CHAPTER XXVIII.

FREE TRADE AND SOCIALISM.

Throughout the civilized world, and preeminently in Great Britain and the United States, a power is now arising which is capable of carrying the principles of free trade to their logical conclusion. But there are difficulties in the way of concentrating this power on such a purpose.

It requires reflection to see that manifold effects result from a single cause, and that the remedy for a multitude of evils may lie in one simple reform. As in the infancy of medicine, men were disposed to think each distinct symptom called for a distinct remedy, so when thought begins to turn to social subjects there is a disposition to seek a special cure for every ill, or else (another form of the same short-sightedness) to imagine the only adequate remedy to be something which presupposes the absence of those ills; as, for instance, that all men should be good, as the cure for vice and crime; or that all men should be provided for by the state, as the cure for poverty.

There is now sufficient social discontent and a sufficient desire for social reform to accomplish great things if concentrated on one line. But attention is distracted and effort divided by schemes of reform which though they may be good in themselves are, with reference to the great end to be attained, either inadequate or super-adequate.

Here is a traveler who, beset by robbers, has been left bound, blindfolded and gagged. Shall we stand in a knot about him and discuss whether to put a piece of court-plaster on his cheek or a new patch on his coat, or shall we dispute with each other as to what road he ought to take and whether a bicycle, a tricycle, a horse and wagon, or a railway, would best help him on? Should we not rather postpone such discussion until we

have cut the man's bonds? Then he can see for himself, speak for himself, and help himself. Though with a scratched cheek and a torn coat, he may get on his feet, and if he cannot find a conveyance to suit him, he will at least be free to walk.

Very much like such a discussion is a good deal of that now going on over "the social problem"—a discussion in which all sorts of inadequate and impossible schemes are advocated to the neglect of the simple plan of removing restrictions and giving Labor the use of its own powers.

This is the first thing to do. And, if not of itself sufficient to cure all social ills and bring about the highest social state, it will at least remove the primary cause of wide-spread poverty, give to all the opportunity to use their labor and secure the earnings that are its due, stimulate all improvement, and make all other reforms easier.

It must be remembered that reforms and improvements in themselves good may be utterly inefficient to work any general improvement until some more fundamental reform is carried out. It must be remembered that there is in every work a certain order which must be observed to accomplish anything. To a habitable house a roof is as important as walls; and we express in a word the end to which a house is built when we speak of putting a roof over our heads. But we cannot build a house from roof down; we must build from foundation up.

To recur to our simile of the laborer habitually preyed upon by a series of robbers. It is surely wiser in him to fight them one by one, than all together. And the robber that takes all he has left is the one against whom his efforts should first be directed. For no matter how he may drive off the other robbers, that will not avail him except as it may make it easier to get rid of the robber that takes all that is left. But by withstanding this robber he will secure immediate relief, and being able to get home more of his earnings than before, will be able so to nourish and strengthen himself that he can better contend with

robbers—can, perhaps, buy a gun or hire a lawyer, according to the method of fighting in fashion in his country.

It is in just such a way as this that Labor must seek to rid itself of the robbers that now levy upon its earnings. Brute strength will avail little unless guided by intelligence.

The first attempts of working-men to improve their condition are by combining to demand higher wages of their direct employers. Something can be done in this way for those within such organizations; but it is after all very little, for a trades-union can only artificially lessen competition within the trade; it cannot affect the general conditions which force men into bitter competition with each other for the opportunity to gain a living. And such organizations as the Knights of Labor, which are to trades-unions what the trades-union is to its individual members, while they give greater power, must encounter the same difficulties in their efforts to raise wages directly. All such efforts have the inherent disadvantage of struggling against general tendencies. They are like the attempts of a man in a crowd to gain room by forcing back those who press upon him—like attempts to stop a great engine by the sheer force o£ human muscle, without cutting off steam.

This, those who are at first inclined to put faith in the power of trades-unionism are beginning to see, and the logic of events must more and more lead them to see. But the perception that to accomplish large results general tendencies must be controlled, inclines those who do not analyze these tendencies into their causes to transfer faith from some form of the voluntary organization of labor to some form of governmental organization and direction.

All varieties of what is vaguely called socialism recognize with more or less clearness the solidarity of the interests of the masses of all countries. Whatever may be objected to socialism in its extremest forms, it has at least the merit of lessening national prejudices and aiming at the disbandment of armies and the suppression of war. It is thus opposed to the cardinal

tenet of protectionism that the interests of the people of different "nations" are diverse and antagonistic. But, on the other hand, those who call themselves socialists, so far from being disposed to look with disfavor upon governmental interference and regulation, are disposed to sympathize with protection as in this respect in harmony with socialism, and to regard free trade, at least as it has been popularly presented, as involving a reliance on that principle of free competition which to their thinking means the crushing of the weak.

