

# The Economic and Social Problem

by Michael Flürscheim

## CHAPTER I. A Problem and its Solution.

The great social problem is: First, the question why a growing number of workers have to go without necessaries and luxuries, though only too anxious to produce them for each other; and Second, what are the obstacles interposed against the exertion of their productive power?

"I gave a beggar from my little store  
Of well earned gold.  
He spent the shining ore  
And came again and yet again, still cold  
And hungry as before.  
I gave a thought, and through that thought of mine  
He found himself a man, supreme, divine.  
Bold, clothed, and crowned with blessings manifold,  
And now he begs no more."  
Ella Wheeler Wilcox.

A caravan trudges wearily through the hot sand of the desert. At last an oasis is reached, and all rush toward the life-giving fluid. But only a meagre quantity is found, hardly sufficient for all, and already the more vigorous travellers are making use of their strength to monopolize this supply. Weak and tired pilgrims, whose strength had barely sufficed to permit their reaching the oasis, despair of being able to force their way to the spring.

Fortunately the leader approaches, and his exhortations are heard. He asks the strong ones to moderate their greed, and to let their poor brethren obtain some of the water. He shows them how wrong it is for them to store away water for future use before others have as much as quenched their thirst.

Who has not heard this gospel, preached in the holy writings of all peoples, resounding from every pulpit of our churches? They are old, very old, these admonitions—as old as humanity. Our parents have heard them before us, their parents before them, and their echoes come down to us, faintly and more faintly, from the ever-receding generations of the past.

But do not let us, in pondering over these glorious teachings of the brotherhood of man, of unselfish love and devotion, of charity and benevolence, of the division of the last loaf and coat, forget to look after our caravan, which, meanwhile, has continued its march.

The desert now lies behind the pilgrims, and a wonderful valley opens before their astonished eyes. As far as they can see, extends quite a forest of fruit trees bending under their precious loads, while blooming meadows crossed by lovely little rivulets invite the wanderer to a delicious rest. Sweet feathered songsters fill the balmy air with their delightful melodies. A real paradise, from which cares and troubles of any kind seem forever banished, opens its inviting arms to our footsore travellers. Nearer and nearer they approach to it; already they see the entrance of the valley, and in a few hours they expect to rest there refreshed and happy.

But, oh, how dreadful! A roaring torrent separates them from the valley; its foaming rapids interpose a seemingly impassable barrier between our poor pilgrims and the lovely paradise.

A few intrepid men throw themselves into the seething waters; but most of them perish before the eyes of their companions, who cannot succor them. Only a few hardy swimmers

succeed in reaching the opposite shore. The majority cannot swim and must remain on the barren side of the stream.

By irrigating the soil they raise scanty crops, and with the help of the fruits thrown over from the other side they manage to eke out a bare living. Unfortunately, most of the fruit thus thrown fails to reach the bank of the stream, and that which is successfully aimed is nearly always injured in its fall. The majority of the lucky ones, moreover, prefer to take their ease in the paradise they have attained to, little heeding the entreating voice of the leader, which is wafted to them over the stream.

Again and again it makes itself heard, that old and well-known command of charity, and more than ever since the world exists, it is obeyed. A few of the successful swimmers, a Leo Tolstoy, for instance, seeing how little can, after all, be accomplished by alms-giving, renounce their enjoyments rather than monopolize them; and, braving all hardships, return to their brethren so that they may partake of poverty with them.

Good, well-meaning men they, and those also who without tiring, throw fruits over, most of which are spoilt or never arrive, and are carried to the ocean by the waves of the stream. Wiser men, however, those few exceptional thinkers who spend day and night of their lives considering whether it might not be possible to construct a bridge by which the whole caravan could be brought over into the happy valley. They are not in the least deterred by the jibes or threats of the others, even of those whom to help they strain every nerve. "A bridge over such a wide and unfathomable stream! What a Utopia! The fools had better make use of their precious time to throw us some more fruits!" Such are the shouts occasionally coming over to them from the other shore.

Humanity has arrived at the border of the desert through which it has been wandering during so many centuries. A hard and continuous fight against terrible odds has marked the different stages of the struggle so far. Where the stronger managed to secure a larger share the weaker ones suffered in consequence, and the exhortations of the moral leaders again and again demanded justice, or at least charity. Where entreaty proved without effect, threats had to help. The most terrible torments of supposititious hells, cruel inventions of human fanaticism, have been shown in prospective to the hard-hearted rich, whose entrance into heaven has been made to appear more difficult than the passage of a camel through a needle's eye.

