

CHAPTER V.

OF THE ECONOMIC IMPERATIVE.

We must make room at the Father's table for all his children.
Father Edward McGlynn.

We have now treated in a brief yet comprehensive manner all of the primary questions which pertain to Economic Science in both normal and abnormal conditions. All other questions which may arise are subsidiary to these, and may readily be classified and analyzed in the light of what has already been given. We have carried our analyses into the minutest details where details have been important, and have clearly defined every term having a distinctive economic meaning. In no case has a term been defined in one way and afterwards used in another; nor has any definition, statement, or argument been used which in any manner contradicts or even fails to support any other definition, statement or argument to be found in the text. Every phase of the subject touched upon has been considered in relation to all economic phenomena and all deductions have been pressed to their ultimate conclusions regardless of consequences. We are now prepared to say upon the authority of Economics and with the certitude of science that there is a criterion by which the policy of the State toward the institution of property under any system, actual or proposed, may be tested and correctly

determined. For the statesman there is an Economic Imperative. It is this:

The State must destroy all monopoly values; it must socialize all ground values and all public utility franchise values; it must individualize all labor values and capital values; and withal it must maintain an economic system which permits and protects the fullest coöperation in industry and the freest competition in exchange.

From an economic point of view this statement furnishes the State with its only reason for existence. It is the answer of Economic Science to the anarchist.* In any state of society where civilized men are entirely and equally free—and the anarchist's conception is based upon the ideas of civilization and of entire equal freedom—men will produce labor-forms according to their predilections and their environment, and will exchange them for the products of others. The denial of the right of exchange is contrary to the fundamental tenet of anarchism; such a denial is advocated only by the omnisocialist.

It follows, therefore, that the anarchist is bound by all the natural laws of the market and by all the results which naturally flow from those laws. In the absence of any government at all, i. e., in the absence of any body politic, labor values, capital values, and land values will inevitably accrue. And just as inevitably labor values and capital values will tend to fall, and land values will tend to rise. The value of land-forms then, as now, would be an unearned increment, and would have to be disposed of in one

* See Part I, page 19.

of two ways. If it were left in the hands of the fortunate individuals who occupied or owned the superior land-forms, they would thus secure a differential value created by others than themselves, and the law of equal freedom would be broken. No man can occupy or own a superior land-form to the exclusion of his fellows without infringing upon the equal freedom of all other men in the use of the earth—the storehouse of nature. And if it were sought to equalize the use of land-forms, this could be done only by some form of governmental action. In any community in which it is necessary for different persons to occupy and use land-forms of different degrees of desirability, either the law of equal freedom must be broken, or some sort of compact must be made and carried out by the community as a whole. Neither of these is consistent with anarchism, for the making and enforcement of such a compact necessarily involves a body politic.

If equality of opportunity is to be acquired at all in any community, it must be by collective or governmental action. The fact that governmental action has been in vogue for centuries without securing equality of opportunity in any state or nation gives to the anarchist a coign of vantage in argument from which it is not easy to dislodge him. Yet if it is within the power of government to accomplish a given result, the fact that it has neither accomplished such result nor seriously attempted to do so does not warrant the conclusion that all government should be abolished. Nor does the fact that certain acts or laws of the State sometimes or even continuously oppress and exploit those whom the State is presumed to pro-

fect show any necessity for the abolition of the State. It is only necessary to abolish the injustice and oppression.

If all land-forms were of equal desirability, there would be no land values and no distinctively economic reason for the existence of the State. In the absence of any juridical law, labor values and capital values would be distributed automatically by the laws of the market, except in so far as such laws should be interfered with by robbery, theft, or other forcible exploitation of one man by another. To prevent such forcible exploitation the State is indeed necessary, but its necessity in that behalf is civic, not economic. The economic function of the State is to prevent the exploitation of one man by another, not by force, but by the monopolization of natural opportunities; that is, it is the economic function of the State to socialize natural opportunities. The only way in which this can be done with justice to all and without arbitrarily and unequally abridging the freedom of the individual members of the State is by socializing the distinctive differential values of these opportunities. As was shown in a former chapter, this may be done by the imposition and collection of an annual tax to the amount of the full selling value of all land-forms and franchises. The selling value of land-forms and franchises, it will be remembered, would then be less than their annual rent or income; they would sell for the present worth of the ground rent or income, as the case might be, computed at the current rate of interest.

Therefore, the economic function of the State resolves itself into the annual socialization, by means of taxation

and public expenditure, of all ground values, and of all franchise values, if public utilities are permitted to remain in private hands. Its civic function is the protection of the individual citizen in his freedom to coöperate or not, as he sees fit, in industry, and to compete or not, as he sees fit, in exchange. But whether the individual chooses to coöperate or to work out his own salvation in industry, or to compete or not to compete in exchange, the State, in the exercise of its civic function, must see to it that he interferes not with the freedom of others to coöperate and compete as they will, and that he exploits not the earnings of any man either by force or by fraud.

To any existing institution or to any proposed change of economic policy, therefore, both the student and the statesman may apply these unfailling tests:

Does it tend to destroy, or to create and maintain monopoly values? If to destroy them, it is to be upheld; if to create or maintain them, it is to be condemned.

Does it tend to socialize all ground values and all public utility franchise values? If so, it is to be upheld; if not, it is to be condemned.

Does it tend to individualize all labor values and capital values? If so, it is to be upheld; if not, it is to be condemned.

Does it tend to permit and protect the fullest coöperation in industry? If so, it is to be upheld; if not, it is to be condemned.

Does it tend to permit and protect the freest competition in exchange? If so, it is to be upheld; if not, it is to be condemned.

What could be more simple than these tests? Yet the application of them to practical affairs is all that stands between men and economic freedom—equal freedom not only of person, but of opportunity. It is all that stands between those who produce and the whole product which distinctively is theirs.

In the light of these simple tests what becomes of the insistent demand for government by experts? These tests are so simple that the people should soon learn to govern themselves in fact as well as in name. If they would be masters of themselves and control their own destinies, let them but heed and enforce the economic imperative:

The State must destroy all monopoly values; it must socialize all ground values and public utility franchise values; it must individualize all labor values and capital values; and withal it must maintain an economic system which permits and protects the fullest coöperation in industry and the freest competition in exchange!