

SPAIN GROWS ENORMOUSLY RICH FROM TRADE DURING WAR

Frank A. Vanderlip Observed Prosperity Unequaled in Spanish History—Country's New Building Exceeds Construction on Whole Continent of Europe.

WHAT SYNDICALISM IS.

"In Barcelona I learned what syndicalism really is," writes Mr. Vanderlip.

It is bolshevik in its aim. Its directing head is shrouded in mystery. No one knows who directs it. It rules by terror. It is a government of assassination. Over seventy industrial leaders of Barcelona have been mysteriously slain without a single conviction. Newspapers are censored. Two refused to obey orders and were forced to pay a fine of 5000 pesetas for printing the official decrees of the Spanish government. The governor of Barcelona fled when ordered to by the secret tribunal.

But Spain as a nation is enjoying the greatest prosperity of its long history. It has more gold in its vaults today than in the historic era of the looting of the treasures of Mexico and Peru. Its natural resources are great.

If Spain can overcome its ancient conservatism a great future opens before it. Spain may become a world leader in industry and commerce.

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WHAT HAPPENED TO EUROPE?

VII.

The Syndicalist Terror.

THE great war brought to Spain almost nothing but profit. She had an unlimited market at very high prices for everything that she could spare. She was outside the iron ring that closed in with crushing pressure on Holland and the Scandinavian countries at the same time that it shut in the central powers. The result has been an era of material prosperity such as has had no counterpart in Spanish history in the last century. With much to sell and comparatively little that it was possible for her to buy because of lack of supplies and particularly because of lack of transportation for those supplies, she has been frugal in spite of herself, while the warring nations have poured into her lap golden treasure in exchange for what she could give them. The result is that there lie in the vaults of the Bank of Spain in Madrid great pyramids of bricks of gold and long rows of sacked sovereigns and eagles. There is now piled in that vault gold to a value of \$449,000,000, more gold probably than Spain had within her boundaries even in the days when Spanish enterprise ventured forth to the Eldorado of the newly found western hemisphere.

More new building is going on in any one of half a dozen cities in Spain than elsewhere on the whole continent of Europe. Easily the finest hotel in Europe is in Madrid. Social life at the Spanish capital is more brilliant than at any other court in Europe. The shops of the cities contain everything for which there has been room on overladen ocean tonnage to bring.

Government Is Inefficient.

There are some fundamental defects that stand out sharply to anyone making a study of Spanish conditions. Many of the problems that other nations have in part, at least, long ago solved are fresh and acute in Spain today. The government in some particulars is bad and in many ways is inefficient. There still exists a privileged class of nobles, living for pleasure and blind to the responsibilities of their position. Great land holdings leave large sections of agricultural population little better than old-time serfs. The level of wages is the lowest wage scale existing in any country in Europe that I visited. The common laborer in the cities receives about 3½ pesetas a day—about 70 cents. The wages of agricultural laborers are still lower, while the industrial wage scale is such that grave industrial unrest is inevitable.

Spanish industry in the main is confined to Barcelona and Bilbao. Barcelona is historically turbulent. The province of Catalonia, of which Barcelona is the capital, is inhabited by a race that has ethnological variation from the general Spanish type. These people speak a language of their own and think and act differently from the other people of Spain. Politically, Barcelona presents to Spain something of the same problem that Ireland does to Great Britain. Their aspiration is for at least a modified home rule, and the answer of the cortes to that invariably has been measures of stern repression. Barcelona is the great manufacturing center of Spain for almost everything except iron, and a great percentage of its population is made up of wage workers. The provincial characteristics of the Catalonians, their independence, their disregard for authority, their progressiveness, have all found play in creating what to me was the most menacing, the most extraordinary, the most terrifying organization with which I have ever come in contact.