Meanwhile, gradually, almost imperceptibly, the outlook on the march has changed. Let us listen to some of the observers.

"On the virgin soil of America's prairies 100 men, with the help of powerful machines, produce in a few months the bread required by 10,000 men during a year. The wonders obtained in industry are still more astonishing. With those intelligent beings, the modern machines, the achievements of three or four generations of inventors, mostly unknown, 100 men produce the clothing which 10,000 men require during two years. In well-organized coal-mines 100 men extract yearly enough fuel to supply warmth for 10,000 families in a rough climate." (Kropotkine, *The Conquest of Bread*.)

Let us double, yea, even treble the number of persons required to cater for man's wants, and we arrive at the result that less than one-tenth of the population could supply all with the necessaries of life. This accords with the calculation of others, Dr. Theodor Hertzka, for instance, the well-known Austrian economist, who, in *Die Gesetze der sozialen Entwicklung*, figures out what labor will be required to produce the common necessaries of life for the 22,000,000 inhabitants of Austria; with the result that agriculture and all industries, including mining and building, need 615,000 persons, during present working hours, 300 days a year to provide the whole population with the necessaries of life. But these 615,000 laborers are 12.3 % of the population able to work, excluding all women and all persons under 16 years or over 50 years of age. Hence, should the 5,000,000 individuals, instead of 615,000 be engaged in work, they would need to work only 36.9 days every year to produce everything needed for the

support of the population of Austria. But should all the 5,000,000 work all the year—say 300 days—each would need to work only about one hour per day. To produce all the luxuries now used, in addition, these 5,000,000 would need to work only another half hour a day.

A book could be filled with statistics proving our immense progress in the arts of production and communication. I give a few items from an address delivered in Boston by Professor Frank Parsons: "Steam and electricity, and mechanical contrivances have multiplied the productive power of labor many-fold. A sewing machine will do the work of 12 to 15 women. A M'Kay machine enables one workman to sole 300 to 600 pairs of shoes a day; while he could handle but 5 or 6 pairs a day by former methods. A good locomotive will pull as much as could 800 horses or 8,000 men; 4 men with the aid of machinery can plant, raise, harvest, mill, and carry to market wheat enough to supply with bread 1,000 people for a year. A girl in a cotton mill can turn out calico enough in a year to clothe 12,000 persons, more or less, depending somewhat on the size of the persons, and the number of changes of cotton they have. The total machine power of the country is equivalent to the labor of half a billion willing slaves, or an average of 20 to every human worker. On the basis of slavery, the Athenians built up a civilization in which every free man might have ample leisure for culture, and civic and social life. On the grander basis of service by the power of Nature, we are building up a civilization in which all shall be truly free, and shall enjoy ample leisure for development and association with far greater means for both than the Athenians ever possessed. In Athens, during her palmiest days, there were 5 or 6 slaves for every free man; our machinery already equals 20 for every worker, and in another fifty years may equal 40, 50, 60, or more for every man; or 100, perhaps, for every family. And these splendid servitors of steel and brass are exempt from the pangs of hunger and cold, are never oppressed with weariness, lose no liberty in their servitude, and find no misery in subjection."

From *Brotherhood*, of May, 1900: "Mr. Ernest H. Crosby tells of a factory he inspected where the manufacture of cheap socks was carried on. The manager showed him 400 sock-making machines. The machines run 24 hours a day, and only 50 boys are needed for all shifts; 5,000 dozen of socks are made daily. Under the old method, this work would have required about 50,000 men or women."

Leone Levy has calculated that to make by hand all the yarn spun in England by the use of the self-acting mule would take 100,000,000 men. It is reckoned that 30 men, with modern machinery, could do all the cotton spinning done in Lancashire a century and a half ago.

William Godwin Moody, of Brooklyn, author of *Land and Labor in the United States and Our Labor Difficulties* sworn and examined before the Senate Committee on Education and Labor, in 1885, says: "Now one girl with her loom will weave as much cloth as could 100 women in my mother's time. One man will go into the field to-day and will do the work that required from 50 to 100 men to do when I was a boy." Question. "Do you mean in agricultural pursuits?" Answer. "Yes. A single man with a reaping machine, one of the smallest capacity, with 6 or 7 feet cutting board, will go into the field and will cut and bind from 15 to 20 acres of grain in a day of ten hours. When my father went into the field with a sickle upon his arm, it took four men a full day to cut and bind a single acre, and the Scotch Agricultural Society reported, in an examination upon that matter, that it required five men for one day to cut and bind one acre of grain; but now one man will cut and bind from 15 to 20 per day; or, going beyond that, one of the improved machines will cut and thresh and sack the yield of 50 acres in a day."

