

# The Economic and Social Problem

by Michael Flürscheim

## CHAPTER VIII. SOCIALISM AND TRUSTS

"Our present social inequality materializes the upper class, vulgarizes the middle class and brutalizes the lower class."—Matthew Arnold.

THIS work, so far, has pursued strictly individualistic lines. Its individualism, however, has been a logical one, very different from that pseudo-individualism and liberalism which permits a minority to monopolize the ownership of the globe and then preaches against any interference with the liberty of the individual. Land restoration has, therefore, been the first demand on our path to free individualism, land restoration with all it includes: state ownership of farm and town lands, of mines, forests, quarries, oil wells and roads. However, something more was needed to permit the free development of the individual under the new conditions brought about by the advance from barbarism: a universally accepted and accessible means of exchange, elastic enough to adapt itself to the demands of trade. To leave its production free was impossible, for the very nature of a serviceable money is its general acceptance. If every one could manufacture money this universal acceptance could never be secured. Universal free exchange and consequently free production are impossible without a general agreement as to the means of exchange. We have seen how unfortunate the choice of coins made out of precious metals has proved. We have seen how a new monopoly was thus thrown into the hands of those who could corner the precious metals and the possibility of providing a far better means of exchange, a money which could not be monopolized by individuals. We further saw that with untrammelled opportunities and circulation unlimited, freedom in production and distribution would no longer be harmful. No use for usury laws when interest, the child of land and money monopoly disappears with its parents. No need of protective tariffs where the absence of interest makes international exchange a barter of commodities for commodities. No need of labor-laws, limiting hours of work, fixing a minimum wage, organizing arbitration, insuring against sickness, accidents, old age, or unemployment, where production keeps up with productive power, so that wealth, including the means to pay for insurance, is at the disposal of all who are able and willing to work. The unfettered forces of supply and demand can then be relied upon to produce that self-adjustment between the economic factors now erroneously supposed to exist by those who believe that solid buildings can be erected without a solid foundation.

It has been disputed whether political economy is a science. The doubt is perfectly justified, when we observe the discrepancy between its theories and their practical results. But no science can give any correct results when we depart from fundamental principles, which in the case of political economy are two: (1) The land, the very foundation of our existence, must belong to the people at large; and (2) the circulating medium must be easily obtainable by all who have products of any value or efficient labor to sell. Only by building on these immutable principles can results correspond to theory, and only then will political economy become a science. Without such a foundation it is merely an exponent of expedients, whose beneficial effect is proportioned to their departure from first principles.

No greater improvements in manufacturing and distribution were ever made than by the combinations called Trusts. Under free conditions they would be a real blessing; but as it is

they fully deserve the curses launched against them. In the existing world, whatever economises power is a misfortune; whatever wastes and destroys is a blessing. Thus W. S. Gilbert, in his letter to the London Times, says "he could never fully understand the prejudice against burglars. A burglar gives work to innumerable telegraph, police and railroad officials; and possibly also to surgeons, coroners and tombstone-makers. As soon as he is in custody, the service of a whole army of lawyers, judges, petty and grand jurors, reporters, prison administrators and turnkeys are put in requirement. Certainly the burglar effects more good than harm."

This can be proved by a very simple test by which we judge whether, under existing unnatural conditions, any measure will produce good or bad results. We simply investigate whether its principle is correct or not. If it is correct, then the measure won't do; but if the measure is based on a vicious principle, it is ten to one that the best thing is to vote for it. It will be easy enough to prove this strange paradox.

Is it good that millions of men are kept unproductively under arms from day to day, from year to year, that Europe's peace establishment alone now exceeds four million men? Certainly not! Such a state of things is entirely opposed, not only to economic laws, but also to those great principles preached from the Mount, which form the basis of that Christianity professed, though not practiced, by a great part of our civilized world. The conclusion is that this armed peace, this forcing of millions into a busy idleness, is an excellent thing from an economic point of view, as long as we do not make fundamental economic changes. We talk of over-production now; hut what should we have to say if these millions of our strongest, healthiest and most energetic men, instead of merely consuming, were set to work to produce more wealth, imploring a market? This explains why there are far more unemployed in England and, in spite of her wonderful resources, even in the United States than in the military countries of Europe. On the other hand, when is business brisker than in war times? Business was prosperous during and immediately after the Crimean, the American Secession War, the Franco-German War; and is not the revival, which terminated in 1907, mostly due to the Boer and Russo-Japanese wars? This is natural, for war is the greatest consumer; war creates that wonderful arcanum for which we all sigh and often fight: a market for our surplus production. Things have come to such a pass that business men all over the world look at wars, if only they do not involve their own country, as blessings, which a poor, overstocked merchant ought to be very thankful for. I know they do not say so publicly, and their press organs are duly praising the blessings of peace with a grateful upturning of their eyes; but I know what is said behind the scenes, for during nearly half a century I have been an initiated member of Mercury's Stock Company, called the commercial community. If this had not been so, if I belonged to that learned clique which the world over have monopolized economic and social science, I should speak differently. I should possibly praise the beneficial effects of peace; I should curse the destructive tendencies of war; I should declaim against the waste of militarism; I should expect universal prosperity from general disarmament; I should do all this, and I should be as great a liar as they are under the existing state of things. Moral: peace societies, stop your nefarious work! Nefarious, as long as you do not help us to lay those foundations of the peace temple, without which the higher you build the more surely will your baseless structure fall, and bury you under its ruins: the foundations I have been trying to specify in this book.

It is a truism that alcoholism is even a more terrible scourge than war. For one victim of the battlefield, more than a hundred are killed by the bottle. But supposing prohibition or any other method were successful in exorcising the fiend, what would be the result under existing conditions? A terrible increase of over-production and unemployment, as long as every worker produces four particles of wealth, and is only permitted to consume one, while those who are entitled to the lion share are over-satiated and cannot consume all the wealth falling to their share. Consequence: more unemployed and more drink. For one man saved from drink in such

circumstances and now producing with all his power, instead of destroying wealth, two may lose their job and turn to drink in their despair. Proofs are not wanting that misery produces drunkenness far more frequently than drunkenness produces misery. In *Rent, Interest, and Wages* I gave an interesting example from the North of Ireland, where a drunken population became sober through obtaining a continuous paying employment. I here add an article from the *Binghamton Independent* in the same direction:

"A table has been prepared by Professor Warner, of Stanford University, based on fifteen separate investigations of actual cases of poverty, numbering in all over 100,000 cases in America, England and Germany. These investigations were conducted by the charity organization societies of Baltimore, Buffalo and New York City, the associated charities of Boston and Cincinnati, by Charles Booth in East London, and for Germany we have the statements of Mr. Bohmert as to seventy-seven German cities. They include virtually all the facts that have been collected by trained investigators, unbiassed by any theory. From these figures it appears that about 20%, of the worst cases of poverty are due to misconduct, and about 75%, to misfortune. Drink causes only 11%., while lack of work or poorly paid work causes nearly 30%.

All evidence worth considering goes to prove that poverty and crime are both results of forced idleness or low-paid labor. As a rule, men who are steadily employed at some productive work, and who get in return for their labor what they consider to be a fair share of the product of their efforts, are temperate and moral. If all men could feel sure of steady work at fair pay there would be practically no need for policemen or temperance societies. If the preachers would study theology less and political economy more, and then go into their pulpits and preach practical Christianity for every-day use, they would be doing a far greater work than they are when they talk about patient submission here, in order that reward may be had hereafter.

Poverty and crime are results of laws, which men have made, and we will have both so long as these laws are in operation. It is not the fault of God, or Nature, or whatever you may term the creative cause, that many men are poor, shiftless and intemperate. The fault lies with the people, and with them rests the remedy and the responsibility. When the people are wise enough to remove the cause, the evil will disappear. It is about time for men to stop repeating that antiquated statement that intemperance is the prime cause of poverty, and take up the study of how to remedy the real cause—enforced idleness."

Moral: Temperance promoters had better help in taking away the worst cause of drunkenness, which is not, as they think, the supply of alcohol, but the social conditions which drive men and women into the bar-room.

In any case, most of our temperance promoters are too radical; instead of working for mere temperance, they fight for total prohibition, and thus make enemies of many who detest the abuse of alcoholic drinks, but shrink from infringing the freedom of the individual. If they took example by those countries, which are working on the Gothenburg or related systems—aiming at decrease of drunkenness—they would be much farther advanced. Fifty years ago the annual consumption of alcohol in Scandinavia was 30 litres (nearly 7 gallons) per individual. It has now been reduced to 2 litres; and in Norway delirium tremens has become an almost unknown disease.

An anti-treating law—fining the publican who serves liquor to any person who does not pay for his own drink—might do away with one of the most prolific causes of drunkenness, and one of the most idiotic limitations of personal liberty in this country: the unwritten law which compels every member of a party of friends who meet at a bar to order drinks and pay for the whole group, so that each individual pays in turn, and each drinks far more than he would have imbibed otherwise—with inevitable consequences.

*Thrift*, if generally practiced, would under present conditions prove one of the worst calamities that could befall us, as has been already shown in Chapter V. Does it not mean an

increased productivity accompanied by a restriction of consumption and consequently of production? As long as we complain of overproduction or underconsumption the waste of the well-to-do is beneficial, their economy of evil effect. Let us all live the simple life, let us restrict private and public expenses to the lowest limit and see how we can keep alive the millions of additional unemployed that under the present system would result!

Moral: More waste, more useless officials at good salaries, more million dollar baths, more \$50,000 balls, more \$400,000 weddings, more yachts, more palaces, etc.; but for Heaven's sake, no more thrifty, industrious workers! This adjuration is required today even more urgently than it was twenty years ago in England, where I penned the following lines; because compound interest has continued its nefarious work all this time:

"The praise of industry sounds from every pulpit and platform, is dinned into our ears by millions of leaden soldiers from the typefoundry regiment, leaving the impress of their footsteps on millions of tons of paper which go forth as dailies, periodicals, or books. How strange that we find a growing fear of industrious workers, and that we do our best to send them out of the country, or to prevent their getting in. Emigration societies are founded, laws against the immigration of foreign workers are enacted or demanded. The rich drone is welcomed everywhere, and glowing advertisements set forth in rose colors the advantages of different towns in order to attract him; whereas workers are warned off in every possible way. It is a natural result of the unnatural state of things we live under; for consumers are wanted, and producers shunned in a world in which the purchasing power of the masses lags more and more behind their producing capacity."

The whole aspect of the case would be changed by a reform, which kept the purchasing capacity of the masses parallel to their productive power. Anything which increases the one must then result in an equal increase of the other; so that production will no more be fettered by the elements which are meant to promote it. Peace, temperance, and thrift, the stoppage of waste of all kinds, will not only cease to deprive the workers of a chance to make a living, but will enable them to earn more, with less labor. Laborsaving inventions will prove the real benefit to the working masses, which they are now wrongly supposed to be. They will increase wealth production while lessening toil and working time. They will enrich the worker, and enable him to become his own employer, working with his own tools, or dictating his terms. These terms will be quite different where two employers compete for one worker than where two workers compete for one employer. No more strikes or lock-outs in such a case! There ought then to be no more antagonism between the two camps who now waste their best energies in fighting each other. Instead of being at loggerheads about factory acts, about working time, and minimum wage, both ought to unite in fighting their common foes: private land monopoly, an inelastic currency, and the dire offspring of those twain—interest.

