

## CHAPTER VIII.

### OF BISOCIALISM.

Common friend to you and me,  
Nature's gifts to all are free.

*Robert Burns.*

The man who monopolizes land monopolizes the concentrated values of common progress. If these land values were taken by the public and expended for the common benefit, all progress, past and present, would inure to the benefit of the whole people.

*John Z. White.*

Judged by the economic imperative, bisocialism is the true remedy for all the economic evils of the established order. It will destroy all monopoly values; socialize all ground values and all public utility franchise values; individualize all labor values and all capital values, and it will create and maintain an economic system which will permit the fullest coöperation in industry and the freest competition in exchange.

It must be remembered that the term *bisocialism* does not imply the creation and maintenance of a little socialism here and there throughout our present economic system, such as the postal system and life-saving service. Such isolated and unrelated socialistic features are instances of what we have called sporadic socialism. Under bisocialism such features will be retained and extended, but they will become material parts of a *system* wholly socialistic as far as it goes. The system itself will be limited

by clear lines of demarcation, but within the scope of the system there will be no bounds placed upon the socialistic features. Those things which are socialized at all will be completely socialized, while those which are left to individual control will be so completely individualized that they will not be called upon even to contribute to the revenues of the State.

Bisocialism is not an arbitrary and experimental scheme for the solution of industrial problems. Its working plan is not without an economic basis. It recognizes both coöperation and competition as beneficent agents of progress, but it makes opportunities for the former complete; for the latter, free. It does not destroy the market, nor forbid exchange; on the other hand, it restores the normal market and completely unshackles trade.

When all monopoly values have been destroyed and all ground values and public utility franchise values have been completely socialized, industry will not be forced to exert itself below the normal economic margin. The marginal return to common labor-power will then become the true and unerring standard for the measurement of all labor values. The marginal pair will become the determiners of all market values, and the common laborer upon a marginal land-form will become the unconscious but certain arbiter of all wage questions.

Let us assume that two men of equal skill and ability and without any capital-forms go out together on a certain day and work the same number of hours at the same task upon equally fertile and well situated land-forms. At nightfall their day's products will be substantially equal

and, if taken into the market together, they will have substantially equal values.

Let us assume that on the second day one of these men exercises greater skill or ability than the other, thus exerting superior labor-power, all other conditions remaining the same. At the close of this day his product will exceed that of the other man in quantity, and in the market will be of correspondingly greater value. This increased value resulting from superior labor-power we have called a labor differential. Omnisocialism would turn both products into the public storehouse, and reward both laborers with time checks for the same number of hours. The only additional recompense open to the superior laborer would be possible promotion to a more desirable occupation. Bisocialism would give this labor differential, without reduction by taxation or otherwise, to the man whose superior skill or ability caused it to be; and it would leave him free to bring about his own promotion to a more desirable occupation in competition, and upon equal terms, with his fellows.

Again, let us assume that on the third day the same man, in addition to the exertion of superior labor-power, has converted his excess of the day before into a capital-form which he now uses to overcome the disutility of time. At the close of the day his product contains two elements of differential value. He has now a capital differential as well as a labor differential. Omnisocialism and bisocialism would treat this capital differential in the same way as they would treat the labor differential, respectively,

the one turning it into the common store, and the other leaving it without diminution to the man who created it.

The established order purports to treat these differentials as individual property, but its treatment differs from that proposed by bisocialism in two respects. The established order takes from the possessor part of his labor differential and part of his capital differential in the form of taxes, thus, in effect, fining him for his industry in the one case and his frugality in the other. And on the other hand, it would, in certain cases, grant him a monopoly in the use of his capital-form, as by a patent, and thus enable him to lay tribute upon his fellow-worker. Bisocialism would do neither of these things.

