

## CHAPTER XIV.

### OF INADEQUATE REFORMS AND REMEDIES.

National prosperity and rich crops have not thus far helped the widow and the orphan. High prices only make poverty more pinching. The hard-earned dollars buy so pitifully little.

*Isabelle Horton.*

From an economic point of view the supreme test of every proposed social reform or remedy is this: Does it tend to raise the economic margin? If it does, then to this extent it will permanently benefit the whole people. If it does not, its benefits are limited, at best, to a part of the people, and its ultimate effect is usually to depress the margin. While such a movement may benefit those who are immediately engaged in it, or are the direct beneficiaries of it, the condition of those who are below these in the economic scale is made relatively worse. It is the purpose of those engaged in a given social reform movement to obtain better conditions for a certain class of people. But in spite of all that is done the differential privileges which made these people its victims by depressing the margin still remain; and as long as they exist a part of their baleful effects may be shifted from some persons to others better able to bear them, but the burden as a whole is in no wise lifted.

Since the Civil War there have been in the United States several movements of a reform nature that have attracted wide attention. Some of these have sought to

benefit large numbers of people by reforming persons themselves, as in case of the temperance movement. Others have sought to benefit the same class of people by changing their environment in so far as it influences their personal habits, as in case of the crusade for the prohibition of the liquor traffic. Other reforms have sought to modify the laws of the State which affect certain economic conditions, without proposing any fundamental economic changes, as in case of the greenback, populist, free trade, and free silver agitations. While still other reforms seek to affect economic conditions by the coöperative action of certain classes of people, the personal habits and social environment of the people and the laws of the State remaining substantially the same. These reforms are exemplified by the grange movement of the early 70's and by the present day organization of trade unions.

None of these movements is devoid of merit, and all are the results of strivings for better things. Some of them are highly meritorious in themselves and have enlisted the sympathies and labors of many very commendable men and women. But neither singly, nor in any combination, nor all together can they solve the economic problem. Each involves a glimpse at least of a great truth, but not one of them has even paved the way for the vital and all-inclusive step which, when taken, will benefit all men by raising the economic margin.

It is but a repetition of former discussion to say that the inculcation of temperate habits among the poor, while it benefits them morally and physically as individuals, does not tend to raise the economic margin, but rather to de-

press it. Anything which renders a neighborhood more desirable for residence purposes tends to increase its ground rents. The higher the ground rents the greater the ground values to those who desire to own their own homes. Under the present system of taxation and land tenure a sober, thrifty, and industrious people are fined by increased cost of living for maintaining these virtues.

It is a mistake to assume that drunkenness is a prime cause of poverty; rather is it true that poverty, or at least that economic condition which breeds poverty, is a prime cause of drunkenness. These facts are beginning to be understood and appreciated by some of those who have consecrated their lives to the temperance and prohibition movements. In her later years Miss Frances E. Willard stated over her own signature that "The present economic condition of the country, the misery of the millions of our people, the vast number of the unemployed, and the still larger number forced into unnatural employment at small wages, call for reforms which, if they could but be brought about, would vastly diminish the tendency to drink." And in speaking of the proposal of Henry George for the appropriation of ground rent for the sole revenue of the State, she said that she recognized in this movement "an effort to establish a principle which, when established, will do more to lift humanity from the slough of poverty, crime and misery than all else; and in this I recognize it as one of the greatest forces working for temperance and morality."\*

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\* Letter to Chicago Question Club, September, 1894. Published by the Club.

In the first of these quotations Miss Willard graphically pictured the results of a depressed economic margin, and distinctly showed that she realized that the depression was unnatural and caused by some force outside the victims themselves and beyond their control. In the second passage quoted she did not hesitate to recognize and advocate the adoption of the remedy that will do more than "all else" to extirpate poverty, crime and misery. This is strong language and shows that she fully appreciated the fact that the socialization of ground values in taxation is the fundamental economic reform.

The temperance movement made its appeal to the individual, and sought simply to change him and his habits. The prohibition movement goes further than this, and recognizes that the evil of intemperance has a social and economic aspect; consequently its appeal is made not alone to the individual, but also to the makers of the law. For this reason the prohibition movement has entered the field of political action.

