

## CHAPTER XIX.

### The Social Service Law of Equal Freedom.

Once more at Joseph's restaurant, Doctor, at the very table and in the same cozy corner where you and I sat more than a year ago when we fell into our conversations about social service, I feel that there could be no occasion more fit for pulling together the odds and ends of our talks and considering their significance. With me, as I hope with you, they have pointed to the vital importance of universal conformity to the natural law of equal freedom.

Pardon me, however, if I caution you again to observe the meaning of the words "natural law" in this connection. I dislike cautioning you over much, but those words don't allude, you know, to physics merely, nor to vegetation merely, nor to animality merely. They allude to human association, and to all that this implies. Oh, yes; I know of the objection that there can be no such thing as equal freedom, since some men are slaves to evil personal habits or propensities. But I guess you and I don't differ about the shallowness of that objection. It is the favorite pietistic expression, as the other is the favorite materialistic expression, of the evil spirit of hostility to the principle of equal opportunities. While one set of special pleaders try to show, by unduly narrowing the sphere of natural law, that there is no natural law demanding equal freedom, the other set try to show the impossibility of equal freedom by irrelevant references to men who are slaves to

their own vices. What folly it all is—these efforts to make excuses and warrant for man's inhumanity to man. What cruel folly!

Why, Doctor, in asserting the principle of equal freedom, we do not allude to personal habits or propensities which hold individuals in metaphorical slavery to themselves. Nor in asserting that equal freedom is a natural law, do we allude to the natural laws that govern insentient matter or jungle life. You understand that, don't you? What we allude to is something very different. The natural law of equal freedom is a law with reference to human nature in certain human relationships. It is not a law of physics alone, nor of personal character alone; but of the tendencies of human nature in the phenomena of industrial co-operation.

There is no more of lawless chance in the social realm than in the physical realm. Don't you agree? From like conditions come like results, here as in every other sphere of scientific observation. Industrial co-operation springs from and proceeds in conformity to impulses of human nature, with the uniformity of cause and effect. There's no denying it, Doctor. This, then, is a natural law—a social law. Whoever ventures to dispute it may be instantly confounded, merely by reference, as an illustrative example, to the manifest natural human tendency toward what we call "division of labor," the results of which are more or less bountiful as we yield more or less freely to it.

From recognition of that uniform experience of all time, the benefits of "division of labor," to the acknowledgment of equal freedom in human association as a natural law, there is but a step. Agree or not as you please, my dear Doctor, the conclusion is certain to haunt you, that the nearer human association approximates to a condition

of equal freedom—and this means complete freedom, of course, for where all are equally free, each must be superlatively free—the nearer this condition of freedom from the domination of others is approximated, I say, the greater will be the beneficial results of human association. At any rate that is what I mean by the social service law of equal freedom.

The certainty that this is a natural law, and the vital importance of conforming to it speedily in some sensible way, may become clearer to you if we briefly run over the line of thought we have been pursuing this year or so. For all our talks since our first one at Joseph's table here have borne directly upon this very law of human association—this law that Henry George interprets into economics as the law of "co-operation in equality." Those talks have led straight to the point we have come to now.

If the talks were prolix sometimes, it was because I wished to furnish food for your own thought largely, rather than to give you my thought in little capsules; and if they were often boresome, that was because one must be a little boresome, mustn't he? when he is trying to get another to see what he thinks he sees clearly himself, but what the other doesn't see at all—most likely because he isn't looking at it.

Well, to go back to that first talk of ours at this table, what was the main thought that we got out of it? Wasn't it the interrelation or unification or mutualization of service? We made ourselves realize—didn't we?—that even the simplest of human wants in civilized life, a want so simple and so easily satisfied as a dinner at the time when and the place where you want it, is supplied only by a boundless and complex, aye and incessant, interchange of individual services.

Later on in our talks we learned to recognize

this boundless complexity of services by the term that political economists use, which is "division of labor." We learned also that these complex interchanges of service are effected by means of tokens called money, and through book accounts expressed in terms of money. Yet we saw that the whole matter, be the use of money and of money terms never so misleading, be the interchanges they "keep tab on" never so intricate,—we saw that notwithstanding all this, the condition back of the money, back of book accounts, back of banks and checks and drafts and clearing houses, is nothing but an exchange of commodities for commodities. And didn't we find further, in so far as the commodities exchanged were artificial,—were produced by art, or industry, or skill, or labor, or whatever you choose to call it—to that extent didn't we find that the condition is in the last analysis only an exchange of labor for labor, of human service for human service. In other words, upon analyzing money transactions we found—didn't we?—that money, in its legitimate uses, is merely a certificate of service rendered *by* its possessor, which is redeemable upon presentation in the social service market in service rendered *for* its possessor.