Syndicalists Dominate Workers. This population of workers is dominated by syndicalists and in Barcelona I learned for the first time what syndicalism really is. As there exemplified, syndicalism proposes no compromise with the present order of society. It is bolshevik in its aspirations and its methods. It refuses to accept the present capitalist organization of society and is determined to overthrow the present social order completely in order that it may build a socialistic state on the ruins of the capitalist state.

Its method of accomplishing this is through the agency of a syndicate, an organization which might be described in one sense as a universal trade union, embracing the workers of all trades. Unlike a trade union, however, the directing force is shadowed in complete mystery. No one knows who directs the syndicalist movement and when I say "no one," I mean almost literally that even the workers who are members of the syndicate know quite as little as do the outsiders. The organization partakes of the secrecy of the Molly Maguires and of the terrorism of an Italian Mafia. Somewhere back in it there is presumably a head or a committee but who composes that directing force is kept a secret from even the active workers in the organization. The method of communication is all by groups of twos. Starting with the central organization, whatever it is, it is presumed that each member has direct relationship with two other members in the organization. In turn, each of these other members have direct contact with two additional members and so on in arithmetical progression. This series has been traced back by secret methods of the government through 14 different strata and still the real leaders have not been reached. General strikes are called merely as a sort of organization gymnastics, without any demands being made and with no one put forward with whom negotiation might be made to end the strike. Such a strike may last a day or a week and as suddenly and mysteriously as work stopped, it will be resumed. All this is done to impress the public and to train the organization.

One of the latest phases has been the

censorship of newspapers. The newspapers were told they must submit all proofs before publication and that if they published anything unauthorized, they would be fined. Two papers were fined 5000 pesetas each for printing official orders issued by the government. If they did not pay the fine so levied, they were told that their presses would be mysteriously destroyed. Even if they did pay the fine, as happened in one case, there still was no relinquishing of the severity of the censorship. The result was that every paper in Barcelona ceased publication and for 15 days prior to the time I was there, not a single paper had been printed and the only news of the world which the town had came 24 hours old in the Madrid papers. Those papers, on the other hand, were government censored, and as a news center, Barcelona did not present a brilliant front.

The essence of the syndicalist method as exhibited in Barcelona is assassination. Up to the time I was there, there had been 72 employers or industrial foremen mysteriously slain. Not a single conviction had followed this great number of murders. Usually, even no arrests were made. If they were, witnesses and juries were terrorized. Judges were threatened and justice totally miscarried.

There was evidence that the syndicate was receiving monetary aid from Russian bolsheviks and from German socialists. The head of a great industrial organization, an American who had formerly been a resident in Mexico, told me that in Mexico he had known a German who was there a man of wealth and an organizer of enterprises, particularly of one which for a time cut a large figure in New York speculative circles. My American friend discovered this German acquaintance in Barcelona, obviously there for the sole purpose of disseminating German propaganda of unrest.

"Vigilantes" Springs Up.

Five Russians had recently landed at Barcelona saying they had been shipwrecked and presenting every appearance of extreme poverty and distress. It was discovered that they had under their clothing a complete lining of Spanish pesetas. I was told the examination of a branch of a German bank located in Barcelona disclosed payments of 300,000 pesetas to the syndicalist representatives and at the time I was there the manager of this bank was presumed to be in government custody.

The day after I left, the civil governor, obedient to threats of assassination within 12 hours, threw up his post in Madrid. One of the results was the fall of the Romanones ministry. The day before that I had had a long talk with the governor, and he impressed me as a man of great force of character, with sound, though perhaps not very liberal, views regarding social conditions.

Opposed to this mysterious organization of workers, there is growing up what we would term a Vigilantes, but what is called in Catalonia a Somatenes. This is now said to embrace 40,000 citizens who are banded together to fight the sort of domination the syndicate stands for.

Europe nowhere presented a more striking contrast to Spain, to watch the play of modern forces in their reaction upon old world conditions. Spain is a store-house of natural riches.

