

CHAPTER V

CIVIC PROBLEMS

Polonius:

“And now remains,
“That we find out the cause of this effect;
“Or rather say, the cause of this defect,
“For this effect defective comes by cause.”

SHAKESPEARE.

BEFORE entering upon any briefest consideration of so-called problems of government, it should be observed that a problem may be social, a matter of even serious common or social concern, and yet not be civic, that is, susceptible of solution by the State. It is not a problem of government unless it arises from conditions due to some governmental fault of omission or commission, to some one or more abuses of civil power. Whenever the State shall be fully and efficiently performing all its legitimate functions, which precludes the use of its power for any other purpose, it will be discharging its whole duty and for the time thereby exhausting its authority. Any

problems then remaining will be non-civic and will have to be solved, as indeed they always must be if at all, by the members of Society acting in their private capacity and not as citizens. For the State to undertake the solution of any such problem or to lend its power for that purpose, would be to abuse its power and to complicate the problem. There is no doubt, however, that the solution of non-civic problems is greatly retarded and in many cases wholly prevented by the persistence of civic problems, and that not only civic progress but all human advancement awaits the correction of those governmental abuses from which civic problems arise. In other words, abuses of civil power not only give rise to troublesome civic problems but also stand in the way of solving those not civic. Who shall say to what extent solution of the non-civic problem of promoting moral progress is hindered by the persistence of involuntary poverty, that great civic problem and prolific cause of man's degradation and misery.

Problems of government have been aptly called symptoms of disease in the body politic, but it is not necessary to wait for development of the symptoms in order to know that the disease

exists. When the abuses to which the disorder is due are known to exist they should be corrected without waiting for it to culminate in what is called a problem of government. And yet, though an abuse of civil power is always from its beginning directly injurious to somebody, it is nevertheless generally allowed to continue until its evil effects, either of themselves or in conjunction with those of other abuses, become so widespread and acute as to cause that degree of popular unrest which eventually compels the attention of the State. And even then the so-called problem may be for the time disposed of without correction of the causal abuse, which may not only remain but be even more firmly entrenched than ever before. Popular discontent aroused by the irritating spectacle of vast landed estates may be allayed by reducing the size and increasing the number of individual holdings, but the basic wrong, the abuse of holding land as if it were property, will have as many more interested defenders as there are additions to the number of so-called land owners, while the hard lot of the great mass of the people still expropriated from the soil, will be little if any improved. Dissolution of the combinations called trusts into

their constituent corporations, does not render the latter any the less destructive of natural competition, but gives them the additional security of express or implied judicial approval.

As the moving purpose in attempting to dispose of this or that problem is often not so much to do even tardy justice as to allay the peace-disturbing unrest, attention is generally directed more to mitigation of the troublesome effect than to correction of the abuse that causes it. Nor is it always easy to determine whether the problem is indeed civic, one to be solved by the State, or to identify all the abuses that may have contributed to complex conditions of industrial and social hardship, which are often charged to causes most diverse as well as remote, industrial panics, for instance, having been attributed even to spots on the sun. It is, however, upon such incidental occasions and irrational methods that the State is wont to rely for correction of civic abuses. As the abuses should have been corrected before the resulting problem arose and as they must be corrected before it can be finally solved, it is clearly a waste of time and a further abuse of its power for the State to putter and pother over this and that problem, vainly trying to identify and distinguish

the different causes that may or may not have contributed to a complex evil result, when it can more easily and much sooner remove all abuses, and with them all civic problems, than it can satisfactorily or finally solve any one problem. If the patient is known to have swallowed poison, the physician does not spend much time in diagnosing the case, but applies the stomach-pump, and of course forbids the taking of more poison.

A difficulty to be encountered in considering any one of the problems of government arises from their essential interrelation, the solution of one often involving that of one or more others. It is not easy, for instance, to think of any one of them that is not in some way related to the problem of poverty. Be it the problem of labour and capital, of the trusts, of the railroads and other branches of public service, of the currency, of graft, or of so-called swollen fortunes, the wrong it connotes tends to impoverishment of some of the people, while the problems of disease, vice and crime necessarily involve consideration of poverty both as cause and effect of the evils they connote.

Poverty due to indolence, improvidence, intemperance, to vices of the individual, is chargeable to government so far only as the State is responsible

if at all for his having those vices. It would not be reasonable, however, to assume that poverty is always due to such causes when others are known to exist. Long-continued or oft-repeated idleness whether voluntary or enforced will impoverish all who depend upon their labour for support, as will also an insufficient wage however industrious and saving the worker, and it therefore devolves upon the State to inquire whether it is in any degree responsible for the enforced idleness or insufficient wage and consequent poverty of any man.