Proceeding from that conclusion, we next came to the realization of a still more fundamental fact. We realized that the primary human impulse to social service is the natural human desire for self service. Each serves others because that is the easiest way of serving himself. Human energy, like all other forms of energy, moves along the line of least resistance. And as the normal line of least resistance for satisfying one's own desires in the social state is the line along which one can help others to satisfy their desires, we are willing to serve them—not as a bit of neighborliness now and then, but as a matter of business day by day,

giving our services to others in exchange for the services of others to us. Thus it is, we saw, that industrial co-operation springs naturally out of individual wants.

It was this natural co-operation, you remember, that enabled you and me to get a dinner at Joseph's just when we wanted it—a dinner such as neither of us could have got for ourselves though we had worked at it a thousand years. Yet we did get it ourselves—in a sense we did, you know, and very easily. In that highly important sense we ourselves made that dinner,—and we made this one too which we have just finished—made them both, from crockery-ware to sugar lump, by trading our services to individuals who wanted them, in exchange for the services which an army and navy of workers had done in order to provide these dinners, the whole thing being balanced off by means of money tokens and a maze of book accounts. Complex as all the intervening transactions were, you and I did in very truth get our own dinners here with our own work.

When we had fairly realized that industrial life consists in an interchange of services along the line of least resistance, we looked, as you will recall, for the regulator which guides individuals in so rendering service to others in one form as to get service from others in many forms; and we found it in the relation of money terms to service. Higher prices for a particular service, other considerations being the same, draw service in that direction. But as money expresses only a condition, and is not the condition itself, we sought further and found that the ultimate regulator is what political economists call "the law of supply and demand"—the law that the general demand for service determines the general direction of service.

Of course that conclusion brought up the ques-

tion of competition, which had long been a moot point between you and me. But I guess you are satisfied, aren't you? that competition as I use the word, and as I have the right to use it, is really the life principle of industrial co-operation. For I didn't use the word, you remember, as you had used it before, nor as our socialist friend uses it, nor as Slim Jim Pulsifer uses it. Competition, as I use the word, is the antithesis of monopoly.

It is hardly necessary to do more than repeat—is it?—that the *word* is not the thing, but that the *thought* is the thing. I don't care, you know, whether you say "competition," or "emulation," or something else. The point that I do care for is, first, that you recognize such a social force as monopoly, and, second, that you recognize such a social force as the opposite of monopoly.

Now you may call this force that is opposite to monopoly by any name you please. You may call it "co-operation," provided you don't limit its meaning to co-operative stores and the like, but make it as broad as the world of industrial interchanges. For myself, I prefer to call it "competition" because it has in it normally an element of emulation, which the word competition suggests.

If in our social service activities we compete to get the most service for the least, we shall all find ourselves offering to take least for most, provided our competition is in a social environment of equal freedom. The efforts of all to get most for least as producers of service, and to give least for most as consumers of service, generate conflicting social forces. Yes, I know that I state the same thing in two forms when I speak of getting most for least and giving least for most; but the point is that those two statements do express the origin of two opposing social forces—the force that proceeds from the buying impulse, and the force that proceeds from the selling impulse. Those two

forces, operating in freedom, tend through competition to an equilibrium at the point of fair exchange. Competition in the social service market is like air pressure, you must remember; if it bears only upon one side it destroys equilibrium, but if it bears equally upon all sides it maintains equilibrium.

It was right here, Doctor, that we detected, as you will remember, the disturbing effect upon free competition of the influence of special privileges, which are monopoly forces. Whenever they come in, they exclude competition to that extent; and to that extent the industrial equilibrium is destroyed.

This situation we found in feudal society. Landlordism had destroyed competition and reduced labor to serfdom. Instead of giving service for service, the landless under feudalism gave service for permission to serve. Industrial competition was throttled by a privileged class.

We found essentially the same condition in our present capitalistic society. Industrial competition is throttled, not exactly by a privileged class, but by privileged interests. As *landlordism* destroyed competition once by reducing labor to serfdom, so *land capitalism* destroys competition now by reducing labor to what our socialist friend aptly enough calls "wage slavery."