"The steam-gang plow, combined with a seeder and a harrow, has reduced the time required for human labor (in plowing, sowing and harrowing) to produce a bushel of wheat, on an average, from 32.8 minutes in 1830 to 2.2 minutes at the present time. It has reduced the time of animal labor per bushel from 57 to 1½ minutes ... Before Whitney's invention it required the work of one person ten hours to take the seeds from one and a half pounds of cotton. The machine will now do, in the same ten hours, more than four thousand times as much. ... A

steam shovel will do in eight minutes what one man can do, with difficulty, in ten, hours. The dirt may be unloaded from a train of cars in six minutes, that would require, with a shovel, a day's work of ten men. A stone crusher will perform the work of six hundred men."—(The Social Unrest, John Graham Brooks.)

We see, as far as productive power is concerned, that the paradise of our picture has been reached. Where this power has increased from ten to twenty-fold, on the average, in the course of centuries, there ought to be more than enough product for all; and other exhortations ought to take the place of those which long ages have so accustomed us to, that the following admonition of an American Fabian is quite in its place: "London boasts of her 16,000,000 in missions, etc., besides uncounted sums in private almsgiving, while New York records with pride her \$5,000,000 spent in municipal charity, her \$5,000,000 in organized charity, her \$5,000,000 given by societies, \$5,000,000 by churches, and \$10,000,000 of private personal giving—\$30,000,000 in all.

"Instead of exulting in the fact that she gives \$30,000,000 a year 'to the poor,' New York should rather hide her head in shame that she has so many poor to give to. What sort of an economic system is this, which works so badly that \$30,000,000 a year will scantily serve to patch it up? Is this peace or is it war, which requires a city to expend \$30,000,000 a year in the gathering up and caring for part of the crushed, the diseased, the mangled, and the disabled of its citizens?

"A really intelligent community would as soon think of boasting of its epidemics and diseases as of its expenditure for 'the poor' —would as soon vaunt itself on the length of its death list, as upon the magnitude of its charities. Pompous rehearsals of the sums given 'for sweet charity' are to be sighed over rather than rejoiced in."

Few of those who discuss the social problem are aware of the fact that the term has entirely changed its meaning. Formerly the wealth of the few was not only in glaring contrast with the poverty of the many, but it supplied one cause of this poverty. One only, for, in any case, primitive methods of production, transportation and communication, the destructive agencies of nature and of man did not permit wealth-accumulation by the producer. When, in addition, a powerful minority robbed the masses of a more or less considerable portion of their share, the explanation of the prevailing misery did not offer any difficulty to the student of history.

As though by a sorcerer's magic wand, the Spirit of Invention created a new world. The spoilt children of the twentieth century, with its enormous technical progress, can hardly realize that men are still living who travelled on roads inferior to those of ancient Rome, in vehicles not much superior to those used two thousand years ago, men, who saw the spinning-wheel and hand-loom supply most of the people's clothing; other commodities being produced by similar primitive methods. Productive power has grown at least ten-fold within a single century. <sup>1</sup>

I speak advisedly when I say productive power or productivity, instead of production; for actual production lags more and more behind potential production, productivity. It is this discrepancy, which we usually call overproduction, though in reality it is underproduction, and this underproduction is the riddle of the economic Sphinx, the social problem of modern civilization.

We have underproduction in a double sense: a relative underproduction as compared with potential production or productive power, and an absolute underproduction of the necessaries of life mostly needed by the unemployed starving workers; starving, because without purchasing power; without purchasing power, because unemployed; and unemployed in consequence of relative underproduction. Tailors go in rags and cannot buy clothing or the raw material out of which to make clothing, because the money to buy it with is inaccessible through absence of work, due to an insufficient demand for other people's clothing.

Workers in the building-trades are houseless, because too many houses have been built and few more are needed. Thus deprived of work, they cannot pay rent. And so we could go on

through the whole list of necessaries and luxuries. Everywhere we find want, through absence of employment, due to the so-called "overproduction" of really underproduced goods, and overproduction not in one department of production, balanced by a temporary underproduction in another, but a general overproduction. Occasionally we still find fossils who confound the commercial crisis, which embraces all departments of production with those difficulties under which certain expiring methods of production suffer in consequence of new inventions, such as hand-weaving after the introduction of the power-loom, or nailmaking by hand after machine nails came up.

