions like J. P. Morgan & Company reaching out into the railroads, insurance, banking, manufacture, public utilities and the like and controlling vast pieces of property. I don't know how many billions of control that represents, but you can judge from the titles that I have read, that it is a very considerable control. And it is that kind of a statement that lead Mr. LaFollette in the senate to say that, when he asserted that 100 men—

Q. You can not say that unless you are quoting it. I think, however, I am objecting in this instance for you, Mr. Barnes.

THE COURT: Mr. Stedman; I want to ask the witness a question on something he has already spoken of.

MR. STEDMAN: Yes, your Honor.

BY THE COURT:

Q. So as to get this clear, these definitions which have been given, and in order that they may be in a clear perspective in our minds: First, I understand you defined plutocracy as a situation where the people are ruled by those who own wealth?

A. Yes.

Q. Now, in that characterization or phrase "who own wealth," whom do you include? Do you confine that to a few large institutions and exclude a large number of people who have some money or do you include everybody who has some money or what?

A. Well, on that definition I would not make any difference. There is a difference between a man's ruling because he is rich and a man's doing so because he is a man; and it doesn't make any difference whether there is a large or a small number so far as the definition is concerned. Now, I believe the power is exercised in the United States by a relatively small number. However, as far as the definition of plutocracy is concerned, it means that the authority of, that is the control over society is concentrated in the hands of people who control power because they possess wealth.

Q. Now you have already given us your definition as to plutocracy and how it is applied to more than one particular kind or class of people?

A. Yes.

Q. Now in order that we may be clear as to the meaning of that word from your point of view:

Do you include in that list say, a man who, by his own efforts, either with his hands or with his brain or both, at some stage of his life, gets to a point where he owes no debts, where he is actively engaged in some occupation which you would agree was socially useful and where he has got net to his credit, in liquidated cash or property of some kind, let us say \$10,000. Is he a member of the plutocracy within your definition?

A. Probably not. The members of the plutocracy within my definition are those which exercise an active control over economic affairs. And you can make your illustration even more extreme and take the widows and orphans who hold railroad stock, they are certainly not members of the plutocracy, although they are capitalists in that they are getting their income from interest and dividends and although they exercise no control.

We socialists believe that the right of power is an economic power and we therefore believe that whoever owns the job and the products and the surplus wealth will control ordinarily everything else in sight.

Now a small coterie of people in America own the jobs of the rest. Now in a city like New York, I suppose 90 per cent. of the people work on jobs owned by somebody else.

In the second place the product in America is owned by a small coterie of people. That is they own the coal in transit, they own the steel in process of manufacture, they own the wheat in process of transformation into flour and so forth. The worker in America, the ordinary worker works on a job owned by somebody else. He works on a product owned by somebody else; the worker in a flour mill does not own the wheat he works on, the worker in a silk mill does not own the silk he works on and the worker in the steel mill does not own the steel he works on. In return for his labor he gets a wage and over and above that there is a profit or surplus produced and that goes to the owner of the job. So that the small group of people in the United States who own the essential jobs, resources, transportation, manufacturing, financing and merchandising, the small group which owns those essential jobs own the jobs of the majority, own the product and own the surplus created in industry.

Now given your ownership and the economic means of livelihood and the rest naturally follows:

That is, the control by the plutocracy of the machinery of society. For example, the newspapers depend on their advertising, the wealth owners advertise in the newspapers and therefore the newspapers are likely to do what the wealth owners want done. The preparedness campaign was an excellent illustration of that. If a college wants to acquire a quarter

of a million dollars they can not get it from working people, they have got to go to a member of the plutocracy, the owning class, to the people who have got the quarter of a million dollars, and then as I know in instance after instance they are good because they want another quarter of a million later on and they know where to go to get it.

BY MR. STEDMAN:

Q. What do you mean by "good?"

A. I will just illustrate by what one college president said to me. He said: "Well, I got a quarter of a million of dollars from a certain foundation," naming him; he said: "I spent a year and a half in preparing myself," and he said: "I was prepared on every question that they could ask," and he knew the man who was going to ask the questions and saw that on every question he was prepared right. So that when he came for his quarter of a million he was sure that he was in perfect accord with the Foundation. And then he said to me: "Do you know a professor of sociology that I could get now? You understand I don't want a wild-eyed radical, I want a sane safe man." Now he was planning to go back for his next quarter of a million and he would not have anybody in his institution who would violate the spirit of the Foundation that was to give him his quarter of a million. Now that is just an illustration. That is not bribery, that is not corruption, it is just a pervasive influence that always goes out, goes forth and controls, it is the influence which naturally comes from those circumstances.

If I go to a man and ask him for \$100 why the very first thing I want to do, I have got to get myself in tune with his tune, or otherwise I won't get the \$100. We find the same thing in churches, when they want to get the money to do anything for the churches, they

go to the rich not to the good; they have to go to those who have it because if you are going to build, for instance a pipe organ or to build an edifice or recarpet the church and you have got to have money and the people who have the money are the people that are the owners, the rich, the owners of wealth. And in this same way with various other public institutions.

THE EIGHTH JUROR: May I ask a question?

THE COURT: Yes.

BY THE JUROR:

Q. Would you consider any influence in this matter to be organized or unorganized in mentioning a definition of plutocracy?

A. In part it is instinctive and unorganized, and in part it is intelligent and very definitely organized. For example, that chart shows you a number of things, that part of it is very definitely organized for one thing. There is an instinctive cohesion of wealth. By the way, that phrase was used by Grover Cleveland. There is an instinctive cohesion of wealth, what we call a class consciousness or group consciousness as sociologists put it, that is instinctive. Above that and beyond it there is a very intelligent organized movement or group.

Q. In sympathy?

A. Sympathetic. The sympathy is rather instinctive, the organization is rather intellectual.

THE WITNESS: May I complete my answer on the question of control?

BY MR. STEDMAN:

Q. Yes.

A. There is a clause here on page 7 about the control by the vested interests of natural resources, banks, railroads, mines, factories, political parties, public officers, courts and court decisions and school systems,

the press, the public, the movie business, the magazines and so forth. I wanted to say just a word in that connection:

Whoever holds the purse strings calls the tunes. So also is it true, along that same line, that those who hold the job, the product and the surplus, are able to call the tune.

And now there is another and a very important factor in that connection. When a man who is studying to be an engineer, or a man who is studying to be a lawyer, goes to a university or a technical school, he goes to a university or a technical school, as a rule, that has got the money directly or indirectly from the owning group, and that is the point of view that I tried to indicate; and therefore as a student, he is trained up to be of a certain mind. When he gets out of school, suppose he is a lawyer, he goes into the practice of law. The successful lawyers today are necessarily corporation lawyers because most all business is corporation business and most law business is corporation business. Therefore, if a man is successful at the Bar, as a rule, probably in nine cases out of ten, he is a corporation lawyer or he works for corporations. He does that for a period of eight or ten years. At the end of that time he gets to be a judge, and the spirit, the attitude—

Q. Not all of them!

(Continuing)—and the spirit, the attitude with which he approaches his problem is not the spirit of the man who has lived on \$15 a week, it is not the spirit of the labor unions, it is not the spirit or the attitude of the working class, because his entire clientele, his club life, his social life, has been entirely with the other group, and therefore you get, unconsciously, —and I think most of this influence is unconscious influence,—and you get newspaper men, lawyers, preach-

ers, all of what we call the professional class, reflecting the spirit of that control rather than the spirit of the man who is working for \$15 a week.