It is surely as we agreed, Doctor, that there are only two ways of regulating co-operative service—that worldwide social service which springs from individual desires for self service. One way is by monopoly; the other is by competition. Monopoly is pathological, and socially destructive; but competition in freedom is wholesome and socially constructive. Whenever competition is destructive it is because it is not free, because elements of monopoly enter in, because some of us have special privileges which give an advantage

over others in making exchanges of service—an advantage which enables the privileged to get most for least and compels the others to take least for most.

After we had seen this much in the course of our talks, Doctor, we started out, as you will recall, upon a conversational inquiry into the causes of monopoly in the midst of conditions apparently competitive. We sought for the seat of this disorder in the social organization, sought for the apertures through which monopoly had found entrance into a competitive social service market, for an explanation of the pathology of the social service organism; and we began, rightly enough as I guess you agree, with an examination into the mechanism of social service, meaning by this mechanism what is indicated by the word "business," but business in the broadly inclusive sense of all kinds of social service.

By that inquiry we were carried somewhat into the practical intricacies of trading. And there we saw how the social line of least resistance operates, under the law of supply and demand, to compel every one who pays his way in the world with his own work, to produce his own wages, his own earnings, in some form, before he gets them in any form. We were thus able to realize that in effect all workers produce their own wages in the form in which they consume them.

In this connection also we saw how competition operates as the motor force of business under capitalism to compel a square deal among workers, provided the competitive forces operate freely—provided, that is, that the competition is not one-sided but all-sided.

It was in this connection, too, that the functions of money came again in evidence, for money is a business medium and its language the lan-



guage of business. So we took a glimpse at the mechanism of banking.

It was also right here, as you doubtless remember, that we made our analysis of profits. Don't you recollect how we found "profits" to be a dangerously ambiguous term—a term which includes not only "rake-off," which is plunder, but also earnings, which are fair and honest. A boy buys newspapers at wholesale—you recognize our illustration, don't you?—he buys papers at wholesale for a cent apiece, for instance, and sells them for two. So he has made a "profit" of one cent. But "profit" in his case means earnings or wages, for he has earned his profit by serving people with papers. On the other hand, a man buys a vacant lot, for instance, for five hundred dollars, and later on, merely because that locality has become a more important social-service center than before, he sells it for a thousand dollars. The man also has made a "profit"—a profit of five hundred dollars. But profit in his case doesn't mean earnings as it did in the newsboy's case. Nor does this depend upon the difference in amount. It depends upon the fact that the man has served no one. So far from serving, he has obstructed. He has obstructed builders by holding a much-desired part of the planet out of use for a higher price. Whereas the boy's "profit" was earnings for service, the man's "profit" is "rake off" for interfering with service.

You saw then, Doctor, that "profit" is too ambiguous a term for thinking purposes, and no doubt you see it yet. The confusion arises out of that fundamental confusion in capitalism which we have talked over. I allude, as you doubtless infer, to the confusion in the social service market of land with the products of labor from land. These are treated as if they were commodities of like character, when in fact they are essentially

as different under capitalism as they were under feudalism. A similar confusion extends to special privileges when they come as commodities into the social service market. In fact, nearly all special privileges are but different forms of land monopoly, such as rights of way over land. Those that are not strictly land monopoly, such as patents, are of the same elementary nature,—for all privileges originate in the exercise of the sovereign power of the state in behalf of some folks and against others.

But we must hurry on. It was by inquiries such as those I am reminding you of, that we came in our talks to an understanding of the derangements of the mechanism of social service; or, as we had been accustomed to say, of the pathology of the social organism; or, as we might now say, and perhaps more pointedly and significantly, of the pathology of capitalism. And you will agree, won't you? that our inquiry revealed the seat of the disorder. Don't you think that he who controls the instruments of production that are necessary in social service, controls both product and producer? Well, that suggests the seat of the disorder as our inquiry revealed it.

But we couldn't stop there—not as rational inquirers. Having found that monopoly of the instruments of production constitutes the evil power of capitalism, it became necessary to ascertain whether this is true of all kinds of instruments of production or only of some kinds. Common sense demanded, in other words, that we should analyze and classify the instruments of production which are characteristic of capitalism, in order to see whether in the last analysis the evils of capitalism are fundamentally due to monopoly of all, or to monopoly of only some, kinds of instruments of production. For it may be, you know, that the monopoly of all kinds, and the evil effects thereof,

proceed from and are dependent upon the monopoly of only some kinds.

What difference does it make? Can you ask that now? Why it makes all the difference in the world when you come to remedies.