To increase the confusion we hear the very men who raise the cry of overproduction in the face of absolute and relative underproduction, speak of overpopulation, as if we could have overpopulation and overproduction at one and the same time, overpopulation being necessarily correlated with underproduction of the necessaries of life. Overpopulation may in reality exist where the system of production is so primitive that the yield of the land is insufficient to produce sustenance for all its inhabitants. Parts of the United States may have been overpopulated before the white man came here, where the Indian hunter did not find game enough in his tribe's territory to supply nutriment for all; although a much larger population afterward found plenty of food in the same region, when the white farmer had begun to plow the soil. Intensive culture under the progress of agronomy can feed increasing populations on areas where a few farmers working on primitive systems almost starved. P. Kropotkin, in *Fields, Factories and Workshops*, cites instances of crops of 80 bushels of wheat to the acre. Under special conditions, the yearly food of a man, about 80 bushels of wheat, has been obtained from less than a twentieth of an acre, which is an equivalent to over 170 bushels to the acre. Thirty tons or 1,120 bushels of potatoes have been dug in Minnesota from one acre in one single year. The Island of Jersey, in the British Channel, is famous for market gardening. Kropotkin gives the wonderful results obtained by a single gardener, with the help of 36 men and boys, on 13 acres, "equivalent to what a farmer would usually obtain from 13 hundred acres of land." He shows how even a well populated country, like England, without reducing the area devoted to other industries, could amply feed herself from her own soil, independent of all food importations, except tropical produce.

In this way the population of the earth could be increased tenfold, twenty-fold, a hundred-fold and more, without having to fear starvation. Which shows how little Malthusianism, the fear that population has the tendency to outgrow the means of existence need trouble us in a time which has no more vexing problem than how to keep back production, because the supply in our markets show an increasing tendency to outrun the effective demand; i.e. the demand backed by purchasing power. Notwithstanding this, prominent economists (John Stuart Mill, for instance) let the bugbear of overpopulation run through their works, everywhere appearing as the main danger and the inevitable outcome of any improvement.

How enviable were our forebears with their simple problem of poverty through lack of productive power! How different and difficult a problem is this which faces us, want through a teeming productivity; misery appealing to inexhaustible sources of wealth! What disposition can be made of it until the key to the well-filled storehouse can be found? And the key must be found, or our civilization is doomed.

To help us in our task let us make use of a familiar artifice: let us transport ourselves to Robinson Crusoe's Island and there present the case free from confusing side issues.

Robinson Crusoe, on his island, had to work all day to satisfy his needs. When he got Friday to work for him, things began to improve. He got a little leisure once in a while, and could think of producing articles of luxury. More slaves were procured. The result was complete exemption from work and a greater amount of luxury for Robinson, while the slaves had to work all day long with their primitive tools to provide this luxury and the necessary means of subsistence for all. Often the men suffered want. That was the social problem of the past. A ship arrived bringing them all the tools and machines which technical science has

given to civilized humanity. Very soon the slaves learnt how to use them. Their productive power increased immensely. Where formerly the work of thirty slaves, and that of their families, was necessary to provide the entire colony with clothing, a single producer was sufficient now, and yet everybody was clothed better than before; for the cotton gin, the spinning jenny, the improved weaving-machine, and other inventions of the same kind, so much facilitated the work for the one worker, that he was enabled to achieve more than a hundred could before. Great progress was also made in agriculture, in bread-making, house-building, and, in fact, in all industries, which before had been carried on by hand. Everywhere hands could be spared, and yet there was a larger production than before, so that all could live in abundance. The unemployed workers could now produce articles of luxury, which before could not be obtained. Furniture, carpets, table services, and jewelry, works of art of all kinds were made—in fact, all such things as the settlers could wish for. In time, machines and tools, as well as methods of production, improved more and more, so that workers in all branches could be spared. What did it matter? A great many more articles of luxury were invented and provided. One of the slaves, who was very talented, entertained the company with musical and theatrical performances; another wrote books; others built pleasure carriages and yachts, etc. The general well-being increased continually with the increasing facility of satisfying every wish, and the labor time was reduced all around.

All this was very good until one day Robinson got up in bad humor, and gave the order to stop the general good living of the slaves, which did not please him. "He alone had a right to enjoy all those luxuries which everybody had been partaking of; and the slaves ought to be satisfied if they got enough to eat and to drink, and had protection against wet and cold. All indulgence beyond this point only made them lazy and vicious." From that day the slaves were forced to live accordingly.