I was told by authorities whom I am bound to believe that Spain has the richest undeveloped resources to be found anywhere in Europe. The conservatism of the church, on the one hand, and the capacity of the nobles on the other, have held back the modernizing of Spain so that outside of the principal cities one feels as if he had been transported back into the social atmosphere of a century or two ago.

Spain has been blessed with an intelligent monarch. Everywhere I heard good words said of Alfonso XIII. I had the interesting experience of an hour's conversation with him, a conversation hampered by no ceremonies of royal dignity. We talked over Spanish and European conditions with the same freedom that one might have talked with any intelligent statesman, or I think I would rather say, with an intelligent business man, for his majesty showed a knowledge of business conditions and technical details of questions of exchange and an understanding of the principles of foreign trade such as a good many

statesmen would be quite innocent of. The king is immensely popular with the army, but has to handle one of the most chaotic and turbulent complex of political parties to be found anywhere.

VIII.

Labor Demands New Deal in Europe.

THE motto of the chief syndicalist organization of today, the Confederation Generale du Travail of France, consists of two words—"comfort and liberty." Here is the key to an understanding of the greatest problems of the age, the labor problem. If one will grasp in their significance what these two words connote in the mind of labor, he will have pretty much the whole story of labor's aspirations. By comfort is meant a larger share in the earnings of industry; by liberty is meant a less subordinate position in industrial surroundings and social status. It has been keenly observed that the aspirations embodied in these claims have been ripened by the war, which has quickened the consciousness of merit in the laboring classes.

A man who has had enormous experience during the war in handling the English labor situation, Sir Lynden Maccaessey, sums up the essentials to peace in industry under the three headings of contentment, co-operation and production.

The factors on which contentment depends, he says, are in their respective order of importance:

1. Security of employment.
2. A voice in fixing conditions of employment.
3. Remuneration and a fair division of profits.
4. Working hours.
5. Prevention of profiteering.
6. Housing.
7. Economic education.
8. Opportunity to rise.

The factors on which co-operation turn depend on:

1. Elimination of suspicion.
2. Creation of confidence between employer and employee.
3. Recognition of their mutual community of interest.
4. Machinery for facilitating co-operation.

The final factors upon which production primarily depends are:

1. Economic education.
2. Modernization of their methods by employers.
3. Repudiation by labor of limitation of output and of demarcation restrictions.

The significance in this catalog is the arrangement in respect to the order of importance of the different factors. Only preceded by the factor of the security of employment is the weight given to having a voice in fixing the conditions of employment. That I believe is giving its just weight to this aspiration of labor. I found the situation the same in every labor community where I had the opportunity to observe conditions. There is a determination on the part of labor to have more to say about conditions of its job. No matter in what country one studies this all-important matter he will find that the wage question is subordinate to the question of the worker's status. There is a determination to have a larger share in the profits of industry, but there is even a stronger determination to see to it that society no longer regards labor as a mere commodity, and instead of that, that society shall grant to labor, not as a concession but as a right, a voice in determining immediate industrial surroundings, rules and regulations under which labor will work.

There is today nothing short of chaos in European industry. One phase of it is manifest in the enormous unemployment encountered in every country except Spain. In England a million workers receive a million and a quarter pounds a week in "unemployment wages," and in addition England is subsidizing the cost of the nation 50,000,000 pounds per annum. The present unemployment figures, it is thought, are certain to increase. In Belgium the percentage of unemployment is far more serious with 800,000 in that comparatively small community receiving "unemployment wages." The situation in France and Italy is little better. The effect on the industrial life of the nation of this system of unemployment subsidies would make in itself the basis of an illuminating study. No matter how serious consequences one may trace as likely to follow these vast financial disbursements, it may as well be admitted on the start that they were absolutely necessary. If the war industry had

ceased and armies had been demobilized to return to hunger and idleness, the foundation of the capitalistic order would have crumbled.

Unemployment Pay Drawback.