If the fundamental trouble with capitalism is monopoly of all kinds of capital, of all kinds of instruments of production, then our socialist friend is right. In that case the necessary remedy is his demand for the abolition of private ownership of all kinds. But if the fundamental trouble with capitalism is monopoly of only some kinds of capital, the monopolization of the rest being an effect before it becomes a cause, then our socialist friend is wrong. His remedy is, in that event, not necessary in its entirety. If adopted in its entirety it might make new evils instead of eradicating old ones. Our best remedy would be to abolish the monopoly of those kinds of capital, of those kinds of instruments of production, that make the monopoly of the other kinds possible. Should this prove enough for the purpose of securing equal freedom, why go any further? You wouldn't keep on giving medicine, would you, to a patient you had already completely cured? And you wouldn't bother about secondary causes of a bodily disease, would you, if you could get at the primary one? But if removal of the primary monopoly proved to be not enough? Well, that's hardly thinkable; but in that case we should at any rate know much better than we do now what the next step ought to be and how to take it.

Do we understand each other now, Doctor? All right. Since then we realize the practical importance of the analysis, let me remind you of the further points in the inquiry we were making in our talks.

Having fixed upon the point that he who controls the instruments of production necessary in

social service thereby controls both products and producers, we proceeded to analyze and classify the instruments of production. We went on, that is, to ascertain the essential characteristics of the different kinds of capital if any such there might be. And what did we find? We found that in the last analysis there are two absolutely different kinds of capital—different in origin, different in economic character, different in industrial quality. We found, that is, that some kinds of capital are *natural*, and that other kinds are *artificial*,—natural sources and sites, and artificial products.

The only thing which these two kinds of capital have in common is value in the social service market. But we had already seen that market value in common cannot make different things essentially identical. Terms of value are only modes of measurement in exchange. We wouldn't say that a pound of lead and a pound of feathers are the same because they have weight in common. Then why say that a dollar's worth of natural coal deposit and a dollar's worth of artificially produced coal at the distant coalyard, are the same because they have value in common? The determining element in classifying different kinds of capital is not weight nor value. If you need a pound of lead, a pound of feathers won't do; if you need a dollar's worth of natural opportunity to mine coal, a dollar's worth of artificial coal-mining machinery won't answer the purpose. The fact that you personally might swap mining machinery for mining opportunity might serve your own temporary use; but it makes little difference when you get down to a consideration of the relation of all natural coal deposits to all artificial coal-mining machinery, and none at all when you get around to considering the relation of this natural planet to the artificial capital which is drawn from and

to be used upon the planet. In that broad inquiry, the common element of value ceases to identify. Our analysis and synthesis must extend to the objects themselves as distinguished from their value.

Those who own the planet among them are masters of everybody else. Those whose interests are in natural capital dominate those whose interests are in artificial capital. Even if value be an element which the two kinds of capital have in common, the value relation varies. As artificial capital increases in effectiveness, its value relatively to natural capital falls. All experience proves this. If you prefer the converse form of statement, the value of natural capital relatively to artificial capital rises as the latter becomes more effective. How, then, could there be any reasonable escape, if we would rationally consider the natural laws of social service, from the necessity of distinguishing the capital that is artificial from that which is natural?

As we proceeded with the inquiry which had led us to that conclusion, you will remember that we came to a further conclusion. It was an unavoidable one, don't you think? I mean the conclusion that the control of natural capital, of the natural and unreproducible source of all production, of our natural environment, of the planet itself,—that this control, and not control of the artificial and reproducible products of human art and skill drawn forth from the planet, is the kind of monopoly that primarily disorders the social service market; that this is what makes workers dependent upon capitalists for opportunities to work, and emasculates their natural ability to exact service for service.

Yes, we did agree, I think, that monopoly of the artificial instruments of production is in fact a cause of the social disease. If we didn't we

will now, for it is true enough. But we agreed also, or should have done so, that this cause is itself an effect of the deeper cause. The monopoly of those labor products is an effect of monopoly of the natural sources and sites for labor energy. In so far as monopoly of artificial instruments of production is socially injurious, it is due to monopoly of natural instruments of production. To translate this conclusion into terms more appropriate to capitalism, we may properly say, as I have done occasionally, that monopoly of artificial capital is caused by monopoly of natural capital.

And doesn't that express the exact truth? If we state our diagnosis of the social disease in the briefest capitalistic terms, shall we not have to say that the cause is monopoly of natural capital? The same idea would have been expressed by the old economists, influenced as they were by customs and forms of speech that are more or less survivals of feudalism, in some such phrase as that the cause of the social disease is monopoly of land. But inasmuch as in most parts of the world land is now capitalized and treated in the social service market as a commodity along with the other instruments of capitalistic production, we may secure greater clearness and a better and wider understanding if we attribute the cause to monopoly of the natural instruments of production; or, in capitalistic phrase, to monopoly of *natural* as distinguished from *artificial* capital.