If the enjoyment of natural opportunities for self-employment as well as for the sale of one's labour were secure to all men, the State would not be responsible for the non-employment of any. On the other hand, if that employment be not secured to all it is impossible to know how many are for that reason disemployed or underpaid, or to what extent the State is therefore answerable for existing poverty. The only way to be assured that it is not at all so responsible is to provide that no man shall be in any way deprived of such enjoyment. That, as already seen, the State has not yet done, but, on the contrary, has itself deprived the great majority of men not only of natural opportunities for self-employment but also of a nat-

ural market for the sale of labour. It is of course impossible to know to what extent poverty is due to these causes, nor is it necessary to know; they can not fail to have their effect, and even if there were no problem of poverty, no poverty even, it would nevertheless be the duty of the State to see that no man is by any other man or by the State itself denied any natural opportunity for self-support or for the pursuit of happiness.

It has been seen that the holding of land as by right of property not only deprives the majority of men of their natural and only opportunity for self-employment, but destroys the natural market for the sale of labour. Denied access to land, men who would otherwise be not only self-employers but eventually buyers of other men's labour, are forced into the ranks of those who must seek to sell their labour. Owing to this artificial, State-enforced increase in the supply of wage labour as well as decrease in the demand for it, there are oftentimes, if not always, more would-be sellers than can find buyers at any price, no matter how low the market may fall. It is from the hard conditions of such unnatural, State-imposed market, still further demoralised by other governmental interferences, that arise wasteful, peace-

disturbing conflicts between labour and capital, or, correctly speaking, between the sellers and the buyers of labour, as well as among the sellers themselves. The employer of labour is forced to buy it as low as it can be bought by others or be driven from the competitive field, while the employé feels compelled to combine with others for protection against the competition of fellow toilers who to save life are eager to sell their labour even for less than a living wage.

Responsibility of the citizen for this virtual destruction of all freedom of contract for the sale of labour, is not to be escaped through any show of righteous indignation at the however wrongful interference of hard-pressed union-labourers with such pitiful remnant of that freedom as may remain to their non-union competitors. No offence for which the State punishes the striking wage-worker is to be compared with the prior wrong, the strike-causing abuse, of which the State and every citizen consenting thereto are guilty. The State should at once begin the work so long and stupidly delayed of restoring to all men that equal enjoyment of natural opportunities for self-employment of which they are deprived by the legalised holding of land as if it were property.

That can be accomplished only by appropriating land values to public rather than private uses. Whether restoration of the land to the people would wholly solve the problems of labour and capital, is not to the point; they can not be solved without such restoration, and even if they could the governmental absurdity and State-stultifying abuse of legalised land monopoly should no longer be tolerated, for it involves greater injustice and more far-reaching wrong than any the State undertakes to prevent.

It is, moreover, only through righting of this wrong that can come any solution of the problem of taxation. The appropriation of land values to public uses will afford the State a just revenue amply sufficient for all its needs, doing away with all complaint of inequitable and burdensome taxes, with all necessity for borrowing, and eventually with the demoralising embarrassment of a public debt. The time will come when there will be no man or class of men, no part of the people, richer than the State, the whole of the people; when the State will be able to pay as it goes, without asking for or interfering with the wealth of any man, even after he is dead and unable to protest. Another result of treating nat-

ural opportunities not as wealth, but as its common source, will be the disappearance of industrial panics, for when industry shall be no longer arrested and held up by periodic or other speculative inflations of land values, its operation will be as continuous and uninterrupted as the continuing and ever increasing wants of the people.

In considering the disappointment, inconvenience and possible hardship that landholders and the holders of securities based upon land values may experience by reason of appropriating those values to their just and proper use, it will be borne in mind not only that persons liable to such hardship will be few in comparison with the vast number of those now unjustly expropriated from the land, but also that their hardships will be less severe as well as more readily escaped than those imposed upon the victims of land monopoly; further, that while in the one case the hardships are necessarily incident to the righting of a great civic wrong; in the other they are the inevitable result of its continuance; further yet, that in one case they will become fewer and fewer until they finally disappear, while in the other they must increase in number and severity as long as the wrong shall continue; and, further still, that the neces-

sarily gradual change from private to public use of land values will be accompanied by such improvement in economic conditions as to reduce industrial hardships to a minimum. Moreover, the State will then be able to provide for the decent, comfortable support of all persons for any reason incapable of self-support, for it will not have to provide as now for that much greater number who will for the first time become self-supporting and a help rather than a burden to the State when no longer denied natural opportunities to be so. Nor will provision which the State shall then make for the unfortunate carry with it any suggestion of almsgiving, for it will not be made out of the means or at the expense of any individual, but from land values, from that social fund to whose maintenance there are no contributions, either voluntary or enforced, of individual or private wealth.

It is evident that in dealing with the mixed problems of land monopoly and taxation, which are seen to underlie so many other problems, the State must of necessity choose between two courses of deliberate action; the one involving no injustice, but merely the temporary hardships necessarily incident to the righting of a great and

long-continued civic wrong, hardships, however, which will be felt only for a time, and by only a few of the people, and from whose severity the State may well afford relief; the other involving the positive injustice of continuing that wrong, and with it the ever enduring hardship which it entails upon a vast and ever increasing majority of the people, and from whose severity, and countless evil results to the whole people, the State can afford no adequate relief so long as the wrong shall continue. Along which of these two only courses, in which direction, lies the path of civic righteousness sometimes thought so hard to find, is a question to be answered by every citizen for himself.