The conflict is no more between employer and employed, or between wealth and poverty, but between monopoly and freedom. Monopoly rides on the back of mankind as the Old Man of the Sea sat on Sinbad the Sailor, gripping firm hold with its two knees: Land and Money and the suffering mass need no further concession than that the monster shall get off its back. The quarrel lies not between the competitive system and co-operation, as Socialists think whatever reforms may yet be found desirable in that domain—for both systems can be practiced under slavery. It is simply a fight between liberty and slavery. It is the power of preventing free competition by monopolizing land and money, which causes the struggle, the devil-take-the-hindmost fight we are daily witnessing.

A theatre is burning; in headlong flight old and young, weak and strong, men and women try to gain the outlet—a single small door blocked by a frantic mass of fighting humanity. Hundreds of corpses are found the next day, and people are discussing the cause of the disaster. Some pretend that if, instead of this mad competition for the only outlet, there had been peaceful voluntary co-operation, or if the authorities had maintained order and forced the people to walk out in a regular procession, all would have been well. Perhaps so, or perhaps

only half the spectators would have perished; because, even in the calmest and most methodical manner, all might not have been able to pass through so small an opening in such a limited time. But a sufficient supply of doors would have allowed all to escape, no matter whether order reigned or not. Open the doors widely for really free competition, and people will cease to cry for State intervention!

Liberty is the perennial source from which alone a higher civilization can flow; slavery proves to be a curse for the master as well as for the slave. Yes, also for the master, if it were for no other reason than that given by John William Draper in the *Intellectual Development of Europe*: "The high caste is steadily diminishing in numbers; the low caste is steadily increasing. In impervious pride the patrician fills his private jail with debtors, he usurps the conquered lands. *Insurrection is the inevitable consequence—foreign war the only relief.*" What was true of old Rome is true of our times. The tendency of concentrating wealth in a few hands is even more marked now than it was in the days of which Draper writes and the danger is quite as great.

Those who are on top forget how insignificant their number really is. They meet in their drawing-rooms, their clubs, in their boxes at the theatre, their ball-rooms, and public drives; and seeing each other so often, they obtain the impression of large numbers, as we do in the case of those histrionic armies composed of the same few men who march out at one side of the stage to come in again on the other, occasionally changing their helmets and arms if there is no time to don another uniform. Thus our upper classes do not perceive how thin is the shell, which they form on the social globe. We hardly realize the flimsy nature of the envelope, which protects us from the volcanic underlying masses. We quietly go about our business and pleasure, until an earthquake or an eruption disturbs us in our careless dream-life, reminding us of the terrible powers beneath. So our plutocracy lives from day to day, investing and speculating, accumulating and wasting, without thinking of the turbulent masses on whose shoulders their palaces are built, until a social earthquake, an insurrection, sometimes growing into a revolution, shakes them out of their indifference. And all the while, the very forces, which should prove the greatest blessing to all, our progress in science and the arts, serve to increase the tension. Our Divine Master has not given us a very long time for that peaceful evolution of humanity, which may yet prevent the most frightful revolution this world has ever witnessed. We may guess the power of the reaction by that of the forces at work towards a culmination of the evil. You who have the capacity and the means to hasten the day of reform, hurry up in your own interest while you may! You cannot secure your own future, and certainly you cannot provide for your children, in any other manner. Those fortunes which you may leave to your heirs will crumble to dust, for they are nothing but mere titles to slave services; they become waste paper on the day that sees the slaves break their chains. But you can leave behind you something immensely more valuable and indestructible: a free world, in which every talent has scope; in which easy and pleasant work, less exhausting than those so-called pleasures, which now absorb your time, will provide your children with all they need; a world which the gratitude of millions would transform into a paradise for you and yours.

But I leave to others the task to appeal to your higher motives. Experience has shown me the futility of such appeals, where the mind is so immersed in selfishness that the eyes cannot see beyond the artificial wall of prejudice. Be selfish, if you cannot help it; only, in your selfishness, be at least as practical as you are when you give orders to your stockbrokers. Weigh in your mind which enterprise offers the best chances of investment: the stock company—in which you are as yet a main shareholder who is busily engaged with the sawing of the branches on which you are sitting, endowed with an immense capital to do the work as speedily as possible, with golden saws tipped with diamond compound interest teeth; or that other company, whose share register has as yet few subscribers, but whose object—among others indifferent to you—could be also to supply you with a safer support than the branch on which you so strangely rely.

Oh, Carnegie! Oh, Rockefeller! great monopolists and promoters of education, think of it for one single moment! What you are now doing can only help in the branch sawing business; for every one of those thousand poor scholars whom you provide with the means of education will, at the end of his studies, find himself in a world where knowledge and ability become every year more incapable of making headway against stupid mediocrity that is the inheritor of monopolies, the slave-driver swinging his whip over the skilled and the unskilled worker, over the scholar and his intellects as well as over the common laborer with his brawny arm. Then will they curse the larger vision you have helped them to achieve; for they will see beyond the mists which as yet veil the truths of life from the ignorant many, and they will discern that your benefactions to themselves were fruits of that very system—that Upas tree—which has poisoned the whole anguished world.

Oh, Carnegie! Oh, Rockefeller! a fraction of the sums that your philanthropy is misdirecting would launch a reform propaganda which—controlled by your genius of organization—could transform this planet! Peacefully would the marvelous change be effected, and long before it can be reasonably anticipated by other means. Men like you, and still more especially, men like Tom L. Johnson, the creature of monopoly, who exerts his power and his wealth to combat monopoly—could become important factors in the march of progress, could advance incalculably that peaceful and brotherly development longed for in the heart of the human race! Not through strengthening that longing by direct appeals, which so many good men at this time are making in press and pulpit, for it is not a mere ethical question. Let rebating stop, let the trusts disband, let franchises be kept by the community or leased at their full market value, let corruption disappear and people treat each other like brothers; but let rent accumulate in private pockets, let interest go on compounding, and things will get worse today than they were yesterday, to-morrow than they are to-day. Unless we change economic foundations, we work in vain, we waste our breath and ink in preaching and writing. We resemble that poor woman who was given a lift by a kind driver, to whom she replied upon his question why she did not put down the load she carried on her back: "I do not want to presume too much on your kindness. It is hard enough on the poor horses to carry me along without imposing on them my load too."

Rent and interest press with the same unbearable weight on the wheels of industry, wearily dragged along by the laboring masses, whether the passenger takes some of the load on his shoulders or puts it down on his seat.

While I am writing these pages the tide of 'muck raking' is running high, and in the violence of personal aspersion few remember that man is the product of heredity and environment, and that to look for improvement in a reformation of individuals is like trying to cure the small-pox by cutting off the pustules. The wealth of the Rockefellers and Carnegies is neither the outcome of their personal capacities, great as they are, nor of illegalities, but of laws which permitted their monopolization of raw-materials in the womb of mother earth, and of roads, aided by laws that restrict our means of exchange and others that kill foreign competition through high tariffs. It has been well said that dirt is wealth in the wrong place. The ability of men like Rockefeller, exercised in the right place, can produce untold good. It has become a fashion to rail against the Trusts and even to make laws against them.<sup>1</sup> It is the merit of socialists to point out that the principle, which underlies trust formations is sound; and that these organizations will benefit the people the moment their fruits are not monopolized by the few, but belong to all. These fruits are savings of waste in the processes of production and distribution, due to competition.

Competition! I come back to this strange actor on the economic stage, adored as a saint by one party and cursed as a devil by the other. To the one, competition is the source of all progress; to the other, it is responsible for the social chaos. Here we learn that "competition is the life of trade;" there, we find all our miseries referred to as "the competitive struggle." Which is right? As usual, there is truth on both sides. In the political economy built on the

false foundations of private land ownership and our existing legal tender money, competition results in the domination of the land and money monopolist, of the trust; while in an economy built on free land and a really elastic currency, competition becomes beneficial; and even the Trusts, deprived of their legal monopolies, would change into useful wheels of the economic mechanism.

Socialists always remind me of Lamb's Chinaman, who burnt his house to roast a pig, because he did not know that a few sticks might be made to produce the same effect. So socialists cannot see how the people's welfare can be advanced, how the roast pig of general prosperity can be obtained, without a total destruction of the individualistic structure, which our civilization has evolved out of the barbarian's communism. They propose to abolish our present system of ownership, production and distribution, without considering whether, after all, a change in our system of land ownership, combined with rational currency reform, might not be sufficient to produce the same beneficent results. This investigation would teach them that they need not demand the nationalization of the means of production even, for if labor owns the land it can soon bring forth all the other means of production; so that common land ownership by itself is absolutely sufficient to accomplish the desired results, provided, of course, that circulation is not impeded by giving an exclusive money monopoly to one or two scarce commodities.

Let us suppose the whole United States soil owned by the workers of the country, freely exchanging their products, while the capitalists possess all the houses, machines and capital of any kind; what would be the result in a few years? On the one hand, the enormous development of productive power would have enabled labor within that time to produce better houses, machines, capital of all kind and more of all than now exists in the country, while the capitalists would not know what to do with their decaying houses, rusting machines and ruined stock, unless the workers kindly took them off their hands.

I do not want to be misunderstood when I attack the 'competitive system' shibboleth. Though I had to prove this slogan a misleading catchword, when the real clue to the great problem is looked for, I do not thereby wish to indicate that I am standing up as a defender of the kind of competition we are used to, the better name of which is Waste.

(At all events it is a far better slogan than that of 'the capitalistic system of production' (Kapitalistische Produktionsweise) used by the German speaking socialists; for, as I shall show further on, it is not so much the system of production as that of distribution which ought to be arraigned.) With or without socialism, the whole trend of progress is against it. Parallel with the advance from hand work to that of steel levers and wheels, from the primitive tool to the complicated machine, went the progress in the methods of production and distribution, and this progress was altogether on the line of lessening competition through a more extended co-operation. The factory took the place of the little shop, as the railroad train took that of the coach and cart, and the Trust unites the factories and railroads. At each step division of labor became more perfect and the cost price of the product less. Trusts, department stores, and co-operative stores are advance steps in the processes of production and distribution; and the fight against them is of the same kind as that against machinery, a fight quite as justified under existing conditions, on the already illustrated principle that in a world which is upside down through our departure from fundamental principles, what is good in principle is bad in practice, and vice versa. The socialist Wilshire's motto: "Let the nation own the trusts!" is certainly more rational than the cry: "Down with the trusts!" There is a third way, however, more on the line of organic evolution and in the same direction, in which we found the remedy against want of employment and overproduction: Freedom. Freedom from land and money monopoly once accomplished, any device by which more wealth can be produced and distributed with less effort will be welcome. With monopolized land and money and the consequent growing chasm between productive power and production, every such progress must be harmful. Either we go back to first principles or we are condemned to march in the line of expediency.

The economic field is not the only one where we have to follow this course. Love is the great life principle which should govern our actions; but if barbaric hordes attack our homes, burning and killing as they advance, expediency must take the place of this great principle, and automatic rifles will be temporarily preferred to bibles. It would certainly have been far better to prevent the invasion by observing the laws of justice and love, but if we do not destroy the evil at the root we have to cut down the branches. If we do not reform fundamental economic evils, we have to protect ourselves as well as we can against their effects, no matter how dangerous the remedy by itself.

