

RADICALIA

**CIVILIZATION'S ECONOMY EXPLAINED
FOR THE PRODUCERS.**



**The rich we have always with us,
But poverty should be abolished.**



**Political Economy Classified;
Nature and Function of Money,
Cause and Result of Interest.
Natural Evolution of Society.
Government's Contrary Duties.**



**S. TIDEMAN,
FISK, MO.**



AUTHOR'S EDITION, 1931.

Price \$1.50.

CONTENTS

Chapter	Page
I. TO THE READER	1
II. CIVIL LAW	3
III. OWNERSHIP	4
IV. PROPERTY RIGHT	5
V. SOCIAL ECONOMY, CLASSIFIED	18
Land, 18. Rent, 19. Wealth, 22. Capital, 23. Production, 24. Money, 28. Interest, 34. The Final Distribution, 39.	
VI. NATIONAL FINANCE	47
Co-operation's Fiscal System, 47. Our Predatory Fiscal System and Its Consequences, 50.	
VII. RELATED MISCELLANEA	67
Patents, 67. Banking, 69. Public Debts, 70. Compound Taxation on the Farmer, 73. Taxation on Parasitic Revenues, 77. Voting and Leadership, 80.	
VIII. THE COMPOSITE MAN	83
IX. FUTURE GOVERNMENT	89
Introduction, 89. Civilization's Governmental Functions, 91. Defect of Present System, 94. The Economic Service, 99. Juridical Gov- ernment, 102. The True Form of Govern- ment, 107. Reflections, 109.	

Copyright, 1931, by
S. TIDEMAN.

THE AMERICAN REPUBLIC. POPLAR BLUFF. NO.



Chapter I.

TO THE READER

“If the ox knew his strength, and the people their rights, it would not be easy to be the driver”. So spoke, in council, one of the great statesmen of the seventeenth century, an aristocrat to the core. It is as true today, as then.

In our complicated civilization it is not enough that the people should know their right. It is equally important to know how it can be established and maintained.

Today the peoples of the world are becoming increasingly conscious of their right, and trying, experimentally and desperately, by various means, to establish it. But it eludes them at every turn, as does the wealth and comfort their labor creates, and the freedom, security and independence they are striving for, turn into new forms of slavery.

The purpose in writing the chapters in this book has been to assist my fellow men in their study of how to establish and maintain their right to the fruits of their labor without sacrificing liberty.

I am well aware that these writings have not the methodical order and deferential elegance that are so becoming to the academy. They were not composed for the class, but for workaday folks like myself. Hence the mode of language in which we do our thinking. Should the intellectuals who berate us for not thinking, as

they think they do when they discover something that somebody has been thinking for them, or the professors of economics in the schools of higher learning, find anything of interest to them, they are welcome. This invitation extends also to the lords who hire them to teach and fire them if they do.

It is with profound reverence for the name and beloved memory of our great Phophet of San Francisco, the intellectual Titan, humanity's noble and prince in the world of thought, at whose hands our civilization is slowly, but surely, reshaping and redeeming itself, that this labor has been performed.

S. T.

Chapter II.

CIVIL LAW

The legitimate purpose of civil law is to regulate men's conduct toward each other, so as to secure orderly and peaceful procedure, with trust and confidence, in their dealings with one another.

When legislation goes outside of this field, and attempts to regulate man's conduct toward himself, it transgresses on the religious sphere, where civil law does not function. It becomes outlawry by violating man's right to himself, and signifies atavistic social reversion toward despotic barbarism. Breeding true, the law then produces outlawry, corruption and discord.

"By its fruits shall ye know the tree". When a law, instead of giving security and tranquility, produces crime and jailfodder, then that law is wrong.

Chapter III.

OWNERSHIP

Own, ownership, is a word applied to two different but allied cases. It signifies either intrinsic or extrinsic relation of man to the things that belong to him.

Intrinsic ownership applies to things produced by human labor, and is consequent on man's right to himself, from which follows his positive right to that which his labor produces.

Extrinsic ownership is that of land, of all the natural resources that were before man and will remain, with the creation of which he had nothing to do, but which belong with equal right and of necessity to all generations.

Separate parts and parcels of land can be owned by individuals only by the consent and protection of the Government. It is a privilege that can be enjoyed only on such terms and conditions as the commonwealth provides and dictates through its organic Government. No other ownership of land is possible. Every generation has not only the inalienable right, but the power, to adjust the tenancy of its land to suit its own needs and purpose. For the orderly procedure in such affairs Governments are and become established.

Chapter IV.

PROPERTY RIGHT

Does property right, the right of ownership, in the unqualified sense of the word, exist as a natural and inalienable right? Marxists have denied it. Georgeists affirm it.

If it does exist as a right, as a Law of Creation, then it must have a natural foundation on which it stands secure, a root principle from which it draws its vitality, conformable with natural order and justice among men.

There runs through our present social system a web of two contrary laws regarding property right, hence confusion. For distinction, and as designating their origin, we shall here call them the Law of War, and the Law of Peace.

The Law of War, conforming to the maxim "He takes who can and keeps who may", rests on the doctrinal theory of Governmental power, as arbiter of right or wrong, and is an institutional remnant from the ages of plunder, conquest and barbarism, though generally disguised by a veneer of modernity. It looks to the Government as the source of property right, and expects it to maintain inviolate all possessions, supposed rights and privileges obtained by legalized modes, regardless of the wrong or injury it inflicts on those who thereby must lose from their rightful earnings what others gain without earning it.

Against this the Marxists and the Georgeists alike are in opposition. Beyond this they part company. The Marxists go back to Governmental power, as the foundation on which to anchor their doctrine, which, in its essence, is but the old Law of War with a new application. The Georgeans, spurning man made doctrines, follow the beacon of science and proclaim the principle of "Man's Right to Himself", trusting to the Lawgiver of the Universe as arbiter of right and wrong.

The "Law of Peace" has for its foundation, its root principle, "Man's Right to Himself", which principle the Georgeans consider as axiomatic, a Natural Law. Man having been evolved as a conscious self sustaining being, the first human right to take cognizance of is his right to himself. Being the owner of himself, it naturally follows that whatever he earns, that is, what his labor produces, is his rightful property, because labor is but the application and combining of his personality and energy to and with the external matter and forces of nature in converting and adapting them into shapes and modes useful and serviceable to his wants and desires. Man's unquestionable right to the product of his own labor is therefore a corollary to his right to himself.

To comprehend the social scope and consequence of this Law, it is necessary to consider it in two aspects, to-wit: "The right of the individual man" and "The right of the collective man". This is true because in his economic life man is a co-operative being, which makes him a doer and a producer in two capacities: Indi-

vidually and Collectively. It is not, as often assumed, because of gregariousness that man organizes societies and congregates in cities, towns and villages—gregariousness causes flocks only,—but because his economic activities call for constant exchange of service. It is this inter-dependency which develops and maintains the cohesion of the social units, such as Nations, States and Municipalities, and endows each with the quality of a living organism, making it an operative, self sustaining and functioning entity, a collective man, whose functions increase in numbers, complexity and importance with the rise in civilization. Organic society, as such, produces wealth and service, as well as does the individual, and the economic effect of this activity expresses itself in the value of the land, which value is solely a social product. The Society's right to what it produces is as conclusive as the individual's right to his product. This also holds true for the natural use and purpose thereof, which is to maintain and conserve itself, improve conditions and provide comfort, convenience and enjoyment in work and leisure for the whole body of its members.

Land is the source and foundation for all production of wealth, and the prime necessity for human existence. It is the whole Society's estate. Wherever Society, through the power of a political unit, affords protection to life and property, there does land acquire a value apart from any labor or improvements expended thereon. This value is not produced by the individual owner or occupier, but by the Society, to whom therefore it rightfully belongs, and is

the natural provision for developing and maintaining its organic functions. Although it attaches to the land, it is in fact the value of the people collectively, of their united activity, rising and falling *pari passu* with their number and quality, their intelligence and industry, with the economic and intellectual development of the Society which they compose. This is so because such value represents the advantage and service which the Society is capable of affording its members on its land.

The efficiency and value of the general co-operation depends, next to the proper and unobstructed use of valuable land, on free and facile exchange of products between producers. For this purpose, roads and other means of communication, which the individual can not supply, are necessary parts of the general equipment. To provide these avenues and their appurtenances, and to secure and maintain adequate service on them for the use of all, are some of the functions which the social organism must perform through its proper agencies. Thus the Society, as such, becomes a partner and participant in the production of wealth. The value of the service attaches to the land, the Society's estate, at every locality according to the benefit bestowed, and constitutes there an advantage for which reasonable payment is properly due from the individual holders, to be used for the maintenance and improvement of the service.

The society of a free people is not a mere aggregation, but something very different. It is an association of individuals united with each other into one functioning entity, a living unit

of a higher order, having the quality of an acting and responsible personality. It is the highest expression in the development of mundane life that we know of. It is the form and the means by which the diverse powers and qualities of a multitude of men become united in free and harmonious activities both for common welfare, progress and development and for protection and service, security and efficiency of all the individual members, and of the Society which they compose.

Without the guidance of a living principle the best intentioned Government must of necessity become arbitrary and tyrannical. By recognizing the Natural Law of "Man's right to himself both individually and collectively" as fundamental law of the Society—as we must before we can become free—the course to be followed will become clear at every turn. This is the living law of justice and of social health and development. This is the law which governs the progress and retrogression of civilizations, the law of association in freedom and equality of rights. It is the fundamental part of science of economics and all that rests thereon or issues from it. It adjusts the account of all wealth and service and rights enjoyed by giving to each one that to which justice entitles him, the full product of his labor. Thus far I have used the term "wealth and service"; strictly speaking, all production of wealth is service in the co-operative system of life.

When the patriotic founders of the American Republic declared to the world "We hold these truths to be self-evident, that all men are created

equal, that they are endowed by their Creator with certain inalienable rights, that among these are life, liberty and the pursuits of happiness" they builded even better than they knew, and did exceedingly well for their time. Then and there, and in the constitution, which resulted was "Man's right to himself, individually" recognized, was made a National policy, and the rest of the civilized world has followed suit. But man has also a "right to himself collectively", which is equally inalienable, and this right failed at that time to attain full expression in the fundamental law of the land, because it was not yet well understood. One half of the truth was overlooked, obscured by a legality that has come down to us from a predatory empire, the ancient Rome. History, experience and present day conditions prove, if any demonstration is needed, that the mass of the people can be, and are, enslaved and robbed of the fruits of their labor, just as thoroughly by the means of appropriating their collective right, as by withholding their individual right to themselves. These two rights are not only inalienable, they are also inseparable. Neither one can be maintained without the other, because they are primarily identical. They are but the expression of one law, the natural law of property right.

On the theory of individual rights alone Legislatures have legislated and Courts have ruled until practically all collective rights, even that to the land itself with its resources which belong to the whole citizenship and on the use of which all their lives depend, have been given over to speculation and exploitation by indi-

viduals, and the greater part to a few, whose irresponsible ownership serves no other purpose than to hold for them a twenty years lien on future production, while Labor, the producer of all wealth, often goes begging for a chance to work and must, for the most part, be satisfied with a beggar's share of the wealth its toil produces.

From this individualism the socialistic movement, now gathering headway, is but the natural reaction, the rebound motion, and the apparent danger is that at the next readjustment this movement may pass over the mark and individual rights be overlooked, thus again putting the natural order out of balance.

The term "Land" as used in sound economic reasoning includes, as most readers are supposed to know, all available natural resources on and under the surface of the earth, excluding everything produced by labor. In contrast to this, "wealth" and "capital" denote things produced by human labor from or on the land. Although a deviation from commercial usage, this classification is absolutely necessary for scientific reasoning in order to distinguish that which Nature provides from that which man, by his labor, produces out of the provided material. Land, never produced by man, is the common necessity for us all. Wealth, continually consumed, is produced from the land by labor, to meet individual wants and desires. The economic difference in the character of the two is radical. Man is dependent on one for the production of the other. A condition unalterable by man, it has the potency of natural law. Land is the founda-

tion of everything human and its tenure is the basis to social order and adjustment. At present, secondary monopolies divide with land monopoly the spoils of our labor, but they are artificial, statute made directly or indirectly, and can be abolished whenever the people choose to do so. Not being fundamental, they may be dismissed here. But land is a natural monopoly, vested in society for the welfare of all. It is the perpetual heritage, to which every generation must preserve equality of right, or it sinks into decay.

The possession of land carries with it the power to tax those who will or must use it. This is the cardinal power of sovereignty, which free people can concede only to their legitimate Government, if they are to remain free and independent. Wherever this monopoly power resides, there is Government, call it by whatever name you please, and its might is measured by its taxing power. Because this power in private hands is purely an economic one, it is, within its limits, the most arbitrary, autocratic and absolute of all. But it is subject to this limitation, that by so much as it must yield up in taxation to the public Government, by that much is its power over the workers reduced. It becomes nil when the whole land value is so taken, because land can then no longer be controlled by money, but only by use. The citizens then become free and equal in opportunity, which resolves the economic competition into emulation in the general and voluntary co-operation, with the rewards accruing according to the value of the labor and service performed.

Farming land and city land, mining land, wild forests and water powers, in short, all the natural resources which, by the application of labor and human intelligence, may be used in the production of wealth, are all included in the economic term "land". The improvements in or on the land are classed as wealth; these receive their value from individual labor applied, and never become worth more than the cost of their production, or re-production, minus decay and taxation levied against them. But with "land" itself it is different. Its value is produced by society. Land owning receives the economic benefits of orderly Government and social organization. Consequently, when not paying the cost thereof, this special value capitalizes into a market price, proportional to its taxing power, which in economic terms is called "the rental value of land, exclusive of improvements". This quality of yielding to private owners an unearned revenue that increases with increase of population, makes land the object of commerce and speculation, of acquisition and accumulation by non users. The ownership of money becomes thereby the potential ownership of land, and of the people who must live on it and from it.

The price of land represents the capitalized income, i. e., the rent minus taxes, which it is expected to yield in future years. To the user this becomes a first interest charge on production, with interest and taxation on capital and product added as supercharges. It takes from the borrower and gives to the lender something for which the latter does nothing in return. It is at first hand a clear waste. If this were all it

would be the end of the evil and the measure thereof. But such is not the case, for with usury thus firmly planted at the base of industry the power of money quite naturally grows of what it feeds upon until it absorbs, not only the capital the workers produce, but finally the land itself, making their slavery and degradation as complete, and often as cruel as bodily ownership would be.