Let us further assume that on the fourth day the same man exerts his superior labor-power, assisted by pure capital, upon a superior land-form, the other man having made no changes whatever. The one now has three differential values of product—a labor differential, a capital differential, and a land differential. The established order gives him the land differential subject to a slight diminution in taxation. Omnisocialism would turn the entire product itself into the public storehouse and issue time checks to both men equally. Bisocialism would turn that part of the differential value of the product which results from the use of the superior land-form into the public treasury to be expended for the common good; thus treating the superiority of the land-form as an advantage of external nature which all can not occupy, but the distinctive values of which all should and may thus enjoy in common.

Let us now assume that on the fifth day the progressive man in question has acquired a franchise from a municipality by virtue of which he uses a public street for private gain and in a manner not open to any other person. To his net values he has now added a franchise differential. This the established order enables him to retain practically without taxation. In both forms of systemic socialism such business enterprises would be conducted by the municipality, and public utility franchises in private hands would be unknown; or, if private ownership of public utilities should be allowed under bisocialism, the differential values of their franchises would be wholly socialized in taxation.

Finally, let us assume that on the sixth day our man of progress acquires and uses a monopoly upon some instrument or process of production and in this way secures an artificial advantage over his fellow-worker. He now has a monopoly differential of product which the established order enables him to retain. Under either form of systemic socialism no such differential could be acquired.

The five differentials which we have enumerated are the only differentials which it is possible to create or acquire under any economic system whatever. In the established order all these differentials exist and all are left to private ownership subject to the same restrictions in each case as to liability to taxation. The matter of their origin is now wholly ignored by the State in its system of raising revenue. In omnisocialism the last two—franchise and monopoly differentials—would not arise, and all the others would be absorbed by the State without

distinction as to their origin. In bisocialism one class of these differentials—all monopoly differentials—would be abolished, two classes—land differentials and franchise differentials—would be socialized, and the remaining two—labor differentials and capital differentials—would be left to their individual creators without any diminution whatsoever.

These five differentials may be examined from another point of view. Labor differentials and capital differentials may be created and acquired under and by virtue of the simple laws of industry and exchange, without the necessity for any law or action of the State whatever. Among free men labor has ever been recognized as giving a natural title to its products, and capital is nothing but labor-forms put to a particular use. On the other hand, labor can not give a natural title to a land-form which it did not create; nor to a franchise nor to a monopoly, for these are creations of the State. In all civilized countries land-forms are held under a tenure established and upheld by law, the source of all land titles being the sovereign power of the State. The same is true of all titles based upon franchises and monopolies. Such titles are purely legal as distinguished from the titles of labor-forms and capital-forms which have a purely economic basis and exist independently of the existence or action of a particular government or State. Bisocialism would individualize all purely economic differentials of product, and would either socialize or destroy all purely legal differentials.

By retaining the competitive system as exhibited in

an open and wholly unrestricted market, bisocialism would give to the people the utmost advantage of that feature of the market which results in the socialization of utility. The importance of this feature as a social and economic factor can hardly be overestimated. By it the marginal seller of every trade-form must cater to the demand of the marginal buyer. The result is that among producers there is induced a constant effort to acquire their products with the least possible disvalue, and that among consumers all are enabled to buy at prices fixed by those buyers who are most indifferent or least capable of all. In this way society as a whole is enabled to satisfy its desires and the desires of its members with the least exertion.

In the absence of all monopolies and with all ground values and all franchise values socialized, there would be nothing in the competitive system of industry and exchange incompatible with the highest good of any member of society. It is true, as the omnisocialists say, that under the established order some men are enabled to oppress and exploit their fellows, and that it is possible for a few men to combine in such manner as to oppress and exploit the masses. But it is also true that the only way in which one man may oppress or exploit another, or in which a combination of men may oppress and exploit the masses is by obtaining a differential advantage in the possession or control of land-forms, or in the possession and control of public utility franchises, or of monopolies. In other words, the only men who can by any possible means (short of physical force or intimidation) oppress or ex-

exploit their fellows or the masses are landlords, franchise-holders, and the beneficiaries of monopolies. When monopolies have been destroyed and all franchise values and ground values have been taken out of the possession and control of private individuals and thoroughly socialized, it will be an utter impossibility for any man to oppress or exploit another in any manner within the reach of any economic remedy. Men may still steal from one another, and may reap where they have not sown by means of violence, intimidation, or fraud, but these evils must be remedied by the State under its police power. They are not manifestations of any economic disease, and for them there is no economic remedy.