A week after this, when Robinson took a walk, he saw a great number of slaves standing about, doing nothing. He angrily called his head-man, and gave him strict orders that only those who worked were to eat, and have clothes and lodgings. He was perfectly astonished when, some time after this, the head-man came to tell him that a number of the men were dying of want.

"Are you mad?" Robinson asked him; "has not the island got more of all the good things which man needs, than we could wish for, and can we not produce as much more as we like? Are there not victuals enough? Are we short of clothing or of houses?"

"On the contrary," the head-man humbly replied, "we are forced to build new store-houses, because the old ones are filled to the top with food and clothing, and a great many of the dwelling-houses are empty."

"Well?" asked Robinson, whose astonishment increased.

"Yes, sir, that is all right; but you ordered that only those who work are to be fed, clothed and housed."

"Certainly; and that was only right. Why don't the lazy fellows work?"

"Because there is no work for them."

"No work?" said Robinson, more and more astounded, and feeling his head to be sure that he was not dreaming. "No work? Are you crazy, my man?"

"No, sir," replied the head-man, who felt offended. "I have got all my senses about me, and should be very grateful to my master if he would show me what work I am to give the men. In the brewery, to begin with, three men were employed who had plenty of work in providing the beer for our people. Since your lordship has forbidden this luxury, so that only the beer for your table has to be brewed, I had to take away two of the brewers, and the third is only busy one-tenth of his time, so that he is also doing the work of others, who consequently are out of work now. It is the same with the people who made the carpets and all the other articles of luxury. Your lordship is abundantly provided for, but the others are not to have any; so I have to take the workmen from their work of production."

Robinson learnt a great lesson that day, which our economists and statesmen, as it seems, have yet to be taught; a lesson which, in fact, we ought to ponder over, if we don't want it driven home to our minds some day in a fashion we shall hardly relish; the lesson that we cannot produce if we do not consume.

In order to simplify matters I made the workers of the island Robinson's slaves. To make him the owner of the land, whose "free" inhabitants were his tenants or wage-workers, would merely complicate the relation, without changing anything in the final result. They are just as dependent on Robinson if they cannot get away or if emigration only means the exchange of one Robinson for another. They are what Robert Hunter calls "wage-slaves whose owners have been freed from caring for them when sick or unemployed."

Robinson would only employ them or let them have land when he needed their products or their labor. Under the original primitive condition he needed all of these products, which they could spare after providing for their own sustenance. Then there was plenty of work for all. There was no question of overproduction and want of employment in those days; it was "the good old time," when all went well as long as nature behaved, men kept the peace, and master or landlord was not too harsh and exacting.

The trouble began only when modern improvements became accessible, when each worker could easily produce ten times as much as before, and when Robinson would not allow their consumption to keep up with their increased productive power, while his own consumption could not be forced up sufficiently to take care of the balance. Then the workers starved because their work was too productive, in which case it proved immaterial whether this starvation was due to non-employment or inability to obtain land, and whether overproduction or overpopulation was looked upon as the cause.

They were in the position of men athirst, yet at the same time drowning in rising waters; rising, because the poor fellows were not allowed to use the water for their own needs. They had been much better off before the flood rose, at the time when pumping procured just enough water for daily use; because then the owner of the precious liquid had to let them have enough to keep them alive; for dead men could not pump any water for him.

This misery-producing effect of abundance under monopoly, the key to the modern social problem, is so little understood, that before we proceed let us consider another object lesson.

Let us suppose a group of one hundred free workmen and one employer. The one hundred workers are producing all necessaries and luxuries, each one having his specialty; the employer gets one-tenth of all they produce. Each worker will thus have only nine-tenths of what he produces; the employer will get the production of ten workers. The question whether the work of supervision and organization, and perhaps of invention, accomplished by him is worth as much as he gets for it, and whether through the employer's work every worker, in spite of his giving up one-tenth, gets more wealth than he would without the employer's management, is one of no importance in regard to the question before us. All we want to know at present is whether the employer's confiscation of one-tenth of all the wealth produced will in any way interfere with free exchange. It evidently will not, whether he consumes his share of wealth or puts it aside for future consumption.

The workers, instead of, exchanging the product of a full day's work, only exchange that of nine-tenths; the employer takes the balance, and everybody has full work all the time.