Another agitation for reform which necessarily entered the field of politics was the greenback movement. This movement had behind it the great economic fact that the government can issue and maintain at par paper money to the amount of its current annual expenditures without any means of redemption other than the full and free acceptance of such currency in receipt of taxes. This fact, however, was never clearly seen by the greenbackers themselves, and their party platforms and recognized literature were burdened with projects for the issuing of too large, and even of unlimited amounts of paper money without

any feasible plan for redemption at all. Besides this, the greenbackers attempted to create a primary reform in a matter of secondary importance. The money question, however grave, is not the fundamental economic question. An improved or even a perfect currency system constitutes but an additional advantage of good government, and its measurable benefits will inevitably be reflected in ground rents and ground values, and will surely inure to those who are enabled by law to appropriate and enjoy these forms of value. This is also true of all the measurable benefits which would accrue from the remedies proposed by tariff reformers and by the advocates of the free and unlimited coinage of silver at the existing ratio of 16 to 1. It may be admitted that metallic money based upon two barter metals is less subject to monopoly and to private manipulation in various ways than if based upon a single metal, and that the parity of the two metals could be maintained indefinitely by arbitrarily making both an unlimited legal tender for all purposes public and private. But the bimetallic standard, if adopted and successfully maintained, would not conform to the true economic standard of value. It would still practically ignore the disutilities of space and time. In itself it would contain no distinct recognition of the greatest of all monetary principles—the principle of government credit-forms redeemable in receipt for taxes.

The distinguishing feature of the populist movement in addition to its demand for "fiat," or practically irredeemable paper money, is its demand for the loaning of this money to the people, particularly to farmers, at a rate

of interest much below the ordinary commercial rate. This was one way in which the large increase of paper money was to be put into circulation. Another way was through the erection by the government of great public works. Neither of these plans has any economic basis. If the money were loaned by the government, as demanded, upon the ordinary basis for security, those who needed money the most could get none at all, while those who needed it the least could get it readily. What the people need is not the loan of money by the government at any rate of interest, high or low, but an opportunity to produce upon a normal margin. To the man upon an artificially depressed economic margin the gift of a mere advantage in interest rates would do no permanent good. The advantage would be taken from him in increased ground rents.

The effect of government expenditures for public works is too well known to require statement. It is to increase the value of all land-forms in the vicinity of such works to the differential advantage of the land owners, as owners, and without any measurable benefit whatever to the land users, as users. The inevitable result is an increase of ground rents. Bisocialism would expend money for public works—much more than at present. But it would appropriate substantially all of the increased value of neighboring land-forms in the reimbursement of the State for its expenditures and for further improvements for the benefit of all the people.

The agitation in favor of lower tariff does not involve any fundamental reform. On the other hand, it tends to

perpetuate the established order by making it a little more tolerable for certain classes of producers. It calls for a tariff for revenue only; the true economic reform calls for no tariff at all. The working plan of bisocialism recognizes a natural source of revenue for the State, and provides a simple means by which this source may be utilized. A tariff for "revenue only" creates artificial differential privileges which some may enjoy at the expense of others. The socialization of ground value for revenue not only fails to create any artificial differentials, but it serves to obliterate all natural differentials and to put all men upon a plane of equal external opportunities.

It has been shown in a former chapter that neither the principles nor the working plan of bisocialism recognizes as beneficent the creation of differential privileges for the so-called protection or encouragement of home industry. If all the institutional shackles were removed from industry and exchange, and men were allowed to produce freely upon a normal and normally improved economic margin, home industry would need no further protection or encouragement. In the meantime, during the transition period, if the people so desire, the so-called protective principle can be carried out as hereinbefore described without any reference whatever to the system employed in taxation.

Aside from the temperance movement, which appealed to the individual, and the other movements mentioned, which have involved political action, two other movements of general interest have arisen in the United States since the Civil War. These differ from all the others in this: They seek to reach their respective ends neither by indi-



vidual effort and reform nor by direct political action; but by coöperative and concerted action to change economic conditions, the laws of the State remaining substantially the same. These are the farmers' movement, known as the grange, and the movement among wage earners by virtue of which they have formed themselves into trade unions.