The way in which that works out in government is very interestingly characterized by President Wilson. I would like to say for the President, that President Wilson is one of the best known historians and is one of the most thoroughly grounded political scientists in the United States. All of his life has been devoted to study and investigation of these problems, and he is eminently prepared as a student of the subject to give utterances of value. He wrote a book called "The New Freedom."

MR. BARNES: What was the date in which that was written?

THE WITNESS: 1912.

MR. STEDMAN: And republished in 1918.

(Continuing) "The masters of the government of the United States are the combined capitalists and manufacturers of the United States. It is written over every intimate page of the records of Congress; it is written all through the history of conferences at the White House; that the suggestions of economic policy in this country have come from one source, not from many sources. The benevolent guardians, the kind-hearted trustees who have taken the trouble of government offices off our hands, have become so conspicuous that almost anybody can write out a list of them. They have become so conspicuous that their names are mentioned upon almost every political platform. The men who have undertaken the interesting job of taking care of us do not force us to requite them with anonymously directed gratitude. We know them by name.

"Suppose you go to Washington and try to get at your Government you will always find that while you are politely listened to the men really consulted are the men who have the biggest stake—the big bankers, the big manufacturers, the big masters of commerce, the heads of railroad corporations and of steamship corporations.

"I have no objection to these men being consulted because they also, though they do not themselves seem to admit it,

are part of the people of the United States, but I do very seriously object to these gentlemen being chiefly consulted and particularly to their being exclusively consulted, for, if the Government of the United States is to do the right thing by the people of the United States it has got to do it directly and not through the intermediation of these gentlemen. Every time it has come to a critical question these gentlemen have been yielded to and their demands treated as the demands that should be followed as a matter of course.

"The Government of the United States is a foster-child of the special interests. It is not allowed to have a will of its own."

And I might say that we socialists believe that under the capitalist system that must necessarily follow.

MR. BARNES: That was before Mr. Wilson became President of the United States?

MR. STEDMAN: But I say he authorized an edition in 1918, so that is one instance in which he did not change his mind.

Q. Mr. Nearing, at the close of the session, you were reading, as I recall, from Woodrow Wilson's work Is there anything further you have to refer to there?

A. There is just one more point that I might raise, in answer to one question that the Judge asked, and that is, the income figures as published by the United States Department of Internal Revenue. They throw some light on the question as to how many people are in on the game. In 1916-1917 out of 103,000,000 people, there were 121,691 who received incomes of \$10,000 or over per year. That is a little over one in a thousand.

There were 17,000 who received incomes of \$50,000 or more per year out of a total of 103,000,000 people. In other words the percentage of people who got

large incomes and who get large incomes at the present time, if you mean by "large" \$10,000 or more, is one-tenth of one per cent of the American people.

Now that is not a complete answer to the question, but it does throw some light on the question.

BY THE COURT:

Q. That has only to do with income?

A. Yes.

Q. And not with capital?

A. That raises a question of how many people are well to do. You asked whether that was a large number or small number, and it is, comparatively, a very small number.

THE COURT: Let me ask you then, and I direct my inquiry solely as to the meaning of words:

Q. In this second to the last paragraph of Section 1 on page 7 you use the word "Control" and so forth. Now was control as used there,—do you mean by that intellectual control or what may be called "physical control," or what?

A. I meant by that economic control through ownership and emotional control through sympathy and intellectual control through conscious organizations, all three.

Q. Well now, let me ask you this: Eliminating from your mind for the minute the courts of inferior jurisdiction and directing your mind to the Supreme Court of the United States, what did you mean by the phrase, "And controlled by the vested interests of courts and courts decisions," having in mind now the Supreme Court of the United States?

A. I meant for example the constructions that have been put upon the Fourteenth Amendment. As I understand the Fourteenth Amendment, it was made to protect certain human rights. As it has been construed, it has been construed to protect property

rights; and I might say that at one time I made an investigation of Supreme Court decisions, covering a period of about 60 years, and I think that nine-tenths of them are decisions regarding property. In the early period they were decisions regarding personal rights. In the latter period, the questions that were decided, the most of them, that came before the Supreme Court, have been, primarily, involving questions of property rights. And I believe that the Supreme Court of the United States has construed the Constitution in that way, on the subject of property rights, and I believe that as those constructions have gone, as in the case of the Fourteenth Amendment, property rights have been made superior to human rights or personal rights.

Q. You think that your conclusion, if I gather correctly, has a bearing on the control of the Supreme Court by what you designate as the "vested interests"?

A. That comes, as I indicated this morning, or tried to indicate, through the control of the schools through which these men get their education; through the control of the principal sources of revenue, in the law, so that these men, as a rule, in order to make a living, as lawyers, must work for the corporations; it does come through the control that is exercised by the ruling class over its own membership.

The Supreme Court judges, as a rule—I know of no recent exceptions—are selected from what you would call the professional or ruling or dominating class in the country; and it is from the big business lawyers or the lawyers of high professional standing that those men are taken, whether they are lawyers or doctors or newspaper men, they are all working under a system that is dominated by an economic power, and all working as a part of that system.

BY MR. STEDMAN:

Q. You don't mean in that control that they go around and impress them with any specific objective?

A. No. The control is exercised, as I say, through the training, through the environment, the club life, the personal association, the business relations, the working associations of these men.

Q. And the habit of it all has developed?

A. And their habits of life have been influenced greatly by their associations and is the product of those associations. In other words, I believe that bribery is a very crude and very seldom resorted to method of control. The plutocracy does not control through bribery except in a very minor number of cases, it is quite negligible as a factor. The only control that is exercised is the control through social, political and economic relationships.

Q. Directing the mind to sustain that system of society?

A. And developing the psychology for sustaining it. May I speak about this Section No. 2?

Q. Yes.

A. The second section of the pamphlet is an attempt to describe the preparedness campaign, and in writing that section I had in mind certain facts: For example, at that time I was traveling a great deal around the United States. Whenever they took me into a hotel, to a hotel room, I found three books, one a Bible given by the Gideon's, the second a book called "Leading Opinions Regarding National Defense," by Hudson Maxim, and third, a book called "Defenseless America," by Hudson Maxim.

I don't know that they were in every hotel in the United States, but I understand that they were to be found in nearly every hotel.

And then, on the 22nd of March, 1916, the New York State Chamber of Commerce published a statement, a

report on "The Common Defense":

"We have all declared the belief that the subject of common defense is a business question and that business methods and principles should be applied to it."

