

CHAPTER II.

OF CONFLICTING THEORIES.

Hate not each other because you differ in opinion—rather love each other; for it is impossible that in such a variety of sentiments there should not be some fixed point on which all men ought to unite. *Zoroaster.*

Anarchy is based upon the theory that government is both evil and unnecessary, and that, being an unnecessary evil, it should be abolished. The established order is based upon the conception that while government is an evil, it is a necessary evil, and must be maintained at whatever cost. In his "Politics for Young Americans" Charles Nordhoff expressed the current theory of government as follows: "Governments may be said to be necessary evils, their necessity arising out of the selfishness and stupidity of mankind."

The conception of socialism concerning the nature and necessity of government differs wholly from that of anarchy, and also, upon one point, from that expressed by Mr. Nordhoff. Socialism regards government not only as necessary, but as a necessary good. It regards government as arising not out of the stupidity, but out of the intelligence of mankind; and not out of their selfishness, but rather out of their common desire for more complete coöperation. The conceptions of these different schools with reference to the proper sphere and functions of government will be left for discussion in a future chapter; it

being understood, of course, that all anarchists deny to the State any proper sphere or function with reference either to persons or property. The remainder of our discussion will have to do chiefly with those who are governmentalists of one school or the other; either upholders of the established order—standard economists—or socialists. Each of these schools is divided into two classes or factions. The theories of one faction of the standard economists tend to uphold the established order substantially without change; the members of this faction constitute the conservatives of modern politics. The theories of the other faction tend to change the established order in certain details or along certain lines, but without fundamentally attacking any existing institution. The members of this faction may be distinguished in a general way as the liberals of modern politics.

Upon the question as to what may rightfully be made the subject of private property the standard economists say, in substance, that all things which are now treated as such property are rightfully so treated. No distinction is made by them between things which are the gifts of nature and things which are distinctively the result of the mental and physical exertion of man. They unqualifiedly uphold private property in natural opportunities as well as in labor products. There is nothing outside of our fellow men which we can succeed in appropriating that is not recognized as a fit subject of private property under the present system. If air and sunshine were susceptible of private and exclusive appropriation, they would also be treated as private property under the theory of the stand-

ard economists. Indeed, both air and sunshine are susceptible of private appropriation and control to a slight degree, and just to that degree they are made the subject of private property. Suits at law sometimes arise in our courts which involve nothing except a claim upon one side to uninterrupted use of light and air in a given locality, and upon the other side a claim to the legal right to intercept such use by the improvement of adjoining realty or otherwise.

Upon the question of the individualization or socialization of property standard economists also tend to maintain that whatever is, is substantially right. In some of its features the established order tends strongly towards individualism; in others it upholds and maintains features which are purely socialistic. The postoffice and the public school are excellent examples of socialism. Yet the general trend of the established order may be said to be towards individualism. While supporting both of these tendencies so far as they are exemplified in present conditions, standard Political Economy indicates no clear line of demarcation between them. It points out no criterion by which it may be definitely and positively determined whether a certain kind of property or a certain kind of business should or should not be socialized.

While the theories of standard Political Economy may be divided into those which are conservative and those which are more or less liberal, the persons who accept the standard doctrines can not be so classified with any approach to accuracy. The reason of this is that standard Political Economy furnishes no central truth by which its

adherents may at all times be guided and by which economic doctrines may at all times be tested. The same man is often very conservative upon one question and liberal almost to radicalism upon another, so that the classification of conservative and liberal must be applied to doctrines rather than to individuals.

The advocates of systemic socialism are divided into two classes, and by a clear line of demarcation. One faction of this school is in favor of the socialization of *all* forms of property in so far as they may be used in economic production and distribution. For this reason we shall call them omnisocialists and their doctrines *omni-socialism*.* Like the standard economists, they make no distinction between natural bounties and the products of labor. But unlike the standard economists, they would, in the first instance, socialize them both. Nothing would be individualized under a régime of omnisocialism until it had passed through the hands and ownership of the State and had reached the hands of its final consumer.

