

from the contemplation of the development in our midst of vigorous, independent youth, which bears promise of courage enough to make its own judgments and genuinely establish standards, which we have indicated by a graceful gesture in the form of a law but have been too cowardly and too supine to enforce.

Our hope lies in the honesty of the younger generation and the clear-sightedness with which they watch our blundering and our fumbling. They will never allow their children to do the things we have allowed them to do, and, from the bitter knowledge gained through our weakness and indecision, will be able to throw round the next generation a protection which we have failed to give them.

CORNELIA JAMES CANNON.

PROHIBITION AND PROSPERITY

BY THOMAS N. CARVER

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THERE are many factors in the prosperity of any country or of any class. It would be useless to argue that Prohibition has been the only or the chief factor in the prosperity of this country or of our laboring population. That it has been one of the factors is a reasonable inference from such facts as we have, by any process of reasoning which we would apply to a similar problem.

When it comes to a pinch, practically every one admits that Prohibition or severe restriction of liquor consumption is necessary to secure the maximum economy of man power. Such a pinch came in the World War. Not only this country, but England, Germany and Austria as well found it necessary greatly to reduce the consumption of liquor. That was a time when every unit of man power counted; when no country could afford to waste any of it. No one doubted that drunkenness, at such a time, was a waste of man power that might produce tragic results. In these times of peace, the waste of man power is not so dangerous, nor are its results likely to be so cataclysmic, but it is pertinent to

ask whether, in the long run, they may not be as definite. Since the prosperity of a country depends upon the economizing of its man power, that prosperity must be at least retarded by wasting it.

In the long process of economic competition, the country that economizes its man power through sobriety—even enforced sobriety—may gain as definite an advantage, as in the acute struggle of a great war, over a rival that wastes its man power in drunkenness. The advantage of conserving food may eventually be almost as important in time of peace as it proved to be in time of war.

The money that used to be spent on drink, estimated at \$2,000,000,000 annually, did not evaporate as soon as Prohibition was adopted. It continues to be spent, some of it, to be sure, for bootleg liquor. The poorer classes, or the classes that were formerly poor, are not the ones who are spending their money on bootleg liquor; it costs too much. Those who do, do not get so much liquor for their money and are at least so much better off. These observations probably have something to do with the fact that those who once formed our poorer classes are now so much more prosperous than they used to be. To be sure, the restriction of immigration is giving them higher wages than they would be getting if, at the close of the World War, we had opened our doors to the millions of wage workers who wanted to come. But even with our present wage scale, partly offset by our high cost of living, it is difficult to imagine our working people spending so much on other things as they are now spending if the saloon got as much of their money as it used to get, and if they were as frequently incapacitated by drunkenness as they used to be.

One need not stress the number of automobiles and talking machines; they had been increasing before National Prohibition. Even radio sets make such an appeal that the sales would have been considerable. There were always people who did not waste their money on drink. However, some of the money that formerly went for liquor probably goes for some of these things. Social workers state that the ratio of baby carriages to babies is noticeably higher than it used to be in the poorer quarters.

There is an astonishing amount of building reported, especially of small houses and apartments, but no great increase in the number of palatial residences or expensive apartments.

The most significant figures of all, however, relate to the extent to which laborers are entering the capitalist class. Savings deposits multiplied two and a half times from 1914 to 1924, while the number of depositors increased more than three and a half times. The amount of new industrial insurance per month increased from \$61,484,000 to \$292,094,000 between 1917 and 1924. The investment of wage workers in the shares of corporations is increasing so rapidly that all statistics are out of date before they can be published. Limited space permits mention of only a few of the more outstanding examples of employee ownership, which may be cited as evidence of the tremendous growth of this movement.¹

In January, 1925, more than 65,000 employees of the Bell Telephone System were stockholders of record in the company, and more than 100,000 are acquiring stock. On December 31, 1923, the Southwestern Bell Telephone Company reported that more than 5,900 employees were subscribing for 17,496 shares of its stock. In March, 1924, out of a total of 159,000 stockholders of the United States Steel Corporation, 50,020 were employees. The Bethlehem Steel Company, at the beginning of 1925, reports that 14,000 employees have made application for stock under its purchase plan.