When in the division of wealth land monopoly takes all that labor produces, save a living, it takes the capital produced. Then the capital, too, becomes monopolized, and rent will naturally be charged for its use, the same as for land. When the use of a particular piece of land or capital is contracted for, the payment is commonly called rent; but when the bargain is for a blank order on the market, that is to say "money" the charge is called "interest". The root of the power thus to tax, is the private monopoly in land. With monopoly eliminated the capital produced would go to the producers. They are the users of it, and the power to charge them interest on what their labor produces would be at an end. They could then produce capital without limit, and it would be theirs. Whoever controls the land, controls the capital produced. In the recognition of this fact lies Labor's only road to salvation.

When we consider the fact that interest is paid by the workers on the cost of land, and on the value of the capital their labor produced, and paid cumulatively at every stage in the production of wealth, from beginning to end, and taxation besides, is it any wonder that the dis-

tribution is carried on with difficulties that give cause for complaints over high cost of living? And all this for no sensible reason or purpose whatever. How could a more barbaric, cumbersome, costly and wasteful system of economics possibly be devised for a free people? But such is the present status and measure of our civilization.

This monopoly system stands condemned in reason on every principle of equity, expediency and common sense. It retards and hinders the production of wealth, and makes the distribution awry. It reduces Labor's share to the lowest minimum, by dividing the people into owners and dependents, wasting the noblest qualities and powers of the workers for the gratification of the useless few.

When the Public Government assumes its duty, its primary prerogative, of appropriating the taxing power of the land for the public service, then speculative holdings must cease, because the cost will fall on the holders instead of, as now, on the producers and the general public. Valuable land must then be put to good use to produce the tax. It can no longer be held out of use for a price with a profit.

With taxes and private monopoly charges on labor and industry removed, with land available for workers, and its socially created value sustaining the public functions, the people will no longer be supporting both the Government and the infinitely more costly money power, but will enjoy the full fruits of their labors, individually and collectively, with the chance to work where their labor is most productive and

satisfying. They may then have the best of social service through the best of Government that their ingenuity can devise and establish.

When labor and skill receive the full value for their product or service, every man can himself produce all the capital that he has any legitimate use for. Private and co-operative enterprises of the workers will become possible without the aid of outside "capitalists". Interest and profit on capital will then go to him whose labor, skill and industry produces that capital and maintains it in working condition. His sole power, as against his fellow men, will consist in his ability to serve and receive his reward. The masters and the dunces, the workers and the shirkers, will all find their proper level and the honor due their merit.

In the rudest of social and industrial stages the labor of the people provided them abundance of necessary supplies, save in times of elemental misfortune—and allowed them leisure besides. If such had not been the case the race would long since have perished. With our modern appliances multiplying by hundredfold and thousandfold man's power to produce wealth, we may reasonably expect that all will be bountifully provided for when a just natural economic system releases the resources of the land to the energies and ambitions of its workers of high and low degree, in a manner that assures to each the fruits of his labor.

In a rationally ordered society, founded on equality of rights and liberty, where labor is free and secure of its fruit, where no fear and

worry of want incite greed, crime and meanness, where free and all-round co-operation makes competition an emulation in mutual service, where each one may use his abilities for his own good by doing good for others, a society in which the identity of justice with Natural Law affirms the perfection and benevolence of the Creator, there and then will a new civilization evolve, higher, happier and mightier than any we have ever known—a new period in the evolution of man.

Chapter V.

Social Economy, Classified**LAND.**

In economics the term "Land" excludes everything produced by human labor, but includes, not merely the surface of the earth, but the whole material universe outside of man himself. In short, the term embraces all natural materials, forces and opportunities freely supplied by nature. (Georgean definition.)

For economic treatment, land must be divided into two mean classes: Surface land, and Mineral land.

1. Surface land can be used repeatedly, or continuously.

2. Mineral land can be used only once. Its valuable parts, once taken, can never be replaced or reproduced. In practice it becomes natural wealth given by the Creator to mankind, and ready to be taken for use, consumption or destruction.

The Surface land may again be divided into two sub-classes: Agricultural land, and Public Service land.

A. Agricultural land is suitable for individual allotment, disposition and use. In this class we may include the sites of towns and cities, because, with their improvements, they

are but service appurtenances to the farming, without which they neither would nor could exist.

B. Public Service land consists of waters, water powers, and land that is suitable only for foresting, all of which, to be of the most useful service to the people, require the special care and control of the commonwealth authority.

RENT.

Rent, as an economic term, signifies the annual value of land exclusive of improvements on it or in it. It is the surplus product above the value of labor and capital applied if the land be properly used. It is the value that people are willing to pay for the privilege of having exclusive right to possession and use of it, the value of improvements counted out, and is called rent.

This, of course, applies to land used for other purposes than agriculture; to all natural agencies, such as mines, forests, water power, etc.

Rent has two origins. First, the protection of Government, without which a pretense to ownership of land would obviously be valueless, at least under present conditions. Second, public capital and service, such as roads, streets, bridges, wharves, public buildings, schools, parks, service of travel, transport, mail and other communication, etc. All such public appurtenances are produced by labor and must therefore be classed as wealth, mostly capital that is owned or used by

the people in common. It gives value to those locations which thereby become more desirable or profitable to possess than others.

The competition for desirable places on which to build, on which to live or to work, for places where business can be most profitably conducted or industrial enterprises carried on, gives value to land. The more people that come together to live and work on a given area and the more of public capital improvement, service and convenience the commonwealth supplies them with, the more will the land there be worth to those who hold the privilege of owning any part of it. Only by the owner's consent and at their price can anybody acquire or occupy a place there.

It will be seen that the value of the land is something different and apart from the value of improvements on it or in it. Improvements are produced by somebody's labor or expense. The value of the land itself depends on nothing that the owner does or can do, but on what others are doing.

Improvements never become worth more than the cost of their reproduction; they deteriorate from the time they are finished. The value of the land increases with the increase of population and public service.

The value of land follows people wherever they settle and labor. It is an annual value, that comes with the seasons like other crops. It is the fruit of the people's co-operative activity, and is nature's provision for the maintenance of

their common Government and public service—the life of their civilization.

Public expenditures never increase the value of improvements, or of any kind of man made wealth; but, wisely administered, they increase and maintain the value of land.

Taxes on improvements or capital are punishments by annual fines for useful and intelligent labor and expenditure, and the money becomes premium on speculation that harms the producers.

Taxes on labor and capital give the payer nothing in return. Taxes on the value of land is payment for value received. It is paying for what you get, and getting what you pay for.

The rent, the annual value of land, improvements exempt, provides the means for discharging all the public expenditures without violating any man's right to the full product of his own labor. It always and everywhere adjusts itself to the public needs. Where population is sparse and public expense small, there the land value is small, too, but always sufficient. In the traffic centers of cities, where the maintenance of streets and various other public services become enormously costly, so does the land that is served. The most valuable land in the country is to be found where nothing grows but money and tall buildings.

Next to cities in land values come mines and minerals (oil included) and water power sites. The total value of all the farming land in the country has, by the best authority who

studied the subject, been estimated to be somewhere between 5 and 10 per cent of the whole. The farmer has the land, most of it; the value is mostly elsewhere.

It has been observed that land values in the large cities is about twice as high per head of population as in the sparsely populated rural districts. This becomes understandable when one considers the costly capital improvements and perfected public service in the cities, which makes the massed co-operating labor there more efficient. Labor is mobile and wages level up to about the same everywhere when cost of living is taken into account. Hence, where labor and capital are most efficient the gain goes principally into the value of the land. It becomes rent.

When land is bought and sold the price is the capitalized rent it will bring the owner, plus the value of such improvements as may be part of the property. And when owners of the most valuable land are allowed to capitalize the rent for their own private use, it is clearly at the expense of the smaller holders and all others who must work for their living, and produce the wealth by which Government and the public service are maintained.

WEALTH.

Wealth, as alone the term can be used in political economy, consists of natural products that have been secured, moved, combined, separated, or in other ways modified by human exertion, so as to fit them for the gratification

of human desires. It is, in other words, labor impressed upon matter in such a way as to store up, as the heat of the sun is stored up in coal, the power of human labor to minister to human desires. (Georgean definition.)

In short, nothing but material things that are produced by human labor is, in economic terminology, classed as wealth.

CAPITAL.

Capital consists of wealth that is used for the production or procurement of more wealth. Hence, while all capital is wealth, not all wealth is capital.

Capital is of two distinct kinds, having different quality and functions: Production capital, and Commercial capital.

1. Production capital is used to produce more wealth. Its value decreases by wear and tear. Its use does not involve change of ownership or possession. In a broad and general way it may be defined as implements of production.

2. Commercial capital consists of wealth that is in course of production between the primary producer and the ultimate customer. It increases in value by the addition of labor, and in cost by the addition of interest and taxes. Its use involves change of ownership or possession. In its relation to the producers it may be considered as material for the production or procurement of more wealth.

PRODUCTION.

Producers and production must be understood as including not only the makers and their fashioning of material wealth, but all the useful activities by which civilization is maintained and advanced.

Wealth is produced for use and consumption. Humanity lives from hand to mouth. Production and distribution must be continuous, or privation and starvation results. Nobody is maintaining life on the wealth that the past generation produced.

In modern life production divides into two mutually dependent main categories: Primary industries, and Secondary industries:

1. Primary industries bring forth wealth direct from the land. They are the first and fundamental ones, by which all other activities and human life are maintained, and to which the secondary industries, with all their paraphernalia and specialized occupations, are appurtenances and auxiliaries. Hence taxes on labor and capital come home to the Primaries for ultimate payment.

2. Secondary industries take materials brought forth by the Primaries, alter and transform them, assembling, directing and redistributing them among the different classes and groups of workers until, by their separate but co-operating efforts, the finished wealth is ready for the inspection and acceptance by the ultimate customer, who pays the accumulated cost of labor, interest and taxes.

In this manner a civilized Nation produces the means of its existence, the material wealth, satisfaction of its daily wants, and its spiritual and intellectual strength and comfort. It becomes a large scale co-operation, spontaneously evolving through individual actions and endeavors.

Thus, before our eyes, we see the secondary industries transforming the political unit into a co-operative estate, where each one, by producing wealth or service for all or anybody, is thereby securing his own wealth and prosperity.

To understand civilization's economic phenomena it therefore becomes necessary to consider a country as a Co-operative Estate, which in fact and reality it is, all academic hairsplitting notwithstanding.

Through their intricate connections and the inter-dependency of the variegated industries the whole country becomes one economic estate, where the production of wealth, and all the activities connected with it are carried on by free and voluntary co-operation.

The efficient performance of this diversified co-operation requires that the estate be equipped with certain capital improvements and public services, available either free, or on equal terms to all, as the case may be. This divides the co-operative functions into two classes: Private business, and Public business.

A. Private business consists of such enterprises and labors as are founded and conducted on individual initiative and responsibility, and with which the Government has nothing to do,—

except to see that they come within the limits of the allowable.

B. Public business, economic, consists in providing the common estate in the commonwealth with such capital equipment and services as are necessary for convenience and efficiency in the free individual co-operation by which wealth, comfort and intelligence are produced and distributed.

Roads, with and without rails, fit for travel and transport, must be built and maintained; wharves and warehouses; wires and cables over and under ground for electric transmission of intelligence, light and power; schools built and equipped. These are but a few of the most obvious examples of the duties that the keepers and stewards of the estate, whatever their titles may be, are expected to attend to. And with it comes public service to the same purpose. The up to date equipment of a modern commonwealth is not the simple affair it was one hundred and fifty years ago.

On a day before yesterday the merchant traveled with his wares, bought, sold and bartered. Transport was his own affair, to do as best he could, by land or water. Today the business chief, or sub chief, calls for what is wanted, by mail, telegraph or telephone, and forthwith the goods start off from the other end of the country, at breakneck speed, and become delivered at his door by a chartered servant. Another public servant delivers his wares to the customers' houses out of town.

When a private business takes on the nature of a public service it naturally and rightly be-

comes subject to Governmental regulation or control, because importance of public safety and welfare transcends private profit or advantage. Most of what today is public service to a system of free and voluntary co-operation, originated as private undertakings, often incidental, sometimes experimental. When the lonely pioneer settlement on a prairie between the hills of the forest sent one of its members to the nearest town with some furs, and letters and messages for friends and relatives, and with instructions to bring back their answers, some calico and tea, salt and nails and needles,—and news and gossip—then and there was the embryonic beginning of what has developed into the mail, the parcel post and the express services that today carry letters and newspapers, money and goods, to every hamlet and house in land, and to foreign countries. The development of public service and equipment must keep pace with the growing requirements of private needs and enterprises.

It must now be clear that if the commonwealth estate, as such, is to be self supporting, as any worth while business should be, and if each producer is to enjoy the fruits of his own labor and talents, as he should, then those private holdings that are so situated as to receive the benefits of the public improvements, the services and their administration, must be assessed their proportionate cost of it, as mere matter of equity, their owners paying for what they get, while getting what they are paying for, as otherwise the system becomes infested with parasitism, the bane of all civilizations.

It should be observed, that while some of the people are engaged in the making of public improvements, or the performance of other public service, those so occupied and all their works are supported and provided for by the labor of the other producers, out of the wealth that is being produced from day to day, and not by wealth that has been accumulated and saved by anybody from former days, nor by wealth to be produced in the future.

Ancient trading was barter. We moderns trade by the mere transfer of wealth or service from one to another. All this interlocking activity of exchange by transfer requires a ready all round means and system of accurate accounting that will serve for both private and public purpose, and this is found in the use of money.

MONEY.

Money is a public utility. It is the established measure of value, to be given or guaranteed as receipt and accounting check where wealth or service is commercially transferred from one party to another, entitling the holder to a corresponding share of wealth or service from the general co-operative supply, the market.

In trade and commerce everything becomes measured in terms of value, whatever other dimensions it may have. A standardized measure for values becomes necessary. The dollar is the American unit for this measure. The market value of a given quantity of gold is the legalized standard it must conform to. So qualified, it is the tool whereby the co-operating producers keep

account with each other directly. It is the accounting check that must always be given or guaranteed as receipt when wealth or service is commercially transferred from one person or group to another. It is the indispensable implement by the use of which the whole intricate co-operation of modern industry is carried on voluntarily with individual freedom, initiative and responsibility preserved; and in such manner that without governmental guidance, the production and distribution of wealth and service adjusts itself, automatically, to the wants and desires of the people. This makes money very much of an elemental factor in the industrial and economic system of our time and civilization.