The problem of the trusts is so recent as to suggest the likelihood of its being due to some comparatively recent cause, and yet attempts at its solution have been as usual directed mainly to consideration of effects rather than causes. Nor are the difficulties inevitably to be encountered in attempts so made by any means wanting in this instance. It is contended on the one hand that the trusts are not an evil, and on the other that they are wholly so. Some say that there are good and bad trusts and that the latter should be

regulated, but with little agreement as to how they should be regulated, while some contend that there is no just regulation possible, no right way of doing wrong, even by rule.

If the trusts are wrong it must be for the reason that they wrong somebody, that is, that they interfere with individual enjoyment of some one or more of the natural rights of man, for in no other way can any man be wronged. It is claimed on one side that trusts wrong the people by extorting through monopoly and restraint of trade an exorbitant price for commodities in which they deal, and on the other that through economies made possible by combination they reduce prices. But who shall say what is a just price for any commodity when there is no natural market for the sale and no free competition in the manufacture of it? The price may seem so high that one feels he is being robbed, or so low that he knows some one else has been, but what is a just price neither he nor anybody else can determine under existing conditions. For the sake of peace government may decree what shall be a legal price, but the price so fixed may in spite of best intent and endeavour be as far from just as are the conditions which render governmental action necessary.

Neither the statutory nor the commercial rate of interest is a reliable index, since the one is arbitrary and may be too high or too low for all any one can tell, while the other is no less subject than other prices to inequitable influences that obtain in an unnatural market.

But the evil that the trusts may do is not confined to the enhancement of prices. The people are interested not more in buying at a fair price than in producing wherewith to buy, and if the trusts interfere with individual enjoyment of whatever of natural opportunity for the production of wealth survives the encroachments of land monopoly and other privileges, they are an evil even though they may reduce prices. If a resulting reduction in prices were to be held sufficient warrant for the grant of privileges tending to destroy natural competition, there would be no reason why a still further reduction should not be held to warrant its total destruction, even through State monopoly of all the means of production.

Land monopoly, which is by no means confined to the holding of land for private uses but includes the private holding of railroads and other rights of way in their nature public, is so clearly destructive of natural competition that it is some-

times thought to constitute, together with tariff, patent-right, and certain money privileges, the entire composite trust evil. But while it is true that such monopoly and privileges are so largely exploited as to be almost monopolised by the trusts, it is not upon them that the combinations under consideration depend for their distinctive character, nor would the abolition of that monopoly and of those privileges wholly destroy the trusts or deprive them of their peculiar power for injury.

A combination or trust is of course reprehensible whenever and only when the individuals composing it are so combined as to have an unnatural advantage over their actual or would-be competitors in business. It has been seen, however, that the natural and therefore beneficent tendency to combine is so evenly balanced by opposing tendencies and natural hindrances as to prevent unprivileged natural combinations becoming so large or powerful as to be permanently monopolistic. However extended a partnership may become, so long as it is unprivileged there will be others able and willing to cope with it. Whatever restraint such associations may exert wrongs no man unless by direct illegal interference with

some natural right, against which collective aggression the State should of course afford protection the same as if it were individual. There is no wrong in unprivileged combination and cooperation for the production of wealth. If two men have a right to combine, so have hundreds or thousands, as far as they can without privilege, and, as already seen, it is not in the nature of things, not in human nature, for unprivileged combinations so to extend and continue as to monopolise any field of industry. The reprehensible trust is therefore never a natural association, but always a corporation or combination of corporations, and could not maintain its integrity without the cohesive force of corporate privilege, which indeed constitutes its essentially distinctive characteristic.

That corporations have abnormal power will hardly be questioned. As said by the Supreme Court of Tennessee: "Great corporations may do great mischief and wrong; may make and break merchants at will; may crush out competition, limit employment and foster monopolies, and thus greatly injure individuals and the public; but power is inherent in size and strength, numbers and wealth, and the law can not set bounds

to it unless it is exercised unlawfully." If that be, as it seems, correct statement of fact and sound conclusion of law, by what just warrant does the State assume to increase the strength of this or that body of men, as it does by every act of incorporation? Every corporation however small owes more or less of whatever strength or power it has to the privilege of incorporation, and to that extent embodies the characteristic privilege and evil of the larger corporation or trust. By means of their peculiar advantages, one of which is the control of capital in such way and to such amount as to warrant risking some part of it in underselling unprivileged competitors, corporations have gradually driven natural persons out of almost every considerable branch of business. This has been as surely in restraint of trade as it is for the trust to undersell and so crush out competing corporations. The wrong in either case consists not so much in the underselling, which is not in and of itself any infringement of natural right, as in granting the privilege without which such underselling could not be safely undertaken. Trade is restrained whenever and only when somebody is restrained from trading. Natural competition is merely the exercise of economic free-

dom, and consists in the unrestricted, unprivileged and commendable endeavour of natural persons to render each the most acceptable and readily exchangeable service to his fellow men. To exclude any man from natural opportunities for such endeavour, or to subject him to any artificial, State-imposed disadvantages in the making of it, is restraint of trade as unjust and as unreasonable as any that can obtain, and is none the less unreasonable or unjust because unconsciously imposed and ignorantly borne.