Let us endeavor, as well as can in brief be done, to trace the relations between the conclusions to which we have come and what, with various shades of meaning, is termed " socialism."[36]

In socialism as distinguished from individualism there is an unquestionable truth—and that a truth to which (especially by those most identified with free-trade principles) too little attention has been paid. Man is primarily an individual—a separate entity, differing from his fellows in desires and powers, and requiring for the exercise of those powers and the gratification of those desires individual play and freedom. But he is also a social being, having desires that harmonize with those of his fellows, and powers that can be brought out only in concerted action. There is thus a domain of individual action and a domain of social action—some things which can best be done when each acts for himself, and some things which can best be done when society acts for all its members. And the

[36] The term "socialism" is used so loosely that it is hard to attach to it a definite meaning. I myself am classed as a socialist by those who denounce socialism, while those who profess themselves socialists declare me not to be one. For my own part I neither claim, nor repudiate the name, and realizing as I do the correlative truth of both principles can no more call myself an individualist or a socialist than one who considers the forces by which the planets are held to their orbits could call himself a centrifugalist or a centripetalist. The German socialism of the school of Marx (of which the leading representative in England is Mr. H. M. Hyndman, and the best exposition in America has been given by Mr. Laurence Gronlund) seems to me a high-purposed but incoherent mixture of truth and fallacy, the defects of which may be summed up in its want of radicalism—that is to say of going to the root.

natural tendency of advancing civilization is to make social conditions relatively more important, and more and more to enlarge the domain of social action. This has not been sufficiently regarded, and at the present time, evil unquestionably results from leaving to individual action functions that by reason of the growth of society and the development of the arts have passed into the domain of social action; just as, on the other hand, evil unquestionably results from social interference with what properly belongs to the individual. Society ought not to leave the telegraph and the railway to the management and control of individuals; nor yet ought society to step in and collect individual debts or attempt to direct individual industry.

But while there is a truth in socialism which individualists forget, there is a school of socialists who in like manner ignore the truth there is in individualism, and whose propositions for the improvement of social conditions belong to the class I have called "super-adequate." Socialism in its narrow sense—the socialism that would have the state absorb capital and abolish competition—is the scheme of men who, looking upon society in its most complex organization, have failed to see that principles obvious in a simpler stage still hold true in the more intimate relations that result from the division of labor and the use of complex tools and methods, and have thus fallen into fallacies elaborated by the economists of a totally different school, who have taught that capital is the employer and sustainer of labor, and have striven to confuse the distinction between property in land and property in labor-products. Their scheme is that of men who, while revolting from the heartlessness and hopelessness of the "orthodox political economy," are yet entangled in its fallacies and blinded by its confusions. Confounding "capital" with "means of production," and accepting the dictum that "natural wages" are the least on which competition can force the laborer to live, they essay to

cut a knot they do not see how to unravel, by making the state the sole capitalist and employer, and abolishing competition.

The carrying on by government of all production and exchange, as a remedy for the difficulty of finding employment on the one side, and for overgrown fortunes on the other, belongs to the same category as the prescription that all men should be good. That if all men were assigned proper employment and all wealth fairly distributed, then none would need employment and there would be no injustice in distribution, is as indisputable a proposition as that if all were good none would be bad. But it will not help a man perplexed as to his path to tell him that the way to get to his journey's end is to get there.

That all men should be good is the greatest desideratum, but it can be secured only by the abolition of conditions which tempt some and drive others into evil-doing. That each should render according to his abilities and receive according to his needs, is indeed the very highest social state of which we can conceive, but how shall we hope to attain such perfection until we can first find some way of securing to every man the opportunity to labor and the fair earnings of his labor? Shall we try to be generous before we have learned how to be just?

All schemes for securing equality in the conditions of men by placing the distribution of wealth in the hands of government have the fatal defect of beginning at the wrong end. They presuppose pure government; but it is not government that makes society; it is society that makes government; and *until* there is something like substantial equality in the distribution of wealth, we cannot expect pure government.

But to put all men on a footing of substantial equality, so that there could be no dearth of employment, no "over-production," no tendency of wages to the minimum of subsistence, no monstrous fortunes on the one side and no army of proletarians on the other, it is not necessary that the

state should assume the ownership of all the means of production and become the general employer and universal exchanger; it is necessary only that the equal rights of all to that primary means of production which is the source all other means of production are derived from, should be asserted. And this, so far from involving an extension of governmental functions and machinery, involves, as we have seen, their great reduction. It would thus tend to purify government in two ways—first, by the betterment of the social conditions on which purity in government depends, and second, by the simplification of administration. This step taken, and we could safely begin to add to the functions of the state in its proper or cooperative sphere.

