

THE SINGLE TAX REVIEW

A Record of the Progress of Single Tax and Tax Reform
Throughout the World

INDUSTRIAL WAR

(For the Review)

By LUCIUS F. C. GARVIN, FORMER GOVERNOR OF RHODE ISLAND

I

The existing relations between corporations and their employees call for the most careful consideration. Strikes, lockouts, unemployment, business failures, not only disrupt industry but also destroy social peace and prosperity. Each side to the controversy holds views which it believes to be right, and each has repeatedly tried to apply the methods it approves. Thus far the results of such efforts have been wholly unsatisfactory. May it not be that, in this instance, as in many others, "the looker on sees most of the game?" Is it not more than possible that an impartial but deeply interested professional man may suggest a plan which will bring industrial peace?

The solution advanced by organized labor may be summed up in the term "co-operative bargaining." No doubt in some instances, much more frequent in Great Britain than in the United States, differences between an employer and his employees have been settled amicably by a compromise agreed to by representatives of the two contending parties. But how often such well-meant efforts have completely failed! Indeed, most of our strong corporations either refuse altogether to confer, or else reject the co-operative bargain which is offered. Organizations of employers take the stand that the owners of the industry must make the rules by which it is to be conducted. With some reason they assert that they alone, and not their employees, know the conditions which must determine the wages to be paid and the number of hours to run.

When labor insists as a *sine qua non* upon co-operative bargaining, it seems impossible under existing conditions to prove it in the wrong. An individual laborer cannot bargain upon equal terms with a corporation. If an employee believes, or even knows, that his services are worth more than the

wages he receives, he is individually helpless. Should he go to the agent of the corporation and put in his request for higher pay, he will be told, as a rule, that if not satisfied he can go, that there are plenty of just as good workmen ready to take his place for the wages he is receiving. If the worker quits and applies elsewhere for employment, he is pretty sure to find the market price for his services no higher. More likely as a stranger, he will be obliged to start in at a lower wage.

On the other hand, not one of the plans proposed by employing corporations has proved at all acceptable to organized labor. The very latest proposition, emanating from Mr. John D. Rockefeller, Jr., as an outcome of the horrible industrial strife in Colorado, has already been denounced by Samuel Gompers.

Mr. Rockefeller's scheme is, that all of those who work for his company, whether members of organized labor or not, should select representatives authorized to confer with representatives of the corporation and to present their grievances. If any request of the employees is not acceded to, then the matter could be referred to a higher authority in the corporation, and finally to Mr. Rockefeller himself.

Even if temporarily successful in Colorado under Mr. Rockefeller's readiness to make concessions, this method of settling disputes is predestined to ultimate failure. In the first place, it ignores organized labor, which certainly possesses extensive influence. And, in the second place, demands will be insisted upon by those employed which under present conditions it will be impossible for the corporations to grant. So the dead-lock and the strike will come in the future as in the past.

As a matter of fact, both sides to the controversy are right in their main contentions—the laborer, that wages and conditions of work should be far better; and the proprietor, that he must manage his own business.

It is safe to say that none of the plans which have been tried, and none ordinarily proposed, gives the slightest promise of harmonizing these antagonistic demands. Not one unties the Gordian knot; and nobody should wish to cut that knot.

II

The trouble with these attempts at reconciliation between capital and labor is, that neither party to the dispute directs its attention to the fundamental cause of the hostility.

The basis of the controversy is that only in exceptional cases can corporations afford to treat their employees as human beings should be treated. They can neither pay decent wages nor properly reduce the hours of labor, if they are going to survive in the struggle for existence. Those who control a small percentage of the country might concede more to their employees, if they would; but the example of Henry Ford is not likely to prove contagious. And if all who could afford to do so paid double the wages they now pay,

only a moiety of the workers would be included, and those outside of the charmed circle would be no better off than now, perhaps not so well off.

According to the census of the United States, labor gets less than forty per cent of the value which it adds to the article it produces. Now laborers because of their numbers, constitute the great body of consumers. If, therefore, they can only buy back forty per cent of what they produce, it follows of necessity that we shall have what is called over-production. That is to say, the market is glutted with commodities, industry is depressed, and unemployment prevails.

Let us suppose that something could be done which would make it necessary and easy for employers to pay double the wages they now give; and that labor instead of being able with its income to purchase only forty per cent. of its product, could and would buy eighty per cent of the total output. Is it not pretty certain that all business would be brisk and unemployment rare?