The grange had for its central thought and purpose the elimination of the "middle man." Instead of selling their grain to local buyers, farmers undertook to ship direct to Chicago and other great grain markets. And instead of buying their agricultural implements and other supplies of local dealers they sought to buy direct from the factory and the wholesale house at factory and wholesale prices.

In doing these things the farmers ignored the fact that the so-called middle man has economic functions to perform, chief among which is the function of overcoming, for others, the disutilities of space and time. With reference to shipping their own grain the farmers met great obstacles in the matter of getting proper shipping facilities when needed, and reasonable prices in the grain markets for storage and other necessary charges. They were willfully discriminated against by railroads and warehouses and by grain buyers in the central markets. In the matter of purchasing supplies, cash had to accompany the order in most cases, so that comparatively few working farmers could take advantage of this plan. At its best the grange movement could do nothing for the marginal farmer, and if it had succeeded, it would have resulted in increasing ground rents and the prices of



farms. The next generation would have found it just so much the more difficult to get access to the soil. Its attempt to eliminate the middle man and his net value from the economic field stamps the grange as a sporadic step in the direction of omnisocialism.

The movement toward trade unionism is somewhat difficult of economic analysis. Its principles have not always been definitely and clearly stated, and its working plan does not always harmonize with the statement of its principles. Nor is the attitude of trade unionism toward current economic conditions always the same. At some times the tendency is toward the strike as the first and most effective means for the enforcement of its demands; at other times it advocates arbitration as the chief means of attaining its ends. At some times it is headstrong, willful and even arrogant; at other times, moderate, conciliatory and even meek in the presentation of its claims for recognition. It is born of false economic conditions, and it adopts the means nearest at hand for opposing these conditions, without any considerable inquiry as to first causes or ultimate remedies. Many of its leaders adopt the views of the standard economists and look upon the conditions which now exist as the natural outcome of a necessary struggle for existence, and maintain that no permanent remedy is either possible or desirable. They utterly ignore the difference between the struggle of man with nature under normal conditions, which uplifts and ennobles him, and the struggle of man with man in abnormal conditions, which degrades and embrutes him. In the midst of a world in which millions are daily in

want or the fear of want, and in which human misery is so great as to convince Professor Huxley that the "advent of some kindly comet which would sweep the whole affair away" would be a desirable consummation in the absence of any other remedy, some of these leaders of labor are actually afraid lest the people might acquire the means of satisfying their desires with too little exertion. Says one of their number:

"Whatever there may be of truth in any and all theories the trade unions will strive to attain, but that there is a final, a full solution of the labor question we deny. \* \* \* To those men and those women who are seeking for a solution of this great labor question in its entirety I would advise that they turn their attention to the problem of perfecting a mechanism for perpetual motion, or seek the fountain of endless youth. I have no hope or even a desire that this great question shall be solved. For should that day ever come to humanity, all incentive for activity and progress would be at an end and the race would either go back to savagery or disappear from the face of the earth."\*

In all the realm of literature there is no better special plea for the preservation of the established order substantially as it exists than this. And yet these words were spoken by a man who is the accredited representative of thousands of those victims of the established order who seek relief through trade unionism. His demands at present are higher wages and an eight-hours day. To-morrow and next year the demand will be different, perhaps, if these are attained, but care is to be taken to keep the laborers from acquiring too much leisure.

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\* John B. Lennon, Secretary Journeyman Tailors' Union of America and Treasurer American Federation of Labor.

The doctrine of the foregoing quotation is based upon the assumption that in order to settle the "great labor question" it is necessary entirely to overcome all the disutilities of matter, space and time, and to reduce all labor-forms to spontaneities. This is not true. Such an assumption fails to make any distinction between the problem of creating satisfirms and the problem of distributing them. Political Economy does not exhaust itself with the creation of satisfirms. This is primarily a question of industrial science. There has been no lack of progress and successful achievement on that score. The prime question of Political Economy is to determine in what manner satisfirms which are created by modern industry can justly be distributed and enjoyed. It is not possible now, and never will be, to produce all satisfirms entirely without labor; it is possible now, and ever will be, to divide the products of labor in a just and proper manner. This is the "great labor problem"—to give to the laborer his due under the institutions, laws and customs of society. To hope that the real labor problem may never be solved is to hope that industrial wars shall never cease and that economic justice shall ne'er be done.