In the olden days all trade was barter. Gold and silver were coined by governments, as they are yet, for convenience in handling, and to guarantee quantity and quality. These metals, having recognized value as movable wealth that would keep, could always be bartered for anything on the market. But the rapidly growing commerce of our industrial era made the supply of precious metals entirely inadequate for the purpose. Trade and traders suffered for the want of it. If no other means could be found for ready all around accounting in trade, then some form of socialism or slavery would apparently have been an unavoidable consequence. The unobtrusive invention and introduction of bank notes, as guaranteed and legalized money, saved the situation, and made possible the industrial, economic and social development with entire personal freedom. This also changed the nature of trading. It now merely consists in the

transfer of wealth or service, and money is given or guaranteed as receipt.

Money and capital are two different things. They never keep company, but always move in opposite directions. Where one comes in, the other goes out.

The ultimate destiny of money is rent. All wealth comes from land; on land we must live and do all our work, and every commercial payment contains two items: Labor and Rent. As rent, its service to the producers is finished. It can not go back into commerce without taking something from the producers for which nothing is given in return. Left in the rent-taker's hands it becomes a parasite on production.

From this it will be seen that in a co-operative system such as ours, the issuance of money and collection of the rent constitutes a public service that is necessary for the steady production of wealth and its orderly distribution among the producers. Only so can the producers retain for themselves all the wealth that their labor creates, and parasitism be excluded, even that most pernicious of all, the public debt.

In the natural order of things Government must constitute the producer's co-operative finance and fiscal office, as its primary public service. To this purpose the observance of the following five rules becomes necessary:

1. It is Government's function, on behalf of the people, to issue the money and collect it back when, as rent, it goes out of the service of production.

2. The money must be issued before it can be collected. Therefore

3. The Government must issue money for its expenses and collect it back by taxation of the annual value of the land.

4. Money must also be issued, through responsible commercial banking, if and when it becomes needful for the accommodation of industrial commerce, to be returned or canceled when it has served its temporary purpose.

5. On no condition or pretext should money be issued to cover or serve any other purpose or private undertaking than to facilitate the commercial movement of wealth that is in process of production and distribution between the primary producer and the ultimate customer.

When Government issues money in payment for service rendered, that money becomes, to those who receive it, a general order on the common supply, the market, where they may then obtain their earned share of the wealth that is being produced. In its course through commerce the money gradually turns into rent. That is its inevitable destiny. It has then served its purpose of giving to every producer the wealth he earned.

Money may also be safely issued to banks, or by banks, under regulations that do not admit its use for any other purpose than the regular accounting and transfer of commercial capital, such money to be always returned from circulation as soon as it has served its legitimate purpose. Supplying it when and where there is legitimate use for it, will prevent money panics

from stopping industry. The limitation will prevent oversupply that would impair its value.

This control of the supply gives the Government the right and the power to regulate the commercial rate of interest that the industries must yield for their money supply.

Government can not lend its credit for any other purpose than to facilitate the movement of the wealth that is in course of productive distribution without thereby favoring some people at the expense of the rest.

The question will be raised, can paper money, thus regulated, be kept at par with gold or any other standard that may become adapted? The answer is affirmative and positive. It is the natural system for organic co-operation. Should the value show any sign of weakening, that would be a clear indication that the tax rate was lagging behind and should be raised. So long as a reasonable part of the rent is taken by taxation, industry untaxed, and the money all around legal tender, it can not go below par because there will be only so much outstanding as commerce has routine use for. The interchangeability of gold and paper at the treasury will be an unflinching money meter, always showing how paper and gold keep their balance. Scarcity of paper with which to pay the taxes will cause gold to come in, and vice versa. The government will never under any circumstances have a valid excuse for borrowing.

Some wise acre will exclaim that the gold will leave the country if thrown on the market and not guarded by the banks. Well and good,

let it go. We can do very well without it, if we handle our money right. Put our labor to work, and we can pay with our produce for everything that we import, even for some gold if we want it; aye, for all the world's gold on the market, if we want that much.

As the standard for value, gold is not the best substance, but seems likely to be so retained for some time to come. And since its market price is the measure that money must conform to, it should not be cornered and hidden in bankers' vaults, but left in the open market to find its proper and natural level of value among other commodities. By being dug out of holes in hills and dale, and put into holes in New York and elsewhere, it serves no useful purpose whatever. It is worse than love's labor lost, for it gives to it a false value. With Government—that is the whole people—responsible for the money, bankers have no business to hoard any gold.

Hitherto when Governments, to serve industries, have issued money against their power to tax, they have been taxing labor and capital, and left rent in private pockets. Such procedure is impossible. The money goes off as rent, and industries get left without money to pay taxes and carry on with. Then more money must be issue to keep them going, more and more, until it becomes waste paper. Like smart-Aleks the high socialists in Germany and the capitalist statesmen in France tried that trick, with the same ridiculous result. Such senseless taxation and resulting usury reduces a nation of free

citizens to herds of landless helots—slaves without owners.

When the control of money, ownership of the land and of the capital that labor produces go into the hands of a non-producing class who give no service in return for what they get or take, that Government is at fault. Antiquated fiscal systems of bygone ages, applied to modern conditions, reproduce slavery in new forms, and liberty becomes a dream, justice a fantasy and laws a mockery for professionals to juggle with for their living.

In feudal times taxes were largely paid in kind, or by service, and money played but a minor role. Land was not then a market article. Men fought for it, or served their sovereign for it, but it was not traded in for money. Parliamentary rule, sans principle, displaced feudalism and became experiment of hit and miss. Privately controlled money, capitalization of the land and helter skelter taxation combined to bring about the economic anarchy in which we find the world today.

INTEREST.

Interest is the rent that the industrial co-operation must yield to Finance for the use of money, as distinct from the rent of land. The capital must yield this interest before the capitalist as such, gets any profit for his labor.

Modern mode of production is in its nature mainly co-operative. It involves innumerable transfers of wealth, labor and service from one producer to another. At every transfer money

must be given or guaranteed, as receipt. That is the true and only legitimate function of money.

The interest is not paid by the borrower, nor is it sacrificed by the owner of the capital; like other taxes on capital, it is a part in the cost of production, and goes into the price to be paid by the ultimate customer—the public.

All production capital must yield the interest on its money value, as first charge, to justify its existence. Throughout its course of production the commercial capital becomes charged with interest, compounded at every transfer, all the time and all the way from the primary producer to the ultimate customer.

When analyzing the phenomena of interest as part in our economic system, it becomes necessary to keep in mind the difference between money and capital,—a distinction which the counting house economists of our day and its fashion are prone to overlook or ignore.

Money and capital never keep company. They always move in opposite directions. Where one comes in, the other goes out.

Capital owes its origin and value to the labor of the producers; but money to their Government.

Capital in labor's hands produces wealth. Money produces nothing; it serves the producers for accounting, thereby making their co-operation free and automatic.

Capital is bought and sold; our money is rented, commercially called "borrowing", and the rent is called "interest".

Whatever is owned or controlled by a few,

and is necessary to the useful activity of the many, commands rent for its use.

Commerce, our indispensable servant in the general co-operation, must have money as a tool to work with. It can not function without it. The natural order of things would, of course, be that the producer's central agency, the Government, should supply and control this utility for them. But this state of orderliness we have not as yet attained. We allow, and demand, that the Governments collect taxes on labor, industry and enterprise, apparently as punishments. Complying with this demand the Government can not issue the money. All money goes out of industry and commerce as rent and privilege charges, and could not be recovered by such taxation. As an inglorious demonstration of this, we know with what ridiculous result the high statesmen of continental Europe inflicted this old experiment on their harassed people only a few years ago. So long as such ornery taxation prevails, the issuance of the money must of necessity be delegated to private institutions, organized for that purpose.

To keep commerce supplied with the necessary money, is a public service involving such responsibilities that it can be entrusted to private parties only when substantial assets are tied up, as guaranty that all resulting obligations will be fulfilled. To compensate itself for this, and for the service it renders, the issuing bank must charge interest on the money it supplies. Then the capital, for the handling of which the money is issued, must yield the interest. It is a part in the cost of production and goes into the

price of the product or service. Thus is "interest" established as integral part of our present economic system.

Money is potential ownership of anything on the market. Being a public utility, privately provided, the money itself is not, strictly speaking, owned by those who hold possession or record of it. It is all borrowed money and must in due time go back to whence it came. Being all borrowed, it follows that in the meantime the interest must be paid with the money that was borrowed, producing a deficiency in the principal supply. To pay the interest and keep up the supply to carry on with, new loans must be contracted, private and public, and more interest pledged, until some day the game breaks—and the Financiers clear the table. Or the clearing may be consummated gradually, without general catastrophe. The result is the same. With rent and taxes added to their burden the producers get their hands full, not of wealth, but of trouble. Labor becomes separated from the wealth it produces, the capitalist from his capital, and interest carries the ownership to Finance.

With the present monetary and taxing system the high financiers have it in their power to increase the supply of money beyond the legitimate needs of commerce, thus raising the price level, and contract it when worst needed, then make harvest of the havoc.

The tendency of progressive industry is to the increase of capital. This means increasing total of interest that the general consuming public is paying, as tribute to mere ownership. This

total can not be ascertained and computed with anything like exactness; but from what is known it appears that interest now about equals, and probably exceeds the total rent of land. The estimated capitalization of the land in the United States is 150 billion dollars, which at 5 per cent makes $7\frac{1}{2}$ billion rent. Assuming a like amount of interest, we have a total of 15 billion dollars annual tribute to mere ownership, for which no service is given the producers in return. But this is far from being the whole, for through the corporation system of stock companies, which are adjunct to finance, vast amounts of profits largely illegitimate, are carried along with interest as reward for passive ownership, instead of going to the producers who make and use the capital, and whose labor produces the resulting profit.

The effect goes further. Land values increase with the increase in population and public improvements, which of itself increases the wealth of the land owning class, as a class, proportionately. But interest increases in two ways. It increases proportional with the increase of capital. To the owning class it increases progressively, by compounding. Since the production and the distribution of wealth do not keep pace with compounding interest, the result is that the larger units swallow the smaller ones, and the wealth and the power concentrates in the hands of a few. This agrees with facts, as we all know them.

With taxes levied on labor and industry, the Government can not issue the money and maintain their value. There is, however, a cer-

tain class of public enterprises that the Government could safely undertake and issue the money for. It is those that are calculated to pay back their cost by their services. The money the Government issued for such purpose would come back in payments for the services, just as borrowed money will, and the property would belong to the people, without the additional and useless payment of interest.

Land monopoly issued money, conscious that, as rent and interest, they would come back, and bring wealth from the toilers. Thus was Finance born and reared. From being a servant in the co-operation, it has become the dominant economic power, even controlling the land monopoly. Like the Scorpion's young, it is devouring its mother.

FINAL DISTRIBUTION OF THE WEALTH.

Civilization consists of co-operation in the production of wealth and service, through diversity of labor, and distribution of the products by trading.

This does not necessarily mean that the wealth becomes distributed according to the value of the contributed labor, nor even that it will be all distributed among the producers, although, in the natural order of things, theirs is, or would be the only legitimate claim to ownership.

It is said that nature gives wealth to labor only. I am not so sure. Parasites thrive quite well and take the major part, Labor willing.

The way this is accomplished is by levying taxes for the Government expenses on labor and industry, direct, but mostly indirect and unseen, and leave rent, the value that the co-operation gives to land, in the private pockets. This non-collection of the money after they have run their course in production makes it necessary to farm out the money service, the first of public utilities, to private parties. Finance then becomes the master of capital, toll taker in the co-operation, and takes control of the land monopoly. Between them the land and money monopolies take all the traffic will bear, as tribute to mere ownership which renders no service in return.

The academic economists recognize three factors, land, labor and capital, in the production and distribution of wealth. This is as far as their analysis goes, and for having got that much clear in their thinking tank they have Henry George to thank. Historically the theory is approximately true to fact as far as up to the last century. Production was for the most part individual, carried on in the homes for home consumption. Sporadic trading was carried on by bartering gold, silver and copper pieces, coined by the Government for convenience and guaranty of quantity and quality.

Came then the discovery of steam and electricity, the development of science and inventions, and their application to the productive processes. This revolutionized and evolutionized industry and the whole economic structure, by automatically—and apparently all but unnoticed—turning progressive nations and commonwealths into economically co-operative institu-

tions. This transformation brought forth Finance, as a fourth and dominating factor in the production and distribution of wealth, because money is an indispensable utility for nation-wide co-operation with individual freedom and initiative. And personal freedom had by this time been achieved for the producing classes, at least politically.

Money is the symbol, the evidence of partner ownership in the co-operative market. It represents commercial capital. Our economic system requires that money, one form or another, be used for all commercial payments, large and small. This has consequences.

Land monopoly is the parent of the money monopoly. It absorbs the money from commerce and concentrates it in the hands of a few. So long as land remains a capitalized monopoly, it creates monopoly of finance under all conditions.

The money monopoly has a double advantage over land monopoly; land is fixed in place and quantity; it neither moves nor increases in quantity. Money is mobile; it is not confined to location. When the value of land increases by the increase of people and capital the money monopoly shares the benefit, and the rent goes into its service. By controlling capital Finance controls the use of land. By compounding interest it grows and concentrates ownership progressively, at the producer's expense, and takes over the monopoly of land as its own. The concentration manifests itself by increasing control and ownership of the capital that labor produces.

Paragraph consisting of last two lines on page 42 should read:

In theory, as commonly taught, the use of capital is not supposed to increase wages. But through the co-operation this is just what it does—or should do. It increases and cheapens production, and the supply and variety of wealth that would go to the producers, if the money were not being drained out of their co-operation as rent and interest, until the want of it retards distribution and industry must slow down, or suspend functioning.

NOTE: Fault noticed too late for printers mending. Defective typing of MS lands all the blame on the

AUTHOR.

All the public service monopolies are offshoots, subsidiaries and feeders to the money monopoly. They are parts of it. But the elimination of their privileges would not benefit the producers. Land would be worth that much more, and the higher the price of land, the worse for them. On the other hand, if the power of the land monopoly alone becomes disposed of by taxing its value, that will not adversely affect the money monopoly or any of its subsidiaries, but quite the contrary. Land monopoly is restrictive on production. With that restriction removed, with all the best and valuable land forced open to the producers, and production relieved of taxation, the resulting increase of production with improvement in distribution, and consequent use of money and capital will increase both the rate and volume of interest.