Q. What are you reading from?

A. This is the report from the New York Chamber of Commerce entitled "A Report on the Common Defense," published in 1916.

The chief source of information on this subject, however, is contained in the reports of the Navy League and The National Security League.

I have here in my hand a large number of their pamphlets and I wish to refer shortly to certain pages of this propaganda.

In June, 1915, the Navy League makes the statement that "the secretary is assisted in his work of organizing, publicity and patriotic agitation by a staff of field secretaries whose duties are to establish local organizations of the League upon a firm basis, to distribute literature, arrange meetings, and give lectures and addresses, mostly illustrated, before important business, religious, social, educational and patriotic societies of the country."

At the annual meeting that same year they reported that they had distributed pamphlets to the number of over 500,000 copies.

Then they reported regarding a widespread campaign in the colleges, which included organizations in 37 of the states, and a total membership at that time of 70,000.

I want to refer particularly to the methods of propaganda that the League employed. For example:

They state in October, 1915: "With an adequate force, both naval and military, the United States will be in a position not only to enforce the rights of a just share of the world's commerce, but also they will be

able to forward civilization by aiding other nations to attain their share."

Q. That is in October, 1915?

A. Yes, 1915. This is from the July issue, 1915:

"Do Americans realize that one of the reasons why we must of necessity be intensely concerned in the submarine and trade warfare now waged between Germany and the allies is that in not having ships of our own with which to carry our Four Billion Dollars worth of merchandise and the German ships being unavailable, that we will lose over Two Billion Dollars worth of export trade unless merchant shipping of the allies are free and able to carry our goods?"

"This question faces us squarely in this country: will we continue to jeopardize our Four Billion Dollar trade with the world by trusting to luck, fate or the good will of fighting nations, which may have the shipping in which to carry our goods to safety or destruction?"

Then in September, 1915, they said:

"German standards of militarism would, of course, be impossible among Anglo-Saxons, but this does not minimize the fact that world empire is the only natural and logical aim of a nation that desires to remain a nation."

Then in November, 1915—most of these quotations are from "Seven Seas," one of the official publications of The Navy League:

"We have now on our hands, what seems to be a white elephant to some, a republican empire, and no longer such a question of doubting whether or not, to have a navy as large as England's. The navy, for a coast line such as the United States possesses, a navy which could uphold the Monroe Doctrine, now moribund, such a navy must be at least twice the size of the British navy. And the first step to be taken so as to secure that sized navy is for the American citizens to shake off the timorous manner which is our characteristic, in asserting our Federal rights. The Imperialism of the American is a duty, a credit to humanity. He is the highest type of imperial master. He makes beautiful the land he touches, beautiful with moral and physical cleanliness; which sounds rather prosaic, but is nevertheless the principal of happiness for the savage if not for the imperialist. England certainly owns or has in some way a very large

portion of the Earth's land surface and practically has for some time until quite recently controlled the oceans which cover the hidden land surface. There should be no doubt that even with all possible morals, it is the absolute right of a nation to live to its full intensity, to expand, to found colonies, to get richer and richer by any proper means such as armed conquest, commerce, diplomacy."

Q. That is from what issue?

A. That is from November, 1915. This is from February, 1916:

"The financier, the really great one, is worthy of his hire. The pacifist,—the professional politicians, though they possess in their ranks, not a few able captains of industry, considered it as being very dangerous to the country to allow armament makers to have very large profits or to do any lobbying or advertising. The pacifists make it a point to arouse the ever latent prejudice against other peoples' profits, particularly when believed to be enormous. Democracy has certain glorious advantages, but in matters relating to foreign policy and particularly to war, it is extremely incompetent. If the incentive of great profits is not allowed to serve as a motor to great firms, then those firms will not use their full initiative and they will fall into mere shadows of themselves. Very fortunately for themselves in Europe, all the great powers were exceedingly liberal with their armament makers. The only escape we can possibly have from the dreadful incapacity which hangs over us is for some powerful and fearless group of individuals to prod the delinquent, to offer the right people unlimited profits so that they would make too much ammunition, too much navy, too many flying machines—all of which no government of a democracy would do of its own accord."

Then in May, 1916, it says:

"There is only one leaven which can preserve the state and the nation against death dealing inertia for lethargy, both as to soul and body, and that leaven is a militarism of the French variety."

This is from November, 1916:

"Has the administration given us the truth concerning conditions in Mexico or does it regard the truth as too horrible, too humiliating, too dangerous to be made public? From

private sources we learn of the awful fate that has overtaken many of our citizens who had the temerity to make their homes in Mexico and who were unable or unwilling to abandon their possessions and escape thence when the protection of the Government failed them. Why does not the administration let it be known how many of these men were murdered, how many of their wives and daughters outraged? The facts must have been reported to our officials in Mexico and by them to Washington. Above all, why was our Government unable or unwilling to protect its citizens as other governments did theirs? We hear that American property losses in Mexico amount to hundreds of millions. Are not the American people interested in this? It is said that French, British, German and other foreign property losses in Mexico have amounted up to tens of millions, and it is surmised that we, the American nation, will be held accountable when these nations are free to see to it. Is there nothing in this threatening danger that our people should know? Are they not entitled to some warning regarding a condition which might easily embroil us in war?

"To fulfill the requirement in its broad sense demands that our army and navy, to defend the lives and property and rights of American citizens everywhere, on land and sea. An army for defense, in its broad sense, should be capable of invading a foreign country and compelling respect for the lives and rights of American citizens wherever they may be jeopardized."

I would like to refer to just a paragraph of similar propaganda by The National Security League.

Q. Why was the National Security League deemed necessary by those responsible for its organization?

A. Because it seemed impossible, except by an organized campaign of education on a huge scale to make the people realize how deplorable our state of unpreparedness and the dangers that surrounded us.

First, the League has built up an organization of 100,000 members in every state of the union, with nearly 200 organized branches in cities and towns, each branch being a center for the dissemination of preparedness sentiments.

Second, it has secured the co-operation of 17 Governors of states in appointing state committees on national defense to co-operate with the league.

Third, it has distributed over six million pieces of preparedness literature.

That illustrates the kind of material that was being issued and to which I was referring in Section 2.

I would like, in that connection, to read from one of Clyde H. Tavenner's speeches, "The Navy League Unmasked."

Q. Speech delivered in the House of Congress?

A. The speech was delivered in the House of Representatives on December 15th, 1915. Congressman Tavenner makes the statement: "The Navy League would appear to be a little more than a branch office of the house of J. P. Morgan & Company," and then he gives two pages of Navy League connections, and I read just a few.

J. P. Morgan was formerly treasurer of the Navy League and is now a director and contributor.

Herbert L. Satterlee, formerly Assistant Secretary of the Navy Department and a brother-in-law of J. P. Morgan was one of the incorporators and founders of the Navy League.

The late J. P. Morgan was one of the founders and principal contributors to The Navy League.

Edward T. Stotesbury, a member of the firm of J. P. Morgan & Company and a director of the Baldwin Locomotive Works and of 54 other corporations was one of the honorary vice-presidents.

