claiming great stretches of territory as “ their own,” into which other corporations must not intrude, are startling things to any people. The rise of a corporation, built upon the ruins of countless individual business concerns, and showing that it can reduce railway corporations to an obedience which they refuse to the State, is too suggestive of an *imperium in imperio* to be pleasant to a democracy. The States, to which the whole subject legitimately belongs, confess their inability to deal with it by leaving Congress to pass the Inter-State Commerce Act (1887), intended to stop the encroachments of railway corporations on indi­vidual rights (§ 106) ; but the success of even this measure is still quite doubtful.

1. Still more unhappy have been some of the effects of the new régime on the relations between employers and employed. The substitution of a corporation for an indi­vidual as an employer could not but affect such relations unhappily, at least for a time ; but the freedom and power of the corporate employers strained the relations farther than was at all necessary. The first clumsy attempts to control the corporations, by limiting the percentage of their profits, led to the artifice of “ watering,” or unneces­sarily increasing, their stock. In good years the nominal dividends were thus kept down to an apparently normal percentage. When bad years, or increasing competition, began to cut down the dividends, the managers were often forced to attack the wages, or increase the duties, of their employees. The “ bad years ” began to be more numerous and constant after the financial crisis of 1873 had set in ; and the first serious effects appeared in the “ railroad strikes of 1877.”
2. For many years past, the drift of population had been towards an urban life. Taking the town of 8000 inhabitants as the lower limit of urban population, we find that 3∙3 per cent. of the population was to be classed as urban in 1790, and that the percentage had risen to 22∙5 in 1880. If towns of 4000 inhabitants had been taken as the lower limit, the urban population in 1880 would have been 13,000,000, or more than 25 per cent. It may be thought that the policy of protection, of abnormal stimula­tion of manufactures, had something to do with this tend­ency ; but it is noteworthy that the increase during the generally free-trade period of 1840-60, from 8∙5 to 16∙1, was the greatest of any twenty years, unless we take the period 1850-70, half free-trade and half protective, when the percentage rose from 12∙5 to 20∙9. Whatever may have been the cause, the tendency is indubitable, and its effects in increasing the facility of organization among the employees of corporations, whose fields of operation are generally urban, are as easily to be seen.
3. Some of the corporations were controlled by men who were believed, in some cases on the best of evidence, to have gained their control by the defects of American corporation law, particularly by the privilege of the majority of stock-holders to use the whole stock almost at their discretion, even for the wrecking of the road and its repurchase on terms ruinous to the minority’s interests. Disrespect for “ property rights ” thus acquired was apt to extend to other corporate property, acquired legitimately : in the railroad strikes of 1877, there were cases in which citizens usually law-abiding watched with hardly-concealed satisfaction the destruction of such property as belonged to corporations. Further, the neutral position of the United States had brought about the transfer of consider­able English and other foreign capital to the United States to be invested, under corporate privileges, in cattle-ranges or other industries connected with Western agriculture. The American managers of these corporations, feeling little responsibility to any power except their foreign employers, permitted themselves to take liberties with individual settlers and their rights which arrayed a large part of the agricultural population of the West against corporate pro­perty. Finally, the differential rates made in private, even secret, contracts, by railway corporations all over the country, had gathered up passions of all sorts against the corporate “ monopolies.” The anchor of agricultural con­servatism, usually a safe reliance in the United States, had ceased to be of service in this matter. An order, the “ Patrons of Husbandry,” said to number 1,500,000 mem­bers in 1874, had been formed with the avowed object of checking the common corporate enemy ; and, though its prominence was short-lived, its influence remained.
4. The growing power of corporations, and that at a time when the democracy had just shown its strength most forcibly and to its own satisfaction ; the evident tendency of the corporations, especially in the protected industries and in transportation, to further combinations, such as “pools” and “ trusts”; the consequent partial disappearance of that competition which had seemed to be a restriction on the power of the corporations over the individual ; the power and disposition of corporations to cut wages down when­ever dividends made it necessary to do so ; the half-under- stood, but heartily dreaded, weapon known as the “ black list,” by which combinations of employers, especially of corporations, drove employees inclined to “ agitation ” out of employment ; the general misgivings as to the wisdom or honesty of the State legislatures, in which the power over corporations was vested ; the unhappy influences of the increase of urban population over the jury system ; the complicated systems of appeals which had grown up in American law, with their opportunities for delay or per­version of justice by wealthy and determined corporations ; the altered character of American labour, which was now largely made up of a mass of immigration hardly yet fully digested, and more apt than American labour had once been to seek help in something else than individual effort, —all these influences made up a mass of explosives which became seriously dangerous after 1880. It was no longer so easy for the individual to defend himself against cor­porate aggression ; if it had been, the American working man was no longer so apt to trust to an individual de­fence; and labourers began to turn to combinations against corporations, though these combinations were even more prompt and successful in attacking individual employers than in attacking corporations.
5. The trade unions, which retained most of the con­servative influences of their generally beneficiary nature, were not radical enough ; and a local Philadelphia society, the “ Knights of Labour,” was developed into a national organization, following the usual American system of local “ assemblies,” with delegates to State and national conven­tions. With but 52,000 members in 1883, it claimed 630,000 in October 1886, and 1,000,000 at the beginning of 1887. Its general object was the union of all classes and kinds of labour into one organization, so that, “an injury to one being the concern of all,” the oppression of even the humblest and weakest individual might be answered by the sympathetic action of more important and, if necessary, of all classes of labour. The “ boycott,” an imported idea, was its most successful weapon : the firm or corporation which oppressed its employees was to be brought to terms by a refusal of all members of the national organization to buy its productions, or to deal with any one who bought or sold them. Such a scheme was directly subversive of all social protection or security ; and yet it had gone on for nearly two years before it came plainly to public notice (January 1886). Boycotts increased in number ; local assemblies, intoxicated by their sudden success, went beyond the control of the well-intentioned head of the order ; the passive obedience on the part of