Labor must yield rent for the value of the land it uses. It must also yield interest on the value of the capital it uses. The balance goes to the producers, as wages to labor and profit to capital. A person may have his income from one, two or all four of these factors; that alters not the case. As parts in the economic machinery they must be classified according to what they are and what they do; i. e., their nature and function. Whether a capitalist owns his capital or owes it to a money lender makes only a difference in correct bookkeeping. In either case, interest on its value must be written off to ownership before there is a profit to him from its use.

~~The use of capital increases the product of labor's exertions, but does not increase wages.~~

The interest that capital must yield to ownership is determined by the market rate for money. To the capitalist producer it must yield a margin above the interest on its value, or else it is worthless to him, and this margin is called profit. It is true that the word "profit" is also a gambler's term, but with them we are not concerned.

While ownership, as such, has no part in production, except to hinder and restrain by withholding land and money, it does take part in the final distribution of the wealth that is being produced. Labor works for wages, the capitalist for profit; ownership does neither, but takes the lion's share.

To sum it up:

Land monopoly controls production at the primary stage, by its restrictive power of levying tribute on the use of land.

The money monopoly controls production in the secondary, the co-operative stage, through its restrictive power of levying tribute on capital.

Rent is that part of the product, or value, which goes to land ownership.

Interest is that part which goes to the ownership of money, or the capital that money represents, through the monopolistic control of the supply of money.

The balance goes to the producers. This may be classified as of two parts:

The return for mere labor, by brain or brawn. This is called wages.

The additional return resulting from the use

of capital, after deduction of rent, interest and wages. This is commonly known as Profit.

These four, land, labor, capital and money, are the mean factors by which our modern economic system produces and distributes the wealth and living of its members. But in the final distribution there enters still a fifth factor, the most potential of them all for good or evil. This is the Government's power of taxation. While a large proportion of the taxes are collected for money lenders as interest and payments on money debts, a considerable amount remains, not all of whose spending is chargeable to useful labor. But labor produces it.

An unearned income, whether from land or money, is an unearned pension, for which no service is given in return. Does it not seem queer that the producers, mostly poor, should provide ever increasing pensions for some of their fellows, and some who are not of their membership, for no other reason than that these already have more wealth and money than they can use, or know what to do with, and are well enough off? Could you expect to find a more ludicrous game than that in a lunatic asylum? But sanely, it is serious enough.

In the economy of modern society, money, as the primary public utility, has a great and powerful function. It is the accounting part of the society's fiscal system, by the intelligent use of which the ruling power can transform a State into anything desired. It is the established measure and symbol of values, and the automatic recorder and accounting check in the affairs on the market, where everything becomes measured

by money. The possession of money is potential ownership of anything of its designated value on the market. Land, the source of our living and all of our wealth, having become a marketable article, it also comes under the reckoning of the same measure, regardless of extent, condition or kind. This brings in the land as part of the asset of the expanding money monopoly, and we see a Nation which started as a combination of landed aristocracy and political democracy, quietly transformed into a perfect economic plutocracy with all the proper trappings.

Chapter VI.

NATIONAL FINANCE

CO-OPERATION'S FISCAL SYSTEM.

Money is the primary public utility, necessary for carrying on nationally co-operative production with personal freedom. Whosoever controls this utility, has power to supply the other utilities, if legally permitted, and tax the people for their use, and for the use of their private capital as well. This control constitutes "Finance", the ruling taxing power of our time, whose princes are, ipso facto, the supreme governing chieftains in peace and war. Slave captains of industry are their servants and Governments their dependencies. That is our present social system. It is an economic misfit. Correction will become necessary.

Privilege's fiscal system must be abandoned, if the producers are to come into their own. It is socialistic, in that it takes from the industrious and gives to the loafers. And it does it with a vengeance that organized socialism could never equal.

Taxes on labor's products must be abolished. They are fines on industry and usefulness, infringements on the producers' right to their own, individually and collectively, and in every way are labor's loss and gamblers' gain.

The National Exchequer must be made the co-operating producers' fiscal center, to serve their labor and nothing else. It must issue

money for all the public expenses, the money to be collected back when and where they go out of production's service, as rent.

The surplus product above individual earnings, what we call rent, is the producers' collective earnings. It will maintain their collective functions, the public service. That is plainly the natural order of things, and common sense. The money that the Government issues for service rendered secures to the recipients their earned shares of the surplus wealth that is being produced, allowing them freedom of choice to suit their wants and desires.

All money becomes rent. That is the final destiny. Every commercial payment includes labor and rent. As rent, its service to production is completed. It must then go back to the exchequer as taxation on the value of land privilege. As long as the money serves the producers it circulates among them, and then, as rent, it goes home, having served all its legitimate purpose, performed all its errands. Everywhere it accounts labor and rent, giving to each one his due and rightful share of the wealth that is being produced, and does it without waste, red tape, or interference with freedom. But the system does not provide anybody anything for nothing. Those who want to get rich by doing nothing, want valuable land to do it on, and the Government will be collecting that value every year.

Money is the producers' tool, for making their labor co-operatively efficient. In any other hands than theirs it becomes a parasite on production.

The amount of money Government issues as payment of public expenses during a twelve month can normally be counted on to become rent before the end of the succeeding fiscal year. In an ordered system, States and subdivisions will be looking to the central exchequer for their supply, and cease being tributary subjects to the money oligarchy.

Banks will mobilize the peoples' spare money for industrial service, as usual. Should seasonable demands make this insufficient then the Government may supply the needs, but only to banks who work under such regulations that the money can be used for no other purpose than to keep the commercial capital in its regular motion from the primary producer to the ultimate customer. Money can not be supplied for any other purpose without taking wealth from earners and giving to non-earners.

With private lending and borrowing of money the government has nothing to do. Whether the borrower agrees to pay interest to the lender, or the lender pays the borrower for taking care of his money for him, that is all their own affairs. It involves no principle other than that of the right and freedom of individual contract, wise or foolish. But commercial interest is a tax on production, that the public pays in the price of goods, or service. That becomes fiscal business, and can be regulated to a fair compensation for the handling of the money. Surplus there should go to the Government.

Government—that means the power of the whole people. Its money will and should be the legal tender in all commercial transactions. It

must be made the treasurer's concern to so regulate the supply that its value remains in balance with the prescribed standard, whether that be gold or anything else.

The rental value of land, exclusive of improvements, is produced by the public, and belongs to its Government. It is an annual value that comes with the seasons, like other crops, whether harvested or not. When harvested by the Government, then the speculator, who is holding up the price against the producer, must get out as best he can. So will the landlord who holds as safe investment for his money where he can draw unearned interest in the form of rent. With these parasites out of the market, land will become cheap, and more useful. Young folks can then get what they need of it at nominal prices, without pledging the service of their lifetime to money lenders, and can use their savings, their earnings and labor for homes, improvements, and culture without being fined for this by the tax collector. There will be plenty of land available, and labor and living for everybody who is worth his salt to his fellow men.

OUR PREDATORY FISCAL SYSTEM AND ITS CONSEQUENCES.

If the money is not regularly collected into the Government's treasury when and wherever it has served out its useful turn for the producers, but is allowed to remain in the rent taker's hands as if it were their legitimate earnings, then several things are bound to happen

that were never on the producer's program, nor for their benefit.

Such arrangement produces two direct results, with many consequences. One is that, since the public treasury is not getting its natural and legitimate revenue, taxes must now be levied on the producers to maintain the Governments. Another is that the producers' money goes out of their hands as rent, without being replaced. This latter is, by far, the most serious. It cripples their power to produce and exchange. Of the wealth they do produce, the non-producers are taking off an ever increasing amount, until production is all at their mercy, and the whole system of distribution becomes awry.

For the Government to maintain the balance between money and wealth in the market, by issuing new supplies to the producers' needs, and collect it back in taxes on industry, is impossible. The money escapes as rent, and a budget can not be so balanced. That experiment has lately been tried out by the wise men of Europe, with gloriously disastrous results.

With the accounting checks dropping off as rent without being returned for renewed service, there is, then, only one method left whereby the producers can maintain the volume of their money proportional to the value of the wealth in the market, and so keep their industry and commerce alive. This is by borrowing, either individually or collectively, through their Government, or the semi-governments called corporations. In either or any case, interest must now be paid by the producers, as rent for the use of the lender's money. This introduces a wonder-

ful, powerful and parasitic element, the Credit System, also called Finance.

As the producers' money disappears, first as rent, then also as interest, the whole economic system is seen transformed into an entirely different organism, than the one we have heretofore examined. The result is, there is no genuine money in the civilized world at the present time. It is all Credit Money, gold not excepted, drawing interest from the producers.

The lending takes many different forms. It may be lending the money outright, at so much interest. It may be putting the money into industrial enterprises as corporation stock, without active participation and taking the interest as profits or dividends. Or it may be Government bonds, taking the interest out of the taxes. But in whatever form or name, it all amounts to the same thing, getting wealth without service, by controlling the money and taking toll for the use of it; and this toll is rent or interest, though it goes by many different commercial names and forms.

By rent and interest, the money and the wealth now accumulates in the hands of non-producers. By rent and interest, in various ways, the producers must now contribute an ever increasing part of the wealth they create, to the owners of land and money, and payment for the use of the capital that their own labor produces. And they must also pay taxes to support the Government and all its obligations, which are largely debts, and interest on money borrowed to pay for things their own labor has produced. Only what is finally left over be-

comes reward for labor, care and skill, and, if luck is good, a surplus as insurance for business risk. As a workaday case, it may also be stated the other way: Rent, taxes, and cumulative interest on the expenses of production goes into the bill of cost all along the line from the primary producer, for the ultimate customer to pay.

When land brings reward for mere ownership, regardless of labor or service, its acquisition becomes desirable, as a means of getting wealth without toil. Competition then capitalizes it into a price proportional to the rent the privilege is worth; and by being withheld from use while population and demand increase, the price of land is forced up until the producer can not pay the interest and make a living.

By compound interest, the money increases at accelerating ratio in the hands of owners, and supercedes land monopoly as the dominating factor in the economy of production and distribution of wealth. Rent of land becomes interest on the purchase money. Producers can obtain secure possession of land only by paying the speculator's price, in addition to the value of improvements if it carries any. Without the price the producer is landless and helpless. As land prices, debts and interest increase, so does the producer's earnings decrease, until the young man, who has yet to earn his way in the world, becomes bereft of all prospect of ever becoming the owner of a farm, a home, or a share in the ownership and control of the industries that are carried on in the cities, the mines or the transportation systems. Whatever his education or

ability, his status will, with few exceptions, remain that of a wage or salary slave, wholly dependent on others' favors for the chance to make a bare living.

If the land owners were supporting the Government, which is their true and natural function, they would be just the class of people who might be safely depended upon to keep tab and see to it that service were rendered for the money. Their position and responsibility, and diffused prosperity, would conduce to intelligence and order. But when land value is left uncollected and land owning becomes speculation, the producers must find the money a second time for the support of the Government. Since nobody now owes the Government anything, it results that taxes will and must be levied in every which way that schemers and politicians can think of and devise, and the cost becomes out of all proportion to the service. Being everybody's business is nobody's business, and the people lose control of their Government. Corruption and demoralization is but the natural result of it all. The amazing part is that those land owners who are also producers, developing their land to capacity, should tolerate this state of affairs without serious protest. For it is plain that they are paying the taxes for the speculators and non-producing owners, who profit thereby. Indirectly, but surely, they are working to put their money into the non-worker's pockets.

This system concentrates ownership and control of capital in the hands of people who had nothing whatever to do with its production. As a consequence, those who produce the wealth

get little, if anything, more out of it than they must spend on their living. As a result, when a productive enterprise of any magnitude is to be started, little money is to be found among those who are to do the productive work. It must be financed, principally if not wholly, by outsiders who neither can nor will take any part in the production, but expect to divide between themselves as much as possible of the proceeds. As share holders, bond holders and capitalists generally, they are in matter of fact nothing but money lenders to the producers who, by their labor, pay them dividends, interest and taxes out of the wealth they produce—and have not a voice in the council of the business, or an interest in its welfare. Finance is the ruling power; labor, skill and productive intelligence are but tributary subjects, tolerated because useful, and more or less abused and despised.

But this is not all. Because the people's official steward, the Government, reduced to vigilance for its economy and demoralized, is not trusted, it comes about that when a public utility service is needed for the producers, it is left for Finance to supply it for profit. Finance supplies the money and directs the expenditures, the people build the railroad, power station or whatever it be, and then pay such profit to the owners as the traffic will bear for the benefit they get out of it. And when a public work is of such nature that it must be undertaken by the Government itself, the money must be borrowed. Then when the thing is built, whatever it may be, the people are in debt, and taxing themselves to pay interest and the cost to the

money lenders, for the thing their own labor has produced. Why? Because the producers had no other way of finding the chips whereby to keep account between themselves. I must leave it for a better linguist to find a proper appellative for this proceeding, but will remark that, to a man up a tree, it looks provokingly interesting.

The ownership of money is potential ownership of anything on the market, capital and privileges alike. Credit money is capitalized money, the product of capitalized privilege. Since everything is exchangeable for money it follows that, to be commercially desirable, capital must yield money's interest for mere ownership. This makes it desirable to own what others must use, and to have a non-owning class of people that can be so used. Every industrial plant, every investment for productive purpose, for earning, must all the time yield interest to owners and creditors on its money value, and taxes besides, before anything is left for the producers. On the value of all the capital and the privileges in the country the producers, considered as a class, are paying continuous interest and the taxes.

Should a merchant desire a larger and better supply of goods for the convenience and satisfaction of his customers he must consider the interest and the taxes; will these allow him a profit? The farmer or the manufacturer may plan new buildings and improvements, but, will the result give a margin over the interest on the money and the taxes, or will these make him a loser? The rule applies to every line of business and acts as a brake on production and commerce. **If a man builds himself a nice and comfortable**

residence, with equipment in becoming style, he sacrifices the interest on the money it costs; that becomes properly chargeable to his household expenses—and the tax assessor puts an annual fine on him, for good measure.

Interest is rent for the use of money. Money represents wealth that is in course of production and exchange. Producers, as such, are paying interest on the value of the wealth and service they are engaged in producing and exchanging with each other.—The Credit Money System means private taxation, heavier and more sure of collection than any that a Government could impose.