Even Communism, the remedy of despair for thousands who can see no other way out of the calamity, is preferable to a continuance of present conditions, without fundamental reform. This is in agreement with the well-known words of John Stuart Mill: "If, therefore, the choice were to be made between communism with all its chances, and the present state of society with all its sufferings and injustices; if the institution of private property necessarily carried with it, as a consequence, that the produce of labor should be apportioned as we now see it, almost in an inverse ratio to the labor—the largest portions to those who have never worked at all, the next largest to those whose work is almost nominal, and so, in a descending scale, the remuneration dwindling as the work grows harder and more disagreeable, until the most fatiguing and exhausting bodily labor cannot count with certainty on being able to earn even the necessaries of life; if this or communism were the alternative, all the difficulties, great or small, of communism would be but as dust in the balance." \* \* \* "The restraints of Communism would be freedom in comparison with the present condition of the majority of the human race. The generality of laborers in this and most other countries have as little choice of occupation or freedom of locomotion, are practically as dependent on fixed rules and on the will of Others, as they could be under any system short of actual slavery."

The extraordinary division of labor introduced into all branches of production has made most of our workers mere wheels in a gigantic machine, a fact not at all affected by the system of enrolling the managers of the machine. Certainly no one can truly believe that the transfer of this management to men elected by the workers would result in less liberty than our existing method of government by absolute self-elected masters, whose decision allows no appeal, who at any time can deprive the worker of employment; can even, where blacklists exist, altogether cut him off from any chance of earning his bread by the work he has been brought up to. How little, after all, coalitions of workers can accomplish where they are faced by a union of employers, experience has repeatedly shown—as, for instance, in the great English engineers' strike or that of the Chicago teamsters. Where trusts dominate over a whole department of production, the chances of labor unions are certainly still further minimized, as proved by the failure of the American steelworkers' strike. In considering this question, the upper classes are only too inclined to forget that for the masses there is no really free competition even now. As a general thing, the difficulty of finding another situation makes our employees more dependent than they ever could be under a socialist regime, which would at least allow their votes to elect the manager. But, through the trusts, even the employers are one by one losing their independence. Not to follow the mandates of the Rogerses, Morgans, etc., spells ruin. The independent employer becomes the official of the trust, and is forced to obey orders just as strictly as the public employee in the socialist state. Even when not absorbed by the trust, he is dependent on the ever more exacting and less certain customer, and his position has become so precarious and unpleasant that the main endeavor of many in this country is to find a good situation in the public service—which, however, does not prevent the same parties from declaiming against the absence of liberty in the socialist state. It would be difficult for them to prove why the employee of a state which provides work for everybody has less liberty than the State official of our day, whose situation is longed for by a number of competitors anxiously anticipating the moment when his trembling hands shall lose their hold. The consequent subserviency to superiors is only natural. So we see that even the despotic communism put



before us in such books as *Pictures of the Future*, by Eugene Richter, cannot be so very repellent to the masses, because it can hardly restrict any liberty of practical value possessed by them in our time, while it would at least ensure them a permanent competency. That this actually would be the case, and that the bogey of famines and general misery put forth by Richter exists only in the fancy of such blind leaders of the Manchester school, needs no proof after calculations which show that one single hour given daily by all who are capable of work—under a systematic organization, without any waste—would provide all with the necessaries of life. An hour's work ought to be got out of every man and woman, without any compulsion other than that of sheer tedium. Many of our well-to-do people devote part of their time to pleasures, which demand greater exertions and risks than most employments of paid workers. Mountaineering, hunting, deer stalking, rowing, yachting, cricket and football, coaching, autoing, ballooning, etc., prove that work of some kind is imperiously demanded by our nature. Whether a certain action figures as work or as a pastime often depends on its being done under compulsion or voluntarily.

But abler pens than mine have often enough shown up in their real light objections of this kind, which, however justified they might be when looked at by the citizen of an ideal state such as never existed, are certainly worthless as regards the actual world in which we live. 'Here the one stereotyped answer can be given to all such detractors of socialism and its possible results. "And today? Are things not much worse?"

When the disheartening picture of general sameness is unrolled before us—of barracks for homes, uniforms for garments, messes, and even State-regulated amusements, ridiculous fancies though they are—let us ask the poor proletarian whether he would not prefer even this mode of living to the one he is used to; Barracks are better than slums, uniforms are preferable to rags, a well garnished mess is decidedly pleasanter than a private table around which the children vainly cry for bread, and even entertainments organized by the State are preferable to those offered by the saloon.

The following incident, which happened in Apulia, is related by Mr. Edward C. Strutt in the *Monthly Review*, under the title *Famine, and Its Causes in Italy*:

"Three young women from Allisto were brought before the Prætor of Ugento, charged with stealing olives on an estate belonging to the municipality. The pinched and starving features of the defendants, the eldest of whom was barely twenty-five, their ragged clothes, and their half-hopeful, half-despairing expression, excited the sympathy and pity of the kind-hearted magistrate, who, though unable to acquit them, sentenced them to the minimum penalty—viz., three days. Then a tragic scene took place. Bursting into tears, the prisoners flung themselves at the magistrate's feet, imploring him to give them the shelter of the prison for at least three months. With the touching ingenuousness of children, they told how the theft had been a pre-concerted affair in order to escape the terrors which the winter (a particularly bitter one this year) held in store for them, and how they had even consulted a lawyer, who had planned the whole scheme, assuring them that, according to the Penal Code they would be sentenced to three months at the very least. And now the poor girls saw their dream of prison paradise, with its bed and blankets, and daily soup and bread, and meat twice a week—a princely fare—vanishing like a mirage before them, just as they thought themselves on the point of entering the blessed portals!"

People who regard the jail as an Eden from which they are debarred will not be inspired by that horror for Richter's barracks and messes, with which well-fed, well-dressed and well-housed gentlemen regard such accommodations.

Though the limitations of the second-class may appear unpleasant to cabin passengers, to the man from the steerage they will seem paradise. And Atkinson, Giffen, Richter and other glorifiers of individualism with all its blessings seem not to remember that the immense majority of passengers in the ship of state travel in the steerage, and not in the saloon. Do not let us forget also that this immense majority own the ship, and that they will not be for ever

deterred from taking possession by the contention that it is impossible to give them all first-class cabins. They will reply, not without justice, that they do not claim cabins like the present first-class compartments; but that an equal partitioning of the ship into a number of well-furnished rooms, with one good table for all, would certainly improve their position, however it might affect that of the present first-class passengers. Nor can they be frightened by the prospect of their subordination under the orders of the ship's officers; for though these officers may not drink champagne with them as they now do with the saloon passengers, they certainly will be politer towards men who are the recognized owners of the ship than they are towards poor steerage folk.

What effect is produced upon the poor proletarian when you tell him that communism would stifle the inducement to exertion, because profit is no more obtainable, and that without this incentive progress will be arrested? He will answer like the servant immortalized by the German humorist, Fritz Renter. The man called his master to account because of the insufficient and poor food he was getting, and the master defended himself by asking the Court whether beef and plums is not an excellent dish. The man replied: "Certainly, beef and plums is an excellent dish; but, gentlemen, I never get it." Let us admit, for argument's sake, that our wonderful progress in the arts of production and distribution has been brought about by the desire to gain. What has this progress done for the masses of our population? Statisticians of weight, such as Thorold Rogers, Beissel, Janssen and others prove that their wellbeing is less than it was in the fourteenth century. They show that the average wageworker of our time cannot purchase as many necessaries of life as he could five hundred years ago, when production was yet in its infancy. It is true there are more recent periods that would give a relatively favorable aspect to our time; and optimistic statisticians of the Giffen and Atkinson type generally take such periods as standards of comparison. They quite ignore those statistics just referred to, which present the somewhat hard nut to crack: In those more remote times when the productivity of labor was not one-tenth as great as now, why was the purchasing power of wages higher, and why were the workers comparatively well off? They pick out the worst times labor ever went through, and from the top of this dunghill they flap their wings, and crow lustily: "Workers, see how much better off you are; stop complaining, and things will improve still more!"

In his *Problems of Poverty*, John A. Hobson gives them this answer: "The period between 1770 and 1840 was the most miserable epoch in the history of the English working classes. Much of the gain must be rightly regarded rather as a recovery from sickness than a growth in normal health. If the decade 1730-40, for example, were to be taken instead, the progress of wage earners, especially in Southern England, would be by no means as obvious. The Southern agricultural laborers, and the whole body of the skilled workers, were probably in most respects as well off a century and a half ago as they are today. ... Although a 'sovereign' will buy more for a rich man than fifty years ago, it will buy less for a poor man. The prices of most of the comforts and luxuries of life have fallen considerably; but the prices of most of the necessaries of life have risen. The man with an income of £500 a year finds he can buy more with that sum than he could half a century ago; for almost all manufactures and imported articles have fallen in price. But a family living on 20s. a week spends a small fraction of their income on such goods. The prices, which most concern them are the prices of shelter, of bread, fish, meat, groceries, vegetables, dairy produce, etc. Bread, sugar, tea, cloth is cheaper (see *Life and Labor* by Booth, to see how little of the latter the very poor spend). Rent is 150% higher, vegetables, milk, eggs, butter, cheese, coals, meat, oil, etc., are dearer; 20% is to be knocked off money value of wages to find real rise."

What can it benefit the worker if he can buy cheaper carpets, objects of art, and other luxuries, which are mostly only attainable by the wealthy? They are "beef and plums" to him. Of infinitely greater value to him than all these luxuries is the certainty of always finding employment; and this existed in a much higher degree in those distant days than in our over-

production-shrieking times. This question of permanent employment is very often lost sight of when wages of different periods are compared. The weekly wage may have risen, and yet the yearly income may have decreased; 30 weeks at \$30 wages yield a smaller income than 52 weeks at only \$20.

At the present writing (January, 1908), there are said to be four millions of unemployed in the United States. It has also been asserted that similar conditions recently existed in Australasia. The following is from the "New Zealand Herald" of 1900 "There are 5,000 applicants for billets (situations) in the New Zealand Railway Department. Here is the state of things in Victoria. For 387 vacancies in the Railway Department there are—how many applications, can you imagine? No fewer than 12,000. The rush to Bendigo was scarcely a circumstance to it. Wages from 11 to £3 a week—possibly £3 10s. at the most. Just fancy! It has taken an army of clerks to open the letters and note the particulars of each applicant. The greater part of the applicants are country lads—a reflection on our vaunted productive industries. In 1897, for almost a similar number of vacancies, the applicants were less than 2,500. What accounts for the immense increase it is impossible to divine. Both wheat-growing and dairying are brighter now than then. Yet the fact remains that 12,000 of the youth of the colony are eager to get a billet in one of the poorest branches of the Civil Service. Surely there cannot be any more possible candidates." Which, by the bye, strangely illustrates the anti-socialists' bogey of the general slavery to be expected from state management!

Said a West Australian paper: "A man in want of work called, among other places, at an iron foundry on the bank of the Swan, and asked for a job, but was told there was no vacancy. A day or two afterwards he saw the body of a man being dragged out of the river, and was told it was one of the hands of So-and-So's foundry. Off he rushed to the manager, and again asked for a job, and was told there was no vacancy. 'But,' said he, 'one of your men is drowned. I have just seen his body taken out of the river.' 'You are too late,' replied the manager. 'A man who saw him fall has got the job.' " That this story is brought out in a country so thinly peopled that its natural resources could support a population at least thirty times as large as it possesses, makes it as fit to illustrate the employment problem as books filled with statistics. For those, however, who prefer the latter, I cannot recommend more instructive reading than the volumes of *Life and Labor of the People* by Charles Booth, and *Poverty* by Robert Hunter.