Robert Bacon, formerly Secretary of State and partner of J. P. Morgan & Company, is a director of the Navy League.

Henry C. Frick, a fellow director of J. P. Morgan & Company and director of both the United States Steel Corporation and the National City Bank of New

York, is an honorary vice-president.

Jacob H. Schiff, director with J. P. Morgan in the National City Bank of New York, a contributor, contributed \$1,000 in 1915 to The Navy League:

J. Ogden Armour, a director, with J. P. Morgan of the National City Bank of New York, was one of the committee, which under the auspices of The National Security League, issued a statement certifying to the patriotism of the Navy League.

Cleveland H. Dodge, a director of J. P. Morgan & Company and the National City Bank, among other corporations is also one of the vice-presidents.

And there is another page of about the same kind. This is merely repetition.

And I desire to refer again to President Wilson's statement, of which I have here an official copy from the White House, in which he denounced those who had been trying to stir up war between Mexico and the United States—I have already read that statement and I do not think it is necessary to go into anything further of detail.

In other words, the preparedness movement was a movement by big business, or big business interests, they were behind it and were working for it, and it got to such a pitch that the President of the United States had to call them down publicly, although he took no further action in the matter and I wrote Section 2 to call your attention to the fact that the preparedness campaign was waged by big business organizations and was backed by big business machinery.

Q. Now I presume you may refer to the third section.

A. I wrote the third section for the purpose of showing that the business interests, having succeeded in stirring up public sentiment on preparedness, became the patriots, the leading business men who had

been owners of the United States resources and machinery and economic life, became the leading patriots, and that they utilized this opportunity to carry on the usual business activity—of making profits.

I have here a bulletin of March 3rd, 1917, from the Wall Street Digest:

“Whether the end of the war comes in the near future or is delayed for a long time, the United States is definitely committed to a preparedness campaign that must assure the prosperity of American industries for a number of years to come. * * *

“The severance of diplomatic relations meant, whether or not it was followed by war, that the United States must make ready for war and that it must make ready at the earliest possible moment. Logically, this means that the vast stores of military supplies to be purchased by the United States Government would be paid for in readily negotiable American money and not in promises to pay such as had been so largely taken in exchange for the vast quantities of stores supplied to the allied governments of Europe in the past 24 months.

“These facts were promptly recognized by the big interests in Wall Street and those interests have been steadily committed to the constructive side of the market in recent weeks, as proved by the fact that while the nation has been on the verge of war with thousands of timid holders of securities seeking to liquidate their holdings, the big interests have been accumulating, with the net result that there has been a general advance in the active issues on the New York Stock Exchange, and a somewhat smaller advance in the stocks traded in on the New York Curb Market.

“The upward movement in the price of stocks dates from the date that the German Ambassador at Washington was handed his passports and although there have been slight temporary reactions, the movement has been fairly continuous from that day to this.

“In addition to the assurance of the prosperity ahead for American industry through the placing of vast orders by the Government to be paid for in American money, there is still another phase of the situation that must not be overlooked. The United States is now definitely committed to the side of the Entente Allies. That makes the ultimate victory assured. There comes the further certainty that they

will be able to refund and eventually redeem their promises to pay. Far sighted bankers and financiers were quick to sense this situation, and they have been active in the stock market during the past two weeks."

Q. What is the date of that?

A. That is March 3, 1917, one month before we entered the war.

That is typical of a number of publications. I have here a list of them (Indicating).

I have here a letter from the banking house of Henry Clews & Company, which is dated December 23rd, 1916, and another October 14th, 1916, in which they make exactly the same point. In other words that was the general sentiment of the Wall Street group.

Here is a publication called "Commerce & Finance" dated May 23rd, 1917, wherein Mr. J. Ogden Armour says:

"I consider the present the most auspicious period from the standpoint of national prosperity in my memory." That characterized the same attitude.

I have here a number of clippings which I made at that time. Here is one from "The Toledo Blade" of May 19th, 1917, and a real estate dealer of Toledo says:

"The war will teach us a very valuable lesson, a more valuable lesson than the Civil War brought. In real estate, people are buying carefully, of course, and this is no more than right, but they have plenty of money and are buying in a goodly volume. From a business standpoint we have much to gain and nothing to lose from this war."

Here is another excerpt or clipping from the same paper of May 15th, 1917, and this is headed: "War Prosperity." This is an advertisement by a leading department store in Toledo.

"War Prosperity. England is prosperous, France is prosperous, business in both countries is better than it was before the war. The war has made work for

everybody and puts hundreds of millions of dollars in circulation."

There is another newspaper advertisement: "Take Canada as an Example" and they show how prosperous Canada has been. This is on the 22nd of May, 1917, and they go on and show how prosperous Canada has been and show how we will be equally prosperous.

Q. What do you mean,—by going into the war?

A. Yes. That general situation of profiteering called for a statement from Mr. Wilson. That appears in an official bulletin on July 12th, 1917, and this is what the statement on profiteering is:

"We ought not to put the acceptance of such prices— (for necessities) on the ground of patriotism. Patriotism has nothing to do with profits in a case like this. Patriotism and profits ought never, in the present circumstances to be mentioned together. Patriotism leaves profits out of the question. In these days of our supreme trial, when we are sending hundreds of thousands of our young men across the seas to serve a great cause, no true man who stays behind to work for them and to sustain them by his labor will ask himself what he is personally going to make out of that labor. No true patriot will permit himself to take toll of their heroism in money, or seek to grow rich by the shedding of their blood. He will give as freely and with as unstained self-sacrifice as they. When they are giving their lives will he not at least give his money."

That was the President's appeal to the American manufacturers and miners, specifically and generally an appeal to the profiteers. It was called for by such statements as I have made.

And here is a statement from the United States Secretary of Agriculture dated May 9, 1917, in which it accuses the food speculators not only of profiteering but "I am told," he says, "that some of these men are actually in Washington today conducting a lobby against the request of President Wilson that Congress empower him and his cabinet to take the necessary

means to mobilize the agricultural resources of this nation."

And then here I have a statement which I will not read of the war profits made by these same American patriots. That is, the men in The Navy League, the men behind the Navy League, the big men behind the National Security League had been making about a billion dollars a year approximately in war profits during the three years before we entered the war.

The point I wish to make is that on the 12th of July the profiteering had got so bad that the President was compelled to issue an appeal in which he asked those patriots to leave profits out of account because in spite of their blatant patriotism they had been making a huge profit before we entered the war and they continued to make them after we entered the war.

And in this next section, Section 3, I show that the preparedness group was the same group that was in it, to make war profits. The so-called patriots became profiteers.

BY MR. STEDMAN:

Q. I think you can turn to No. 4. I think it is in that where you used the phrase "preposterous phrase 'armed neutrality.'" I think it is in this publication. In what sense did you mean "that preposterous phrase"?