In commercial practice rent and interest take many different forms and names. Rent and royalties, discounts, dividends, interest on corporate and Government bonds, are payments by which the producers are keeping the Financial Institutions supplied with funds in ever growing volume. The money savers, small investors and capitalists, are to the financiers what the rivulets, creeks and rivers are to the great lakes, the channels through which the toll of industry runs to the big reservoirs.

Corporate and Government bonds have also special functions of their own. In the settlement of large affairs they are generally acceptable as money. As such, they have the merit of drawing interest for their possessor even when locked up in his safety vault, which our common currency does not do. Bonds and banks are largely owned by the same parties. Bonds can be exchanged in the bank for money, when the financiers want to supply the market with cash to do business,

setting industry and commerce a-going and yield them additional interest until the next financial harvest time. Or more bonds, when issued, may be bought for the money so obtained, thus increasing the public debts, from which they draw such a large part of their income by way of public taxation. And for these bonds more money may again be issued or borrowed, to be loaned or invested.

Great oaks from small acorns grow. By the simple expedient of having the Government leave the money in the rent takers hands when it has run through its course of service to the producers, and levy the taxes on industry and commerce, by this simple means is the money, and with it the wealth of the nation—and of the world—made to flow, in ever increasing volume, into the control and ownership of a favored class, that does not assist in producing it.

It has often been asserted that the social problems have not kept pace with the progress of the other sciences. This is not entirely true. One branch, at least, has mastered its part perfectly. Finance creates wealth out of nothing. It is not told in the Bible that God did any better than that when He created the world.

Instead of the Government, the great banks are the fiduciary institutions of the nation, and control the people's economic life for their owners' profit. Through them, mainly, the money is turned into circulation, or withheld, as it suits their purpose. Investments are made, bonds are bought and credit money, guaranteed by the Government's power to tax the producers, is loaned on good security, at so much a year

per hundred, to producers, gamblers and Governments. Supplied with money for their accounting, the producers go about their tasks of making a living by earning it, incidentally paying rent and interest. Business thrives and small investors apply their savings to production. Some failures from day to day; that is normal. Producers feel justified in taking larger credits on the strength of their production. But as the money quietly wanders back whence it came, through the channels of rent and interest, the general supply becomes gradually reduced. It affects the balance in the market. Less money than goods, less and less. This is overproduction. While the producers are undersupplied and feverishly striving for more, their market is overstocked, not with money, but with goods. Finally comes a day when their remaining supply of cash can no longer meet the financier's demand. Production stops, more and less completely. Now is panic. The weaker and overburdened concerns go to the wall,—not always because they are short of wealth, but short of money—are put in bankruptcy, cleaned out and wiped off the slate. Others are reorganized, or absorbed, granted credits, bonds issued, and so forth. The rich are now richer, the poor poorer and more of them. But the market is now getting "healthy", "strong", business "safe and sane" in the news prints. Slowly at first, feeling their way in the dark, the producers are resuming their operations, grinding out rent and interest again until next harvest time.

It is a complicated machinery, but how superbly it works. Strikes or lockouts, an honest

day's wages, fair wages, living wages, saving wages, participation in management, protection or non, or co-operation, kingdoms or republics, gold standard or no standard, nothing matters in the least. Could any system be more beautifully perfect in design? Quietly, gradually, with remorseless certainty it reduces the producers to the status of a tamed servant class, wholly dependent on the Princes of Credit whom their labor, their skill and abilities maintains and supports. Incidentally, the system also preserves the glorious institution of War. The national groups, who compete for the mastery of the world and its wealth, must be prepared to now and then call their people to fight out their quarrels, as well as to bring the supporting populations into a proper state of submission and docility, incidentally making some extra money. But in the settlement of such disputes the sacred right of Property must not be violated, so far as the High Contracting Parties are concerned.

But there is also a profounder and more compelling reason why war is a necessary and indispensable part of the Credit System of economics. That reason is over-population. It is not that the earth can not support its present population, for it could be made to support a many times larger, in comfort and abundance, if the producers were free to use it according to their ability and enjoy the fruits of their labor themselves. But it is plain that with our present system neither the land nor the wealth they produce from it can be so divided. With the money going into the hands of a narrowing non-producing class, the ownership of all the worth while

natural resources of the land also becomes theirs, as matter of course. And the products belong to the owners. The producers are on the earth for the owners' use. They must be supported while they are used, but further than that the owners have no interest in them. With modern means and methods of production, the half of us would be more than enough to keep them and their satellites supplied with all the comforts and conveniences they might want for the enjoyment of their lives. The rest of us, living precariously, are merely an encumbrance on their earth. We even become a source of danger to the owning class, and need to be reduced or exterminated some way or other. The ancients killed off their slaves like other cattle, without compunction or formalities, when these became too numerous or disagreeable, and that was practical; but modern religion, sentiment and consequent law making does not allow for such operations, except by concerted national action in the form of war. The killing is not, by far, as effective in proportion to the energy expended, as it ought to be, but the wars take largely of the strongest, the boldest and the most intelligent and patriotic, those most likely to become effective trouble makers, and the rest of us can then be dealt with by less drastic means. The incongruity of it all is that the scientific and the sentimental busybodies are allowed to concern themselves so much with the afflicted ones, who might be left to perish and be out of the way. But then, congruity is not a quality of the modern society.

As a standing fiscal policy the Credit System is deservedly popular, for it is the finest shell

game that was ever invented, and its operation is too well covered by law and custom to be offensive. With infallible certainty, Finance accumulates the producer's money, and nothing can beat it. No law can circumvent it so long as the rental value of land is treated as private property. So long as that endures is Finance a necessity that can not be dispensed with, even if it breaks our civilization.

Whoever owns the land, governs the people who must live and work on it; this was the basis of aristocracy. By capitalizing and commercializing the value of land, the industrial system has shifted the power to those who can control the use of money. In private hands this is a tremendous power. It knows no responsibility, and can act only for its own gain. It can increase and decrease the supply of money for the producers at its pleasure, and profit by the changes. By inevitable logic, its existence makes usury a legitimate and integral part of the economic system. The privilege of rent, in all its forms, is the source and the means by which the power of money is securely held and maintained. Without removing this privilege, the power of money can not be dislodged. With that privilege as its foundation, it is, and remains, the supreme government, to which the people's government becomes an adjunct, charged with the duty of maintaining order and attending to such public service as offers no profit.

To further, and perhaps more clearly, demonstrate the effect of land monopoly on money, let us suppose that all debts, public and private alike, were cancelled, and all adults supplied

with an equal sum of money, just the right amount in aggregate for the carrying on of business. For the benefit of Mr. Socialist we might even assume that they all held an equal interest in all capital produced by labor; that, as we shall see, would make no difference in the final result, land monopoly being maintained as it is. As far as it concerns money—and capital—they would now be all equally equipped to make success and a living. They could now go to work, produce wealth and service, and trade it with each other as before. But those who held valuable land would receive something besides the equitable earnings of their labor, and that something is 'rent'. Its aggregate amount exceeds that of the present expenditures of all the various Governments, National, State and Municipalities, etc. The rent-taker gives no wealth or service in return for that. As rent, it is surplus money, for it is now out of the service of production. Part of it will, of course, come back into commerce by trading, giving to the rent-taker wealth or service he did not earn. For the sake of simplicity in the illustration we will pass that by, and assume that they all live on their earned income only, and reserve the rent money for other purposes.

The producers' supply of money becomes reduced by the amount of rent that the land owners gain. To get this money back into trade and commerce, where its use is necessary, it must now be borrowed. The rent-taker is willing to lend it—at interest. Here we see that commercial interest, as such, is secondary rent, and is but the natural and inevitable result of Gov-

ernment's neglect to take up the money when its purpose has been served.

To keep the money in their service the producers, considered as a class, must at the end of the year be in debt to the rent takers to the amount of the year's rent, plus interest. At the end of another twelvemonth their supply of free money is again shortened by that year's rent. To retain the original amount of money in circulation it now becomes necessary to borrow this year's rent, too, and the interest money, pledging interest on this loan also, and property or taxes as security.

Rent never stops, and to keep the money in the service of trade and commerce this process of borrowing must continue infinitely, until not even the farmer can carry on his business with his own capital, but will be paying interest on borrowed money. Thus we see that in our imaginary community, where all started equally supplied, the private absorption of rent perverts the money to usury, and develops a financial class, whose wealth and power grows of what it feeds upon, and this at an always progressive ratio. To this growth there can be no logical stopping place short of the ownership of the whole country and all that is therein.

In the vicissitudes of business, which such a system necessarily entails, the smaller and weaker members and groups of the financial element will, from time to time, be crowded out and their holdings absorbed by the larger and stronger ones, until practically the whole machinery of finance becomes centered and controlled by a small group, forming a distinct

class, as useful to the producers as rats in the pantry.

This system can not endure. The very vigor and certainty of its growth and centralization with its relentless absorption of both the money and the wealth of the land assures a time when it can no longer function. This is a situation in which some of the European countries already find themselves, and others are rapidly drifting into it. The fruits of their people's labor is contracted away to high Finance for generations to come, by rulers and law makers. The claims are automatically growing. The money, absorbed by Finance, goes back to Finance as fast as borrowed. Without it commerce can not function, and the organic co-operation between the producers ceases. A false economic system based, not on Law, but on legal superstition and the ignorance of Law, has completed its course and can function no further. Brave and industrious peoples, leaders of the race, bereft of their equity in the lands they call theirs, perish like masterless slaves and with them the budding civilization their genius created.

To intelligent observers it is rather comical to behold their statesmen frantically calling for more loans to throw into plutocracy's bottomless rent pit, instead of collecting the money at its outflow, and so start the people on a practical system that would serve trade and commerce only, and insure peace, freedom and prosperity. Like the clown in the circus, they are trying to do the most maladroit things possible.

In these United States the concentration of wealth and privilege and the rapid increase in

debt, public and private, all betoken a coming crisis. When the financial absorption has reached its limit, when no more of desirable assets bring the money back into circulation and the ever mounting claims of interest can no longer be met by the people's labor and remaining resources, then trouble is due. When an energetic people find themselves helpless and furious—what will happen then?

White people, with American tradition, will not for long submit to serfdom in any form, when once they realize that it is upon them. A struggle for mastery becomes inevitable. Will the civil institutions stand the test? It is so easy to loosen the dogs of war, but to chain them again is a different matter. People in power never hesitate to loosen them when the holiest of all things, their own privileges and possessions, are in jeopardy. Domestic wars, when once started, are not compromised when principles are at stake, and herein lies the danger.

Will the people be able to see and apply the simple and only effective remedy, which natural order and logic demands, in time to avert a catastrophe? Or will it be left for the contending forces to fight it out in an internecine war, that will bring the white man's proudest civilization to an end in one grand climax, leaving it for some other race or races to build a new one amid the ruins? Those amongst us who are now young, will see—if they live through.

Chapter VII.

RELATED MISCELLANEA

PATENTS.

The patent law has enemies who hate progress when it interferes with their private profit, and among intellectuals with borrowed opinions.

It is a maxim of modern democracy that every man should have the chance to develop the best there is in him, to do the best he can and reap the reward for his labor. That is the vital principle of civilization, governing its growth and decay.

The American patent law is a Government guaranty that the inventor of a new and useful improvement in the industrial arts shall have 17 years time in which to collect the reward for his labor according to what it will be found worth in the market. And the market is the only competent authority possible for appraising the value. No body of men can ever be found who will be wise enough to do that with any degree of fairness.

Take a look around you. Would you rather be without the telephone, the typewriting machine, the modern printing presses, the type-setting machine and some other contrivances that make your work convenient and efficient? Do you consider the sewing machine, the mowing machine, the harvester and the thresher, the tractor, automobile and the thousands and one

labor-saving inventions and improvements in the mechanical arts, an evil that ought never to have been encouraged? They are the result of the chance the patent law gives the inventor to collect the wages for his labor if he succeeds in doing something that the world will appreciate, and of the encouragement this gives to men with means to put money at his disposal. The inventor's labor is, as a rule, not only the most intense kind of work, but the costliest in time and money. That it is risky need not be told. Taking a large view, is it worth the while? I may be prejudiced, but in my opinion it is a nobler pursuit than digging for gold, to say nothing of some other less useful occupations.

The law may be defective and need an overhauling. But even so, it is solely because the American patent law has given better protection and encouragement to inventors that this country has outstripped Europe in industrial development. There have been as good mechanical geniuses in Europe as here, and plenty of them, but unless they had means of their own they had to come to this country to find it worth the while to try to exercise their talents. The European patent laws were mostly made for capital. Capital never invents anything, and capitalists seldom. The present state of English industry is largely a case in point. That established manufacturers hate the patent law is a point in its favor. They are naturally standpatters, who cannot favor new competition; and having to pay the inventor for having disturbed them is insult to injury. Uninvited progress and competition is not on their schedule. But it is to

this attempt at justice and encouragement to intelligent labor that the United States owes its industrial preeminence among the Nations of the world today.

Language is a form of mechanics. If the patent law should be repealed and the inventor's right abandoned, then in all sense of reason and equality must the copyright law be also repealed. The justification for both is the same; but to earn the protection of the patent law requires the more intensive labor.

BANKING.

Banking is public service. It is a labor-saving device for the transfer of money from one person, group or place to another, without the trouble, cost or risk of handling it.

By accepting the care of idle money that people are reserving for future use, the banker mobilizes it, and by performing inter-financial bookkeeping for his customers he acts as its generalissimo, directing it into service when and wherever industrial commerce makes legitimate call for it.

Money lending, as such, is no legitimate part of banking. When money lending and borrowing becomes regular part of business, and banks must go into it, it is a sign of economic maladjustment, especially so when it extends even into farming. Among the different occupations, farming is, before all, the one that should always keep its man in cash and independence and the banks supplied. He is the one who feeds and supports the whole economic structure and all of its outfit, pauper and millionaire alike.

PUBLIC DEBTS.

A public debt is an economic anomaly. It is a simple and efficient means of taxing the producers for the benefit of the money mongers. The only justification for it that I have ever heard or seen, is that it makes the wealthy people interested in the stability and strength of the Government, no matter what kind it may be, because they must rely on it for the taking of money from the pockets of the common people and putting it into theirs—and that may be true.

I see no way of defending the public debt under any circumstances. That must be left to the lawyers.