The trust is but the logical, inevitable outcome of granting corporate privilege. By forcing natural persons out of the competitive field, corporations first destroy whatever of natural competition until then obtains in spite of land monopoly and other privileges. Then follows the only competition possible among artificial persons, a competition as unnatural as the competitors, governed and governable by no natural law. The corporations must either combine or go on cutting one another's throats, but whichever they do the trust is inevitable, for if the throat-cutting continues it must sooner or later result in the defeat of all but the one victorious and dominating corporation left in control of the field, and so holding as

great a monopoly as any to be acquired through combination. There is some excuse, seeming necessity even, for the combinations called trusts, their object being to avoid a self-destructive competition; but there is no excuse to be offered for creating the corporation, which is not only unnecessary to the performance of any governmental function but is in and of itself necessarily destructive of the natural competition essential to industrial liberty. Outcry of the corporation against encroachment of the trust is heard because of a vocal potency that comes with privilege. The plaint of the individual, the natural person, as he goes down perhaps before that same corporation, is too faint to be heard, and he helplessly, hopelessly, takes his place in the already overcrowded ranks of those who are forced, not by any natural law or evolutionary process but by abuse of the power of the State, to offer their labour in a market where the State neither buys nor compels any one to buy.

Corporate privilege was originally presumed to be granted only "for the advantage of the public," the Courts holding until times quite recent that the purpose of incorporation should always be "the accomplishment of some public good." The

theory was stated by the Supreme Court of the United States some years ago as follows: "The wants of the public are often so imperative that a duty is imposed on government to provide for them; and as experience has proved that the State should not attempt directly to do this, it is necessary to confer on others the faculty of doing what the sovereign power is unwilling to undertake." More recent experience goes to prove, as far as it is possible to prove what is self-evident, that the State should not attempt to do its duty in any other way than directly. The railroad and other public-service problems are the result of conferring on others the faculty of doing what the sovereign power has seemed unwilling to undertake, and their solution awaits the time when the State shall be willing to do its duty.

Whether industrial corporations, those formed for the prosecution of private business, have been "for the advantage of the public," is a question which would seem to be sufficiently answered by the problem of the trusts. The Government has at last deemed it necessary to assume such control of their affairs as it would never be necessary or proper for it to exercise over the business of natural persons; a control, however, which the larger

corporations may welcome in the not unreasonable expectation that it will maintain them in the now doubly legalised and judicially reinforced enjoyment of already virtually all-encompassing privileges, free from all further worries whether of competition or of combination, for the corporations will hardly be lacking in power to direct whatever control of their overgrown affairs they compel the State to assume. In view of the difficulty government has always had in controlling natural persons, what reason is there for presuming that it will ever be able effectually to control the so much more powerful ones of its own, Frankenstein-like creation? A corporation that does nobody any harm will do nobody any good. There is no natural law nor can man prescribe any equitable rule for the conduct of unnatural persons. There is no rule of reason applicable to things intrinsically unreasonable.

Solution of the trust problem must abide the time when the State shall realise that it can not create artificial persons without infringing the rights of natural persons. As it has had to dissolve the trust by resolving it into its constituent corporations, so will it eventually have to resolve the latter into the individual natural persons of

whom they are respectively composed. The alternative is State socialism, toward which the attempted regulation of corporations by government now tends. Their power for injury may, however, be meanwhile greatly diminished by the abolition of privileges which they now exploit in common with any natural persons not as yet driven from fields of such exploitation; for, as already observed, corporations tend to monopolise not only natural opportunities for the production of wealth, but also all privileges, or State-given advantages of inequitable appropriation. They are quivers of privilege in which to gather and carry all the arrows of privilege.

That many industries have come to be conducted on a larger scale than individuals or even partnerships would be able to maintain does not prove that they ought to be so carried on. Their present gigantic proportions are as unnecessary and abnormal as the privilege to which they owe their enormous expansion. And yet it should be remembered that there is nothing reprehensible in mere magnitude even of business, for when due as it may be to natural causes alone it is itself natural and therefore right. When it is really a symptom of economic disease, and it can never be

more than a symptom, the corrective treatment should be applied to the disease rather than to the symptom. The evils of a privileged and therefore abnormally expanded business are not to be remedied by reducing the magnitude of its operations. To scatter a disorder is not to cure it.