Then there is the working time, in regard to which we certainly are not ahead of the past. Eduard Sacher, in *Die Gesellschaftskunde als Naturwissenschaft* tells us (p. 277) that in the eleventh century the working time in mines was only 4 hours. Thorold Roger believes that in the fifteenth century the average working day in England was 8 hours only.

I am sure that the most optimistic statistician will not pretend that incomes and purchasing power of the masses have kept pace with the productivity of labor, which—after taking into account the labor spent on the building of the necessary machinery—has increased at least ten-fold within a few centuries. Therefore, if instead of earning less, workers (including intellectual workers, who, relatively, are most underpaid) had today twice the purchasing power of those distant periods—and the most optimistic statisticians dare not go beyond this—they would only obtain one-fifth of what they would receive if productive power were taken as a measure. I say "productive power," potential production, not actual production. I maintain that without working longer hours or any harder, they could have at least a five-fold income, if all waste of power, through forced idleness of millions, deficient organization of production and transportation, militarism, flunkeydom, etc., were stopped; if everybody were employed on the best method available, with the best of machines obtainable. If, however, the waste through superfluous middlemen, were also stopped, and if the part taken by rent, interest and profit were restituted, we might easily come to a fifteen-fold increase of wages.

In the face of such glorious possibilities it is really nauseating to meet again and again with the presentation of the low average figures which the total income of a nation gives when divided per head of population, to prove that communism (even if it did not, as it would,

according to such individualists, largely reduce this average income) would simply spell poverty for all. Again and again we hear the "chestnut" about the communist, who, in 1848, wanted Rothschild to divide, with the result that the wealthy German banker handed him a florin as his share of such a division, telling him to send all the others, meaning to prove that an equal division would impoverish the rich, without doing much good to the poor. Though an equal division in the United States, according to the census of 1900, would give to each family a fortune of \$6,000, which would seem wealth to a large majority of the people, we have nothing to do with such calculations. In the first place Socialism is not Communism, and does not at all exclude payment according to work done; in fact finds its weightiest attack against the existing system in the proof that the latter's method of dividing the national income is a gross and palpable contradiction of the principle of payment according to work done. And then, the socialist's main argument is that the overthrow of the unnatural obstacles, which the existing system puts in the way of production, would do far more to bring production up to productive power than the absent stimulant of free competition could make it lag behind.

But we have not done yet with our friend Competition. We have a little nut to crack with those who drag him in at every opportunity, who fill our ears with him as if he were the life of society, as he is supposed to be that of trade. These gentlemen arbitrarily limit his empire to the domain of the dollar, a paltry domain after all, though its master be called almighty. Is there not a far higher kind of competition in this world of ours, which we shall never lose even in the communistic State? A competition whose stakes are of a different nature altogether? In his 'Merrie England,' Robert Blatchford points to the lives of men like Galileo, Bruno, Newton, and indeed the bulk of the explorers, scientists, philosophers and martyrs: who were not forced onward by the incentive of gain, but by the love of truth, of science, of art or of fame. And He who laid down His life on Calvary to accomplish the best work ever done for humanity—did He work for pay, for wages, or dividends?

In a communistic commonwealth everyone would have to give a day or a couple of days a week to productive labor. Were we relieved of solicitude as to bread the motives just mentioned would stimulate us to undertake the higher tasks of philanthropy. The most celebrated Talmudists gained their food by handicraft; their wisdom was not sold for money. Spinoza made a living by grinding optical glasses, and refused to consider the Elector of the Palatinate's offer to pay him for his intellectual work with a professorial chair at Heidelberg; preferring to offer the fruits of his studies free to the world. Does the soldier offer his life for pay? Is it for the love of gain that he rushes on the enemy's entrenchments with almost certain death in view? Do we see a Milton write his *Paradise Lost* for pounds, shillings and pence? Is a Florence Nightingale sacrificing her health in the field hospitals for wages? Did Luther translate the Bible on piece-work or salary?

Carlyle never wrote nobler words than these, in *Past and Present*: "My brother, the brave man has to give his life away. Give it, I advise thee—thou dost not expect to sell thy Life in an adequate manner! What price, for example, would content thee? The just price of thy Life to thee—why, God's entire Creation to thyself, the whole Universe of Space, the whole Eternity of Time, and what they hold; that is the price which would content thee; that, and if thou wilt be candid, nothing short of that! It is all; and for it thou wouldst have all. Thou art an unreasonable mortal—or rather thou art a poor infinite mortal, who, in thy narrow clay-prison here, seemest so unreasonable! Thou wilt never sell thy Life, or any part of thy Life, in a satisfactory manner. Give it like a royal heart, let the price be Nothing; thou hast then in a certain sense got All for it! The heroic man—and is not every man, God be thanked, a potential hero?—has to do so, in all times and circumstances. In the most heroic age, as in the most unheroic, he will have to see as Burns said proudly and humbly of his little Scotch Songs, little dewdrops of Celestial Melody in an age when so much was unmelodious: 'By Heaven, they shall either be invaluable or of no value—I do not need your guineas for them!'" It is an element, which, should and must, enter deeply into all settlements of wages here below.

They never will be 'satisfactory' otherwise; they cannot, O Mammon Gospel, they never can! Money for my little piece of work 'to the extent that will allow me to keep working'; yes, this—unless you mean that I shall go my ways before the work is all taken out of me; but as to 'wages'!—!—"

In spite of competition's whip being absent there will be fewer loafers and tramps than in our time. In Dr. Rossi's report of a Brazilian anarchist colony's doings he specially mentions that the members worked too hard, because each felt himself under the watchful eyes of his co-workers. Such fears of loafing often are expressed by people who never did an honest day's work in their life. The daughter of an English Squire advanced, in answer to one of my addresses, that the old 'Mark' was broken up by the lazy fellows who would not work.

I simply drew her attention to the amount of labor done by England's landlords. I might have told her the story of the American who had asked an Englishman, whose objection against America was that it had no gentlemen, what he meant by 'gentlemen.' "Aw, aw, men who do nothing, you know!" "Oh," said the Yankee, "we have got them, too; only we call them tramps!"

We are also told that in the communistic commonwealth some will have to perform unpleasant work, that all cannot enjoy certain delicacies, or live in favored locations. We might ask whether—in our world—everyone is exempt from unpleasant work, and whether all kinds of enjoyments are accessible to any who desire them. But socialism is not communism, and though communism could hardly make things worse in this respect than they are, socialism would decidedly improve them. Those who do the unpleasant work would get better pay and work shorter hours, while pleasanter employment would be less remunerated. While today some bank managers receive over fifty times as much pay as the man who cleans our sewers, it might happen in the socialist State that the latter finds himself the better paid man, who could afford to purchase the costliest enjoyments and to live in the most expensive localities. But, no doubt most of the dirty and unhealthy work would be done by machines, or under better protection against danger, and far less human labor would be employed for such purposes than in our time. The argument that work, which presupposes a high education, has to be paid better, to cover the outlay thus incurred, loses its force where education and maintenance of the student are paid for by the State. I should not have touched this simple matter if it were not for the fact that it is just this subject, which disturbs the mind of more would-be socialists than any others of far more weight. For this reason, Robert Blatchford devoted some of his most amusing lines to it in *Merrie England*:

"Under Socialism: Who will do the disagreeable Work? Who will do the Scavenging?"

"This question is an old friend of mine, and I have come to entertain for it a tender affection. I have seldom heard an argument or read an adverse letter or speech against the claims of justice in social matters, but our friend the scavenger played a prominent part therein. Truly, the scavenger is a most important person, yet one would not imagine him to be the keystone of European society—at least, his appearance and his wages would not justify such an assumption. But I begin to believe that the fear of the scavenger is really the source and fountainhead, the life, and blood, and breath of all conservatism. Good old scavenger! His ash-pan is the bulwark of capitalism, and his besom the standard around which rally the pride, and the culture, and the opulence of society. And he never knew it; he does not know it now. If he did, he would strike for another penny a day. We have heard a good deal more or less clumsy ridicule at the expense of the socialists. We have heard learned and practical men laugh them to scorn; we have seen their claims, and their desires, and their theories held up to derision. But can any man imagine a sight more contemptible or more preposterous than that of a civilized and wealthy nation coming to a halt in its march of progress for fear of disturbing the minds of the scavengers?"

"Shades of Cromwell, of Langton, of Washington, and of Hampden! Imagine the noble lord at the head of the British Government awing a truculent and radical Parliament into silence by

thundering out the terrible menace: 'Touch the dustman, and you destroy the Empire!' Yet when the noble lord talks about 'tampering with the law of political economy,' and 'opening the floodgates of anarchy,' it is really the scavenger that is in his mind, although the noble lord may not think so himself—noble lords not being always very clear in their reasoning. For just as Mrs. Partington sought to drive back the ocean with a mop, so does the Conservative hope to drive back the sea of progress with the scavenger's broom."

After all, everything depends on the degree of social recognition bestowed on occupation, and if scavengers are as much thought of under socialism as other tradesmen, there is no reason why many should not prefer scavenging to certain other occupations, which are much sought after at present. The knacker's work is still more unpleasant than the scavenger's and yet not more unpleasant than that of the anatomist, with the only difference that the latter's business requires a lot of brain exertion, which the knacker's does not. Now, on the same school benches we find boys who would rather do this unsavory work without racking their brains in addition, sitting side by side of others who delight in intellectual exercise. The ones will rather be knackers; the others anatomists. For pay, the hangman and the officer kill, in the State's employ; the one in perfect safety, the other at the risk of his life. But are there not plenty of Falstaffs who prefer to kill without any personal danger to themselves? When everyone has become penetrated with the idea that any kind of honest work is honorable, there will perhaps be as many applicants for work now considered the most despised as for that presently regarded as the most conducive to social esteem.

Another objection often heard is that nobody would save under socialism. In Richter's book there is actually a description of a revolt caused by 'the confiscation of savings, as if the vast majority of workers in our time could save anything worth mentioning, and as if saving were to be precluded in the social commonwealth! Under communism the saving would be done by the community, not by the individuals; and under socialism, while the community would be the principal saver, individual saving would not be precluded. Every one gets credit for his work, upon which he may draw at leisure, spending his income when and how he pleases, and we can safely assume that even individual savings in the socialist commonwealth will be much larger than under the existing system, because earnings will be much higher and more general. Certainly there is one great difference between the savings of the two periods. The savings of the socialist commonwealth do not breed; they do not yield any interest; they do not enable the saver to extort tributes from other workers. They represent stores put aside during times of abundance for the days of want, on the principle we observe in the animal kingdom. To be sure, man has made a great progress in the art of saving. Instead of hoarding perishable goods, of which part will prove to have been destroyed or stolen when the saver wants to consume his stock, he lets his savings take the shape of means of production, whose use more than covers the cost of storage and preservation, so that when the time of consumption arrives the saver can obtain the full amount due to him out of the day's production. This process, which we can observe in our present world, would find its counterpart in the social commonwealth, but without the interest now paid to the saver. I have already treated this subject amply in Chapter V.