Suppose that a public work of some magnitude needs to be undertaken, road building, harbor, water works, school house or what you will. That it will increase the value of the land it is to serve, more than its cost, becomes understood and admitted, and therefore the proposition is approved. Labor, materials and supplies will require a widespread accounting, and to this purpose money is necessary. It is borrowed by selling interest-bearing bonds. Then is money in the treasury. The work can now commence. What happens then?

The architect and engineer work out the plan. From the forest the lumberman sends forth the wood on demand, he does not have to be sent, he is already there, equipped and ready on call. The miners dig the ore and coal, and from it other workers produce the steel that is wanted. Quarrymen fashion the stones. Skilled mechanics and artists do their part, and laborers

without skill follow directions of instructed leaders. They all have to be supported, compensated for their labor equally with other producers of their rank and quality. And so they are, be it much or little. Farmers produce food to feed them; also wool and cotton for the workers in the mills and shops, who convert it into clothing for them, while builders erect shelters wherever necessary or desired, and so on and so forth in all directions. Everything, from first to last detail, is labor's work. If anything must be taken from another country, it is paid for by exported labor's product. The money, distributed near and far, secures to each worker his share of the wealth that, in the meantime, is being produced by the general co-operation, to which he is a party, and gives him a free choice in the market for what he wants. To sum it up, it is actually the whole people who, by their co-operative division of labor, execute the work, all, except—what did the money lenders do? Well, they supplied the money, the accounting chips, by the use of which all the workers, near and far, high and lowly, kept the account with each other clear and true, down to the farthest ends of the commercial lines affected. So far the money had no other purpose to serve.

It is finished. Now these same people, whose labor built it, supplied by their labor, all the paraphernalia of equipment and sustained the undertaking from beginning until the end, will be paying rent, in the form of interest to the bondholders, for the thing they have produced for themselves by co-operating their labor. In the meantime, the money that was put into cir-

culuation goes back to the lending class, as rent and interest that all industry must yield, and more money must be earned or borrowed to effect the payment. Was ever a contract more innocent—or smart? Were the money lenders the only ones who had their heads on straight? It is one of the ways in which Plutocracy is levying its taxes on the producers, using the Government as collector.

Bonds are useful for converting into money, for which more bonds may be bought, if nothing better is in sight.

Next to public cash debts, the railroads and other public service corporations are probably the choicest adjuncts to Finance. These are all public debts, and must earn interest for their owners on all the capital, real or spurious, that can be safely booked. The real servitors, as such, are a separate and subordinate class, with no interest or voice in the financial council. It is public financing for private profit.

The public debts in their various forms are a great and splendid game. It largely shifts the power of private taxation of industry from the Landlords to the Lords of Finance. Between them, the wealth-producing class, whose labor sustains the world, is being reduced to what they are pleased to call "Their proper station in life", and Malthus says Amen in church and school. It is an improved, modernized and legalized form of piracy. The old-time viking pirates had to go and take what they wanted, much against the victim's protest. Today the Nations come and ask to be fleeced. The world is getting tamed,

thanks to the genius of statesmen and lawyers, who make the laws for us.

The nations of the world are competing for markets where to dispose of their wealth, the products of their labor, in each other's countries. They are all borrowing money from each other's bankers, and their own, and must take in each other's washings to pay the debts—and interest. It is "Balance of Trade." A merry game.

It may be impudent and imprudent, but one is tempted to ask, by what right do statesmen deliver their people to spoliation by the captains and crews of the money mongers?

COMPOUND TAXATION FOR FARMERS.

During the excitement of the war the farmers of the West became seized with the gambling mania. They, with their little green bankers, staked their land against the money of Wall Street. They boosted its price until it could no longer yield interest and a living. For the time being Money Princes were busy with their own knitting. When the war was over they promptly gave attention, called the game, and the farmers found themselves worsted and "busted". Poor losers! Since then they have been yelling, loud and long, to high heaven and Washington, to help them skin the rest of us as they themselves are skinned. Should they succeed in getting what their politicians demand for them, then their last plight will be worse than the first. By inexorable Law, the cost will ultimately and inevitably come down on them, with interest

and profit added. High land prices are the money lender's profit and the producer's loss.

The Farmers are the nation's providers and Lords of its destiny. Farming is the first and fundamental of the primary industries. It is the central, controlling and indispensable one. Broadly speaking, all the other useful trades and professions are auxiliary to that of farming. The towns and cities with their schools and shops, their factories and warehouses, are appurtenances to the farm, without which they would have no business to be, and could not exist. The farmer produces the food and some material which the other workers must have, that they may in turn produce other forms of wealth and service for him, so all may live and thrive in comfort. The political unit is really a co-operative economic institution. The trading with people in other lands is but an extension of this rule.

Land, considered apart from improvements, derives its value from the collective labor of the producers and the service and protection of the Government. Land value is, in short, the product of the activity of the whole Commonwealth, and therefore belongs by right to the Commonwealth. It is an annual value that varies with requirements and comes with the seasons like other fruits of labor and, like the fruits of the field, must be collected then, or it will be lost. It is the natural provision for the necessary public expenses, for which it is always and everywhere proportional and ample. If this provision is not availed of, then the support of Govern-

ment must be found through other taxes. And so it is in our day, wherefrom much useless trouble comes.

The taxes that a business man, be he merchant, manufacturer or what not, pays on his capital, his income or his occupation, must necessarily come out of the profits of his business; which means that the price for his goods or service must be so high as to make sure the profit will carry the taxes, and some excess for safety, as otherwise he would go bankrupt. That is to say, he collects the money back from his customers with the customary profit on his outlay. The taxes are part of his business expense and become charged with the same rate of profit, interest and insurance as the rest of his outlay. The price at which he sells becomes that much higher. The higher the prices, the lesser will the sales be, and this again makes higher rate of profit necessary to meet fixed charges. From all of which it will be seen that, so long as he has sufficient capital, it is a matter of indifference to him whether the taxes are high or low; he gets the money back with customary profit. The customer pays it all.

Most articles of commerce have several stopping places for assembling, transformation, distribution and redistribution, between the primary producer who supplies the material, and the ultimate customer who buys the finished product. Hence it comes about that in every stopping place after the first, they become taxed again, each time on the increased value that previous labor and taxes have given to them, and always with profits, interest and insurance

added and compounded from one place to another until reaching the ultimate customer, who pays it all in the price of the goods. Goods and taxes are taxed and re-taxed, compound profits are cost of collection, and it all goes into the price that the ultimate customer pays.

The landless, the industrial workers, have to buy with money everything they need. When taxes on industry and trade increase the price on their housing and supplies, it means to them high cost of living. It then becomes necessary for the employers to increase their wages and salaries accordingly, to enable them to live as human beings should, and work efficiently. This amounts to reimbursing them for the taxes they are unconsciously paying. As cost of labor, this increase becomes part in the cost of production, raising prices again. Thus do workingmen's taxes, twice paid and doubled, and with customary commercial profit, move along to the farmers for ultimate payment in the prices of the goods they must buy.

When the farmer's wife buys dresses or tableware, she pays all the taxes that accrued in the course of production and trade. When the farmer buys implements, tools and machinery, he pays all the taxes that have been imposed in the course of making and selling them. When, as owner, he is taxed on them, he pays on the value of the accumulated taxes they came saddled with. Year after year he is paying taxes on the taxes that others have paid before, and on the compounded cost of collecting them from him. When he pays taxes on the value of his dwelling, he pays on the taxes that followed

the brick and cement, lumber, nails and roofing into the house. It is compounded taxation worse confounded.

In regard to taxes the primary producers are in a class by themselves. This applies with especial emphasis to the farmers. The secondary producers and the merchant all add the taxes to the price of their goods or service, passing them on to the next man. This the farmer can not do. The price at which he sells is fixed by the world market. Both the crop and the price depend largely on the elements, and can never be ascertained or decided on in advance, but only after production is completed and ready for the market. Taxes on farming are paid by the farmers for good, and can not be passed on to the customers. In any system that collects the Government's revenue by taxes on production, directly or indirectly, the farmer is the ultimate and legitimate goat, on whom all its sins are laid.

TAXATION OF PARASITIC REVENUES

There are three sources from which taxes may be derived: Land values, production and parasitic revenues.

Taxes on parasitic revenues, i. e., on wealth and incomes that are by legal right enjoyed, mostly by the few, at the expense of the producers, are, in their nature, emergency taxes, that can consistently be resorted to only in case of extreme stress of necessity, when private rights become subordinate to public welfare.

Modern society stands founded on the principle of property inviolate and freedom to acquire. Economic rights and privileges legally granted or acquired are considered and treated by lawyers as property, along and alike with tangible wealth.

The land is the Nation's property. Farmers and others are taxed for using it, and evicted if taxes be not paid. The investing land speculator is taxed less, because taking nothing out of it; so is that all fair to the non-producer.

Taxes on all secondary production the payer recovers with profit from the customer. He loses nothing, is not robbed. With the ultimate customer, who pays the accumulated bill, the Government has no dealings. Nobody's right is thus violated or his property taken.

Taxes on parasitic revenues are different. They can not be shifted or recovered from anybody. Such taxes become sheer robbery, just a "stand and deliver".

But conditions come about where Government has contracted obligations for service to it, real or imaginary, for the payment of which sufficient taxes can not be levied on the industries without crippling or perhaps destroying them. Then arises a situation full of incongruities that make problems and perplexities for any rational minded Government. Debts must be paid, or security given. Interest is honest debt. That is modern faith and doctrine which nobody questions, not even the followers of Moses. The country may be rich, some of its owners may be excessively wealthy, but if the Government can not discharge its obligations without taking

money it has no right to, then, as Government, it is bankrupt. But, bankrupt or not, the Government's credit must be maintained.

There are the parasitic revenues, unearned, going into private pockets. They come from the labor of the producers. They are always increasing, and the larger tribute they take the less there will be left for the Government to tax. But those incomes are private property. Naturally, the owners object to being robbed, and so would you and I. The Constitution and the lawyers say that private property shall not be taken without compensation. The Constitution, oh now, that looks both ways and the other, and as for the lawyers, well, that depends on whose ox is gored. And then, too, comes a Council of Churches and declares that "All ownership is a social trust . . . and that the unlimited exercise of the right of private ownership is socially undesirable". Now, with the Constitution and the lawyers, the Churches and a majority, all agreeable, what more is there need of? The field is now clear.

Thus do all the principles of which our economic structure is built sink into the sands on which it stands. The Government can now proceed to hunt the incomes and the fortunes of the rich and the moderately well to do, and share in them as it seems good to do. If some earned incomes, mostly small, get caught, too, so much the better. Anything that comes into the net is fish.

The sum of it all seems to be, that property right does no longer exist among us, except as a legal fiction. How will that wind up?

VOTING AND LEADERSHIP.

In one of his excellent articles in *The Daily News*, Professor Glenn Frank said something to the effect that the modern system tends to produce weak leadership and bring inferior quality forward in public life. We all know that this is true to such extent that an increasing number of citizens abstain from voting, just from sheer disgust. When a people take such negative interest in their Government the signs are ominous. What is the cause of it all? There are, of course, a number of cumulative reasons, major and minor, but one thing can be said: When a machine does not work right and turn out the required product, then there is either a defect in its design, or it may have been built at a time when requirements were different, which comes to the same thing; and this holds true for both shop and Government. It may well be that our whole system of Governmental machinery will some day be in for a thorough and radical overhauling. If so, then when that job becomes done it will be something as different from the Russian as was the case one hundred and fifty years ago.

But to come back to the question of voting and leadership: Is there any fundamental defect in the machinery of representation that militates against high class leadership? Would any untried change be likely to produce any improvement? To me it appears as if such may be the case, and with the Editor's permission I will take the liberty of releasing the idea from my mind.

In all other kinds of work some apprenticeship, more or less, is necessary, but in politics the citizen is apparently supposed to come out of his chrysalis perfectly fitted and qualified for all civic duty, more especially that of governing his fellow men's affairs. But is he? Is it as simple as that?

At present the electorate is scrambled. Young, old and middle life, all are mixed together in the balloting, and the candidate elected expected to be leader, personifying the ideas and aspirations of the whole incongruous mass. Impossibility. Every generation is developing some idea of its own that the preceding one is not burdened with. The only thing that is permanent in this world is change.

Suppose that the electorate, instead of being divided up into geographic wards and districts with separate representation as now, it were divided up into classes according to ages, say in ten year periods, from 21 till 30 years, from 30 till 40, from 40 till 50, and so forth, each period class to choose a representative, or a given and equal number of representatives from its own class, to serve in the common council or legislature. Would not that tend toward more harmonious and interested relations between the representatives and their constituents? It would always bring fresh materials into training, from which the next succeeding class could pick the best and scrap the worst all along the line. This, it seems, ought to tend to quality and stability by fostering that accord in understanding with sympathy and trust which is necessary for real leadership.

To give expression to different opinions the proportional voting has been invented, and that is well enough so far as it goes. It need not be scrapped. But youth and age, hope and experience, do not see life from the same point of view and can not be personified by the same spokesman. The world belongs to the young, and they should have a voice in its councils.

Ours is the time when systems, old and new, are on trial, and this is the country par excellence where experiments in government are and can be conducted in orderly and intelligent manner. The last generation has seen many of them, some quite radical, and practically all found to be more or less beneficial. But the ideally working machinery has not yet been attained. Several changes or modifications will still be required. A tryout with the one here outlined should at least become interesting to those who live to watch the result.

Chapter VIII.

THE COMPOSITE MAN

In the value which the associate activity of man gives to land may be seen the perfection, the beauty and unity of the Creator's design, of the beneficent but unyielding Law by which the world and its phenomena of life are evolved into ever higher forms and manifestations, out of what to us appears as chaos.

Throughout the living creation we find every species provided with means for securing their sustenance without eating and consuming themselves—until we come to the Society of Man. Trees and flowers have roots to take nourishment from the soil, the bee a tubular mouth to suck honey from the flowers, the ungulates have their teeth shaped to cut off the grass that is their food, and the cat is supplied with claws to catch and teeth adapted to tear his prey, and so on and so forth throughout all the living world. And man, for every mouth is given two hands adapted to the handling of tools and the shaping of things, by individual effort.

With this the corporeal development of life reaches its culmination, and a new and higher order in the evolutionary process comes into view, unfolding the mental and spiritual powers which distinguish man from the brute. The use of tools leads to the division of labor. The activities become a process of free co-operation.