There have been occasions in history when temporarily all could be employed and wages were much above the average. One such period was during the four years of our civil war. True, the millions in the two armies, engaged in a pursuit which was anything but productive, had very small pay. I got thirteen dollars a month and my keep. For those who stayed at home, however, there was a steady demand at much higher wages.

The present war in Europe, also, has taken many millions of workers from the field of labor and production, and turned them into destroyers of wealth. As a result the demand for labor in home industries, notwithstanding the interference with international trade, is unprecedented. The logic of these war illustrations is that for the time being home industries may be helped by abstracting the most efficient workers. A remedy, therefore, for industrial disturbance, would seem to be to kill off the workers. This would appear to be a rather rough way to right bad conditions, although it is what the famous political economist Malthus deemed a necessity.

It is worth while to inquire, even if we do not approve the method, why the withdrawal of some laborers benefits those who remain at work. Evidently it is because the supply of labor is lessened; there are no efficient unemployed standing ready to step into the places of those who ask for more pay. Higher wages must therefore be given.

Is there no other way than a bloody one of lessening the supply of labor as related to the demand for labor?

History tells us that there is another way of increasing that return to labor known in political economy as wages.

In 1849 and the years immediately following, almost the entire population of California consisted of manual laborers. When a vessel which had rounded Cape Horn arrived in San Francisco bay, the sailors had to be kept in chains. Otherwise the vessel would be deserted by the sailors and left

stranded and helpless, unable to return to the Atlantic coast. The reason for this condition was that placer mining panned out on the average about \$20 per day, and all wages were equally high.

It may be thought that the situation in California was extraordinary and unprecedented, almost artificial, owing to the extensive and continuous demand for gold to be converted into coin. Yet similar, though less pronounced, experiences have occurred where there were no precious metals.

In the early settlement of Jamestown, Virginia, when servants were sent over from England under contract to work out the passage money advanced by their employers, it was found impossible in many cases to hold them to their agreement. Land was abundant, could be had for the taking, so the laborers deserted their subordinate positions and became their own employers in the Virginia fields and forests.

Like events occurred in the early history of Australia, and indeed are the usual accompaniments of the colonization of new countries.

Each of these many instances shows that there is another way of changing the ratio between the demand and supply of labor than the killing of the workers. They prove that a multiplication of the opportunities to work, and particularly of the chances for self-employment, has an effect analogous to that of lessening the supply of laborers.

III

But new countries are getting scarce, and, it is to be hoped, the world will soon tire of wars. Is there no way left by means of which, without interfering with the natural increase of population or with the number of potential workers, the labor market may become less crowded? Is there not an agent capable of relieving both capital and labor of the bondage from which they suffer?

There is such relief, plainly in sight. It consists of the enactment of a plain and simple law. That law might be worded as follows: Governments shall derive their revenue solely from the annual value of the land within their boundaries.

This means that tax burdens shall cease, and instead all ground rents shall be turned into the public treasury.

Such a law would be just. "The earth is the Lord's. The earth hath He given to the children of men." To the above undeniable statement add the fact, that the value which attaches to any portion of the earth is created, not by the owner, but by the community at large.

These two truths, taken together, demonstrate that the value of the bare land, exclusive of all improvements, belongs to the people as a whole. Ground rental value, therefore, is in effect the people's salary, their annual income, earned by them from living together in an orderly manner. Consequently, it becomes the duty of every government to use this salary, which

belongs to it, first of all for public purposes, and if it proves to be enough, not to take by taxation one penny of individual earnings.

Such a law would multiply indefinitely opportunities for the employment of both labor and capital.

By removing taxes from commodities, from all of the products of labor and capital, a mighty impulse would be given to the production of wealth. By diverting ground rents and royalties from private pockets into the public treasury, the monopoly of natural opportunities would cease. No longer would it be profitable to own and hold idle valuable building lots, farming land, mineral deposits, water powers, water fronts, or any other of the gifts of nature to man. The land, which is the direct source of nearly all monopoly, and which indirectly gives rise to the few remaining monopolies, would be owned only for the purpose of devoting it to the most advantageous use. All unused territory would be upon the market at a nominal price. No greater amount of capital would be required in order to get permanent possession of a city lot, or of good farming land, than was needed by the early settlers. Indeed, the situation would be far superior to that enjoyed by the first comers, in that we should escape the hardships of a pioneer life, would find fine markets close at hand, and would possess the tools and comforts of modern civilization.