If there be any necessary undertakings which can not be conducted without the privilege of incorporation, it is evident that they are not private but public in their nature, and should be carried on by the State, the only corporation that can justly be maintained, other corporations being but its irregular and vicious progeny. If any industry necessary to an equitable public order be indeed in the nature of things beyond the compass of unprivileged private enterprise, it is clearly one in which natural persons have no right to engage. That any really private industry as carried on by corporations has become too unwieldy for natural persons or associations to conduct, does not, however, make it a public service, but is merely evidence of unnatural, privileged combination and that the industry should revert to the control of natural persons, who have a natural right to engage in its prosecution and will gladly do so when no longer prevented by the restraint of

corporate privilege. Dissolution of the corporations and virtual abolition of the privilege of incorporation might be effected through imposition of a sufficiently drastic tax on the privilege, provided shifting of the tax from the privilege to the public were prevented, but as that would require government regulation of prices the remedy would be worse than the disease.

The currency question seems more nearly than any other to approach the perplexity of a problem. It is clear that the legalised medium of exchange should be issued and controlled by the State, but not so clear what it should be. If it be a metallic currency, a certain weight, of gold or silver for instance, is made the unstable unit, the ever shrinking or expanding and therefore unreliable and inequitable measure of value; while a paper currency, by which the State undertakes or guarantees the payment of gold or silver, has the additional imperfection of being exposed to the danger that the State may not be at all times able to keep its promise, the gold or silver not being always readily obtainable.

A legalised medium of exchange should bear evidence that the holder has parted with value to the amount indicated, and is legally entitled to a

generally transferable hand-to-hand credit therefor. The abstract unit by which the value is measured and known must necessarily be apprehended and identified in the first instance as being equal to the then value of some definite quantity of something having value, of silver or gold for instance, but it is no more a unit of silver or gold value than of any other, for if it is to be a fixed and unvarying measure of value, it must be and remain independent of all values and unaffected by any. Once it has been identified and adopted there is no necessity for its being thereafter tied to or influenced by the value of any particular commodity, nor can it be without losing its identity. Whenever, whether for purposes of approximate identification or for any other reason, it is made to follow the value of the metal or other commodity used in making the original identification, it sooner or later becomes a different unit and value from that originally selected, and the value of the currency will consequently shrink or expand as the case may be, as will also all credits measured in terms of the currency.

In order that the unit selected may remain a fixed and reliable measure of value, it must be allowed to do the measuring and not be itself sub-

ject to a measurement which means continual modification. Its delicate functionings should not be disturbed by any changes in the value of this or that commodity, of gold or silver. If those metals were wholly to disappear, values and units of value would still remain, and any unit in use could be easily identified and continued in use without reference to the value of any particular commodity; for, at any time after that abstract entity, a unit of value, a dollar for instance, has once begun to measure the values of those no less abstract entities known as debts and credits, and measured in dollars, that unit or dollar will, if permitted, continue its unchanging measurement not only of those values but also of the values of all commodities and services, since it is in such commodities and services that debts are in reality finally paid.

If the State should on a certain day call in all the legalised money in circulation, redeeming all or as much of it as might be voluntarily surrendered, and in exchange therefor should issue dollar for dollar a paper currency receivable in payment for all dues public and private, and thereafter constituting the only legal-tender money, the value of a dollar as of that day and

as indicated by such currency would continue to be the unit by which that currency would measure all values including the values of silver and gold; for a dollar of such currency, being made receivable in payment and satisfaction of any dollar of then existing indebtedness, would be thereby arrested and thereafter held by continuing to be so received. In other words, the abstract unit and measure of value obtaining on the day the currency was issued and then measuring the values of all credits, and of all existing indebtedness whether matured or not, would be and continue to be the unit and measure by which such currency would thereafter serve to transfer such credits and to pay such indebtedness as it should from time to time mature, as well as the unit by which it would measure values involved in obligations incurred after issue of the currency and payable therein. A dollar of such currency would not be subject to fluctuations in the value of gold, of silver or of any other commodity, but would be and remain, as it should, a purely abstract and at the same time stable unit for measurement of the values of all commodities and services, as well as legal evidence of the holder's title to a general credit for the value indicated.

Such a currency will not be a promise to pay, made perhaps to be broken, but a governmental undertaking and assurance that it shall and will be receivable in all payments, whether to the State or to its individual members. It will be as safe and sound as the State itself or as any bonds the State can issue, while every holder of it and every creditor whether of the State or of its citizens will be conscious of personal, pecuniary interest in maintaining the integrity of government. It will, moreover, never leave the territory of the State, in which it should remain, like any other public utility, unaffected by monetary vicissitudes of other States. With such a currency in use, gold and silver, not being required for legal-tender uses, would be more readily obtainable than now for any purposes of domestic or foreign trade as well as for meeting existing obligations calling for payment in those metals. The volume of the currency, automatically adjusted through collection and expenditure of the public revenue, would always be such as to preclude any danger of insufficiency in the quantity of money in circulation, while every dollar of it, however large the volume in circulation, would represent and call for the value for which it was originally issued. Being is-

sued always and only for value received, that is, first in exchange for money in circulation at the time of issuing the currency and afterwards only in payment for commodities and services furnished the State, and accepted in payment of public revenues as well as in discharge of private obligations, such a currency would serve all the purposes of an equitable legal-tender money.