There is in reality no conflict between labor and capital;[37] the true conflict is between labor and monopoly. That a rich employer "squeezes" needy workmen may be true. But does this squeezing power result from his riches or from their need? No matter how rich an employer might be, how would it be possible for him to squeeze workmen who could make a good living for themselves without going into his employment? The competition of workmen with workmen for employment, which is the real cause that enables, and even in most cases forces, the employer to squeeze his workmen, arises from the fact that men, debarred of the natural opportunities to employ themselves, are compelled to bid against one another for the wages of an employer. Abolish the monopoly that forbids men to employ themselves, and capital could not possibly oppress labor. In no case could the capitalist obtain labor for less than

[37] The great source of confusion in regard to such matters arises from the failure to attach any definite meaning to terms. It must always be remembered that nothing that can be classed either as labor or as land can be accounted capital in any definite use of the term, and that much that we commonly speak of as capital—such as solvent debts, government bonds, etc.—is in reality not even wealth—which all true capital must be. For a fuller elucidation of this, as of similar points, I must refer the reader to my "Progress and Poverty."

the laborer could get by employing himself. Once remove the cause of that injustice which deprives the laborer of the capital his toil creates, and the sharp distinction between capitalist and laborer would, in fact, cease to exist.

They who, seeing how men are forced by competition to the extreme of human wretchedness, jump to the conclusion that competition should be abolished, are like those who, seeing a house burn down, would prohibit the use of fire.

The air we breathe exerts upon every square inch of our bodies a pressure of fifteen pounds. Were this pressure exerted only on one side, it would pin us to the ground and crush us to a jelly. But being exerted on all sides, we move under it with perfect freedom. It not only does not inconvenience us, but it serves such indispensable purposes that, relieved of its pressure, we should die.

So it is with competition. Where there exists a class denied all right to the element necessary to life and labor, competition is one-sided, and as population increases must press the lowest class into virtual slavery, and even starvation. But where the natural rights of all are secured, then competition, acting on every hand —between employers as between employed; between buyers as between sellers—can injure no one. On the contrary it becomes the most simple, most extensive, most elastic, and most refined system of coöperation, that, in the present stage of social development, and in the domain where it will freely act, we can rely on for the coördination of industry and the economizing of social forces.

In short, competition plays just such a part in the social organism as those vital impulses which are beneath consciousness do in the bodily organism. With it, as with them, it is only necessary that it should be free. The line at which the state should come in is that where free competition becomes impossible—a line analogous to that which in the individual organism separates the conscious from the unconscious functions. There is such a line, though extreme socialists and

extreme individualists both ignore it. The extreme individualist is like the man who would have his hunger provide him food; the extreme socialist is like the man who would have his conscious will direct his stomach how to digest it.

Individualism and socialism are in truth not antagonistic but correlative. Where the domain of the one principle ends that of the other begins. And although the motto *Laissez faire* has been taken as the watchword of an individualism that tends to anarchism, and so-called free traders have made "the law of supply and demand" a stench in the nostrils of men alive to social injustice, there is in free trade nothing that conflicts with a rational socialism. On the contrary, we have but to carry out the free-trade principle to its logical conclusions to see that it brings us to such socialism.

The free-trade principle is, as we have seen, the principle of free production—it requires not merely the abolition of protective tariffs, but the removal of all restrictions upon production.

Within recent years a class of restrictions on production, imposed by concentrations and combinations which have for their purpose the limiting of production and the increase of prices, have begun to make themselves felt and to assume greater and greater importance.

This power of combinations to restrict production arises in some cases from temporary monopolies granted by our patent laws, which (being the premium that society holds out to invention) have a compensatory principle, however faulty they may be in method.

Such cases aside, this power of restricting production is derived, in part, from tariff restrictions. Thus the American steel-makers who have recently limited their production, and put up the price of rails 40 per cent. at one stroke, are enabled to do this only by the heavy duty on imported rails. They are able, by combination, to put up the price of steel rails to the point at which they could be imported plus the duty, but no

further. Hence, with the abolition of the duty this power would be gone. To prevent the play of competition, a combination of the steel-workers of the whole world would then be necessary, and this is practically impossible.

In other part, this restrictive power arises from ability to monopolize natural advantages. This would be destroyed if the taxation of land values made it unprofitable to hold land without using it. In still other part, it arises from the control of businesses which in their nature do not admit of competition, such as those of railway, telegraph, gas and other similar companies.