If there are antagonists of socialism to whom the impossibility of saving causes heartburn, there are others who find in saving their principal argument against communism, the only kind of socialism they ever heard of. Who has not met with that idiotic argument which forms the stock-in-trade of the ordinary Philistine: "And if you divide everything today, you will soon have again rich and poor men. Some would be thrifty and would save, while others would spend all, so that soon the old conditions would return." What are you to say to people who do not even know that communism does not mean division, but throwing together?

Under socialism, personal saving will certainly yield advantages to the thrifty, and there will probably exist more rich men than in our time; but there will be no oppression of the less favored brethren, because one man will no longer depend on another for the means of living.

In fact, there can be no poor where society is so wealthy that it can secure a certain minimum to all. This minimum might include as much as a house, with garden, plain furniture, clothing and food. Our productive power is so enormous that a deduction from individual earnings for such a purpose would hardly be felt.

The mere conception that we should have to take from the rich to provide for the poor proves how little such enemies of socialism know of the facts in point. We have neither to meddle with our existing wealth nor with our new wealth at present produced from day to day, but with the potential wealth, the wealth which could be created under improved conditions, when once the obstacles to free production are removed. Instead of confiscating wealth, society would only destroy obstacles to the production of wealth. There is a great difference between wealth, the concrete product of labor, and wealth, the capitalization of tribute-claims. We have seen in previous chapters how the latter dangerous class of wealth arises and how the reforms therein treated will destroy the factors out of which this kind of wealth is created. Wealth, the concrete product of labor, can never be productive of any permanent danger; not so much because of its evanescent nature due to time's destructive powers, but because its possession in no way hinders others from producing the same kind of wealth. The wealth which consists of tribute-claims, however, plays a most ominous part in our economic and social relations, for it is imperishable as long as the laws subsist which form its basis; and its possession not only enables its owner to extort the product of others' labor, but entails also the still more formidable right of absolutely preventing the exercise of this labor. The workers need not grudge the existing wealth of the rich, whether it be justly or unjustly got, but they have a right to claim that monopolies of all kinds be abolished which enable the rich to exploit them, and, what is much worse, to prevent them from producing wealth. No wealth is to be taken away from the rich, only obstacles to the general production of wealth. It is not a question of dividing the existing stock of goods, but one of opening the flood-gates of unlimited wealth and permitting an inflow far exceeding the present totality.

The enemies of socialism forget that, to a certain extent, we are already living within the boundaries of the socialistic state; that it is no more a question of whether we shall obtain socialism, but how far socialism is going to be extended. Sydney Webb showed in his pamphlet, *Socialism in England*, which appeared in April, 1889 to what extent at that date one of the most individualistic countries of the world had ventured into socialism:

"Besides our international relations, and the army, navy, police, and the courts of justice, the community now carries on for itself, in some part or another of these islands, the post office, telegraphs, carriage of small commodities, coinage surveys, the regulation of the currency and note issue, the provision of weights and measures, the making, sweeping, lighting, and repairing of the streets, roads, and bridges, life insurance, the grant of annuities, ship-building, stock-broking, banking, farming, and money-lending. It provides for many thousands of us from birth to burial; midwifery, nursery, education, board and lodging, vaccination, medical attendance, medicine, public worship, amusements and burial. It furnishes and maintains its own museums, parks, botanic gardens, art-galleries, libraries, concert halls, markets, fire-engines, lighthouses, pilots, ferries, surf-boats, steam-tugs, life-boats, slaughter-houses, cemeteries, public baths, washhouses, pounds, harbors, piers, wharves, hospitals, dispensaries, gas works, water works, tramways, telegraph cables, allotments, cow meadows, artisans' dwellings, common lodging-houses, schools, churches, and reading-rooms. It carries on and publishes its own researches in geology, meteorology, statistics, zoology, geography, and even theology."

I may add to this enumeration that Glasgow provides hydraulic power, and from other countries: the corporation of Vienna has a brick-yard, Tarnopol a municipal bakery which provides citizens with bread at cost prices, and Valparaiso has a municipal music school. From its municipal horse-races Paris draws \$50,000 annually, and its municipal nurseries, segar factories, and greenhouses are profitable. Life insurance factory laws, poor laws, public health

acts, workers' insurance against accidents and sickness, New Zealand's arbitration acts, old age pensions, grading of dairy and gold products, are all of them socialistic measures.

In Germany fire insurance is not only carried on, but to a certain extent it is even monopolized by the State, who makes it obligatory for buildings. Its railways, which are almost all owned by the State, yield an enormous revenue and are well managed; so are the State mines and the domains. In different countries the telegraph and the telephone are worked by the post-office, that gigantic monopoly, which the world over is managed by the State. Then there are the national salt, tobacco, matches, and alcohol monopolies and other socialistic organizations.

The enemies of socialism, when they talk about the injustice done to the diligent and intelligent worker, whose surplus product is to be accapared for all under socialism, forget two things. The first is that by far the greatest number of our intelligent and diligent workers are now deprived of the lion share of their product to the benefit of a minority, and secondly, that at any event a very small fraction of the product is due to the individual exertion of the worker.

How much is produced by the most skilful worker, manual or intellectual, after we deduct the parts which past generations have had in his work: From the time when first a savage discovered the use of fire to that when this fire first made the ore yield its metal? From the stone hammer with which the hot metal was shaped, to the mighty steam hammer which, though capable of gently breaking a nut's shell, could have smashed the powerful mammoth into atoms within a few minutes? From the firebrand that made darkness visible to the sun-like arc light? From the clumsy sledge—made of branches—wearily dragged across the wilderness, to the express train flying with the speed of the hurricane? From the fish-bone needle to the sewing-machine? From the word of mouth heard with difficulty at the distance of a few hundred yards, to the wirecarried whisper that is understood a thousand miles away? From the pointed flint scratching signs on a slab of stone to the typewriter and cylinder press?

Let us not forget that about twenty years is the longest monopoly given anywhere by law to the inventor of the most wonderful improvement, and after this period anyone has the right to its free use. Furthermore, that under land nationalization the work performed by Nature, all the advantages due to location and to the efforts of the community will be common property. The part of the product due to the personal work of the man of one generation is so small that, under such conditions, it will not be worth while to separate it at that future time when unfettered production has created additional progress, compared with which all that has been done in the past may appear insignificant. The mere expense of keeping accounts will then be far greater than any possible benefit expected from a discrimination between the different workers' rights in the product.

But technic progress is only a small part of the immense debt of gratitude due by the individual worker to the past and present work of others. The product of his own personal work is merely plucked by him from that wonderful tree which we call our Civilization, of whose roots the inventor's activity only forms one fraction.

From the battle of the first savage who killed a cavern bear with a stone, to the valiant little body of Spartans defending Greek independence against Persian despotism at Thermopylæ; from there to the common soldier unknown to fame who fell at Gettysburg, or to the German peasant whose strong arm helped to repel French aggression—millions of silent partners have contributed to the earnings of a Carnegie and Vanderbilt, and even to those of the humblest laborer. From the first shepherd who, in the silence of the night, ruminated over the nature of the distant shining orbs, to a Copernicus, Gallileo and Newton; from the unknown bard or bards to whom we owe the Iliad and Odyssey, to a Shakespeare and Goethe; from the philosopher forced to drink the hemlock cup and from the glorious martyr of Calvary, down to the humble writer of our own days starving in a garret; all have contributed their share to the root fibres from which sap has been conducted to the tree Civilization. All these have helped to



produce the dividends paid by the great steel trust or by the farms, factories, railroads, ships, etc., of the world.

If I do not add "and the wages of their workers," it is because it is more than questionable whether—taking it all round—much has been added on this field by civilization. Some wise men even claim that the average savage, in the full enjoyment of the freely accessible resources of nature, is better off than the civilized worker of our time, with starvation wages and the permanently present Damocles' sword dangling above his head of finding himself without employment. For all that, there is also a lesson of modesty for our socialists in the above passage, which might be brought home to them when they eternally trot out their 'man with the horny fist' as the creator of all wealth. I well remember the day when a hundred such men with the horny fist swung the flail from morning till night, until one man—with very soft hands, perhaps, but with brains—brought forth the idea of a machine which automatically now does the work of our hundred horny fisted ones; does it, too, without murmuring or of pride in its achievement. And the steam plow, the reaper, the sowing machine? Or the brick making machine, the saw-mill, the steam dredge and digger? And how about the horny fists that made all these wonderful steel and iron giants? Why, it once needed a hundred of them with chisel and file to plane one single plate, forming a part of some machine, until some soft-handed but hard-headed gentleman brought out the planing and the milling machines, of which each single handed performs better work than the hundred horny fisted ones ever did in the same time. I know that all these machines are built and worked by the horny fisted, and all honor to them; but with what right do they, each of them, claim the rights of the hundred whose place they took, or rather of the intellects who, inventing, constructing, organizing, often risking their all in the attempt, mitigated the waste of human energy employed for the gross needs of our bodies, through the application of those wonderful God-given endowments which differentiate man from the beast?

When we take all this and much more into consideration, we shall cease to wonder at the strange simplicity of those single-minded men who believe that a time will come when, saving all bookkeeping drudgery, we shall no more discriminate between the individual mite's and the community's share in the production of the immense wealth-store flowing with such abundance that a few hours' daily toil supplies more—for all—than the greediest could consume. Communism may after all see its day arrive, and God's Kingdom, the millennium, be given us on this side of the grave.

We may not even have to wait for that problematical date usually given by the average bourgeois: "It may do when once men are angels, but," etc. Nobody ever gave a better answer than Henry George in his *Standard*. He presented as an object lesson the observations he had made on the Pacific steamers. At that time, it seems, their steerage passengers were not oversupplied with food, so that at all meal times they fell upon the victuals like ravenous wolves in a 'the devil take the hindmost' struggle, while the saloon passengers who sat at a well-supplied table d'hote, behaved quite differently, eating and drinking as educated people are in the habit of doing. And yet it was not character or education, which was responsible for this remarkable difference of behavior, but the inequality in the food supply. George was confident that if the positions were changed, if the saloon passengers had been transferred to the steerage and the steerage passengers to the first cabin, we should soon have seen the new steerage passengers fall upon the scarce victuals like voracious animals, and the former steerage passengers, now well provided, politely hand each other the dishes before they served themselves, and in every way behave in as kindly a manner as their predecessors. If once everyone can with ease procure as much of the necessaries as well as of the luxuries of life as he desires, the disappearance of the mad struggle for the means of existence will result in a totally different picture of human character from the one we are used to.

My friend, John Richardson, of Lincoln, England, in his excellent book, *How it can be Done*<sup>2</sup>, recognizes fully the difficulty of introducing complete socialism to a generation

brought up under the individualistic system, and proposes to begin by educating the growing generation for socialism. The system of schools he advocates is highly ingenious. Its main feature is that not only the mind is to be fed, but also the body; for it is impossible to develop starved brains. His pupils are fed, clothed, and, if necessary, lodged at the school. Great attention is to be devoted to physical exercises, so as to grow a healthy body as well as a healthy mind. The expenses incurred are obtained by taxation in the beginning, but the productive work carried out by the pupils is supposed gradually to make the schools self-supporting; for in the highest class, the continuation school, half the time is devoted to the different branches of knowledge, and the other half—four hours a day—is spent in the fields and workshops, where all trades are taught. At the same time—unlike the system usually pursued in our present industrial schools and technical institutes—what is produced in the workshops, gardens, fields, laundries, dairies, kitchens, etc., is to serve for practical use, to feed and clothe the pupils, and to sell in the open market so as to pay for outlays. This system is not only of great pecuniary advantage, but offers much more encouragement to the pupils than the ordinary methods, which utilize their work for educational purposes, but otherwise mostly waste its results.