With the business of banking, when limited to the borrowing and lending of money, the State has properly no more concern than with any other private enterprise, its duty in that regard being done when it protects bankers and their customers, as it should everybody else, from fraud or violence. If provision for the safe deposit of money, or for convenient transmission of money or of credits, be necessary to equitable functioning of the currency, and can not be had without the aid of government, the State should of course itself make such provision.

In considering the problem of swollen or exorbitant fortunes, question arises as to what the State has to do with any man's fortune if it be indeed his. If the mere magnitude of it may warrant interference by government, how many millions may be accumulated without incurring

such liability? Is still further accumulation permissible provided the excess be appropriated to beneficent uses, or is it presumed that possessions beyond the limit do not rightfully belong to their possessor; that they are not his even to give away, but ought to be restored to their rightful owners? If so, may not the unjust accumulation have been going on so long that it is now somewhat too late to indemnify or even to identify those whose substance has gone to swell the fortune?

The amount of a man's wealth may indeed be so great as to suggest the improbability of its having been equitably accumulated, but can hardly be taken as proof that it was not legally acquired. If so acquired it would ill become the State to deprive him of it so long as the methods by which he acquired it continue to receive the approval of government. In so doing, the State would in effect say to the man: "The methods by which you have acquired the great wealth you possess though legal are so clearly inequitable that you will not be permitted to retain the entire amount of it, it having become the policy of the State to limit the extent to which one may go on appropriating wealth belonging to others, to the end that there may seem to be no monopoly of that

privilege. If you had spent the wealth as you acquired it, as others may have done even to a larger amount than you have imprudently saved, nothing might have been said, for although the wrong done to the rightful owners would have been the same it would have attracted little if any attention. Others are to be sure making use of the same inequitable but legal methods of accumulation, as they must if they are to succeed or even engage in business, but it is to be hoped that they will take warning from your case and not carry the joke too far." It is evidently anything but a scientific diagnosis that assumes to determine at what point unjust but legal accumulation of wealth passes from healthy growth to abnormal increase or swelling.

The problem in so far as it is at all governmental must necessarily involve more or less of what has come to be called graft, so named after the familiar process by which one organism is enabled to thrive on nourishment produced by another, upon which it is said to be grafted. If the fortune of any man has been to any extent built upon wealth belonging to others, its growth has been so far due to some form of graft. If the graft be illegal, the law is presumed to provide

some means for preventing it; if legal, the State is responsible for and should put an end to it. So far as wealth has been lawfully acquired, no matter how inequitable the accumulation or how vast the possession, the State can not equitably interfere with it, for it can not now be restored to those from whom it was wrongfully taken. Wrongs suffered by men of a past generation can seldom be righted by anything done by or for those of the present, and small consolation to those who are being robbed in the present is it to be told that when they and the robber are dead the hoard he shall leave will be taxed to reduce the taxes of robbers still living.

But this conclusion by no means disposes of the problem. Few if any so-called fortunes consist entirely or even mainly of wealth. They are generally more or less swollen with the dropsical affection of privilege, the capitalized value of which is accounted part of the fortune of its possessor. If the State were to grant to some man possessed of no wealth whatever the privilege thenceforth to collect but a penny a year from each of its inhabitants, he would be rated as a man of fortune although he might not save a dollar of his income. And if the privilege should be

revoked the fortune would disappear, but the man would thereby be deprived of no wealth. He would simply cease to appropriate the wealth of others. And so of all fortunes; to whatever extent they are based on privilege, to that extent will they be reduced by its abolition, and that without interference with any wealth of which they may be as they generally are in part composed. As a rule, however, the greater the fortune, the greater the proportion of privilege to be found in its make-up. A fortune of a hundred millions means perhaps sixty or seventy millions of capitalized privilege, to say nothing of any inequitably but legally acquired wealth it may contain. Abolish land monopoly, protective tariffs, subsidies and patent-rights so-called, together with corporate privileges, the State assuming control of all public utilities, and there will not long remain any fortunes so large as to attract envious attention or as to enable their possessors to dominate the business world.

The confused and seemingly inexplicable jumble of economic and industrial conditions, resulting from governmental interferences with automatic operation of the natural laws of wealth

production and distribution, has led many to believe that in order to secure an equitable distribution the State should assume ownership and control of all the means of production and distribution. The proposition necessarily implies not only a present inequitable distribution but also the possibility of making provision for a just one. It is clear, however, that before the State can make such provision it must determine what would be a just distribution, and to that end must first ascertain the natural law of wealth distribution. That law can be deduced only from the natural laws of wealth production, for it is impossible to know how anything produced by and belonging to several owners ought to be divided among them, without first knowing what were their respective contributions to its production. Assuming the production to have resulted from the combined effort of equally efficient producers, it will hardly be contended that one who has laboured for a day only would be justly entitled to as large a share as would one who had laboured for many days; and even if the proposition is to be understood as involving supposition that any distribution to be made by the State shall be equal, it is of course

no less necessary to consider those natural laws, in order to determine whether such equal distribution would be equitable.