A. Why, in the first place,—

Q. Is that a phrase used by the President? It was, was it not?

A. "Armed neutrality"—in the first place there practically is no such thing as "armed neutrality." There you are facing this situation, that either you are neutral in thought and in act, as Mr. Wilson asked us to be at the beginning of the war, or else you go in and become an ally of one side or the other. When this phrase was used we were supplying arms and

ammunitions and food and other contraband and non-contraband to the allied governments and we were not neutral in any extent in the matter except on the merest technicality. And as Mr. La Follette pointed out in his speech in the Senate:

"That armed neutrality for which the President asked would lead inevitably to war," and in his speech on the 2nd of April, Mr. Wilson admitted that when he said "armed neutrality is ineffectual in fact at best. It is likely only to produce what it was meant to prevent." And as a matter of fact it did produce what it was meant to prevent. It was preposterous in the sense of its being an unreality.

Q. Referring now to Section 5: "The Traitors?"

A. Section 5 is the reverse of Section 3. Section 3 is headed "The Patriots" and Section 5 is headed "The Traitors," and in both instances "patriots" and "traitors" are quoted in the section.

The patriots, as I tried to point out, were the same group that had engineered the preparedness campaign and engineered it as they engineered everything—for profit. Now in Section 5 I am calling your attention to the fact that there were people among the people in the United States who held the opposite view, a number of them who expressed it, and several of them in Congress who took issue with the majority of Congress and with the President on this whole question.

Q. That is, opposed to the entrance into the war?

A. Yes, sir, opposing entering into the war.

Q. And armed neutrality?

A. And among them were the men who had stood out conspicuously for years, as the champions of the people's rights, and they were dubbed "traitors" by the newspapers and by The Security League and by the Defense Society and by The Navy League and other organizations of that type simply because they

took a point of view opposite to our entrance into the war.

Q. Senator Norris among those?

A. Senator Norris was one of those.

Q. Recently re-elected a Senator?

A. Yes. Of the 33 Congressmen that took that stand, 25 were re-elected.

Q. Thirty-three senators?

A. And representatives.

Q. And this paragraph is the exposition of their views and your title is the title which was applied to them by the press largely, rather than their own constituents?

A. Yes, sir; it was applied to them by the press and by the spokesmen of the other side.

Q. Referring to Section 6, the second division.

A. That section refers to the actual process of our going into the war. I call your attention in that section to the fact that the situation of the Allies was quite serious. On the 22nd of July, 1916, the banking house of Henry Clews & Company, in their circular, stated that "the most influential factor in the security markets at the present is the war financing of the Allies. A new \$100,000,000 French loan has been successfully launched through a specially organized corporation. It is expected to be followed by a huge British war credit. How long Great Britain will be able to stand this terrific strain no one knows, but her resources are so vast that the end is by no means yet in sight."

Now, as I state, in this section, nobody could tell how serious or critical the situation of the Allies was: but at that time there was a statement made in the British House of Parliament, I think by Bonar Law, that America entered the war when allied credit was exhausted and certainly the economic situation of the

Allies was extreme, being subjected as it was to the effect of the submarine blockade.

Another point I tried to make in this connection was that the American people had voted Mr. Wilson in because he had "kept the faith of neutrality."

I have an advertisement here from the "Pittsburgh Post" of November 6th, 1916, headed "Political Advertisement," and says:

"Are you working, not fighting, alive and happy, not cannon fodder. Wilson and peace with honor or Hughes with Roosevelt and war."

And then they have some other later ones that appear:

"If you want war, vote for Hughes; if you want peace with honor and continued prosperity, vote for Wilson."

That was the day before election. The people of the country very clearly answered to that mandate as will be shown by the following figures. In the election of 1916 Mr. Wilson got a plurality in California of 3,773. In the same state the Republican Governor got 296,815. In Kansas Mr. Wilson got 36,930 plurality. In the same state the Republican Governor got 152,482. In Minnesota Mr. Hughes got 392 plurality but the Republican Governor got 153,729.

In other words, it is pretty clear that the people sent Mr. Wilson back into office because he "kept the faith of neutrality" and because he "kept us out of war," and the billboards were covered at that time with the statement that he had "kept us out of war." And the people sent him back, and then next April we went into the war.

Q. May I direct your attention, perhaps, to another fact: In view of the introduction against the Rand School of the "St. Louis War Program Proclamation" which is in the book which has been submitted here,

I will ask you this, Mr. Nearing: Isn't it a fact that the socialist vote went down tremendously, due to the socialists voting for President Wilson?

A. If I remember it, it fell off from a million to 600,000, and that would have been practically enough to have elected Mr. Wilson.

MR. BARNES: Does Mr. Nearing say—

MR. STEDMAN: That is where socialism got bit.

MR. BARNES: Does this witness claim to have knowledge that the falling off of the socialist vote was due to that?

MR. STEDMAN: I am stating this now, being that it is a well known fact, and the figures show it in the books which you have put in evidence here.

MR. BARNES: It is in the book that we offered that the Socialist Party vote fell off, it is not in the book that it fell off due to Mr. Wilson or to any other candidate.

MR. STEDMAN: Everyone in the party knows it, knew it at the time and knows it now.

MR. BARNES: If you have any witnesses to prove that I would be glad to have you call them.

THE COURT: I think it is utterly immaterial to the controversy we have here one way or the other.

MR. STEDMAN: It is not in controversy here, but I thought that you would agree to that, Mr. Barnes, and I was simply calling attention to it; I was not trying to prove it.

A. There is one other point that I would like to make in connection with this section, and that is the point regarding the Council of National Defense. And that illustrates as well as anything I know of, the way in which a government under a capitalistic society is compelled to depend upon the people there to do the work. In the United States about nine-tenths of the people are working people. All the professional peo-

ple, all the managers, officials and heads of industry, all of them together, do not make up more than one-tenth of the population. In spite of that fact, the Council of National Defense contains the names, almost exclusively, of business men.

I called attention particularly in the pamphlet to the committee on oil and the committee on steel and the like.

Q. I think there is one exception, the committee on mines and mining?

A. I didn't remember that.

Q. I didn't know whether you have that in that book or not, I call your attention to it that that is one exception, and on it there were also a number of experts.

MR. BARNES: A large percentage.

MR. STEDMAN: A large percentage, yes.

A. (continuing). In their committees they were forced to call on business men exclusively, so that the active work of carrying on the war business was thrown right into the hands of the same people that had, during the past, managed business. Of necessity, it had to be so, because there was nobody else who knew the game.

Q. And you are citing that, are you, to give that as a matter of information and not as a matter of criticism?

A. That is unavoidable. It is our theory—

Q. You are not criticising that for the method of doing that way, I suppose?

A. I simply use it as an illustration of the way in which the machinery of society must fall back on the business mechanics.

Q. That is what I am referring to and is in other words an explanation of the system that is obliged to be used. Now you refer to Number 7, the Liberty

Loan?

A. Yes, sir.

Q. You spoke down there of two subjects, first of the financing of the war and its necessity?

A. In the first place the Liberty Loan in my judgment was a—or rather the method of the loan, the way it was affected, in my judgment was the wrong way of financing the war. At that time, along with 308 other professors of economics, I signed a memorial to Congress and this is what we said:

“The taxation policy is practicable because the current income of the people, in any case, must pay the war expenditures. By every bond issue the Government increases the prices it must pay and that increases the need of more bonds. If conscription of men is right, conscription of income is more so.”