Under this form of socialism there would be a collective ownership of all the means of production and distribution. This would involve the collective ownership of all land used productively and all capital. There would be no production whatever on private account or with private means of any kind. There would be no market—no buying or selling between individuals—and no money. There would be no lending of capital nor payment of interest. The State would be the only employer in productive or distributive enterprises. Payment would be made in social

* *Omni*, from Latin *omnis*, all.

labor-time checks, and prices would be put upon goods in the public storehouse according to the social labor necessary for their production. As between the State and the citizen labor-time checks would be the only medium of exchange. As between individuals there would be no medium of exchange and no use for any. There would be no chance for the making of a profit by the individual, and to the omnisocialist this is the great desideratum. The private ownership of capital and the making of private profits are two of the things most condemned by socialists of this type. They would eliminate from social life all forms of commercial competition, for it is to competition that they attribute the great evils of modern life, and especially the spoliation of the laborer of all of his product except a bare living according to the accepted standard at any given time. For a bare living, they claim, is all that the laborer receives in present conditions, and he must constantly struggle against the tendencies of the existing system in order to get even his living and to maintain its standard.

The underlying principle of omnisocialism with reference to production is sufficiently stated in its demand for the collective ownership of all means of production and distribution. Dr. Schaffle has called this demand the "quintessence of socialism." Upon the question of the collective ownership of all the means of distribution omnisocialists agree. But as to the principle which should govern distribution by the State of the collective product, omnisocialists are divided into three classes, each of which is distinguished by its formula concerning the rightful

distributive share of the individual worker. The formula concerning the contribution of each worker to the State is the same for all; they are all to contribute according to their ability. The first class, which we may designate as the Christian socialists, use the following formula:

From each according to his ability; to each according to his needs.

The second class, which we may designate as the Belamy socialists, use this formula:

From each according to his ability; to all equally.

The third class, known as the Marxian socialists, present the following:

From each according to his ability; to each according to his deeds.

According to some writers of the standard school the formula of the Marxian socialists is also the formula which governs distribution in present conditions. It is maintained by them that under our much berated competitive system men share in the product according to the efficacy of their respective efforts. But this the socialist denies. He maintains that, however it may be in theory, in practice the distributive process under the present system is a mere substitution of legal power for the physical force of ancient times in the appropriation by some of the earnings of others, and that both the ancient and modern régimes conform to the plan described in Wordsworth's *Rob Roy's Grave*:

“For why? Because the good old rule
Sufficeth them; the simple plan,
That they should take who have the power,
And they should keep who can.”

There is not so much difference between the ideals of the Marxian and the Bellamy socialists as their formulas would indicate. The principles of Marxian socialism, while gauging individual rewards by individual deeds, would tend, so it is said, to induce all men to put forth substantially the same effort, measured in labor-time, and thus to realize substantial equality of reward.

Opposed to the omnisocialists are those socialists who would limit the State to the socialization of but *two* things, viz., natural opportunities—represented by ground values—and public utilities. These persons we shall call bisocialists, and their doctrine bisocialism.* They make a positive distinction between things which are the gifts of nature and things which are the products of man's mental and physical exertion. This distinction is of vital importance to their theory. They contend that what a man creates is rightfully his own as against the world. But that natural opportunities are the bounties of nature to all men and can not rightfully be made the private property of some men to the exclusion of all others, except upon the annual payment into the public treasury of the differential value of such natural opportunities. This plan would allow private possession and exclusive use of natural opportunities in the same manner and by the same legal titles as under the present order; and yet such natural opportunities would be effectively socialized by the socialization of their differential rental values. The socialization of these values would supply the State with revenue, so

*Bi, from Latin *bis*, twice; used in English without the *s*, two.

that all forms of taxation upon the products of labor—upon energy and thrift—would be abolished, leaving to the producer his entire product so far as it is distinctively the result of his effort, to do with as he may see fit.