There are two primary factors which enter into the production of all wealth, namely, land and labour. If the land has no value, no superiority in productivity over other land in use, the product is due solely to labour, and belongs in its entirety to the labourer. He owns it; it is his to possess and control, and constitutes his property, or individual wealth. If the land be valuable, the same labour will produce thereon more wealth than upon the land having no value, but, since the labourer's contribution to the product is no greater in the latter case than in the former, the additional production is due solely to his occupancy in the latter case of a better natural opportunity than in the former. And since the advantage of such occupancy does not belong to him in particular but to all the people in common, they have a lien upon the product for the value due to the advantage, a lien which is discharged upon payment of the rental value of the land to the State, for the use of the people.

The only other factor in the production of wealth is capital, that is, any wealth used in such

production. It is a secondary factor in that it is a product of the two primary factors, but inasmuch as it is wealth belonging to somebody and not always to the labourer, but sometimes to some other owner who consents to its use on condition that he shall share in the product, it becomes necessary, in order to determine the latter's share, to consider capital as a separate factor in production.

Whenever these three wealth-producing factors, valuable land, labour and capital, enter into the production of any wealth, they contribute to its value in proportion to their respective values as measured in terms of rent, wages and interest. Under just conditions, those that would obtain in a natural market, whoever should make use of all of these factors, and should have to hire all the labour but his own, and to borrow all the capital used, would, after payment of rent, wages and interest, have left of the total value produced so much only as was contributed by his own labour; but would, however, by reason of such payment, become the individual owner of the entire concrete product. If the capital used were his own, he would of course have to pay out only rent and wages, but the proportional distribution according

to the respective values of the different factors would be the same in each and every case.

Such a distribution of wealth, or of its value, would evidently be equitable, nor is it easy to conceive of any other that would be just, or of any other way of arriving at an equitable one. Any distribution to be equitable must necessarily be according to value, which can be determined only in a natural market, where and where alone it is that a just price, the only reliable index of value, whether of land, labour or capital, can be ascertained, and where it is automatically adjusted by a sensitive measurement to be had only through a balancing of the forces of supply and demand. The natural law for the production and distribution of wealth is simply this,—that production, which always includes any necessary exchange, shall be carried on under conditions affording equal access to and use of natural opportunities for human effort or labour, including freedom of contract in the exchange of labour and its products.

Under such conditions, the fact that a man had agreed to accept a certain share of any wealth to whose production he had contributed, or a certain wage or rate of interest, would be *prima facie*

evidence that such share, wage or interest was all to which he was entitled, for he would be subject to no duress but free to do with his labour and capital as he pleased. At present, however, most men are subject to a duress imposed by abuses of civil power, a duress of which they may not be fully aware, but of whose resulting evils there is happily a growing consciousness. But how is the State to remedy those evils, how can it remove the duress, except by discontinuing the abuses? In what other way can it provide for a natural, equitable distribution of wealth? Certainly not by ignoring and losing sight of the natural and only laws by which such distribution can be determined.

For the State to assume the ownership of all the means of production, of all wealth used as capital, would be but an assumption. The ownership of wealth is primarily an individual relation, and can not become collective without the voluntary contractual consent of the individual owner. The State can no more do away with that relation or with the obligations which it imposes upon the members of Society than it can annul the relationship of parent and child and the obligations thereby imposed. It can no more deprive the in-

dividual of the ownership of his property than of his right to produce it. Nor does the individual abandon private ownership of his wealth by using it as capital; he thereby merely exercises the right of control which ownership implies. Individual, private ownership of the wealth of a people, whether used as capital or not, can become collective or public only by express, voluntary consent of its millions of individual owners, a consent which if secured to-day, as it can not be, would in no way affect any ownership of newly beginning wealth-producers of to-morrow. And if the State can not become the owner, it can not justly assume control, of such capital, since to ownership belongs control. Scant benefit would there be to any man in the ownership of wealth over which he had no control.

Through purchase from its individual owners, paying them out of land values, which have been seen to belong to the public, the State, in the exercise of the Public-serving function of government, will become the public, collective owner of all the wealth it can justly control, and had better discharge the manifold obligations and exacting duties of such ownership and control before it assumes an ownership which it can not in the nature

of things acquire, and a control it has and can have no right to exercise.