The economic "law of gravity," that men everywhere tend to satisfy their desires with the least exertion—that they seek a maximum of satisfaction with a minimum of effort—is completely recognized by the working plan of bisocialism. This plan enables every man to work under the most favorable conditions possible; it gives no man an economic advantage over his fellows; it places no restrictions upon any man except such as are necessary to give and maintain equality of opportunity to all men; it gives to every man every value which he distinctively creates, and every value to which no man can lay claim as distinctively his own it absorbs into the public treasury to be expended for the common good. It is a cardinal doctrine of bisocialism that the State should enable every man to satisfy his desires with the least exertion, *provided* that he does not thereby interfere with the equal *oppor-*



*tunity* of every other man to do the same. This is the "law of equal freedom" of bisocialism.

Bisocialism recognizes the true nature and import of the market as manifested in *value* and *cost*. It recognizes the double aspect implied in the definition of *price*, and gives due attention to both sides of the market. It looks upon the buyer (consumer) rather than the seller (producer) as the more important person in the market, and makes consumption rather than production the matter of greater economic importance. In the established order, the producer is all in all. It is always he that is "protected" by legal differentials. It is always the consumer who "pays the freight"—protection and all. In bisocialism the State will not protect any man at the expense of another. It will protect every man—not some men—but it will be by protecting him against any undue advantage upon the part of another. The law should give to all men equality of opportunity, and should protect them in the enjoyment of such equality—that is all.

Under bisocialism the tenure of land-forms would remain as at present in form and also in substance, except that the rate of annual taxation would be increased to 100 per cent. of the ground value. It has been shown in a former chapter that under such a system ground values would be reduced from substantially twenty years' purchase—the aggregate sum of twenty years' ground rent—to the present worth of one year's ground rent at the current rate of interest, and that thus the ground value or selling price of a land-form would become less than its ground rent. Land-forms could still be held as an

investment, and would yield the current rate of interest upon secure investments. But other things remaining equal, land-forms would be worth only about one-twentieth what they are at present, and under bisocialism nineteen-twentieths of the funds now invested in land-forms would seek investment in productive enterprises. This would give great impetus to industry and exchange. The socializing of ground values would make speculation in land-forms unprofitable and impossible, thus throwing all land-forms open to actual users; and at the same time it would divert a large fund from unproductive to productive uses. It needs only to be stated to be seen that a farm which now costs \$20,000 will produce just as much grain when the price is reduced under bisocialism to less than \$1,000; and that just as much business can be transacted upon a corner lot when, under bisocialism, the price is substantially \$1,000 as when, in present conditions, its price is \$20,000.

If ground values were wholly socialized as proposed, one effect would be to throw all unused land-forms into use, as the tax would be the entire ground value whether used or not. This would tend still further to lower the price of land-forms. But, on the other hand, the diverting of large investments from idle and otherwise unproductive land-holding into productive enterprises would cause a great demand for land-forms upon which to conduct these enterprises, and we may fairly assume that these changes would tend to establish an equilibrium, and that ground values under bisocialism would be substantially one-twentieth as great as at present.

Aside from being very greatly simplified and reduced, the machinery of taxation would remain as at present. All custom houses would be abolished and the horde of tax-gatherers—customs officers, collectors of internal revenue, gaugers, spies, inspectors, and the like—now maintained by the general government would be disbanded. The only tax would be a tax upon ground values—irrespective of the values of improvements—unless it should be the policy of the State to permit public utilities to be operated under franchises by private persons. In this case the tax would be extended so as to include the entire selling value of such franchises each year. The selling value of a franchise under such conditions would be such that the annual net income not only would pay the current rate of interest on the investment after the payment of the tax each year, but also would reimburse the amount of the investment itself within the life of the franchise. The selling values of franchises would be computed from tables of values in much the same way as the values of annuities are now determined. But under a system of bisocialism the logical plan is governmental or municipal ownership, operation, and control of all public utilities, thus leaving ground values as the single source of governmental and municipal revenue.