Produced wealth and willing service is now given in exchange for wealth and service to suit individual requirements. Co-operating groups coalesce into larger groups, and these again become united until the co-operating unit covers a continent, or becomes a division thereof. With the extension of unity, the variety in the forms of wealth and cultural pursuits increase. Production is now carried on from hand to hand by labor divided up between widely separated individuals and groups. As diversification increases, order and peaceful security become essential, and laws and Governments evolve as functioning parts of the whole. Public services of various kinds become necessary conditions for further progress, spontaneously they evolve and become functioning organs in the co-operative body. Is fear of external aggression felt, specialized organs of defense will develop.

Clearly, what here we see is nothing less than the creation through the evolutionary process, of a functioning entity. In and of the mass evolve articulate parts, operating more or less automatically under guidance of governing organs, for the service of the whole and all its parts.

As the several organs of the co-operating body evolve into being, needing support, as every organ of a living thing does, so also, *pari passu*, evolves the annual value of land for the maintenance of their functions; a product, not of any individual labor, but of the organic activity. Every proper governmental activity, every well

projected and efficient public service, increases by more than its cost, the value of the land it serves, by increasing the comfort and well being, and expediting the progress of the people who possess it.

To the brief outlines here sketched many details might be added, all confirming the view that the economic social unit should be considered as something else and something more than a mere aggregation of individuals, that really it is an entity endowed with all the attributes of a living self-sustaining being, an organism, by nature provided with maintenance of its parts so as to sustain the vitality and healthy development of the whole—the Composite Man—as yet in course of evolution. No scheme of man could produce the phenomena of land value in universal response to public need and social growth, were it not so ordained by Nature's great Law.

It is through the evolution of this living organism that man's higher mental and spiritual powers unfold and expand. Here individuals develop their various talents to their highest potentiality, conferring the benefit of their labor on the whole organism from generation to generation.

Here, in the light of historic perspective and present day condition of the world, we behold the phenomena of natural evolution at work. Out of material previously created, the individual man, we see how the Creative Force is evolving a being of a higher order, the Composite

Man. But the directing force remains as hidden and mysterious as ever, as inscrutable as Life itself, with which it appears to be identical.

Somebody will, no doubt, object that a characteristic of all living things is their power of reproduction, and that the social organism seems short of the necessary requirement to be considered genuine. But of this we may not be too sure. None of the previous civilizations reached healthy maturity. It seems all developed deformity in their growth and perished prematurely, apparently as result of a common malady. Evolution is a process of growth and elimination. The Creative Force is ever repeating, or rather continuing the effort to bring forth the perfect type, and the discards are parts of the creative process. When a people shall arise, with not only intelligence to discern the Law, but also the moral vigor to apply it to their institutions, a civilization will evolve that no power on earth can destroy. And I am inclined to think that it will, in due time, bring forth a daughter even fairer than the mother.

Whether our civilization is going to measure up to the requirements for survival, or perish also, is a question which now hangs in the balance. That it is sick is recognized, and new convulsions may be looked for, if the true remedy shall not be applied in time.

Nature's Law is one; to man's finite mind it appears in different aspects, requiring different definitions. The Law of Property Right is the Law of Self Preservation by another name,

and is the First Law of Nature, the Law of Life. On its true delineation in the affairs of man depends the equality of opportunity to maintain Life, Liberty and the Pursuit of Happiness. On man's success in the ordering of his composite life in conformity with both the individual and the collective rights, depends his progress toward a higher state of security, comfort and culture. Individual liberty and general prosperity can, in a world like ours, be maintained only by this two-fold observance of the Law. It is nature's Law of Justice, to which human laws must conform if they are to serve their rightful purpose.

The Creative Intelligence—or whatever word you choose to use for It or Him, whose name no man can utter or mind comprehend—has provided the means for orderly support of all the public functions which are inherent parts in the life and growth of civilization's functioning organism. It is a perilous proceeding, fraught with the gravest consequences, for a people to employ the power of government to plunder the producers, by taxation, of any part of what is rightfully theirs. With no principle to govern there is no limit. By leaving the publicly created land values in private hands, it turns the producer's money over, as allowance to non-producers, and creates parasitic classes within the economic body, who increase in size and numbers, for the producers to maintain at ever increasing cost; a plague, corrupting and devouring the vitals of the organism until civilization dies out or collapses and reverts to barbarism.

To this decrease the past civilizations succumbed, and the higher development of ours makes the infection all the more virulent and dangerous. It is for the producers who, as such, compose the body economic, to bethink themselves of how to purge the system of this noxious mess, and restore their organism to that healthy state which is Nature's endowment to every living thing.

Chapter IX.

FUTURE GOVERNMENT

AN OLD MAN'S OPINION.

INTRODUCTION.

We must rid ourselves of the old idea that a governmental system can be devised that will suit all times and conditions. The one thing that never stops in the living world, is change. All nature, including man and his institutions, and the conditions of his life and progress, are undergoing unceasing change. The people who do not keep their institutions abreast with the changes of time and the progress of science become back numbers, inevitably. History records, at least partially, the changes in the past; what the future may bring no man can tell. But this much we know, that the world always belongs to the living. They should never stay content with what past generations have done for them, but should continue building up and improve the civilization that has been handed down to their keeping, even if this necessitates the scrapping of some machinery or institution which, in consequence of changed conditions, does no longer serve its purpose in satisfactory manner. A civilization that does not progress is either dead, dying or dormant.

If we look back upon history only one hundred years we find conditions in the world to have been then very different from what they

are today. No telephone, telegraph, steam or electrical machinery, or any machinery now considered worth speaking of. Scientific engineering was in its pristine infancy, if it can be said to have existed at all. No great specialized industries like so many of our day, where the highly trained engineer is the master of the art and the indispensable leader of undertaking on which depends the living, the lives and the welfare of thousands, tens and hundreds of thousands of people. When the founders of the American Republic designed its governmental machinery they had very different conditions to apply it to than those of our day. Considering the time and circumstances, and the lack of experience with democratic Government, it must be said that they did a noble and creditable job of it. But that it fitted in with the conditions of that day is just the reason why it does not fulfill the requirements of our time.

The forms of Governments are now very much the same in all civilized countries. In all essentials they are alike; only in non-essentials do they differ. That they are not well adapted to the requirements of our day is evident when, as a test, we apply the rule laid down by him who was the wisest of men, "By the fruit shall ye know the tree". Nowhere do they bring forth the fruit their people want. Maladjustments and misery, injustice and discontent are everywhere manifest. All the real progress toward greater equity and justice among men that has been accomplished since the new era of in-

dustrial change and scientific advancement set in, has been achieved in spite of them, not by them and of them. To all such endeavors they have invariably been more of a hindrance than help, and yielded, only when overborne by popular pressure. That a Governmental system, afflicted with such fatal defect and incapacity for progressive leadership, is doomed, that it not only ought to, but will be changed or altered, may as well be taken for granted. It is in the hands of the people to do whenever they so decide. With the pressing need growing ever more acute, and many earnest minds studying the problem, its practical solution cannot be long deferred. What is going to be evolved can already be seen. It is plainly indicated by the necessity of the case. Social problems are the simplest of all, when the fundamentals are found and kept in view.

CIVILIZATION'S GOVERNMENTAL FUNCTIONS.

It should be recognized that economically our civilization has entered the stage of Nation-wide co-operation, and is in process of attaining the same condition Internationally.

In a primitive society each family provides directly for its own wants. Exchange plays small part. As intelligence develops, labor becomes divided. The products and services are exchanged, whereby the society gradually becomes more or less co-operative. It is a free and informal co-operation in which each one obtains his reward by the exchange, in propor-

tion to the value of the service he renders to others. The more this co-operation develops, the higher rises the civilization. True co-operation and civilization are not merely concomitant and parallel, they are identical. Civilization consists of co-operation. As it increases and develops into more and more diversified and efficient modes of production it requires, in increasing number and magnitude, common services for the producers. These are public functions which individuals, as such, can not carry on in satisfactory manner. The yearly expenditures of our Governments, debts excepted, are but a partial measure of these services.

The functions of Government in modern civilization divide themselves into two distinctly different kinds, which in their purpose and the nature of their business have nothing in common. The one is judicial and authoritative; its purpose is to protect and secure individual and collective rights. The other is economic; its purpose is to render service in the co-operative activities. The function of the first is ethical; the other's wholly utilitarian.

The purpose of laws and judicial institutions, which are the first part of Government, is to regulate men's conduct toward each other so as to maintain peace and an equitable public order by formulating and applying definite rules guaranteeing liberty, security and equal opportunities in life, thus to secure all in their natural rights, which are their essential relations to one another and their common earth. Those regulations are the "Laws of the Land", and to make

them conform to the Law of Justice is the central problem on which civilization's security depends.

The economic functions of Government have nothing to do with law and its authority, but with the development and maintenance of a variety of public services, desirable and necessary for the commercial, industrial, agricultural and intellectual activities of the people, their workaday business. It is clear that the qualities required for the intelligent and efficient discharge of such duties are not those of lawyers, but men of constructive mind and training, the most accomplished ones to be found in the intellectual, practical, and material pursuits, men who understand the economic and cultural requirements of the country and their communities, and how to prepare for their fulfillment. This suggests the only method in sight by which they may be found, if they are to be found and put to service. It will be by utilizing the occupational associations in the selection of men from their ranks for official duty. The members of such societies know each other's qualities and attainments better than outsiders do, and their pride of corps is always a spur to them to be well represented wherever they send a delegate. Another point is, that the homogeneousness and comparative equality within such organizations makes for fairness, honesty, as well as pride in their quality at their elections, whereas with the mixed electorates their discord makes them easy prey to the intrigue, the money and the various influences which financial and political gamblers know so well how to use. It is a safe assertion

that were the lawyers required to choose their representative themselves they would make it their business to be represented by their best talent, not their worst, and that the same rule holds good all along the line. But in the mixed electorate, the candidate, however chosen, is generally an unknown quantity to most of the voters, and this gives the opportunity for the meanness and chicanery which honest and capable men will rarely subject themselves to by going into politics or having anything to do with it.

DEFECT OF PRESENT SYSTEM.

It has long been a standing complaint that the law-making bodies do not truly represent the will and purpose of the electors. That in their official capacity their members disregard the welfare and aspirations of the mass of the people whose labor produces the wealth and maintains the culture of the nation, and that they merely strive for their own interest along with that of great parasites who can and will make this profitable to them. When such is the case where electoral campaigns are fought with such seriousness and strenuousness as in the modern democracies it is a clear indication that something is wrong with a system that perpetually works out such monstrous results. To remedy the trouble, the Initiative, the Referendum and the Recall have been introduced into the system, all well enough in their way, as safeguards and ultimate resort in case of accidental

miscarriage or exceptional circumstances, but beyond that their effect has not been large.

During the first period of the American Republic, that is to say, up to about the time of the Civil War, the American system of government, as it was and still is, worked fairly well. Life was simple and comparatively little of economic questions bothered the Congress and the legislatures. Speeches delivered in the legislative halls during this time often were masterpieces of oratory and forensic thought, such as only free men can deliver, who have no secret masters, or private interest to serve. Is anybody there now who can and will explain the fundamentals and derivatives of social and economic laws to his colleagues and to the country? If not, why?

After the Civil War the expansion and transformation of commerce, industry and agriculture called for an ever-increasing amount of public service, and a scramble for advantage set in. Corruption resulted. Law-making and economics got inextricably mixed. It was inevitable that it should be so, when both had to be attended to by the same authority, and the making and keeping of limitless fortunes depended thereon. A healthy reaction against this disorder is appearing and bound to gain momentum. Thoughtful men realize that means must be found for overcoming a threatening evil before it brings about an otherwise inevitable catastrophe. It is becoming plain that the economic affairs of the commonwealth cannot be handled that way without disastrous result; that the economics of the land

can not and should not be entrusted to the makers of the laws. It is seen that it is neither wise nor even reasonable to expect men to make laws straight when by making them crooked they stand to gain fortunes, in a land and a time where everything is in a scramble for getting the most and getting it for nothing.

The malady is not confined to America. In the European countries the same thing has been going on, the same conditions prevailing. To describe one would illustrate them all. By similar means, if sometimes by different methods, the increasing wealth, comfort, and power over nature has been diverted away from the enjoyment of those whose labor and skill, whose study and learning have raised our civilization to its present unprecedented level, and have caused the benefits to flow mainly to those who have contributed nothing but trouble and vexation. All over the civilized world, wherever the modern form of Government has been established, the result has been practically the same. The fruit has shown itself to be all of one species. While it is true that the form of government is not the fundamental cause of the economic evil from which the world suffers, it is, nevertheless, the active agency by which the case has been maintained operative and bids fair to remain so to the last. Its economic tendency is always reactionary in spite of all vigilance on the part of the people, whose interest and progress it is supposed, or at least intended to serve.

The structural reason for this failure of the governmental machinery to function properly is not hard to understand. Given a society gov-

erned by laws alterable at the hands of legislatures, in a complex civilization like ours; with the fiscal and economic service systems also placed in control of these same lawgivers, to do with as they please and profit thereby—what mischief may not be expected? The consequences are as inevitable as obvious and serious.

Clearly, at the present stage of our civilization, it is no more proper to have the law-maker determine the economic affairs of the country, than for a judge to sit as court in his own case. The two positions are analogous, plainly so. Just as the judge's decision might be framed to his own favor, so can the legislator shape the legislation to suit his own economic interest, his schemes and those of his class, his friends and co-conspirators. Given the opportunity, it is but natural, in consonance with human sympathies and desires, that he should do so. That the handling of public affairs with such a system becomes unsatisfactory, is not to be wondered at, nor is it fair to complain. The wonder is that they can thus be managed as well as they are.

Under such conditions law-making naturally becomes an occupation for private profit, with the object of either procuring or preserving advantages and privileges for those who can manipulate the law-making agencies. A system so defective cannot attract and hold the best grade of men and characters by utilizing their noblest powers. It concentrates the energies on private gains, becoming by force of inherent necessity a system of graft, privileges and their

preservation, in which neither the primary principles of law, nor the economic welfare of the common people can ever receive any serious consideration; a system which breeds and spreads corruption from top to bottom, confusing and perverting popular understanding of public questions. Such a state of things can serve only, and serves well, to maintain power and the control of the Government by a minority, a small minority at that, and this not the most scrupulous, who may, by fair means or foul, come into possession or be in possession of the resources of the land. With such a lever at their hands it may easily become a serious question whether or not they can ever be dislodged by peaceful means. From the drift of public opinion and the events transpiring in the world it is plain to be seen that this order of things will not for long remain undisturbed. It is seen to be altogether too crude, too unnatural and impractical to serve the proper purpose for which civilization's Governments are instituted.