It may be well to observe in this connection that the State is not the owner, in the property sense of ownership, even of the factor, land, whether valuable or not, for that which no man can so own can not be so owned by all men, by Society, nor by the State. Land is the natural and only opportunity for human existence, whose use belongs by natural relation and right equally to each and every individual of the passing generations of men. Its value, arising from the competition of the people for advantages of location, belongs to them in common, being the value of a use in which they are each and all entitled to enjoyment of an equal share. Neither land nor the value of land is either property or wealth. The value of any land is merely the measure of an obligation devolving upon its holder to account for the value of the advantage of occupying it to the exclusion of others, which he does by transferring to the State wealth of equal value, under the name of rent.

It is to misconception of the nature of property and to consequent interference with the right of property, that prevailing injustice in the distribu-

tion of wealth is largely due. Publicists, and political economists even, not infrequently talk of property as if it were an institution, something established by the State and to be disestablished at will. It is not an institution, but has its being in the nature of things, prior to and independently of any institution or establishment, even of the State itself. The individual precedes the State, which is but an institution which he maintains for the preservation of his rights, including the right of property, rather than for such irresistible and irremediable violation of that right as State control of any part of his wealth, whether used as capital or not, would inevitably involve. Evils arising from disregard of the right of property are not to be remedied by still further disregard and virtual abandonment of it. The sensitive, economic threads that feed the loom of co-operative industry have become snarled and must be untangled before they can be warp or woof of a perfect weaving. Nor will it do either to strain or to compress them to the texture of a set, unyielding fabric. They must maintain vitality of fibre, and lend one another the firm but resilient support of a continuously voluntary and natural interweaving.

Since problems with which the State has any proper concern are such only as arise from conditions due to abuses of its power, it is clear that the conditions and the problems will disappear when and only when the abuses shall have ceased. It is to privilege, which is always special, and necessarily incompatible with equal enjoyment of rights, that are due not only the swollen fortunes of the rich but also the no less swollen misfortunes of the poor, correlative evils caused by the same abuses, and perhaps equally injurious in their effect upon the character of a people. Confronted as they are with contrasts in fortune, to be accounted for on no theory of justice, but nevertheless approved by the State, or apologetically attributed to ways of an inscrutable providence; and living under, and long required patriotically to uphold, institutions and laws which they instinctively know that the State has no more right to establish or enforce than has the mob or any individual member of it; who shall say to what extent a people's innate sense of justice and right may thereby become eventually warped and deadened?

It is sometimes urged that the State should make special effort to promote individual, personal righteousness, from the absence of which the evils

of government are assumed to arise; but in view of the example set by the State itself the wonder is that men are as upright in their dealings with one another and even in public affairs as most of them are. Righteousness means right-way-ness, and civic righteousness consists in the endeavour of the citizen to have civil power used only in the right way, that is, in such way as to wrong nobody. Individual, private wrongs, which sometimes attract so much attention, as indeed they always should, are nevertheless almost negligible, in respect to their evil results, when compared with those committed by the people in their collective, civic capacity. It is to the latter class of wrongs that governmental problems are due, and it is to correction of their causal abuses that the citizen should direct his attention, remembering that however scrupulous he may be in the ordering of his private conduct, he can not be a truly righteous man if he neglects his duty as a citizen.

The citizen should bear in mind, however, in considering problems of popular interest that, notwithstanding such interest in it, a problem may not be really governmental. Unless the evil conditions sought to be remedied are due to some abuse or abuses of civil power, to some govern-

mental fault of omission or commission, the problem, as already seen, although in a sense social, is not civic, and it would be an abuse as well as a waste of civil power for the State to undertake its solution. How to remedy evils resulting from the neglect of individuals to make rational use of their faculties and from their consequent lack of virtues essential to the highest social well-being, is a problem to be solved by men as men and not as citizens, and without resort to civil authority. The State has indeed no authority to act in such behalf, and whenever it assumes to do so, when it attempts, for instance, to prohibit vices involving no infringement of any natural right, no interference with human freedom, it invites official graft and weakens popular respect for legitimate authority. When it shall limit the use of its power to efficient discharge of its proper functions there will doubtless be less of such evils, for the freer men shall be the better will they be, but there never may come a time when they will be equally virtuous, moral or benevolent, or when there will not be some nobly striving to lead their fellows to higher thinking and better living. Enthusiastic leaders in such worthy endeavour will seldom lack the support of sympathetic co-

workers, but however numerous or influential they may become they have no right to compel others to aid them in their benevolent work, as they would by resorting to civil power for its advancement. However beneficent its activities, the State has properly nothing to do with benevolence or generosity. It has nothing with which to be generous, and is concerned only with justice, and with that only for the self-defensive purpose of maintaining an equitable public order.

When that order shall obtain, not only will the problems of government all have been solved, but the ways will be cleared as they never yet have been for the making of whatever progress it is in the nature of mankind to achieve. Human nature has never yet had half a chance, and yet what noble specimens have there been in every age and land. What may we not expect of it when it shall come into its own; when man, no longer the slave of precedent nor the victim of experiment in government, shall establish the orthocratic, or rightly governing State, a State whose activities and the use of whose power shall be limited and intelligently directed to the maintenance of a civil order founded in that reason, justice and freedom which constitute the natural order?

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