Come back with me now, Doctor, to our natural law of equal freedom in social service,—in the natural social service, that is, which originates in and is maintained by the natural individual desire for self-service.

The reason that we have social disease under capitalism is essentially the same as the reason

they had it under feudalism. If the planet had been held by feudal landlords truly in trust for the common good, so that the law of equal freedom could have operated, feudal landlordism would not have been so bad. It would have been a crude form of land communism. All the people would have shared fairly in the general benefits of the time, while each would have had the particular benefits of his own individual service. It was not landlordism that hurt under feudalism; it was the perversion of landlordism from a public trust to a private monopoly.

No, no, Doctor, I am not alluding to the arbitrary power of the military features of feudalism. They constituted a species of man-ownership, and owning men is one of the forms of slavery, as monopoly of land is the other; we have been over that ground, you know. What I allude to now is only the economic features of feudalism; although it is my firm conviction that equal freedom with reference to land would have greatly modified if not wholly eradicated the severity even of those military features. But, recurring to our point, let me repeat and with emphasis, that the evil of landlordism during the feudal regime was not landlordism itself. It was the perversion of landlordism from a public trust to a private usurpation, whereby the benefits of social progress were diverted from the people to the usurping trustees.

So now under capitalism. If the planet were capitalized for the good of all, instead of being capitalized for the profit of its capitalistic owners, capitalism would not be a bad thing. Indeed, Doctor, I think it might be a very good thing. Perhaps I may go further and say, as I believe, that in those circumstances capitalism would be the best possible system of social service.

The reason I believe so? Because I think that

capitalism, if the capitalization of land were a common fund instead of a private fund, would establish substantial economic justice. How? By securing to each, on the one hand, the service of others in proportion to his contribution of service to others; and by securing to all, on the other hand, an equal share in the benefits of social growth. It would do this because it would be in strict conformity to the social service law of equal freedom. You think me dogmatic? Very likely I am, but this is merely a statement of what I intend to prove.

The law of equal freedom in the social service market means, as I have already asked you to note, that each shall have full freedom to satisfy his own desires, within the limitation that he invade no one else's freedom to satisfy his desires. The equilibrium is necessarily equality of opportunity. Isn't that so?

And it implies two things, as I think you will also concede. From the idealistic standpoint it implies recognition of the doctrine of natural rights; from the utilitarian standpoint it implies the best results.

You may look at the law of equal freedom as if you were a narrow Eighteenth century believer in natural rights, who pays no attention to practical results; or as a reactionary utilitarian, who neither cares for nor believes in natural rights; or as a true idealist, and therefore also a true utilitarian, who believes that utilitarianism and the doctrine of natural rights are but two phases of the same thing.

I don't care how you regard this law of equal freedom in those controversial aspects. The point I make to you, if you are only an idealist, is that equal freedom is recognition of natural rights. The point I make if you are only a utilitarian, is that equal freedom produces the best results. The



point I make if you see the identity of true ideals and worthy utilities, is that equal freedom is the shield of which they are the two inseparable sides. It is the natural law of which ideality is the active principle and good results the fruit.

Now, it seems to me that the law of equal freedom, which I regard as a natural social law by every test of what constitutes natural law that you can put it to—it seems to me, I say, that this natural law points to capitalism as a natural form of that universal industrial co-operation which we have called social service. Aye, and I am rather inclined to believe that capitalism is not only a form of social service, but that it may be *the* form of social service.

Have a care, though, for I am talking of capitalism itself, and not of its perversions. Unperverted capitalism is not bad. Unperverted capitalism seems to me to be good. No, not good for special beneficiaries, for unperverted capitalism would have no other beneficiaries than those who pay their way in the world with their own service. It would be good for us all. And whether or not unperverted capitalism is the best form of social service we ever shall have, it is certainly the best we ever have had. It is the best, moreover, that we are likely to have at any time not very remote. It is the best besides that we can have, within any such time,—except through destructive revolutions that would be as likely to send us backward as forward. I will go a little further, Doctor, and say that unperverted capitalism is the best form of social service that has ever been suggested. And I say this with most kindly consideration for the proposals of our socialistic friend and for those of our communistic friend. For capitalism unperverted utilizes the self interest of each in normal ways for the good of all. Although it may in time give way to a better form of social service,

it is more likely to do this through the steady processes of evolution from a cruder to a better capitalism, than through revolution or out of premature decay.