The children begin in the elementary schools, where they spend four years. From these they come into the second-grade schools, and then they proceed to the continuation schools, where they stay between the ages of 15 and 18. Above these is the university, where the pupils are from 19 to 21 years old. Here, too, a certain amount of productive work, enough to pay for the tuition and maintenance of the pupils, has to be given, unless a corresponding fee is paid. This would mean no loss of time for the studies, for only a certain amount of knowledge can be forced into the brain, and those who spend half of their time at work which exercises the body, while it relieves the mind, will finally get far ahead of those who cram from morning till night.

Before I leave this part of the subject it may not be amiss to point out that, just as there is no strict dividing line between individualism and socialism, there is also none between socialism and communism. Though rational socialists want to pay each worker according to the work done, many of them demand payment according to the time given to a certain class of work. This is the system of many trades unions; practically the communists' demand of 'each according to his ability.' Now, our productive power has grown to such dimensions that with the elimination of the waste due to the existing system, or rather want of system, one hour's daily labor supplied by each adult would provide all with the necessaries of life. Another hour would add all reasonable luxuries. Certainly two hours a day do not exhaust the ability of any healthy worker and thus we could easily provide what communists demand in the second part of their motto: for 'each according to his necessities,' without thereby limiting the workers' liberty to freely produce and exchange during their spare time—i.e. 22 hours out of 24—in excess of the quota supplied by the community whatever the satisfaction of their fancies might further demand.

The antagonism between communism and socialism, yea, even between communism and individualism, is, after all, not one of principle, but one of conditions. The inhabitants of a tropical island, which supplies man's needs without any labor on his part, might enjoy nature's bounties in common, each taking according to his wants. Any other system would not be individualistic, but monopolistic. However, their, communism would not be disturbed by allowing the woman who fabricates a sunshade because she prefers it to the palm leaves used by others. The contrary would not be communism, but robbery. In her case, but under such conditions only, where all have plenty, and not under those for which they were written, where the large majority was in want, where often those who worked hardest obtained the smallest, the drones the largest share—the witty lines of Ebenezer Elliott, the Corn Law rhymer, might be justified:

"What is a Communist? One who has yearnings  
For equal division of unequal earnings.  
Idler, or bungler, or both, he is willing  
To fork out his penny, and pocket your shilling."

The fact that I am not an enemy of socialism should attach weight to my opinion, that whatever the future may bring forth, the practical programme of our day does not call for such a thorough revolution of the existing system as would be involved in the socialistic demand for the exclusive ownership and use of all means of production and distribution by the State. If I had no other reason to offer for this conviction, the mere fact ought to suffice that the great majority of our generation is opposed to such a revolution, a majority, which includes the most intellectual portion of the community. Moreover, I have shown that great progress can be effected without giving up the competitive system. Where through-tickets are unobtainable we have to book from station to station.

Not that I should like to advocate competition in the whole field. Even the extreme Manchester school draws the line at the post-office, well knowing that the waste incurred by competing post offices would be much greater than any possible saving through better organization. If ten competing post-offices brought us each one letter from different parts of the world, a letter would cost far more than if brought by one post-office, centrally managed. In that all are agreed except a few extreme individualists, who judging from the fact that for a time, through a loophole in the law, private letter deliveries in cities have underbid the post-offices in some parts of Germany, argue that they could do so in the general delivery. It is evident that, where the profits from the city delivery help to pay the losses from deliveries at great distances or on difficult roads, those who undertake the profitable business only can afford to manage that specialty on better terms than where they would have to do the whole work indiscriminately.

From the mere transportation and delivery of letters, parcels, etc., to the sale and delivery of merchandise is a long step; but even this the state has already taken. For instance, the wholesale and retail trade of tobacco is monopolized in France, Austria-Hungary, Italy, Spain, Rumania and Japan. The great economy in the cost of distribution effected by the post-office would of course be enormously multiplied if extended to merchandise; and there is no reason why this economy should not be so adopted. It is hard to see where the waste, which would be caused through ten letter carriers doing the effective work of one, is different from that incurred in sending ten milkmen, bakers, butchers, and grocers through the streets, each only serving a few houses and then passing into another street, there to seek a few customers, instead of having one service for each street or quarter. Or why ten post-offices in one little town would be more wasteful than are the ten or even twenty groceries, which now do a business that one could efficiently attend to.

Competition in production and competition in distribution are two entirely different things. Whereas in the one case individual efforts result in improving the processes of production, with the effect of reducing cost price or bettering quality, competition in distribution only wastes power, increases price and decreases quality. Whether State production could do as efficient work as private enterprise may be open to discussion; but there can be no doubt that, under a State monopoly of distribution the average State official could do far more effective work than the best of merchants.

To those who can fully appreciate the great qualifications required for a successful pursuance of the mercantile career, and who at the same time have had some experience of official red tape, my statement must appear rather paradoxical, and yet it is not difficult to prove its correctness. The greatest part of our merchants' ability is required for the purpose of fighting competition—a function entirely done away with under State distribution, which would be mere routine work, as is the case with the post-office. Capable businessmen would

certainly be required in the central office to assort and to place the orders; but outside of this, any ordinary functionary could do the work required. Where no cajoling of customers is needed, because nobody can attract them elsewhere, where the art of pressing on them things they do not want—inferior qualities at high prices is of no use, the remaining work: the showing of goods, taking orders, shipping and money-collecting operations certainly does not require great genius. All this has been well proved in the tobacco-monopoly countries. Everything is successfully organized there in the way here indicated, and the public are well served. There are only as many selling places as are required; in France, for instance, one per 900 inhabitants; in Austria, one per 400. A commission of 10-15% is paid, and persons who have served the State or members of their family are employed, thus saving pensions to the State. The prices are not unreasonable; but if the large profit mostly obtained by centralization and consequent absence of waste in distribution, instead of being made to yield immense amounts to the State—over a million a day in France—and a proportionate saving of taxes, found its expression in a reduction of prices, no country in the world could supply cigars as good and cheap as are sold under the tobacco monopoly. Even as it is, I have heard the system praised by smokers as giving them the advantage of finding at once anywhere in the whole country cigars of the same quality for the same price; whereas elsewhere it takes them weeks in a new place to find exactly what they want.

(This was written before the days of the tobacco trust, which improved things in this respect, but also supplies the proof that the State's monopoly does not shut off free competition, but private monopoly. The final difference is found in the fact that millionaires pocket the profit which otherwise would accrue to the community?—an argument made use of by socialists in regard to production and distribution in general.)

Now, what can be done for one article can certainly be done for a hundred—in fact, for all kinds of goods—and it is evident that the saving must increase with the extent of the monopoly. If party shibboleths, through the power of habit, had not prevented discrimination, socialists would long ago have noticed that when they speak of the waste through our 'anarchic system of production,' they mostly illustrate their meaning by giving examples taken from distribution.

In this department facts speak too distinctly to escape anyone's notice. A walk through one of the principal thoroughfares of a modern city will teach people who never read a single treatise on economics that an enormous waste is going on which needs looking into. We count 20 shops selling the same class of goods, where one could well do all the work, with a saving of 19 rents, 19 advertisements, at least 10 salesmen, and so on as to heating, lighting, etc. But that is only what we see at first sight. Behind this row of shops we can find quite an army of commercial travelers who supply the goods, which they offer to the public, spending millions for railroad fares, hotel bills, etc. Behind these we have another army of wholesale houses and agents, with their rents, advertisements, bookkeepers, correspondents, etc.; and only after we have got beyond this last barrier do we reach the producer. Even here we have not done with the waste in distribution. Commercial travelers have to be engaged to visit the wholesale houses; advertisements swallow a considerable amount; correspondents, salesmen, rents of showrooms, exhibitions, etc., still further swell the amounts, which have to be added to the original price of goods to cover the expenses of distribution. Various calculations have been made to find out the addition to first cost paid by the consumer of the product, and they vary from 30% to 100%. With certain articles 900% is added, i.e. the final price paid by the consumer amounts to ten times the original cost. Let us take the middle course, and assume the addition to be  $66\frac{2}{3}\%$  on the average, which means 40% of the retail selling price. I quote a few calculations from Professor Adler's *Kampf wider den Zwischenhandel* (*Battle Against the Middleman*): "Taking 100 as the original cost price of the goods, the following figures show their prices at retail: Simple victuals, 120-150; kerosene, 120; coffee, 150-200; ordinary cotton goods, 120-150; woolen goods and more expensive cotton goods, 150-200; hardware and

fancy goods, 200-500; alcoholic liquors, 200-500; tobacco and cigars, 150-500; glass goods, 200-300; paper, 150-300; books, 200-300; pamphlets, 300-500, etc."

He thinks that the average addition to original cost made by the middleman amounts to 50%. Another author, Gustav Maier states that in Zurich, a city of 150,000 inhabitants, 1 million francs a year are spent for advertisements in the newspapers, while those of another kind may amount to as much again, so that of the 30,000 families each had to spend about 65 francs on this head alone. The increase of middlemen in Germany from 1881 to 1891 has been almost 40%, while the increase of the population in that period has only been 11.65%.

I add a calculation given by W. G. Moody, before the United States Senate Committee of 1885: "A farmer sells his wheat to the middleman at from 40 to 60 cents a bushel, and it goes into consumption at \$1.50 a bushel. We, the consumers, are paying here \$10, \$11, \$12 a barrel for flour; and as there are 4½ bushels of wheat in a barrel, anybody can make the estimate of how much is paid in the way of toll."

Now let us see how much could be saved of this percentage if, with production left to private enterprise, distribution were monopolized by the State, just as France, Austria, Italy, Spain, Japan and Roumania monopolize that of tobacco in its different preparation. That in these countries a part of production is also monopolized by the State need not disturb us, for the system of distribution would not be changed in the least if the production were entirely left to competition. No merchants, no commercial travelers, no advertisements (except perhaps those of manufacturers who draw attention to their goods to induce the public to demand them in the State's shops) raise the price, and only as many selling establishments as the convenience of the public requires, deal in tobacco and its manufactures in the above-named countries. There being no credit, a lot of bookkeeping and costs of collection are saved. The saving must be greater still where the distribution of all goods is monopolized by the State. Delivery, for instance, being centralized as in the post-office, one cart would serve a street where 20 now follow each other. The greatest saving, however, would be that in rents; not only through having fewer shops, but through paying less for the floor rent at each of the few remaining selling places required than the present shop has to pay. For two reasons:

1. There would be no such competition for land to build stores on, as only one-twentieth of selling places are needed, and consequently the ground would not cost more than that used for private dwellings.
2. Immense central magazines of many stories would be erected, with elevators, providing more floor space than the present average store for the same land surface. This land once bought by the State, no landlords could raise rents in proportion with the increase of profits, according to their present amiable and remunerative custom.
3. Attending to customers would require much less of the staff's work, and consequently less space. Competition now forces salespeople to waste a great deal more of these with each customer than would be needed if no more subserviency, and just as much system, were shown as the public gets in the post office. I have been told that many ladies go 'shopping' just for amusement, visiting one store after another to price goods, often without buying anywhere. A good part of the staff's time is taken up that way. The State's store might exhibit books and shelves containing samples and patterns systematically arranged, which every customer could personally examine until quite satisfied, when he or she would simply fill out an order, giving number, quantity, and price. The goods would be sold only in certain minimum quantities, or the price would be correspondingly increased to pay for the additional work. As wages would be much higher, the masses could afford to buy more at a time.