Let us suppose, now, that the productiveness of labor by means of inventions increases ten-fold, a too moderate estimate, if we compare to-day's results with those of the Middle Ages. Let us further suppose that wages—that is, that part of the product left to the worker—have quadrupled in that time, which is far from being true. In what ratio will the share of the employer have risen, if he gets the balance? P is the product, of which formerly W (the workers) enjoyed nine-tenths, and E (the employer) one-tenth. W had together 90 P; E 10 P. Now W enjoy  $4 \times 90 P = 360 P$ , and the total of production being 1,000 P, E will get the balance, or 640 P.

Let us suppose that his needs have increased ten-fold; yet his income has increased sixty-four-fold.

We might consider it unjust that one man should get so much, and others so little. We might reply to statisticians like Giffen, who exultingly point to the increase of the workers' incomes as a proof of their increased prosperity, that their relative income, instead of having quadrupled, has decreased 60% if we take into account the increase of productive power. But all this would have nothing to do with the circulation of goods. Every worker would be able freely to exchange his products with every other worker, and there would be no want of work for any. Whether E takes his lion's share in articles of consumption, or whether he prefers taking it in new tools and machines, by which he further increases the productiveness of labor, is immaterial. The latter forms of investment might be of greater advantage to the workers, because it is not impossible that a small part of the increase of wealth due to new machines would fall to their share. But even supposing that it only increases the income of E, if could not do them any harm, so long as E continues to invest his surplus in the old way. But let us suppose, now, that E is the owner of all the available land, and by that agency, of all the forces of Nature, all its accumulated treasures, without which work is impossible—and we have to make such a supposition, as otherwise there would be no earthly reason why the workers should not have left their employer as soon as his share exceeded the value of his services. They would very soon have made for themselves as good machines as they had made for him. Let us further suppose that E made up his mind that he had machines enough, and did not want an increase of luxuries for the time being. A new feature of the problem would in this case present itself, which had not been observed before. There would no longer be work enough for all the workers. They would like to continue as before, working full time and exchanging with each other the products of their work, giving the lion's share to E; but E will not let them have the use of natural opportunities any longer than he needs their services, which they furnish in payment. One-half of the tribute they are in the habit of paying is all he needs, and the natural consequence is that half of the work will be all he requires, and all he allows to be done on his land. He now uses the rest of the land as a deer park. There being no other way of going to work than by using E's land, our workers will have to work half time, though they would be happy if they were allowed to make use of their leisure to produce for themselves the goods they are so much in need of. Naturally E only pays them half wages for half work. Very soon fifty of the workers will come to E and propose to him to work cheaper than the others, to give him a larger part of the products, if he will allow them to work full time. E accepts, and from now on there is no more work for fifty of the workers; for the remaining fifty do all the work, and leave a larger share to E than the hundred left him before. Let us suppose that E increases his consumption fast enough to use up the new savings he makes in this way, as otherwise there would not be full work even for the fifty cheaper workers; but things do not rest here. The fifty unemployed ones, pushed by hunger, finally underbid their former co-workers, and get the work themselves, or rather forty of them get it; for they work so hard, long, and cheap now that E gets as many goods out of them as before out of the fifty: and since he does not need any more goods for the present, there is only work left for forty. These forty, reduced to starvation wages by their underbidding their former friends, call in the help of their wives and children. By these means they begin to get along a little better, until the thereby increased production becomes too much for E. who consequently dismisses ten of the party. The unoccupied reserve of workers amounts now to the number of seventy and their families. Want drives them to underbid the thirty, who with their families are working overtime to make a decent living. Finally a man working with his whole family gets no more for fifteen hour's work than he formerly got alone in eight hours. "There is no help for it." say the lawgivers they appeal to, "work is slack. Emigrate (to other countries, where the same state of things exists) or else go to the poor-house! We cannot fight against the laws of supply and demand."

The workers, not knowing how to strike at the root of the evil, ask for a maximum working

day of eight hours, for a prohibition of the employment of married women and of children, while others even want the State to fix a minimum of wages. When the lawgivers of all parties hear this, a terrible noise is raised against these "socialist and anarchist agitators" who want to sap the foundations of our prosperity, the liberty of each man to work as long as he pleases, and to sell his work and that of his wife and children to whomsoever and as cheaply as he likes. They ask the workers how they can afford to lose the wages of overtime and the earnings of their wives and children, when, even as it is, they hardly know how to make both ends meet.

In this way things get worse every day. If a certain part of the unemployed did not set up as superfluous middlemen, thus artificially adding to the cost of goods by waste in the work of distribution, and thus forcing E to spend a little more, and to occupy more workers; if others, by becoming criminals and paupers, did not make more work, especially by compelling E to employ some of the men as policemen and soldiers, thus reducing the army of the unemployed; if the employers in different countries did not from time to time quarrel amongst themselves, and lead the unemployed workers mutually to kill each other, thus reducing their numbers and destroying the overproduced wealth; if these and similar means of decreasing overpopulation and overproduction were not adopted, there would have been a terrible catastrophe long ago.