The Standard Gas and Electric Company states (1925) that seventy-five per cent. of its employees are stockholders; the Northern States Power Company that eighty per cent. of its employees are owners. Of the total 123,751 owners of Armour and Company and Swift and Company, 55,000, or nearly half, are reported to be employees. Mr. Richard Boeckel in *Labor's Money* cites the following cases:

Ninety-four thousand employees of the American Telephone and Telegraph Company own stock in that company. Employees of the E. I. du Pont de Nemours Company own 14,484 shares of its stock with a total par value of \$1,448,400. Six thousand employees of the General Motors Corporation, one out of every

¹ See article by Ex-Secretary David F. Houston in *The World's Work*, January, 1925.

12 employed, hold 270,000 shares of its common stock, valued at more than \$4,000,000. Employees of Sears, Roebuck and Company own 133,300 shares in that enterprise. Seventy per cent. of the workers employed by the International Harvester Company hold common stock in the company, the aggregate value of their holdings exceeding \$5,000,000. Practically every workman employed by the Procter and Gamble Company is a shareholder in that company. Ninety per cent. of the employees of the Firestone Tire and Rubber Company are stockholders. Every third man in the employ of the Goodyear Tire and Rubber Company holds one or more shares of stock.

A striking example of the popularity of investment in public utility corporations—which is general throughout the country—is the Philadelphia Rapid Transit Company, whose employees, at the beginning of 1924, had purchased 120,000 shares of its stock, with a market value of \$4,200,000, which was one-fifth of the entire issue.

As for the railroads, more than 41,000 employees of the New York Central lines, representing one-fourth of the total number of employees, became stockholders in that company in February of this year. Two months later, 4,889 employees of the New York, New Haven and Hartford road subscribed to bonds in the company to the amount of \$857,000.

To cap the climax we have the growth of labor banks to help take care of labor's money. The first labor bank in the United States was established in Washington, D. C., in 1920, and six months later, the Brotherhood of Locomotive Engineers opened a bank in Cleveland. That organization has been most active in the field of labor banking and has more banks than any other single organization. Its late president, Mr. Warren S. Stone, in *The World's Work* for November, 1924, states that of the thirty-three labor banks then in existence in this country, ten were owned by the Brotherhood of Locomotive Engineers.

The numbers of these labor banks is increasing at a rapid rate. They seem, moreover, to be established on sound banking principles and to have the esteem and support of well-known banking institutions. As for their resources, Mr. Stone makes this significant statement: "From the time the Cleveland bank

was started, we have averaged about a million a month in deposits. This is only one bank. The saving power of American workingmen is so great that, if they would save and carefully invest their savings, in ten years they could be one of the dominating financial powers of the world."

Any one who attempts to explain all these amazing signs of prosperity among our working classes without mentioning Prohibition seems to me as extreme as the one who would explain them on the ground of Prohibition alone. I can not explain them except by bringing in Prohibition as a contributing factor.

THOMAS N. CARVER.

THE SITUATION WE ARE IN AND THE WAY OUT

BY HORACE D. TAFT

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I AM one of those who were opposed to Prohibition.

I believe enormous good has followed the adoption of Prohibition. It has resulted in enormous benefits for the whole country. A man who will consider the overwhelming evidence to this effect may also get some understanding of the fixed opinion of a large part of the American people in favor of Prohibition. He will find the results in a great increase in savings, in the marked improvement of the appearance of the school children from the homes of the poor, in the strong conviction on the part of great employers of labor as to the benefit derived by their workmen, in a great lessening in most of the country of the diseases arising from alcoholism and of the large class of petty crimes connected with the same.

On the other hand, an enormous amount of evil has followed the adoption of this policy. There is no debate on this. The drys admit it and blame the wets for it. The wets not only admit it, but exaggerate it, and blame Prohibition for it. We all know the main features of the picture. We know of the floods of boot-leg liquor coming in over the Canadian border and over our coast