Taking all this into consideration, I think 6% of the retail price would suffice for the work of distribution, instead of 40%. Mr. William Maxwell, president of the Scotch Wholesale Society, calculated that co-operative distribution only costs 7½%, instead of 33½% of private enterprise, without taking into account better quality. This would not include the saving through the prevention of adulteration. I do not discuss the injury wrought upon the health of

the people by this last mentioned abuse, so intimately connected with our present system of distributing merchandise. I leave out of sight the innumerable graves dug by this murderous practice, especially in this country, even where ministering to the sick is the object of the trade. Ghent, in the below mentioned book, quotes from Dr. Lederle's statement in *The Health Department*, published by the City Club, New York, in 1903, that out of 373 samples of phenacetin, purchased from druggists in Manhattan and Brooklyn, 315 were found to be adulterated or to be composed of substances other than phenacetin. Only 58 were pure. Wood (methyl) alcohol is used for ethyl alcohol. It is a rank poison, known to have caused Saint Vitus' dance, paralysis, and total blindness. It is exceedingly harmful even when used externally. An investigation showed that 35.5%, of all from whom samples of various drugs were bought for analysis were selling adulterations. I limit myself to the mere financial aspect of the case. W. J. Ghent, in *Mass and Class*, pp. 181-2, has the following estimate:

"Finally. Mr. A. J. Wedderburn, a special agent of the Department of Agriculture, who made a thorough investigation into the whole subject, reported in 1894 that 'these sophistications can be truthfully said to be as broad as the continent,' and that the extent of adulteration was not less than 15%, approximating \$1,123,000,000 yearly. This total, tremendous as it is, relates only to food, and is exclusive of the adulteration in wine, whiskey, beer, tobacco and drugs, and the glaring fraud of patent medicines."

The most stringent laws have never been able to prevent adulteration. It is a graft intimately connected with private trading, and can only be effectually eliminated through nationalization of distribution. The Government's experts in each department would exclude from purchase adulterated goods of any kind. Where the public demands an adulterated article, the real contents should be marked on each package; then the real value only would be paid and demanded.

We have to take into account also the saving made by the producers, who would only have to send wagon-loads of their goods to the State's magazines, without a penny's cost for wholesale selling expenses, and without the trouble and charge of packing and forwarding smaller lots all over the country. Another great saving to the producer would be specialization, rendered possible through central buying. The buyers of the State would have before them the orders from all the selling places; they could easily assort them, and arrange with the manufacturers that each gets an order for certain numbers only; so that instead of hundreds having individually to manufacture a hundred numbers, each of them will only produce one number, and thus save a large amount of cost through a correspondingly increased sub-division of labor, allowing special machinery, greater skill applied to the work, an easier supervision, etc., a great advantage already made use of by the trusts, an advantage obtainable without the nationalization of production by the mere nationalization of distribution.

There is no other way of saving the independent artisan, who once played such an important part politically and socially. There are few articles of which one single number could not be made as cheap in a small workshop, if it were made as a specialty, as in a large factory or group of factories. Better supervision, cheaper labor (not lower wages), and saving of expenses, which the large place cannot avoid, would more than make up for certain disadvantages, if it were not for one insuperable difficulty, and this is the impossibility of selling the specialized article in competition with the larger concern, which sells the whole line at not more expense than would be incurred by the specialist for the sale of his single number. In fact, in most cases, he would not obtain an order for this single number, even if he undersold the large concern who sells the whole line; for the customer would find it too much trouble to buy from a hundred parties what he can obtain from one. Such an underselling is still more difficult where the large concern resorts to the dangerous and perfidious artifices used by our trusts: temporary price-cutting, followed by high prices after the ruin of the competitor has been accomplished. The boycott of dealers who favor competitors and the employment of blackmail, which enforces compliance through the threat of underselling and

boycott, would be avoided. Here, too, the State's selling monopoly would save the small producer. Boycott and blackmail can be used to intimidate a smaller competing dealer, but would fail against the State. The dodge of temporary price cutting can be cut off by the State's continuation of orders to the small producers at the regular price, unless the trust guarantees the lower price for an extended period, which it cannot where it has no greater facilities than the small man, where neither a monopolization of natural resources nor that of specialization procures an advantage.

Our next task is to investigate the relation the laborer's wages bears to his product of merchandise. Only in this way can be found the relation of the purchasing power of the masses to their produce. In my former writings I had given this relation as being between one-fifth and one-sixth, which was optimistic when compared, for instance, with the calculation of Bersford in his *Pocketbook of Statistics*, who gives the relation of wages to retail prices as  $13\frac{1}{2}$  to 100, about one-eighth. Bersford fell into the same error to which I succumbed, and which the latest American census tables, those of 1905, for the first time permitted me to correct, all the previous ones having shown a deficiency in this respect. This census enables us to separate the manufactures which form the raw materials of other manufactures (in German 'Halbfabrikate') from the total of manufactures, which by their inclusion in the old tables falsified the result. For instance, the tables gave the leather twice; first as the product of the tanner and then as part of the shoemaker's and belt manufacturer's product, except where the shoe factory had its own tannery, in which case the leather was not given at all and correctly figured only in the value of the shoes. The wages paid out for raw materials, on the other hand, were omitted because they figured in the census of agriculture and mining, or not at all, if the material was imported. Either the raw materials had to be deducted from the total of manufactured goods or the wages spent on them had to be added to the total of wages, and neither had been done. After making these rectifications, and after adding to the price the retailer's profit. I found the relation of wages to retail price to be one to four, which is bad enough, but not quite as bad as it at first appeared. It means that the workers can buy only one-fourth of what they produce, when measured by the price they actually pay for goods: the retail price.

If the 34% which centralized selling could save in the field of distribution were kept from being gobbled up by the capitalist and landlord, through land nationalization and currency reform, as they would be without these reforms, the saving of 34% in distribution could reduce prices 34%, or could increase wages 136%. If as much as 9%, of the saving were used for fiscal purposes—which would suffice for national public expenses and would permit to relieve the people of all other national taxes—then wages could be doubled. The immense increase of consumption thus obtained would create such an additional demand for goods of all kinds that those displaced middlemen who are not required for the national work of distribution, and the unemployed workers would find remunerative productive work, while such a reform under present conditions, when every saving merely swells rent and interest, not wage account, would simply make matters worse, especially for the poor middlemen, most of whom are forced into bankruptcy by department and co-operative stores and their own frenzied competition, for—as I have already illustrated in opening this chapter—anything based on a correct principle must produce bad effects so long as we disregard such fundamental necessities as the people's free use of the earth and a means of exchange freely accessible to all who want to exchange their products.

I have spoken here much of wages, though I know our friends in the socialist camp do not like to hear of wages when we look into the future. What they really mean, however, when they declaim against the Wage System is not so much the system itself, for it is by no means certain that where two parties join in production, the one to whom a certainty is insured in advance is always better off than the other, who takes what is left after his partner has been paid. What the socialist really hales in the wage system is the system of low wages. He can hardly be blamed, though, for his generalization, as the practical businessmen of the whole

world do their best to prove the necessary identity of wages and low wages. Of all disgusting things I am meeting with in my special field of study, nothing beats those exhortations addressed to the union man who tries to force up wages, in which two points are usually made: 1. "High wages mean dear products, and the purchasing power of the wages sinks in proportion to their rise." 2. "If you want too much you will not get anything at all, because we shall not be able to compete in the world's markets."

This is the nonsense usually dinned into our ears by employers of labor, by economists, by editors of all colors, who generally agree on this point at least.

If wages were the only component of selling price, the argument that the worker cannot profit by higher wages, as they must result in a correspondingly higher price of everything he buys, might be plausible. But wages form only one-quarter of the retail price and consequently the increase of the selling price, due to a rise of wages, need only be one-quarter of the wage increase. If  $W$  (wages) =  $\frac{1}{4} P$  (price), a doubling of  $W$  needed by itself only raise  $P$  to  $1\frac{1}{4} P$ , which means, that with a doubling of the money wage the workers would only pay one-quarter more for their goods; their actual purchasing power would have risen 60%. Now, when we consider that such an increase would entail a corresponding consumption and thus would make free room for new production, more than five-fold in excess of all our exports, not only need we not trouble about the foreign market bogey, but we can open before the employer's eyes such an immense field of increased business and profits to make him grasp the important truth that he is the party who profits most by higher wages paid all around. If employers understood this, they would combine for the purpose of raising instead of reducing wages.

I attach very little importance to the question what forms production will take, after once the workers of all kinds obtain a fair share of the outcome. The probability is that all kinds of forms will subsist side by side. There will be production organized and carried on by the State or municipality; there will be co-operative production and there will also be work under employers, mostly, no doubt, with a participation of the employees in the profits of the enterprise, a system which forms the bridge from simple employment on wages, to co-operative production, as the constitutional monarchy is that between absolutism and the republic.

Let us suppose that all the difficulties, under which present cooperating producers are suffering, are removed. They have easy access to raw materials, money and credit, and through co-operative or State distribution the greatest obstacle in their way, the commercial work, the hunt for the customer, is eliminated. Under such conditions only those employers can keep workers from entering cooperative shops whose organizing ability is so great that, in spite of paying as much and even more wages than the independent workers are earning, they can still make higher wages of supervision and organization, of management, for themselves than they would receive as paid managers from labor-copartnerships. They are, so to speak, managers on piecework.

Where the landlord has gone; where the tribute-claiming capitalist has disappeared; where the employer is only a skilled worker, what becomes of the so-called class war, the most invidious and fatal battle cry that was ever invented; a battle cry which hardens the hearts of thousands who, with a feeling of complete solidarity with the lowest and poorest, and anxious to fight for their cause, are held back by the bitter prejudice manifested towards them. This is unjust, because the living men are made responsible for conditions due to historical wrongs, which created monopolies. It is also impolitic, because history repeatedly shows that the men who led the proletarians in the battle against oppression belonged to the very class, which benefited by the existing state of things. From Moses to the Gracchi, from Mirabeau to Marx and Lassalle, the most important fighters for the masses, their greatest leaders, have come from the classes. The fight ought to be against private land-ownership, not against land-owners; against interest, not against capitalists; against monopoly in any form, not against monopolists. If a war against persons comes at all into play it would be directed against a small number of



plutocrats, who, instead of recognizing in time the impossibility of keeping up antiquated institutions, risk their all on the maintenance of oppressive laws. So much the worse for them; for the question whose will be the final victory cannot be doubtful. It is their interest to bring about a peaceable compromise, which is possible only on the lines here sketched. To them and their coadjutors, to that small minority who as yet hold the reins, this book appeals in the first instance. I am not conceited enough to hope that it will obtain many adherents from the extreme party on the opposite side, from the revolutionists. They believe themselves to be right, and, to a certain extent, they are. I think that the road here proposed is better adapted to the present conditions of the soil, but, in any case, the worst road is better than an impassable quagmire. It will be for those whose crushed corpses may perhaps have to make the treacherous soil of present conditions passable to bethink themselves that the time for the construction of a good road is not yet past. Will they be in time, or will history once more record another set of fools who believe that their unaided arms can hold back the express train on which the human race is travelling towards its destined goal? God alone can tell!