We have seen now that the cause of the evil is that E monopolizes part of the workers' product and does not take this share as fast as they are ready to deliver it, preventing them at the same time from working further until he feels ready to accept the part due to him. We have further seen that the power of thus impeding production is given to him by the ownership of natural opportunities, in a word, of Land.

But the monopolization of the land by a minority is not the only cause of our abnormal circumstances. The division of labor necessitates an exchange of products. Where the stage of primitive barter is passed, the exchange of products demands a medium of exchange, and if this medium does not adapt itself elastically to the demands of the market, a new calamity arises which remains to be illustrated in another phase of our island's history. To avoid confusion, private land ownership and its effects are entirely eliminated in this illustration.

Things were getting rather turbulent on Robinson's Island. It was not for the first time. There had been a revolution before, when the people would no longer put up with Robinson's land monopoly. He had owned the whole island, and only those who obtained land from his lordship could live on the island, and could only live on what Robinson was gracious enough to leave them of the fruits of their labor, which was not much. But some agitators had managed to get a foothold in the island, and their teachings opened the people's eyes. They began to see that they had as much right to the land as Robinson; and that Robinson was only one weak man, whereas the islanders numbered thousands of strong men; that they only had to will, and Robinson would have to obey. So they willed common land-ownership, and the land was owned in common. It was taken without compensation, but the people were generous enough to pay Robinson for improvements, although they themselves had made the improvements in part payment of their rents. They consented to give him bonds to the full amount of these improvements, on which they agreed to pay a moderate interest up to the time when they could redeem them. This would not have taken very long, because the inventive spirit of the islanders had immensely multiplied their productive power, and they were enabled to put aside in a few years wealth enough to pay the whole of their debt to Robinson, capital as well as interest.

Robinson foresaw that this new state of affairs would not at all suit him. It would have thrown upon his hands immense stores of commodities which he did not need, and which he could not dispose of unless he took in exchange other commodities equally useless to him at the time. He could only eat five meals a day; any victuals in excess would soon have spoiled. He could not wear more than one suit of clothes or one pair of boots at a time, and if his stock

of clothing was too large, the moths would eat it. He might leave the commodities in possession of his debtors until he needed them, some time during the balance of his life or the life of his children; but he wanted interest, and the people were not fools enough to pay it, having no need of the goods. For they had free access to the land, and so their labor easily created all the other means of production necessary to supply plenty of everything.

But Robinson was a sly old humbug who knew a thing or two. Progressed division of labor long since had called forth a demand for a convenient means of exchange, and finally a scarce metal, called gold, was in preference used for that purpose. Long before the revolution, which Robinson foresaw, he had induced the islanders to pass a law that debts could not be paid in any product of labor, but only in that one scarce product, the yellow metal, called gold. While he owned the island he had made the people bring to him almost all such metal found by them, and at the time of the revolution he possessed nearly all the gold on the island. When improvement bonds were issued, capital and interest were made payable in gold. To obtain gold, people had to sell their products of labor. Robinson was practically the only gold owner and he was, besides, over-supplied with goods of all kinds. This resulted in a mad competition for Robinson's gold, through which prices and wages went down most fearfully. The more these went down, the more goods and labor-days were needed to pay Robinson's dues; and as Robinson's wants were limited, the excess of supply over demand increased all the time. I do not mean real demand, for the people had an unsatisfied and urgent demand for all the goods in the market; but they had no gold with which to pay for them. Most of the gold they did receive had to be paid again to Robinson for interest, who spent only a part of it. The surplus he lent to those islanders who could give him the best security. The interest on these new debts again went to swell Robinson's income, and consequently the unconsumed part of it. This meant that an increasing gold debt had to be paid by the people, who, in order to obtain the gold, tried to sell their products in a market in which the great gold monopolist spent a continually diminishing fraction of his gold income, and in which the people were less and less able to make up for the deficit by their own purchases, because more and more of the gold they obtained for their sales to Robinson had to be paid back to him for interest, and so could not be spent on purchases. A terrible struggle ensued. The people did their best to save gold by improving their tools and processes of production, but every such improvement only made matters worse. As it cheapened prices and increased the savings of Robinson, it narrowed the market and rendered the chances of employment more precarious, especially as the taxes were payable in gold, and those who did not pay their taxes were finally driven off their land.