Law and Economics—the Juridical and the Public Service divisions of Government do not belong together. They are of different nature. Law demands obedience of man. The economic functions are for his service. The one is to guard his rights. The other to assist his labor. The difference between the two is radical, and calls for different machinery and treatment. To be working properly, they must be built on separate foundations, each one designed to its own particular purpose, and manned by different crews.

Civilization is co-operation. The individual's relation to each other and to the society are ethical problems. The collective activities for the common good are material affairs. This difference requires that the Government be divided into two separate parts, and adjusted accordingly.

THE ECONOMIC SERVICE.

In the co-operative organism, which constitutes the civilized state of life, the public service is the society's economic organ. It is an indispensable aid to the individual activities and may, for brevity, be called society's tools for assistance in the co-operative production of wealth and comfort. This has been the sole purpose of its development. When, in the production of wealth, a certain tool, machine, or well thought plan will best realize the desired result, then that is the proper means to use for that purpose. Here is where the end justifies the means. Justice has nothing to do with it, so long as public and private rights are respected. Thus the whole problem will be how to devise and provide efficient and dependable Governmental machinery for the economic service. It is this freedom from every other consideration than that of utility, which is likely to bring to the forefront the idea of pressing the occupational associations into service, to assist in providing competent leadership for the economic service. The problem will be, not so much how to guard against incompetency, as of bringing competency into action; of finding and adapting the means and

methods whereby the best qualified and trustworthy citizens will automatically become picked and chosen for these duties.

For the consideration and performance of all the economic projects and functions, which with the juridical Government is now encumbered, there will have to be, and therefore will be, elected a separate body, an Economic Council we may call it for the present purpose, whatever name it may then be given. With the view of bringing into this service the best talent in the various lines of endeavor it may come to be considered not only desirable but necessary to make use of existing organizations of experts, teachers and engineers associations, those of physicians, bankers, manufacturers, chambers of commerce, farmers' alliances, co-operative societies, labor unions, etc., by allowing them, or perhaps making it obligatory on them, to elect members from their own ranks in approximate proportion to their membership. While all of such organizations taken together probably at no time constitute a majority of the voters, they do, as a general rule, contain the brainiest, the most intelligent, honorable and public-spirited citizens of the communities, just those whom the present corrupted system keeps out of responsible public service. With a system that gives to them the backing of the people in public affairs their power for general good, for the cultural and material progress and well being of the society as a whole will become incalculable and immense. The common endeavor to which

they must all adjust themselves will knit the people and the different classes together as nothing else can.

To this council will be given the care of all the economic functions that now devolve on the legislative branch of the Government, and such additional ones as may, from time to time, be found desirable. Important public activities, which prudent citizens now hesitate to entrust to the Government, we may then expect to see performed, not only on the collective basis, but with a care and efficiency which private agencies, serving for profit, can never approach. Simplicity and efficiency may naturally be expected to become the most characteristic feature of the institution, as compared with the present cumbersome machinery. The kind of men which an altered electoral system will bring into it should be a guaranty for that.

At this stage I think I can hear some scared Plute yelling "bolshevik", and it may be just as well to point out the difference that should be obvious anyway.

The Soviet regime in Russia is not a Government in the same sense that we Westerners are accustomed to understand that word. It is a volunteer administrative organization, that has taken over the affairs of an Empire and is, apparently, fishing for more. One merit it has: whether for good or evil, it is so designed as to bring efficiency forward into control from bottom to top. Nothing else counts. This quality supplants Law and honor. If that organization were subject to a Governmental Authority of organic Law, securing the individual his natural

rights, then would Russia be almost ideally equipped as an up to date democracy, whether the people choose to have it Communist or Capitalist. As it is, men come and men go, ambition rules by force and nobody knows who is coming next. Liberty never was at home in Russia. If the West European Nations want to be sure of their freedom to develop in their own ways they had better federate, consolidate and keep their powder dry. There is a cloud in the East.

JURIDICAL GOVERNMENT.

Although the Economic Services of public nature are all-important to that co-operation which constitutes our civilization, the juridical functions of Government are no less indispensable, at least in the present development of mankind, and for an incalculable time to come. Here we have a different problem. No professional learning or industrial training is necessary to understand ethical questions. The sense of right and wrong is personal. Ethics applies to individuality; to the collectivity only when considered as a unit. The principles of human rights are unalterable. They never change with the change of time and conditions, nor can they be changed by man, only interpreted. Right and wrong is not man's making, but his doings.

There appears no reason to suppose that the geographic system of election is not the correct one for the Juridical Government, if self-government is correct, as is now the established belief of mankind. The function of its office and officers are, not to serve anybody, but to repre-

sent and put into action the enlightened will and conscience of the people collectively. Being in the true sense a political office, one or another of the territorial systems of election may therefore be expected to be retained in the reconstructed forms of Authoritative Government.

Law antedates Creation. It was made before man was. The business of the legislator is to formulate the Law, as it is understood to be, into understandable language, in such manner as to serve the people as a guide, and the Government as a means of controlling the conduct of man toward man, so far as this is necessary for maintaining a just and equitable peace and public order, and no further. Whatever more laws there are in the statutes, entitled to approval, may be described as ordinances for regulating co-operation and the economic service.

The formulation of the laws is part of the juridical business of Government, the preliminary part, and the legislative and the judiciary functions should not, in fact never can, be entirely separated. Nor ought the functioning parts to be so separated, but should constitute one systematic whole, an organic unit, including the whole people. If the juridical power be lodged in one body entirely, then the people become subjects, not freemen; and if it be in two bodies, Legislature and Court, it still makes them subjects, ruled over by one and governed by the other. The legislative and the judicatory parts of Government are so interactive that in the nature of things they ought to sustain a close and ordered interrelation to each other. A Legislative Assembly of men chosen by the

people solely on the recognized merits of quality and worth, must naturally be able to select, either from their own membership or outside, the best, the most competent judges for the courts that can be found by any method or manner. Apparently it is the natural order that those who are responsible for the formulation of the laws should also choose the judges to administer them. And, also, the experience of the judges ought to be available in the Legislature. They may therefore be expected to be represented there when the Government becomes reconstructed. If it be objected that such combination might have a tendency toward oligarchy, the answer will be that the Recall will take care of that. With properly organized provision for its use when circumstances make such action desirable, no man or coterie of men can long retain office or official power without assent and approval of at least a majority of the citizens. It might even be safe to let the term of office run for an indefinite period. But the established custom of prescribing a definite length of time for elective officers will probably be followed, at least until the world becomes again settled into something like regular routine in its business.

The ancient people of the Northwest European countries had a simple way of running their Governments. The freemen assembled in open meeting, there they made their laws and elected one of their members to administer and apply them, according to the findings of duly chosen juries. So efficient was their system that they appear to have had no use for either

jails or gallows. It is this system of theirs that has come down to us, altered and modified from time to time, for better and for worse, to fit it to changing and varied conditions and requirements. With the more numerous population of modern commonwealths, the citizens' assembly is now impossible. A representative assembly for the purpose has become necessary. It was at first taken for granted that a body of men chosen by the citizens for this purpose would make just the laws and kind of laws that the people wanted. But in the more complicated civilization of our day this assumption has not proved entirely reliable. Therefore, since all citizens must submit to the laws, hold their lives and the means of their living, their property and their freedom of action subject to them, it is only fair, and indeed even necessary for general safety, that they all should have the chance of a final say about their enactment. Laws should be few, plain and easily understandable, made with care in a manner which makes the whole people acquainted with them. This will be secured by a safe and solid foundation for the structure of Government—something that gunpowder never does.

The fathers of the American Republic declared that the governments receive their just powers from the consent of the people. This was a long step forward at that time. Government is by law—or should so be. Today the demand is that the law shall express the will of the people, those governed. This is not the ultimate, but another step forward by evolving

democracy. The method of the ancients, referred to above, fulfilled this requisite, and so must the coming system do, because nothing less will now satisfy the majority, and with them is the power, ultimately.

Since, as a matter of course, a chief will be required to see to it that the laws are enforced, and decrees of Courts executed, and to have supervision thereover, harmony seems to require that he be elected by the assembly,—unless the duty be assigned to a department of the Economic Service, which, indeed, is not only possible, but would have the merit of drawing the line of distinction clear between the juridical and the Service divisions of the Government, between Law and Economics. But if the presidential office becomes retained as executive department of the juridical Government it will be a one man's job, and not that of a Jack-of-all-trades, as at present. Whatever officer it be, his duty will be to maintain a just and equitable peace and public order in such manner as the law prescribes. For this only will he be held responsible. It will no longer be necessary that he keep himself advised and posted about engineering and surveying, trade and finance, the training of soldiers and sailors, and the hundred and ninety-nine and ever-increasing matters that go to make up the every-day economic life of a progressing civilization.

Though the Juridical Government and the Economic Council become independent of each other, being separately dependent on and responsible to the people, there will necessarily be

avenue provided for co-operation. On the one side, the service of the Council must, at all times, be equipped and ready with the men and the means for enforcement of the decrees of the Courts, and the payments of the public expenses. On the other hand, the efficient and satisfactory performance of the public service will require ordinances and regulations which the judiciary must take care of more or less, and in the formulation and application of which the Economic Council must always be ready to render competent advice and assistance. Being two separate organs with different functions, they must be designed to work harmoniously and co-jointly for the welfare of the whole body politic.

THE TRUE FORM OF GOVERNMENT.

If the foregoing indicates the true principles for design of the Governmental machinery that must be established to care for the needs of our present-day civilization in such manner as to facilitate its further and unobstructed progress in accordance with natural Law of public and private right and personal liberty, then we may visualize its form and functions as likely to consist of two separate main divisions which, provisionally, we may call the Juridical Government and the Economic Council.

The Juridical Government will then consist of a House of Representatives, elected on some one of the geographic systems, subject to recall. Its duties will be to care for the preservation of peace and an equitable public order, by the

formulation of suitable laws and regulations, subject to the people's approval; the establishment of courts and the selection of judges; and possible the election of a Chief Executive to superintend the application of the laws. Practically, this will amount to only a simplification and improved systematization of the present form of Government, and its release from the economic duties that are so incompatible with its legislative function, and for which its design and composition are so ill suited.

The Economic Council will be an institution separate from and independent of the other, with authority limited to its special functions, subject to the general laws, and elected partly by the geographic and partly by the associational or occupational system. Its duties will be to care for the general welfare, by directing and regulating the public economic affairs and common service of the commonwealth. Executive departments will be subordinate to its decisions and directions. Their chiefs will be elected by the Council, presumably from its own members, and to the Council will they report and be responsible for the performance of their duties; or they may be engineers and specialists hired because of their special qualifications for the work to be done. There does not seem to be necessity for any other president than a presiding officer to lead and keep record of the Council's proceedings and decisions, and transact such business as is connected therewith. This will become the business administration of the Commonwealth.

REFLECTIONS.

Will revolution by violence be necessary to bring about necessary changes and reforms? Not where discussion and the ballot are free and respected. Nor would it be desirable to hasten it that way. Wherever a revolution is effected by violence the old habit of mind of the populace determines the result and the change becomes one more of form than of substance. The old abuses grow up in new forms, and the job has finally to be done over again, one way or the other. By free discussion, study and experiment, the best is found and applied. It is true that the sword is mightier than the word—for destruction, but not for construction. By sifting and searching the ideas that can be gathered the kernel will be found and the seed planted that is destined to grow.

Taking a long range view for comparison with what is near, it seems a pity that the judge must still be considered the most important functionary. As it was, so it is; Moses before Christ. Obviously, the teacher is the most important of all in a civilized community. But before he can come into his own, and supercede the judge, much dead wood will have to be removed from the human plant. In the ages of the past, under various forms of autocratic Government, it has ever been the best blood that was eliminated, sacrificed in the strife for possession and preservation of power and dominion until, as a natural consequence, one civilization after another ceased to grow and progress, and finally died, leaving behind it the scrappings, the least valuable part

of its human material, incapable of ever rising again. If our civilization is to prevail, then the process must be reversed. The system must be conceived and applied that will allow the human evolution to take its natural forward course in favor of whatever is best and noblest in its own God-given merits, reserving the eliminating processes for the inferior and parasitic elements.

No arguments have here been attempted. This treatise is not offered as the advocacy of a program, but merely as a contribution to the general discussion that is now going on in all the civilized world, attempting to show in outline what is conceived as the natural and orderly solution that will in due time be found, agreed on and applied to what is now a world-wide problem. It will be perceived that there is nothing revolutionary about it. It will be merely a readjustment, a rearrangement of modern governmental institutions in such a way as to make them entirely applicable and serviceable to the present-day civilization in its most progressive and scientific aspect. The time will come when other changes will be in order, but that time is beyond our ken. Change and progress is never going to stop. We are only at the threshold of a new cycle in human evolution. This, according to tradition, had its beginning four hundred years ago, when a humble workingman in one now humbled nation, a wood carver by trade, conceived and carried out the idea of carving on a block of wood a copy of a letter, or treatise, by a monk, that was then much in demand by those who could read; and using this block with ink he printed the letter on paper, thus copying

it more quickly and cheaper than could possibly be done by writing. This was the beginning of the art of printing, which is the foundation and the carrier of our civilization, and the only guaranty for its continuance. Could the art of printing be entirely done away with, and the prints all destroyed, it would take the powers of reaction only two generations to bring the world back into barbarism and superstition, ignorance, tyranny and thralldom. But it can not be done. All the desperate attempts, past, present and future, to suppress or control the press have been, they are and will ever be, in vain. The press made possible the public school and the university, disseminated knowledge and discovery, fostering the development of science, from which springs the present development in culture and art, industry and all useful pursuits. It is the Aladdin's lamp by the light of which all the things and powers hidden in nature come into the sight and service of humanity and make the working man the master of his world for the advancement of humanity's ideal, the brotherhood of man in the fatherhood of God.

CORRECTIONS

Page 26, 4th line—Should read, "Common estate, i. e., the commonwealth".

Page 34, 7th line—Should read, "Then Government is at fault".

Page 105, 23rd line—Should read, "Thus will be secured".