In England the weekly unemployment dole is 25s to men and 25s to women, with an additional amount for each dependent child. This is a sum certainly none too large to maintain a self-respecting standard of living, although it is larger than were the wages for a full week's labor in many lines prior to the war. It is admitted by every one that the system is being abused, that men are declining to work because they would rather loaf and draw the dole.

Under the rules of administering this unemployment fund, the government must present to a man an opportunity to labor at his particular trade before it may cut off his claim to the unemployment subsidy. There is in England an extraordinary immobility of labor as between the various trades. It naturally follows that there are many stories related of how laborers were refused this job or that because such job does not fall exactly within the defined limits of their particular trade, and the men idly consuming government charity while useful tasks remain unperformed.

A man of very high position in the financial world of the city told me this story. A man had been in his employ as a gardener, but left that work to become a repairer of roads. Municipal engineers stopped road repairing and the laborer began to draw his unemployment wage. Having a large family his weekly income from the government dole was 38s. My friend met his former employer and offered him 35s to resume work in his garden. This he hotly declined as he said he was receiving 38s for doing nothing. My friend then appealed to the authorities and charged them with wasting the taxpayers' money, but they replied that this man was registered as a road repairer, and they were bound to find him a position as a road repairer and pay him unemployment wages until they succeeded.

This tale was told to me for the purpose of throwing light on the abuses that were going on under the unemployment act. As a matter of fact, while the story may be useful for the purpose intended, it is even more illuminating because of the light that it throws on the attitude of employers. A man of wealth owning an extensive country place and attempting to command the labor of a man who had a large family to support by offering him 35s a week with the present cost of living in England taken into account, was trying to get his gardening done at a wage that must have meant the barest subsistence to the worker. There are easily two points of view from which to regard the employer's refusal to give up his 35s a week of unemployment dole in order that he might earn in the sweat of his brow a wage below a point that would support his family at a minimum standard of existence.

The effect on moral character of these huge government disbursements to the unemployed raises extremely serious considerations. There has been an awakening consciousness in regard to society's responsibility for unemployment and there is little likelihood of European industry returning to its pre-war situation in which the lack of security for labor was always uppermost in labor's mind. The unemployment dole is in no sense regarded by their recipients as charity, but rather as a human right which should be one of the first charges of the public purse. Economic ignorance leads men to think that the public purse is bottomless, and that their government, if not the world, owes them a living. They feel that they are not necessarily bound to do any work in order to earn their living.

Employers generally admit the necessity and the justice of a national unemployment scheme, but they universally feel that the plan should be contributory, and that employers and employees and the nation should each bear a part of the burden.

Labor's Claim Held Logical. It seemed to me that the most important thing for American employers to grasp is the significance attached by workmen to bettering their social status in industry. At home I try to give to my employees a certain enlightenment on the workmen's point of view, and I have been increasingly impressed with their desire for a larger voice in management. They do not want a voice either in the management or the responsibility of the business office, but they do want more to say

LABOR IS GREATEST PROBLEM.

The greatest problem of the age is that of labor.

In every country Mr. Vanderlip visited he found the labor question an acute issue.

In England 1,000,000 workers are receiving "unemployment wages." The situation in France, Italy and Belgium is but little better.

But for American employers the significant thing that Mr. Vanderlip found was the determined efforts on the part of European workmen not only to secure increased compensation, but to improve their social status in the industry in which they were employed.

They are demanding a larger voice in the management. They insist on having more to say regarding the surroundings in which they work. European employers believe that production depends in contentment. They feel that from capital's view point every concession to contentment means added production.

Loss of man power in the war has tremendously strengthened labor's position. The war quickened the consciousness of labor. At the same time it profoundly changed the attitude of the social classes.