Under such a working plan the State would permit private ownership and private enterprise in all matters not requiring a franchise, but would socialize all ground values by absorbing them into the public treasury by means of taxation. Franchise values, on the other hand, would be socialized by the direct socialism of all those businesses

under which such values now accrue. So that, strictly speaking, bisocialism contemplates the socialization of one kind of value—ground value—and one kind of business—the business of operating public utilities. All other values and all other businesses are to be left to individual ownership and enterprise free from any and all forms of taxation, and free from all artificial restrictions.

If, under a system of bisocialism it should be deemed politic—it certainly would not be economic—to give to authors and inventors such encouragement as the government now attempts to give by means of patents and copyrights, it might be done much more effectively than at present, without discriminating against any particular person or class, and with but slight discrimination against society as a whole. The publishing of the copyrighted book or the making of the patented article might be thrown open to all, the only condition being the payment of a given royalty to the author or inventor for a given time by every publisher or manufacturer under such regulations as might be necessary to protect the person entitled to receive such royalty. This plan could be adopted under the established order and would be a vast improvement over the present plan, which seldom results in any substantial benefit to the inventor and not always to the author. At any rate, all publishers and manufacturers should be put upon the same plane, and the differential advantages, if they are to be given, should be limited to the authors and inventors themselves.

In this connection it may be well to note that a similar change might be made under the established order with

reference to the policy of so-called protection to home industry. In order to have all the advantage of the protective system, so-called, it is not at all necessary to have a "protective tariff" as now established. Instead of congress seeking to ascertain and to establish in the case of every protected article a tariff rate, specific, *ad valorem*, or both, which will give the desired "protection," let it ascertain and establish as nearly as it can the amount of each foreign article which can be imported into the United States without lowering the market price to the extent of "crippling home industry." Then let it be enacted that such quantity may be imported annually, and no more, and let the privilege of such importation be thrown open to competition, the highest bidder being awarded the exclusive privilege to import such quantity upon paying the amount of his bid into the public treasury. This plan, like the formulation of tariff schedules by experts and committees in congress under the present tariff system, is purely arbitrary and economically unjustifiable, but it would carry out the protective theory to the utmost extent and in the simplest way. It would preserve the competitive principle in so far as it can be preserved without abolishing the protective policy itself. It would disassociate the protective policy from the question of taxation, and would place such policy squarely upon its merits before the people. Bisocialism would ultimately discard such a plan as contrary to the economic imperative, but under the established order it would work a vast improvement.

Bisocialism would at once adopt the economic standard

of value, and would use the current credit-form as its basic medium of exchange. For all labor, services, and labor-forms purchased by the State it would issue current credit-forms in terms of dailors. These dailors would be redeemed by the State in the payment of ground value into the public treasury, and meanwhile would pass current anywhere, at home or abroad, that the stability of the government was recognized. For foreign exchanges gold might still be used, and would pass then, as now, by weight in all transactions of importance. For domestic use neither gold nor silver would be required as a standard of value, the economic standard having no more reference to gold or silver than to any other trade-form; but as mere current money-forms gold and silver would be retained. The attitude of bisocialism toward the economic standard of value, the current credit-form as a medium of exchange, and gold and silver as current money-forms may be fully ascertained and understood by reference to former chapters which treat of those subjects.

From the discussions of this chapter we may deduce the following definition of bisocialism:

**Bisocialism** is that form of systemic socialism which seeks to destroy all forms of monopoly; to socialize all ground values and all public utilities; to establish and maintain equality of opportunity among all men, and to leave to private ownership, management, and control all of the distinctive results of individual ability, energy, and thrift.