At that time that was the opinion of practically all of the leading economists of the country and was recognized as such.

Q. Will you name just a few of the 308, just generally, from one or two different universities?

A. I don't want to hit anybody in particular, because it is not the popular side now.

Q. All right, Mr. Nearing, their minds have changed since then—I mean their expressions of their minds have changed since then.

A. These men represented all of the universities of the United States.

Q. I say the doctors' minds or their expressions have changed since then?

A. Yes.

Q. And that is the reason for not mentioning them?

A. If I could mention them all, there would be nothing invidious about it, but if I might name one or two it would look bad for them. I don't want to take the time to name the 308 names.

Q. If Mr. Barnes wants to he can bring that out.

A. That time it was a generally recognized point of view, at that time, I say, that the war should be financed out of income and not by purchasing bonds or by the issuing of bonds.

Q. What date was that?

A. Well, that was in the Spring and Summer. The President in his message on the 6th of April, said: "The war should be financed as largely as possible by the current income." That is the theory on which the economists of the country were united at that time. We believed that it was better to pay as you go than it was to pay your bills by borrowing and laying up debts for another day. To pay as you go, that policy is a safer business policy and a saner business policy, and we thought it was a saner national policy.

Q. They were in line with what they understood the President's suggestion to be?

A. He being one of the college fraternity, naturally had that point of view. Then the other factor that entered in there, in that same connection, was the factor expressed in the editorial that I have here from one of the Scripps-McRea papers of May 26th, 1916, in the Public of October 22nd, 1915. The theory was that if you bond at the present time you bind the future.

The attitude, however, taken by Congress is well illustrated in this Revenue Bill—this is the bill as it was reported from the Committee on Ways and Means on May 9th, 1917. On page 2 they say:

"Your Committee believes that the American people were never in a more favorable condition to pay a reasonable amount of taxes for war purposes in addition to those for normal purposes than at the present time. Your Committee has endeavored to distribute equitably this division of taxation and hope to leave the proposed tax so as to necessitate as little readjustment and disturbance of the business as possible."

And the business interests took that point of view that the war should be financed by bonds just as that had been the same point of view in Europe.

Then we took to the issuing of those bonds, and that is the particular point that I bring out in this section. The business interests used the opportunity to get a kind of a grip on their employees that they had never had before. Up to that time they had never been placed in a position where the employers could dictate to their employees how they should spend their income. Formerly they paid them their salary, their money for their labor and they had no further control of it. Under the Liberty Loan scheme, it became possible for the employer practically to compel his employees to buy bonds, to be "patriotic" as he said, and he became the center of the whole scheme, of the patriotism and the criterion as to the patriotism and that is the reason that I say there that this Liberty Loan, which is the first Liberty Loan—did more to bulwark the position of Big Business as against the employee in their business, than will ever be done for liberty in Europe, because of the fact of the employer being placed in a position where he could dictate to the employee regarding the spending of his own income.

And I know of a number of illustrations,—I gave several here, of men and women who were compelled to buy Liberty Bonds whether they wanted to or whether they were able to.

Q. Now, refer to No. 8.

A. That is the section on conscription?

Q. Yes.

A. I should like to refer in that connection first to a speech made by Daniel Webster on the 9th of December, 1814. He starts out his speech by saying that this is a departure from the American traditions. He says:

"Let us examine the nature and extent of the power which is assumed by the various military measures before us. In the present want of men and money, the secretary of war has proposed to Congress a military conscription.

"For the conquest of Canada, the people will not enlist and if they would the treasury is exhausted and they could not pay. Conscription is chosen as the most promising instrument both of overcoming the reluctance to the service and of subduing the difficulties which arise from the deficiencies of the exchequer."

"Is this," he said, "consistent with the character of a free Government? Is this civil liberty? Is this the real character of our Constitution? No, sir, indeed it is not. The Constitution is libelled, foully libelled, the people of this country has not established for them such a fabric of despotism. The conspirators and the others before us act on the opposite principle. It is their task to raise arbitrary powers by conscription out of a plain written charter of national liberty. It is their pleasing duty to free us of the delusion, which we have fondly cherished that we are the subjects of a mild, free and limited Government, and to demonstrate by a regular chain of premises and conclusions that Government possesses over us a power more tyrannical, more arbitrary, more dangerous, more allied to blood and murder, more full of every form of mischief, more productive of every sort of misery than has been exercised by any civilized government with one exception in modern times."

And then he says:

"The Secretary of War has favored us with an argument on the constitutionality of this power. If the Secretary of War has proved the right of Congress to enact a law enforcing a draft of men out of the militia into the regular army, he will, at any time, be able to prove quite as clearly that Congress has power to create a dictator. The arguments that have helped him in one case will equally help him in the other.

"A free Government, with arbitrary means to administer it, is a contradiction; a free government, without adequate provisions for personal security, is an absurdity; a free government with an uncontrolled power of military conscription, is a solecism, at once the most ridiculous and abominable that ever entered into the head of man."

And then he ends up with a very brilliant appeal to the Congress in which he says that if they enforce conscription, it will be necessary for him to go back and urge his constituents not to acknowledge the thing or submit to the draft.

At the same time I collected a speech of the Honorable George Huddleston of Alabama, a member of Congress, dated January 10th, 1917, on a subject entitled "Conscription is Undemocratic"; and a speech by Champ Clark of Missouri, Speaker of the House of Representatives.

Q. By the way, do you recall if it was in that speech or at that time, his expression was given in which he compared the conscript with the convict? I don't mean in disparagement of him but in emphasizing the character of the service imposed.

A. "In the estimation of a Missourian there is no appreciable line of difference between a conscript and a convict." This is from the speech by Champ Clark.

Q. Was he the man who was a candidate for the presidency before the Democratic Convention in Baltimore?

A. Yes. Here is the speech that Representative Sherwood delivered, that I will not read to you, but this is the same Isaac R. Sherwood of Ohio who was in 42 battles of the Civil War and is the only fighting general I believe that is still alive, and he took the position of being absolutely opposed to conscription.

Q. Was he re-elected or has he been re-elected since then?

A. He has been re-elected since then, yes. And the Honorable William E. Mason took the same position.

Q. Do you know whether or not that is the same Mr. William E. Mason who is now Congressman at large for Illinois?

A. Yes.

Q. Recently re-elected?

A. Yes, sir.

Q. That is last Fall?

A. Yes, sir.

Q. Previously a United States Senator and has three or four sons who have volunteered in the army, do you know that, are you familiar with that?

A. Yes. In other words, at that time, many of the most prominent members in Congress took exactly the same position that I did on the conscription law. They were opposed to the conscription law. They did not believe it belonged in the United States and they were desperately in earnest and violent in their opposition to it.

THE COURT: They took that position in the course of the debate?