This is one of Mr. Vanderlip's most interesting chapters.

about the immediate industrial conditions in which they work. I am thoroughly convinced that that aspiration is now world-wide and that America will feel the demand as strongly as it is now being felt in Europe. I believe it is a demand that American employers should heed, and that it should be met not merely by forced and grudging concessions, but rather from the point of view which is now held by many English employers. It is declared that the men want to be treated as intelligent participants in industry, to be consulted and to have things explained to them. It is a reasonable and logical claim, and employers themselves believe they will have to concede it.

English employers believe that production hinges on contentment; that contentment cannot be secured merely by wages, and that if labor is given a larger voice in the management of the purely industrial conditions of the shop, there will be not only growth in contentment, but there will be a co-operative spirit in which men will bring their brains as well as their muscles to the task of production. They feel that from capital's point of view every such concession made will be far more than compensated in the increased production secured.

There is a tendency for labor to lose its faith in the efficacy of higher wages. Debased currency and deficient supplies have so steadily advanced the cost of living that higher wages have frequently brought no additional comforts of life. It is in this fact that there is the most dangerous ground for propagating dissatisfaction with the entire capitalistic order of society. Everywhere in Europe there is a substantial minority in the labor world ready for a revolution to establish a communistic state.

Labor's position in Europe is going to be tremendously strengthened by the loss of man-power resulting from the casualties of war. These figures reach an enormous total and have an immediate effect on the cost of production. The loss of population resulting from the decreased normal birth rate. A sound authority estimates that the belligerent countries are poorer by 12,000,000 lives because of the separation of husbands and wives during the war.

I suppose the most significant thing in the whole European labor situation is the quickened consciousness in the minds of labor, which has come from the whole war experience, of labor's power, and the keen comprehension of labor's claims to opportunity and reward. The attitude of social classes throughout Europe has been profoundly affected by the war experience. This experience has broken down many old class barriers. Nowhere in Europe is there any longer any substantial resistance on the part of employers to an eight-hour day.

Perhaps there is no single mental effect of the war that is more significant than the changed attitude of European employers to the whole labor question. There is a disposition to examine the very fundamentals of labor's dissatisfaction and to accept as not only necessary, but probably as desirable, a quite new status of the worker, particularly in relation to giving them a really effective voice in the management of industry.

All that may sound very revolutionary to an employer who has counted labor costs as he has counted the cost of copper or steel or cotton. There has

been a great awakening in Europe, however, to the difference between buying the raw material commodities and the buying of the labor element that, combined with them, makes the finished product.

Employers Get New Vision. Employers have begun to distrust their old point of view and to take a new and a far more human attitude toward the whole labor problem. There is an underlying optimism in their minds in one type or another of "nationalism" or "communism," the generic term for which in everybody's mind is now "bolshevism."

There is truly a new intellectual aristocracy growing in England, fed from the ranks of labor and having an outlook, an understanding, a sympathy, and with a grip on the economic verities that marks the most promising and significant development.

In the great war America achieved the freeing of herself from the incus of militarism at the cost of a sacrifice which, compared with the sacrifice made by the nations associated with her, has been small indeed. She faced the world with a new confidence and power seemed likely to be set up as the predominant force. With all the rest of the world she is now free, it is to be hoped, from the cost of a sacrifice, and she has fortunately secured freedom at no crushing cost.

I believe that it lies within the power of American employers to reach a true vision, a development of human sympathy, a grasp of economic principles, a concession in time-rooted prejudices and a quickened understanding of the aspirations and the point of view of labor. Is it too much to hope for?

I am convinced that it is along these lines that the future of the world is to be found. I have come to feel profoundly that a liberalizing of the views of employers and capitalists in respect to labor will be followed by a gain to both sides, the value of which could hardly be measured. In that direction lies the hope that America may make the same sort of short cut to industrial peace that she made in freeing herself from a life of apprehension of military domination. It seems to me clear as crystal that along these interests will now with one great moral satisfaction, but side by side with that lies the greatest material prosperity.

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RAILROAD DEMANDS AND PROHIBITION THEMES

