

much of their cash funds for the exploitation of new markets. They have introduced also a number of additional inventions. The most striking of these is the overseas trust. Just now it serves, in countries like Holland, Switzerland and the Scandinavian states, for the purpose of reducing the chaos of export and import business to an order susceptible of control in the military interest of the Allies. No irresponsible Dutchman or Swiss or Norwegian can import a pound of flour or cotton. The goods imported for the nationals of the lesser European neutrals must be used by those nationals, and not turn, directly or indirectly, to the advantage of the Central Powers. Now, what if the lesser neutrals become so familiar with ordered import and export trade, thrust upon them by British sea power, that they may decide to adopt the overseas trust as a permanent institution, to serve their own national purposes? This would be a method by which, in spite of liberal tariffs fixed by treaty, a nation could protect its domestic products against the dumping of masses of foreign goods greater than the market could absorb without demoralization. The overseas trust could conceivably be employed as a protective instrument by which a nation could at will make illusory any commercial concessions thrust upon it by a stronger nation.

Great Britain is also learning new methods of making commercial sea power tell against the trade of her rivals. As matters stand, the world's supply of bunker coal is largely in the control of Great Britain. There is no other country with coal depots so universal as those of Great Britain. If you wish to sail ships over all the seas—and you must if you engage in the business of ocean freighting—you will sooner or later be compelled to resort to British coal. This places with the British Government the power to impose conditions quite other than those of price. Thus according to a statement presented to both houses of Parliament in January, 1916, "Bunker coal is now only supplied to neutral vessels whose owners are willing to comply with certain conditions which ensure that no vessels owned, chartered or controlled by them trade with any port in an enemy country, or carry any cargo which proceeds from, or is destined for, an enemy country." The statement further recounts that several recalcitrant Swedish companies that had maintained regular lines to German Baltic ports as well as sending ships overseas, have been coerced into abandoning their German business. Here again we may raise the question: What if a method found efficient in time of war should be continued for purposes of commercial conquest in time of peace? Germany, and perhaps the United States also, would find serious obstacles to the development of a great ocean-carrying trade.

The major financial power of the world will still rest with England and France after the war, unless some great calamity, now unforeseeable, supervenes. It will be to England and France that the backward countries will turn for funds. Now the feasibility of making loans do service to exports was well established before the war. If German rails were laid upon a British or French concession, it was because the private interest in cheap construction was not subordinated to the national interest in exportation. How will the situation stand after the war? What is now taking place is a nationalization of capital. The British and French Governments are not likely soon to relinquish the plenary power they have assumed over flotations of capital, nor in the exercise of that power to overlook considerations of national interest.

These are all tendencies, say the surviving cosmopolitans, making for reciprocal injury among nations instead of for mutual gain. England can check Germany's recovery and Germany can check England's, but both will suffer. Without doubt. But until the peace of the world is established on firmer foundations than those of the past, the exchange of injury for injury in commerce will be counted a gain by the nation that suffers least, just as in war the exchange of lives for lives is a gain for the nation that loses least. A great war inevitably engenders trade jealousy as it engenders popular hatred, and of the two, trade jealousy is the more lasting. Petrograd and Berlin, Paris and London will engage for a generation in a mutually disadvantageous commercial struggle, because, according to the traditional diplomatic rules, it makes a great difference who dominates the shaggy mountain slopes and miasmic plains of the Balkans.

The Child Labor Bill

THE overwhelming vote in the House of Representatives in favor of the Keating Child Labor bill—337 against 46, with 48 not voting—is sufficient evidence of the trend of American opinion on the subject of the industrial exploitation of children. The only economic argument that is still advanced against the prohibition of factory employment for young children is that children thus employed are drawn from conditions even worse than those prevailing in the factory. This is an argument we have heard in the North from representatives of the canning interests and in the South from representatives of the cotton industry. It is an argument, however, that leads to quite other conclusions than industrial laissez-faire. If the children in New York tenements or on South Atlantic farms are actually in such des-

perate case that the cannery or factory represents material and moral progress, the authorities of New York and the South ought to proceed at once to organize a child rescue movement.

But the opponents of the child labor law are not resting their case with the argument from the relative beneficence of factory labor for children. They are taking their stand in the defense of the Constitution. Under the American system of government, they urge, the police regulation of industry falls in the province of the states. Federal control of interstate commerce was originally designed merely to make forever impossible the erection of artificial barriers to the movement of goods and persons over state lines. To employ the federal power over commerce as an instrument for regulating industry is to invade the proper domain of the state. By far the greater part of our domestic commerce is interstate—according to Mr. James A. Emery, at least 90 per cent of it. Consequently, if the federal government proceeds to regulate the conditions affecting the production of commodities entering into interstate commerce, it will in effect assume power over practically all industry. The states will be shorn of one of the most important functions that the Constitution-makers bestowed upon them. The prohibition of transporting products of child labor in interstate commerce will, it is urged, be followed by a similar prohibition of transporting the products of women's labor executed under conditions regarded by Congress as detrimental to health, and products of the labor of men inadequately safeguarded against conditions hostile to health or life, etc. Reformers will look to Washington instead of to the state capitols for the initiative in industrial regulation.

It is not necessary to linger over the merits of the strictly legal argument. It is certain that the opponents of the bill have very little hope that the courts would hold it unconstitutional. If they had such hope, they would hardly find it worth while to carry on a constitutional struggle in Congress. What concerns us immediately is the question whether such regulation as the bill embodies actually curtails, or rather supplements the power of the several states to regulate industry.