THE WITNESS: Yes.

Senator Mason has taken the position since then and that only emphasizes the more the fact that the things he said he thoroughly believed in. Not only, if your Honor please, did he take opportunity to emphasize his views since then, but Senator Mason outside of Congress and in public assemblies and meetings has done the same. And to show another fact, that Congress, or the powers that be, were not exactly satisfied with the law, the authorities required soldiers as a general rule to sign a waiver before being deported for foreign service.

THE COURT: That doesn't prove anything at all, Senator Mason could do what he pleased.

MR. STEDMAN: That is true.

THE COURT: The point of the thing is that all these references as I understand, are here as to debates in Congress and occurred before the passage of the measure, isn't that so?

MR. STEDMAN: Yes.

THE COURT: Very well. Now the article was written after that act had become a law, was it not?

MR. STEDMAN: That is correct.

A. At the same time the conscription was necessary, however undesirable it might be.

I have in my hand here a statement of the enlistments for the year 1916-1917. It is a table showing the number of enlistments and reenlistments monthly in the line of the army.

MR. BARNES: What date, please?

THE COURT: Let us get the exact date, 1916-1917, did you say?

THE WITNESS: Yes.

(Continuing) The United States entered the war in April, 1917. In March, 1917, 6,000 enlistments. April, 29,027; in May, 39,589; in June, 31,436. In other words, even after the President's appeal which he made immediately following the declaration of war, even after the President's appeal, enlistments were coming in only at the rate of about 30,000 a month or 360,000 a year. So that it was quite evident at that time that through enlistment it would be impossible in a reasonable time to raise an army adequate to the carrying on of the war. Therefore, as I say, conscription became necessary, however uncomfortable it might be to some of the Americans.

However, if I might answer his Honor's question, my own opinion about conscription was not altered by the passage of the law. I still felt about conscription as I did before the passage of the law and that is the reason I wrote this pamphlet as I did.

Q. That section there deals with the history of the passage of the act?

A. Yes. I made the point here that three things were necessary for the carrying out of this war in the

United States:

Money, men and censorship, and that the administration could not carry on a war without money, men and censorship. I talked about the matter of the money, in the Liberty Loan, and I talked about the getting of the men by conscription, and now as to censorship, that will be taken up as indicated in the next section.

Q. There was an agitation for a repeal of the conscription law after it was adopted, was there not?

A. There was agitation for the repeal of the law.

Q. The next you have is No. 9, Censorship. By the way, referring there to paragraph 8, that is the prior one, did you intend at that time to cause or attempt to cause insubordination or disloyalty or refusal of duty within the military and naval forces or service of the United States?

A. I did not, I wanted the American people to know—

Q. I say, just a moment, just a second, I have another question: Did you desire to obstruct the recruiting and enlistment service of the United States to the injury of the service of the United States?

A. I did not, I did not intend to do so. I wanted the American people to understand what was going on.

Q. As you understood it?

A. As I understood it. Now referring to No. 9, as I said a moment ago, there were three things necessary for the successful prosecution of the war; money, men and censorship; and I presented in these sections these three matters.

It has been the attitude of the plutocrat for a long time that we were suffering from an overdose of democracy in the United States: Too much free speech and too much free press, and this war opening, gave

them an opportunity to indict and convict labor agitators and break up socialist and other radical meetings, including meetings of the Non-Partisan League, which was an avowedly patriotic organization. In other words, it gave the plutocracy a chance to put a gag on the kind of expression which would keep the American democracy informed as to what was going on.

Q. On the substantive offenses now—it is under Section 3, the substantive offenses—you are familiar also with the fact that a postmaster general or a mail clerk, or other postmaster, according to the determination in that section, may be able to decide as to the mailability of certain mail matter, that is printed or written matter, and decide that it is against this section and stop its going through the mail?

A. Yes.

Q. When you mention the suppression of various papers here did you know under what provision of the law they were suppressed?

A. I understood that they were suppressed under the provision which gives the postmaster a right to declare any particular publication non-mailable.

Q. That is under the same act that this case is under?

A. No, a later section of the same act.

Q. You have mentioned some socialist papers here and then you have mentioned some which by the title would not indicate their general character. Do you know whether "The Rebel" of Texas was a socialist paper or not?

A. I believe it was an agricultural paper.

Q. Do you know any others than those mentioned here; do you recall any others?

A. There were between 75 and 100 in all, I think.

Q. Do you recall the names of them or of any

others?

A. There was "The Truth" of Duluth, that was suppressed. It was a labor paper.

Q. And the St. Louis "Labor," do you recall it?

A. The St. Louis "Labor" I think, also, was suppressed. I don't remember off-hand any others that were suppressed before the pamphlet was written. I know that there are others that have been suppressed since.

Q. Anything further you wish to add about Section 9?

A. Except to comment on the fact that at this time public meetings were very generally broken up. Free speech was quite generally denied, and the freedom of the press was very seriously curtailed. The Espionage Act, as it relates to the freedom of the press, was very drastic, more drastic I believe than that of any other nations.

MR. BARNES: I think you are getting a little beyond your depth there.

MR. STEDMAN: Oh, no, I wouldn't say that.

MR. BARNES: Oh, yes you are.

MR. STEDMAN: Not beyond the depth, but perhaps beyond the technical range.

A. Might I say that in other nations the suppression is merely of a part of the papers?

MR. BARNES: You could say that that is your understanding.

THE WITNESS: I have seen the papers.

MR. BARNES: Have you knowledge of all of the laws?

THE WITNESS: No, I have not, but I have seen the papers that have been given to the public for public information.

Q. They were simply striking out parts?

A. Taking out parts.

Q. While papers in this country—

A. Were suppressed, the whole publication.

Q. The whole paper was closed to the mails, that is the entire mailing privilege was cancelled?

MR. BARNES: That is not true, Mr. Stedman.

MR. STEDMAN: That is not correct? I think it is quite correct.

MR. BARNES: You and I differ as to the law. Why ask the witness to tell us what the law is?

Q. Mr. Nearing, referring to No. 11, I think you will find that generally deals with the theories that you have explained in some of the others, but perhaps not?

A. I might say, Mr. Stedman, that I don't think there is anything new in any of these last three sections.

Q. I want to take up "The Menace of Militarism." I call your attention to "The Menace of Militarism" and particularly to the fourth section, only a portion of which was read by Mr. Barnes, and confine yourself to those portions of it that were offered.

MR. BARNES: I didn't think that I read any of "The Menace of Militarism."

MR. STEDMAN: You offered it in evidence.

MR. BARNES: There is hardly anything in it that is any different.

MR. STEDMAN: If you want it out why all right, I am willing.

MR. BARNES: It is all about on the same general line.

MR. STEDMAN: If I could know what counsel is referring to or is going to refer to, I could have the witness simply refer to that, if he is not going to use it why I wouldn't spend any time on it. I am perfectly willing to omit the paper entirely without any explanation of it.

MR. BARNES: The chances are that I won't probably refer to it in my closing address.