The great change will come: that is certain; only the road as yet is hidden from our sight, the road, which may lead us through peaceable evolution or through a bloody revolution. The choice lies still in the hands of the masters, who control the safety valve. Sitting on this valve, when the boiler is under a high tension, is not conducive to safety and sometimes proves an expensive operation, as the Southern States once experienced. If the termination of chattel slavery had been the result of peaceable compromise, instead of a bloody wrangle, ample compensation for the liberation of the slaves might have been paid and billions of treasure, besides untold human lives, could have been saved. Extreme measures, such as granting the political franchise to the existing negro generation, with the inevitable reaction we are witnessing, might in such a case have also been postponed.

A task of infinitely greater magnitude than the settlement of the negro problem would await the victorious socialists at the conclusion of a civil war brought about by our existing economic anarchy. Forcing their ideals upon a nation, united in the attack against existing abuses, but hopelessly divided in regard to the necessary work of organization, would be found a Herculean task. Attempts at any progress for which the majority is not ripe are followed by reactions, such as overtook England in the seventeenth, and France in the nineteenth century. The road of peaceable evolution is far safer and better adapted to an undeveloped marching capacity of the people.

It will not be the same everywhere. In continental Europe, where State ownership of railways, telegraph and express service, municipal ownership of tramways, waterworks, gas and electric lighting have more and more taken the place of private ownership, they have already found out how little this special progress in State socialism has helped on real social reform, and millions of voters are pressing forward for more radical work. The United States and England will yet learn the same lesson, unless the octopus swallowing business is carried out on a far wider scale than that at present held in view by radical democrats, who are considered hopelessly in advance, though they only demand what has been attained in countries far behind theirs in political progress; in countries where even the most conservative would not advocate a return to an antiquated system which delivered the control of the arteries of commerce into the hands of private monopoly.

Of course, every effort ought to be made for the nationalization of our railways, telegraphs, parcel delivery, savings-banks, as well as our fire- and life-insurance now in private hands, for the municipalization of our tramways, waterworks, gas and electric lighting, but only as a side issue, not as the main programme. Currency reform ought to take a foremost place if we wish to carry through real social reform work. The palliative measure under contemplation while this is written, an emergency currency to be issued by the National Banks, whatever other objections can be brought forward against it, has the great defect of being only a drop in the bucket. The amount it would add to the currency of the country is far too insignificant, when

compared with the normal increase in the volume of our turnover and the corresponding demand for currency. Only an elastic currency, whose supply expands with the demand, can free us from our worst peril, the permanently impending financial crisis.

The next step should be the nationalization of the land, and only then may we be ripe for the nationalization of distribution, in the sense of exchange. This great reform, too, may be reached in Europe before we begin to touch it in this country. On the European continent the tobacco and alcohol monopolies have already paved the way for the idea of State distribution, so that it is no more a question of a new principle, but merely one of extension. In England the elimination of competitive trading might be reached through the extension of distributive co-operation, which has already made much progress.

Though the work of distribution lends itself far better to nationalization than that of production, and ought to precede the latter for reasons already given, the opposite course might prove easier in this country, for the reason that important branches of production have been almost monopolized by the trusts, while millions of little folks find their independent bread in the work of distribution. These clamor loudest against the trusts, though in their bulk they themselves are by far more voracious and dangerous leeches, drawing the people's life blood, than the most tyrannical trusts. That the masses do not recognize this, is most natural and has always been so. Long before there has been any record of human history man hunted the huge carnivori. Their destructiveness was as evident as is now that of the big trusts; and yet how insignificant was it compared with that of those microscopical beings, the bacteria, which only our advanced science, armed with powerful instruments, has begun to discover, and of whose existence the old lion hunters were absolutely unconscious. The trade parasites are far more dangerous to human welfare than the trust tigers; but it is easier to shoot lions and bears than to destroy bacteria or even to discover them.

So it is a much more difficult task to organize national distribution in the place of the teeming powerful middlemen hive than to nationalize our principal industries; for anybody can see clearly that the substitution of the people as a whole for the present trust shareholders is a very simple matter, need not even change the trusts' system of administration, nor even the personnel; for the same managers, foremen, bookkeepers and correspondents could attend to the work. The only difference would be in the persons of the dividend-receivers. And so, though it is not the way the scientific reformer would choose, the American people perhaps will begin with the nationalization of production, or, anyhow, with that of the trusts. The distribution of the trusts' products might then also be carried on by government officials, and the rest would be a mere question of extension, until we arrive at the realization of the socialistic ideals, the whole of production and distribution carried on by the consumers on their joint account.

In this way the co-operative commonwealth, the downfall of the competitive system, may be reached by peaceable evolution. There is little hope, however, of such a consummation, unless we first thoroughly reform our system of government in the direction indicated in the chapter on Democracy. Without the referendum and the initiative, which destroy the representative's power for evil, we cannot kill corruption, which surrenders the legislative apparatus into the hands of the big corporations, allowing the wolves to constitute themselves the guardians of the sheep. The briber will disappear when the bribed 'cannot deliver the goods.' The proportional vote, besides the advantages elsewhere enumerated; will finally eliminate the greatest difficulty, which we generally have in our mind's eye when we think of State management of industry and commerce under the present accidental majority system. The proportional vote enables each trade to send its own representatives to the capitol, and these representatives would show more fitness for the work of industrial and commercial management undertaken by the community than the advocates of the monopolists, who dominate in our existing parliaments. The co-operative commonwealth would be administered by men selected as leaders by the workers in their special branch of trade or by men holding

like opinions scattered all over the country, not by the vote of men living accidentally in the same district of the most diverse interests and opinions.

State management carried on by men so selected would be totally different from that which we could expect from the fruits of our present voting system. And yet this simple, easily attainable change is not comparable with the much more momentous one we may hope for from a systematic education of the future voters and statesmen in schools in which the young are prepared for universal peaceable co-operation, for human solidarity with "one for all, and all for one" as the leading parole, instead of "make money, honestly, if you can, but make it anyhow, for the devil takes the hindmost. Only take care you keep out of the penitentiary!" the banner under which the present system marches, which teaches the struggle of all against all.

To socialism belongs the future; many of the world's best men and women agree in this, though they may differ in regard to the methods of attaining the lofty goal. The step by step method here proposed may, after all, prove more practicable than the radicalism of Social Democracy, to whom Henry George said twenty years ago: "We both want to reach the Pacific (the people's good). You think we shall reach it only in Yokohama (Socialism), while I believe we shall already be there at San Francisco. (Land restoration.) Well, all I have to say, is: let us go by one of the Pacific railroad trains to San Francisco—which anyhow is on your way, too. If you are right, I shall go on with you; and if I am right, you save the trouble of going farther."

Unfortunately the blind conservatism of vested interests is the worst obstacle in the path of peaceable evolution, which perhaps will continue stemming the flood until it breaks through all obstacles in one mighty all overpowering deluge.

And for all that the defenders of these vested interests are the very men whom we hear declaiming against the despotism the people would be subjected to under Socialism!

It is not the least amusing among the many vagaries of the strange transitory period through which we are passing that it is usually the despot, and those belonging to his coterie, who paint with vivid colors the despotism to be expected from the Socialist State. It is not the poor factory worker or agricultural laborer working as hard as a slave, and with the submission of one, who trots out this bugbear; but the employer, to whom present conditions have given powers resembling those of the slavedriver. Or the landlord and capitalist, who, without responsibility of ownership, own their miserable tenants and debtors as thoroughly as if they were mere chattels. Or those who in books and newspapers take up the cudgels for capital. After all, there will not be the least need for the Socialist State to extend her business<sup>3</sup> undertakings beyond distribution, transportation, communication, and, perhaps also, the production of the necessaries of life—leaving the production of luxuries to free competition. The painter of portraits and landscapes may be as severely left alone as the performer on the 'cello or the writer of a novel. But even in all other branches of production full liberty might be granted. Let them compete, if they can, after the land belongs to the State, after the means of exchange is accessible to everybody, and after distribution is nationalized. There will not be much to fear.

Nobody forces us to take the railroad or to make use of the post office, the telegraph and telephone. We have the most unlimited privilege to walk and to send messengers, but the fact that anybody performs distant land journeys on foot or by any conveyance but the railroad has become more and more exceptional; while not one man in a hundred ever sends a messenger beyond the distance of a few miles where the post office, telegraph or telephone performs the same service for a trifle. Under such conditions, there is no reason why seemingly irreconcilable parties might not work together after all. Even the most extreme communist does not like to sacrifice the liberty of the individual to work as and where he pleases, but he prefers dependence to the freedom of starving. A comfortable and certain living as a little wheel in a large machine seems to him preferable to uncertainty of employment as the price of independence—if we can call by this name the present state of things which forces him to

become a part of a private machine. Hunger and cold, which now force him to undertake the most repulsive and dangerous work, are more efficient means of coercion than the whole police force of the Socialist State. Is it astonishing, that under such circumstances he does not share the aversion in which the well-to-do hold communism? An aversion readily understood in the case of men to whom a comfortable position gives a certain amount of independence from which they are both to part. For the very sake of this independence, however, the classes may be counselled to look at the question for once from the point of view of the masses, of the poor and down-trodden, who form the majority, and whose will must finally prevail.

Who is to blame if this will should finally jeopardize the position of the others, may be their very existence? Is it not their teachings that effectually inculcate the lesson how political power is gained by graft and oppression and used for graft and oppression? Are these gentlemen, these owners of large corporations, the perpetrators of wholesale robberies, in a position to oppose important economic reforms or even downright Socialism because they call them "confiscation?" Have the worst kind of step-paternalists a right to rail against the paternalism of the State?

They are the breeders of revolution and their present policy is impotent against its spread, for as a witty Frenchman once said: "You can do anything with bayonets, except sit on them." That their antagonists are not despicable is shown by the latest platform of American Socialists, which for the first time has modified the preposterous proposal of nationalizing the whole of production in a manner, which make it acceptable to earnest social reformers of all classes. It demands:

"The collective ownership of all industries which are organized on a national scale and in which competition has virtually ceased to exist." The preceding part of the programme, which demands "the collective ownership of railroads, telegraphs, telephones, steamships and all other means of transportation and communication, and all lands" only needs some slight limitations to make it come within the boundary lines of many adherents of the old parties. As a whole I think it will be safe to predict that within a measurable time this programme, without essential modifications, will become the programme of all progressive Americans. Dr. Johnson's axiom: "It is no use bolting a door with a boiled carrot" will more and more be recognized a practical policy. Half measures are often worse even than standpattism.

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1. I use the term Trusts because it is generally employed; though the most powerful industrial combinations are not independent producers doing business through a central office, a Trust, but simple business corporations, stock companies (in England they are called Limited Liability companies) which differ from others chiefly in their dimensions. Instead of one factory, they own a hundred; but their legal status is not changed thereby; no anti-trust law would hit their organization.
2. The seven best chapters have been published in a penny edition under the title. *The Education Problem and its Solution*" (*Twentieth Century Press, Ltd.*, London and Glasgow).
3. Only the business, the economic task of Socialism, which is to supply it with the means for its important social reform work, is within the scope of this book. Abler pens have taken up this latter work, and principally the State's relation to the family, especially to the child of the future.