As everyone knows, one of the most serious obstacles to progress in labor legislation has been the failure of the states to work in coöperation. Almost every restriction imposed upon industry in the interest of the public welfare entails increased costs upon the producer. Children are employed in cotton mills only because their labor is cheap. Now, if one state raises the age of employment, it places its producers at a certain disadvantage as compared with those of other states less merciful to their children. It is a conceivable case that the legis-

lator may be confronted with the alternatives of permitting child labor to continue, or of seeing the industries of his state fall behind those of states that do permit the exploitation of children. The competitive disadvantage of the state with enlightened labor laws is no doubt greatly exaggerated, but it is this exaggerated estimate of disadvantage that is in practice brought to bear upon the legislator. The fact is that no legislature feels free to regulate the industries of its state without taking into account the facts of interstate competition.

A federal law prohibiting the transportation in interstate commerce of the products of the labor of children under fourteen does not constrain any state to prohibit the employment of younger children in strictly local industries. It does free any state that wishes to fix its age of employment at fourteen from the danger that the products of unregulated child labor from another state will enter its market or common markets in competition with its more costly products. So far as such a measure as the Keating bill goes, it broadens the freedom of action of the more progressive states in the precise measure that it imposes the necessity of action upon the less progressive.

It is further to be borne in mind that federal regulation can at best fix minimum requirements only. Any state that seriously addresses itself to the elaboration of a scheme of industrial regulation will always find itself in advance of measures that can be enacted by a legislative body representing the whole country. It is therefore absurd to hold that such industrial regulation as Congress may impose can rob the state government of vitality. Only those state governments that are behind the times, devoid of vitality, will content themselves with minimum federal regulations instead of working out more severe regulations of their own.

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Eight-Hours for Railway Crews

AS an abstract proposition no one disputes the desirability of an eight-hour day for railway transportation employees. It is equally beyond controversy that the hours of work required of these classes of employees in certain branches of railroad service are excessive. The general basis of pay in freight service is theoretically ten hours, but in certain classes of traffic the average time actually on duty greatly exceeds this period. Employees in these branches of service have become the victims of what in railroad parlance is known as the "tonnage craze."

The development of heavier freight loads and larger freight earnings per mile has been the goal of all railway operating officials. Engines of greater and greater tractive power have been installed, freight cars of constantly increasing capacity have been built, the number of cars in trains has been increased, roadbed has been strengthened, heavier rails laid, new bridges constructed, grades reduced and curves eliminated—all for the purpose of getting heavier trains over the road with the object of reducing operating costs. The speed factor has been eliminated. In many instances it was found to be cheaper to load locomotives to the limit of their tractive power—to the point where they could only drag the trains over a division at a very low speed—than it was to send two trains of half the weight over the same division in half the time. Under this system of railroad administration the fact that the hours on duty of engine and train crews in certain branches of railroad service have become excessive is generally recognized and needs no elaborate statistical demonstration. The desirability of securing a shorter working day is not denied.

The real problem in the present movement for an eight-hour day is, therefore, a practical one. It constitutes a threefold question: (1) from a technical standpoint can the railroads be operated on an eight-hour basis; (2) if that is possible, in view of the fact that the employees are requesting an eight-hour day with the present rates of pay for ten hours, are the railroads financially able to comply with the request of the engine and train crews; and, (3) if the public approves of an eight-hour day for railroad transportation employees, and if its adoption by the railroads would add greatly to the financial burdens of the transportation industry, would this constitute a valid reason for expecting the public to authorize the carriers to advance their freight and passenger rates?

From a technical standpoint the eight-hour day

is practical because it already is in successful operation on a considerable proportion of the railways in the United States. Locomotive engineers now have an eight-hour day in through freight service on 55 per cent, and firemen on 20 per cent of the railroad mileage of the South. In the territory west of the Mississippi River, about five per cent of the total miles of road operated have an eight-hour day for engineers and three per cent have the same working day for firemen.

Those roads which are now operated on a ten-hour day basis will not find it necessary to change existing terminals in order to establish an eight-hour day. It is acknowledged by the employees that it would be impracticable to compel railroads to change their division points so that they would be 100 miles apart. Special provision is made in the first article of their requests that so long as the mileage of an engine crew is equivalent to or exceeds $12\frac{1}{2}$ miles an hour, there will be no increased compensation to employees for overtime. The railroads claim, however, that it would be necessary to reduce freight train loads in some branches of service in order to meet the speed requirements of $12\frac{1}{2}$ miles an hour, and, as a result, operating expenses would increase and net earnings decline. This contention is one of the phases of the general argument of the carriers relative to their financial inability to meet the cost of establishing an eight-hour day, which may now be examined in detail.

In considering the cost of applying the eight-hour day on transportation systems where it is not already in operation, the significant point to bear in mind is that railroad transportation employees are, as a whole, pieceworkers. They are engaged in producing engine and train miles directly, and, indirectly, ton and passenger miles. The movement of so many tons of freight or so many passengers a distance of 100 miles is the standard day's requirement as to output. With this explanation in mind, it is obvious that if transportation employees can maintain their present output of 100 train or locomotive miles in eight hours, or less, as is now the case in passenger service, the transition from a ten-hour to an eight-hour day would cost the railroad nothing. The men would still contribute as much as they do now to the movement of traffic, and rates of pay would remain the same.

During the recent arbitration case between western railroads and their engineers and firemen, the railroads presented elaborate exhibits which showed that the average time of 78 per cent of through or