MR. STEDMAN: If you will give me that assurance, I won't go into it.

MR. BARNES: I don't know what I might do when I come to summing up.

Q. You have that paper there?

A. Yes. Might I call your attention in the first place to the quotations on the front?

Q. Yes.

A. I have here a series of five quotations which are used on the front page of "The Menace of Militarism."

"I have come to have a great and wholesome respect for the facts." That is Woodrow Wilson, January 27th, 1917.

"If there is one thing that we love more deeply than another in the United States, it is that every man should have the privilege unmolested and uncriticised, to utter the real convictions of his mind." Woodrow Wilson, January 29th, 1916.

Q. You might state the place as the Soldiers' Memorial Hall, Pittsburgh.

A. The Soldiers' Memorial Hall, Pittsburgh.

"I believe that the weakness of American character is that there are so few growlers and kickers amongst us." Woodrow Wilson in School Review, Volume 7, page 604.

"One thing this country never will endure is a system than can be called militarism." Woodrow Wilson at the Waldorf Astoria, New York, January 27th, 1917.

"We have forgotten the very principle of our origin if we have forgotten how to object, how to resist, how to agitate, how to pull down and build up, even to the extent of revolutionary practices if it be necessary to readjust matters." Woodrow Wilson in School

Review, Volume 7, page 604.

MR. STEDMAN: I don't know anything that can be worse than that.

MR. BARNES: That only illustrates the old maxim that the devil can cite the scriptures to his own purposes.

Q. Now on the interior of that page.

A. There are six definitions of militarism. My own definition is that:

"Militarism is the sway of might, organized for destruction. The militarist applauds the martial virtues, urges military preparedness and military training, glorifies war, defies victory; preaches that right must depend upon might, and thus makes the war-man a greater benefactor to his race than a peace-man."

Is it necessary to do any more than to refer to the sections here?

Q. No, unless you have something particular in mind, I want you to go to No. 4, because in that you open with the following:

"They lied to us! Conscientiously, deliberately, with premeditation and malice aforethought, they lied to us! The shepherds of the flock, the bishops of men's souls, the learned ones, the trusted ones—" that is the part that I refer to. Have you any explanation to make in regard to that?

A. Do you wish me to read that section?

Q. Well, I don't know. This is offered in evidence of course and it depends somewhat upon how long it is.

A. It is pretty long.

Q. Just one portion of it, what I have reference to particularly is, in stating "They lied to us." You have stated, I believe, that there are different motives in the war as you understood it.

A. Yes, sir.

Q. And those which regarded, as you have mentioned heretofore, as unavoidable, and others that regarded it purely from the commercial standpoint. Of course even then it was perhaps necessary. With that in mind, do you remember what you did have in mind?

A. This passage deals particularly with the newspapers. On pages 18 and 19, I have the quotations from the Congressional Record of February 9th, 1917, a speech by Mr. Calloway of Texas, in which he charges that the American newspapers were deliberately subsidized in order to create certain results for the great profit of the money-makers.

Q. Have you that portion of that you refer to before you?

A. Yes, sir. This is in Mr. Calloway's statement, dated March, 1915:

"In March 1915, the J. P. Morgan Interests, the steel ship building, the powder interests, and their subsidiary organizations got together 12 men high up in the newspaper world and employed them to select influential newspapers in the United States and a sufficient number of them to control generally the policy of the daily press of the United States. These 12 men worked the problem out by selecting 179 newspapers, and then began by an elimination process to retain only those necessary for the purpose of controlling the general policy of the daily press throughout the country. They found it was only necessary to purchase the control of the greatest papers. The 25 papers were agreed upon, emissaries were sent to purchase the policies, national and international of these papers; and an agreement was reached. The policy of the papers was bought, to be paid for by the month; an editor was furnished for each paper to properly supervise and edit information regarding the questions of preparedness, militarism, financial policies and other things of national and international nature considered vital to the interests of the purchasers.

"This contract is in existence at the present time and it accounts for the news columns of the daily press being filled with all sorts of preparedness arguments and misrepresentations as to the present conditions of the United States

army and navy and the possibility and probability of the United States being attacked by foreign foes."

Congressman Moore of Pennsylvania, on March 17th, 1917, offered a resolution to investigate the whole matter, and the resolution, I believe, died in committee, at any rate it never came to the light of day.

Q. What date was that you said that was, sir?

A. March 17th, 1917, so that they could have aired the thing or exposed the whole thing if they had chosen to. In commenting on that I say:

"After all, the truth or falsity of these charges is of little moment; the great outstanding bitter fact is that the newspapers instead of informing us, lied to us,—consistently."

Whether they were bought as Mr. Calloway contends is not of any importance, they did misrepresent.

Then in the next section I call attention to the fact that I studied the school-boards and the college trustee boards and found from seven-eighths or nine-tenths of their members were business or professional men, and the other sections of the pamphlets, up to Section 9 are very similar to the sections of "The Great Madness" in the same respects.

Sections 9 and 10 vary and differ somewhat. I tried to point out there that the policy of compelling the friendship and the compelling of social organizations through militarism is a mistaken policy. That the purpose of social organization is to bring people together; that you can not bring people together with a gun or a sword, you have got to bring them together on some kind of a basis of co-operation.

Q. In the writing of these articles for the Rand School what were the circumstances under which they were ordered, if you recall?

A. Well these,—this kind of a thing is not ordered as a rule. As a rule, whenever I get up an idea that

seems worth working up, I work it up and then if one publisher won't publish it, I try another.

Q. Did you have in mind at that time inducing men who were in the service to assassinate their officers or their superiors and causing mutiny on account of the declaring of war, that they should go against their superior officers?

A. I did not. I had the idea in mind first in writing this pamphlet as in writing all my books, the one main point of view that I believed in above all other things, and that is the truth. That is, that I believed that most of the people were not getting the truth and I believed if they should have the entire truth which was not being set forth and stated to them in the press, and I considered it a responsibility, to tell them the truth. These pamphlets were written for the purpose of presenting one side of the general situation.

Q. Was it or was it not your intent in writing and publishing the pamphlet "The Great Madness," and I will even include the other literature, although that may make the question objectionable, with the intent of creating insubordination, disloyalty, refusal of duty or mutiny in the military and naval forces of the United States?

A. It was not.

Q. Answer that yes or no?

A. It was not.

Q. Was it your intent by writing "The Great Madness" or the other publications, to obstruct the recruiting or enlistment service of the United States to the injury of the service of the United States?

A. It was not.

Q. And was it your purpose or object to attempt to create insubordination, disloyalty, refusal of duty or mutiny within the military and naval forces of the United States?

A. It was not. Could I say one thing in that connection?

Q. Yes.

A. Democracy is defined—

THE COURT: He has told us about that.

MR. STEDMAN: Unless he wants to explain his answer.

A. May I explain my answer?

THE COURT: It will be elicited by a question. I have been very liberal, as I think I ought to be in this, but this will have to be elicited by questions.

MR. STEDMAN: I do not recall anything further that I have to ask Mr. Nearing.