I have intentionally magnified the predicament of the islanders, in order to put into full light the effects of a money liable to monopolization; but I am fully aware that where land is freely accessible, even money-debts of the kind described cannot produce such extreme misery. Unfortunately, the question how much of the evil would remain after land nationalization was accomplished, if unaccompanied by a thorough currency reform, is merely an academic one, for in our real world both Money and Land-monopoly are carrying on their nefarious work jointly, helped by their progeny, Interest.

Their evil work, however, is dependent on the development of production, just as a breach in a dam may remain harmless until the level of the water is raised beyond a certain height, a height which might otherwise be desirable; for if there were no breach it would enable the river to turn water-wheels, float ships, and irrigate fields, instead of destroying lives and wealth. In a like manner, the rising stream of production would prove a blessing were it not for the breach in the dam: the monopolies which make it leave its natural bed, i. e., a consumption, which keeps pace with production. This breach causes the destructive inundation of overproduction, or rather under-consumption, and consequent under production. Every new machine, every improved process of production and distribution raises the level of the stream, and though beneficial in itself, under the influence of monopoly it becomes a destructive agency.

In this light we have also to look at the Trusts. Judged by themselves, they are meritorious organizations. They diminish wasteful competition and they save labor, exactly as the railroads and the steamboats do. Under Land and Money-monopoly however, they are made to become as great a curse as the other labor-saving inventions, as the power-loom and the linotype. So the fight against the trusts closely resembles that against machinery, once waged by labor. Both fights are equally vain; the wheel of progress can never be turned back by the means which ignorance employs.

The road over which reform moves lies neither in the destruction of machines, factories, or trusts, nor in their nationalization; it lies in their democratization, their gradual appropriation by the workers of all classes, voluntarily co-operating; and the purpose of this book is to show how this can be accomplished by certain fundamental proceedings.

The most important one, the Restoration of the Land to the people as a whole, is discussed in Chapter II, which aims to show how easily this great reform can be effected on the basis of justice to all classes, without having recourse to the confiscatory methods of the so-called Single Taxers. Chapter III takes up the Money Question, showing how a fundamental currency reform could be gradually introduced without interfering with existing obligations and contracts. Chapter IV deals with the Circulation Problem, including international balances and tariffs. The nature of Capitalism and the part played by Interest in the great problem, form the subject of Chapter V. while Chapter VI, entitled "Democracy," takes up the political weapons required by the people in the fight for freedom and the accomplishment of social reform. The work, which can be done, parallel with the political one by private initiative and, by co-operation will be discussed in Chapter VII. Chapter VIII discusses "Trusts and Socialism," while the concluding chapter takes a parting look at the battle field.

While the most pressing questions are being treated, a new science of political economy arises before us; a real science, in which results correspond to promises; because it is built on the eternal foundations of justice and truth. At the same time proof is furnished that a peaceable evolution is attainable on such foundations, and that otherwise a violent revolution is unavoidable. I hope I have succeeded in giving the light touch demanded by the average reader, without, on the one hand, sinning by superficiality, or on the other, falling into that ponderosity, which, unfortunately, disfigures most works on economics.

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1. The best and shortest summary of this progress has been given by Professor E. E. Dolbear; "The nineteenth century received from its predecessors the horse; we bequeath the bicycle, the locomotive, and the automobile. We received the goose-quill; we bequeath the fountain-pen and typewriter. We received the scythe; we bequeath the mowing machine. We received the sickle; we bequeath the harvester. We received the hand printing press; we bequeath the Hoe-cylinder press. We received the painter's brush; we bequeath lithography, the camera, and color photography. We received the hand loom; we bequeath the cotton and woolen factory. We received gun-powder; we bequeath nitroglycerine. We received twenty-three chemical elements; we bequeath eighty. We received the tallow dip; we bequeath the arc light. We received the galvanic battery; we bequeath the dynamo. We received the flintlock; we bequeath automatic Maxims. We received the sailing ship; we bequeath the steamship. We received the beacon signal-tire; we bequeath the telephone and wireless telegraphy. We received leather tire-buckets; we bequeath the steam tire-engine. We received wood and stone for structures; we bequeath twenty-storied steel buildings. We received the stairway; we bequeath the elevator. We received ordinary light; we bequeath the Röntgen rays. We received the weather unannounced; we bequeath the weather bureau. We received the unalleviable pain;

we bequeath aseptics, chloroform, ether, and cocaine. We received the average duration of life of thirty years; we bequeath forty years."