The bisocialist is a thorough going socialist as far as he goes; but he limits his socialism to the complete socialization of natural opportunities and public utilities; as to all labor products he is the strictest of individualists. He denies the right of the State to take from him any part of his labor values in taxation; or at least until the differential rental values of all natural opportunities and all public utilities (if privately owned) have been turned into the public treasury and exhausted. He also denies the claim of the omnisocialist that present evils are the result of competition. He contends that these evils result not from competition, but from a denial of free competition by the creation and maintenance of monopolies, franchises and other special privileges.

The bisocialist maintains that although his doctrine is a golden mean between the established order and omnisocialism, yet it is in no sense a compromise. It has a distinct and complete philosophy of its own. In answer to the question, What, if any thing, is rightfully the subject of unqualified private property, the bisocialist replies, The products of labor. In answer to the question, What, if any thing, is rightfully the subject of socialization for the maintenance of the State, he replies, The differential advantages (as reflected in the selling values) of all natural opportunities. Bisocialism would retain the present industrial and commercial systems stripped of all monopolies

and special privileges. It would retain the use of money, but it has a theory of the standard of value and of the proper medium of exchange distinctively its own. It would not abolish the payment of interest, but would deprive the money lender of all chance of extortion. It would give to all men of whatever generation equal external opportunities, but it would not attempt to make men equally strong or equally wise. It would assure to every man a fair field in industry and exchange, and with that every honest man should be content. These are some of the things which are claimed by its advocates in favor of bisocialism.

There is no mistaking the fact that in the realm of economic thought a fierce battle is being waged. There is no concealing the fact that this battle will soon leave the field of thought for the field of action. There is no denying the fact that the established order is on trial at the bar of public opinion, and that this trial will go on until a final judgment has been reached and a rehearing has been denied. By the agitation of the anarchist, government itself is arraigned before this bar. By the challenge of the omnisocialist, the institution of private property and the entire competitive system of industry and exchange are joined in one indictment and must meet the issue as best they may. By the philosophy of the bisocialist, private property in natural opportunities under the present tenure, and private property in public utilities under the present system are put upon trial and must make defense or die.

Among the governmentalists it is not the socialists

alone who bring to the bar of Justice in the high court of public opinion the iniquities of the established order. Men of high intellectual rank who have no tinge of socialism in their economic conceptions may be heard sounding their notes of warning. There is presumably something wrong, and fundamentally wrong, with an economic condition which would lead Professor Thomas H. Huxley to say:

“Even the best of modern civilizations appears to me to exhibit a condition of mankind which neither embodies any worthy ideal nor even possesses the merit of stability. I do not hesitate to express the opinion, that, if there is no hope of a large improvement of the condition of the greater part of the human family; if it is true that the increase of knowledge, the winning of a greater dominion over Nature which is its consequence, and the wealth which follows upon the dominion, are to make no difference in the extent and intensity of Want, with its concomitant physical and moral degradation, among the masses of the people, I should hail the advent of some kindly comet which should sweep the whole affair away.”*

This, then, is the situation. We must solve the economic problem. Before we can do this, we must ascertain clearly what it is in its essence. We must submit all economic phenomena to the tests of scientific analysis. Out of the essential data thus obtained we must, by a scientific synthesis, arrive at a solution which will stand every test and meet every man with an honest, full and open answer to his every question. Such a solution must have the certitude of science, and in order to obtain this we must make our discussion conform to the scientific method. This we

* *Nineteenth Century Magazine*. May, 1890.

propose to do by means of an inquiry comprehensive in its scope and brief in its treatment, yet, when seeking fundamental principles, not neglecting the minutest details. In Part I we shall define the terms and deduce the laws that are necessarily involved in all true economic inquiries. In Part II we shall apply these definitions and laws, not only in determining the fundamental faults of the established order, but also in elaborating the principles and the working plan of a complete remedy for all the economic evils which now beset us. If at times the discussions of Part I shall seem technical or even tedious, we bespeak the patience and persistence of the reader with full assurance that the conclusions drawn in Part II will be replete with interest and will well repay a careful perusal of the entire subject. These discussions are of interest not merely to those whose ideals would lead them to change the established order; they are of the utmost practical importance to people of all classes and professions if the established order is to continue.