I read in the daily papers that half a dozen representatives of the "anthracite coal interest" met last evening (March 24, 1886), in an office in New York. Their conference, interrupted only by a collation, lasted till three o'clock in the morning. When they separated they had come to "an understanding among gentlemen" to restrict the production of anthracite coal and advance its price.

Now how comes it that half a dozen men, sitting around some bottles of champagne and a box of cigars in a New York office, can by an "understanding among gentlemen" compel Pennsylvania miners to stand idle, and advance the price of coal along the whole eastern seaboard? The power thus exercised is derived in various parts from three sources.

1. From the protective duty on coal. Free trade would abolish that.

2. From the power to monopolize land, which, enables them to prevent others from using coal deposits which they will not use themselves. True free trade, as we have seen, would abolish that.

3. From the control of railways, and the consequent power of fixing rates and making discriminations in transportation.

The power of fixing rates of transportation, and in this way of discriminating against persons and places, is a power essentially of the same nature as that exercised by governments

in levying import duties. And the principle of free trade as clearly requires the removal of such restrictions as it requires the removal of import duties. But here we reach a point where positive action on the part of government is needed. Except as between terminal or "competitive" points where two or more roads meet (and as to these the tendency is, by combination or "pooling," to do away with competition), the carrying of goods and passengers by rail, like the business of telegraph, telephone, gas, water or similar companies, is in its nature a monopoly. To prevent restrictions and discriminations, governmental control is therefore required. Such control is not only not inconsistent with the free-trade principle; it follows from it, just as the interference of government to prevent and punish assaults upon persons and property follows from the principle of individual liberty. Thus, if we carry free trade to its logical conclusions we are inevitably led to what monopolists, who wish to be "let alone" to plunder the public, denounce as "socialism," and which is, indeed, socialism, in the sense that it recognizes the true domain of social functions.

Whether businesses in their nature monopolies should be regulated by law or should be carried on by the community, is a question of method. It seems to me, however, that experience goes to show that better results can be secured, with less risk of governmental corruption, by state management than by state regulation. But the great simplification of government which would result from the abolition of the present complex and demoralizing modes of taxation would vastly increase the ease and safety with which either of these methods could be applied. The assumption by the state of all those social functions in which competition will not operate would involve nothing like the strain upon governmental powers, and would be nothing like as provocative of corruption and dishonesty, as our present method of collecting taxes. The more equal distribution of wealth that would ensue from the reform which thus simplified government, would, moreover, increase public intelligence and

purify public morals, and enable us to bring a higher standard of honesty and ability to the management of public affairs. We have no right to assume that men would be as grasping and dishonest in a social state where the poorest could get an abundant living as they are in the present social state, where the fear of poverty begets insane greed.

There is another way, moreover, in which true free trade tends strongly to socialism, in the highest and best sense of the term. The taking for the use of the community of that value of privilege which attaches to the possession of land, would, wherever social development has advanced beyond a certain stage, yield revenues even larger than those now raised by taxation, while there would be an enormous reduction in public expenses consequent, directly and indirectly, upon the abolition of present modes of taxation. Thus would be provided a fund, increasing steadily with social growth, that could be applied to social purposes now neglected. And among the purposes which will suggest themselves to the reader by which the surplus income of the community could be used to increase the sum of human knowledge, the diffusion of elevating tastes, and the gratification of healthy desires, there is none more worthy than that of making honorable provision for those deprived of their natural protectors, or through no fault of their own incapacitated for the struggle of life.

We should think it sin and shame if a great steamer, dashing across the ocean, were not brought to a stop by a signal of distress from the meanest smack; at the sight of an infant lashed to a spar, the mighty ship would round to, and men would spring to launch a boat in angry seas. Thus strongly does the bond of our common humanity appeal to us when we get beyond the hum of civilized life. And yet—a miner is entombed alive, a painter falls from a scaffold, a brakeman is crushed in coupling cars, a merchant fails, falls ill and dies, and organized society leaves widow and children to bitter want or degrading alms. This ought not to be. Citizenship in a civilized

community ought of itself to be insurance against such a fate. And having in mind that the income which the community ought to obtain from the land to which the growth of the community gives value is in reality not a tax but the proceeds of a just rent, an English Democrat (William Saunders, M.P.) puts in this phrase the aim of true free trade: "*No taxes at all, and a pension to everybody.*"

This is denounced as "the rankest socialism" by those whose notion of the fitness of things is, that the descendants of royal favorites and blue-blooded thieves should be kept in luxurious idleness all their lives long, by pensions wrung from struggling industry, while the laborer and his wife, worn out by hard work, for which they have received scarce living wages, are degraded by a parish dole, or separated from each other in a "work-house."

If this is socialism, then, indeed, is it true that free trade leads to socialism.