The view of the labor problem stated in the above quotation may be that of a few trade unionists who draw salaries fully commensurate with their abilities and services, but it is not that of the rank and file of the men in the trade union movement. They feel, if they do not fully understand, that it is neither the "niggardliness of nature" nor the unalterable decree of evolutionary development that stands in the way of the enjoyment by them of the full

fruits of their labor, but that their condition is the result of institutions, laws and customs of society which are susceptible of change. Their leaders must offer them something more than a perpetual struggle for an eight-hours day and a living wage in order to retain their confidence and support. The great labor problem can be solved—must be solved—but it must be done in such manner as to give to the laborer his due as a matter of right, and not as the result of a continuous industrial warfare with all its wastes, its hardships, and the surrender of individual liberties such as any form of warfare exacts from the members of an organized army. When the laborer has wrested from nature the products of his toil, he is entitled to his reward without engaging in a perpetual warfare with the beneficiaries of legal privilege, however successful he may be in carrying on such war. Success attained in such a struggle is after all an economic failure.

As conducted at present, trade unions are military rather than economic organizations. Men who have no inclination toward them, and even those who are actually opposed to them upon principle are forced to join them in order to get or to retain work and to avoid social ostracism. The unions often enforce their demands by strikes which, even when no violence is used, are almost as destructive to property as war. Like the general of an army, the leader of great labor organizations is necessarily an autocrat. Like any other autocrat he may use his power and authority wisely or unwisely. But in spite of this autocracy where democracy should rule; in spite of the warlike de-

structiveness of strikes; in spite of the arbitrary rules by which trade unions limit the number of apprentices, the number of hours a man may labor each day, the amount which he may do in an hour or a day in a given vocation; in spite of the ostracism of the non-union man, and of the boycott of the business man who, with or without just cause, falls into their disfavor; in spite of all these things and more, if trade unionism could ultimately solve the labor problem; if it could bring about a state of equality of opportunity; if it could destroy all differential privileges; if it could raise the economic margin to its normal position and maintain it there; if it could do any or all of these things, its shortcomings could be overlooked and its methods condoned.

But trade unionism alone can do none of these things. In a thousand years, unaided, it can accomplish not one of these ends. It can not bring about equality of opportunity; for the present inequalities are created or maintained by law, and laws can be changed only by political action. Trade unionism especially disclaims and eschews political action. For the same reason it can not destroy a single differential privilege; at the best it can only make the beneficiary give up to his employes a part of his differential gain. The consumer would still suffer. Labor unionism can not raise the economic margin. The margin has been depressed by conditions pertaining to land tenure, and land tenure is distinctively a matter of law. But aside from these things, trade unionism can never improve the condition of the man who receives the marginal wage. His remuneration is controlled in the labor

market by the product of the self-employed laborer upon the margin, and can not artificially be increased and successfully maintained beyond the value of the product of this marginal laborer.

No movement for the solution of the labor problem, or even for the amelioration of the laborers' condition can long succeed that does not extend to the marginal laborer. He is the marginal buyer and the marginal seller in every general market. He is the determiner of prices of all labor-forms and the ultimate arbiter of all wage questions. If the trade unionist seeks a permanent solution of the labor problem, let him support his organization as faithfully as he may in all its laudable endeavors, but let him never lose sight of the fact that as a trade unionist he is opposing artificial condition with artificial condition, force with force, cunning with cunning. He is a warrior in a war not of his own making nor of his personal fault. While the war lasts it may be his duty to fight. If so, as a trade unionist, let him fight prudently and valiantly. But it is his highest duty as a citizen to enter the field of political action and by his vote to bring about a condition of affairs in which industrial wars will be no more. Let him remember that all industrial wars are man-made, and that in the realm of economics, as in the realm of politics,

**"War's a game which, were their subjects wise,  
Kings would not play at."**