Labor no longer would find occasion to engage in an industrial war. With unlimited opportunities for self-employment, with good returns to moderate exertion, men would cease to infest business offices anxious for a job at any wage. "The iron law of wages," which now forces the unemployed to work for a bare living, would be broken. It is, indeed, an artificial and not a natural law.

James Wilson, near the close of his long service as Secretary of Agriculture, made the statement that through the intensive farming now understood, a man could make a good living for his family upon twenty or thirty acres, and would need to employ very little additional help. But, Mr. Wilson added, the difficulty is to get the needed land.

When the annual value of all land is taken for public purposes in lieu of taxes, unimproved land, whether urban or rural, will be upon the market at a nominal price. The required twenty or thirty acres, of good quality and well located, can be acquired for a very few dollars. Young men, and older men now superannuated at so early an age, will find in market gardening and intensive farming ever present opportunities inviting them to self-employment and an independent livelihood.

When, in addition to the now neglected agricultural soil, are utilized the vacant city and suburban lots, the unused mines and other deposits and forces so liberally proffered by nature, evidently profitable self-employment will become an easy and simple matter.

Then the individual who is offered a job by an employer will be in a

position to enter into a personal bargain. He can and will say, give me safe and sanitary surroundings and pay me all that I earn, or I will employ myself.

Under such conditions trade unions doubtless will survive, but since they will not be needed to fight for higher wages or fewer hours, they will become, what professional associations now are, purely social and educational in character.

IV

But, it may be questioned, how will employers be able to give double the wages they now pay? Will not failures in business become even more frequent?

To answer this query it is necessary to ascertain the causes of past business failures. Not so very long ago statistics showed that of persons engaged in mercantile pursuits nine out of ten fail at least once during their business career. The percentage at present may be somewhat less, but it is still very high. It will be agreed, I think, both by the sufferers and by observers, that the principal cause of bankruptcies is bad bills. The comparatively few merchants whose sales are strictly for cash seldom fail in business. When wages are doubled, cash business will become the rule rather than the exception. The customers, better educated and more self-respecting, will become wise enough, and also find it easy to use ready money in all transactions.

Manufacturers, too, suffer from the non-payment of bills, and besides, without much warning, they are liable at frequent intervals to find the market overstocked with the kind of goods they produce. This leads to sales at a loss, or to a shut-down, either of which (and both may occur) is likely to render the enterprise unsuccessful. But when practically everybody can pay and will pay for what he gets, and when because of universal employment at good wages every family can buy all the comforts of life which it ought to consume, the so-called over-production, the very real glutting of the market, will cease to be.

It must be borne in mind, also, that the endless financial burdens now imposed upon all kinds of business by unjust tax laws will be removed. Raw materials for buildings, taxed over and over again before they reach their final destination, will be wholly exempt and therefore much cheaper. The building when erected and all its contents, no matter how costly, will be free from taxes. The material which is to be manufactured and the completed product at every stage will be relieved of both the direct and the indirect burdens now imposed by government.

Under all conditions, whether bad as now, or good as under a just distribution of income, some men will be better qualified to direct large concerns than others. The many will lack the peculiar ability, or dislike the heavy

responsibility, or prefer to seek other ends than riches. Consequently, the occupation of the *entrepreneur* will not be overcrowded.

It is probable that with the widespread intelligence resulting from a good universal education, business more and more will be conducted upon the co-operative plan. That is to say, those who do the work in the factory or store will own it.

This will be, not the co-operative commonwealth of the Socialist, but, on a larger scale and in greater perfection, the voluntary co-operation of the kind which had its inception in Rochdale, England. The workers and proprietor capitalists will be one and the same persons, receiving at once both wages and interest.

But long before that Utopia arrives, capitalists and laborers will work together in mutual good will—the lion will lie down with the lamb.

SOME EARLY LAND REFORMERS

(For the Review)

By SAMUEL MILLIKEN

The following constitutes what may be termed "overflow matter" from the contribution of Mr. Milliken to the forthcoming Single Tax Year Book (quinquennial), on the "Forerunners of Henry George." It treats of men who were land reformers rather than Single Taxers, and therefore not to be classed as "forerunners" though many of our readers will be disposed to regard the conception of fundamental principles and the aims of these great men as more important than methods.—EDITOR SINGLE TAX REVIEW.

GERRARD WINSTANLEY

The following few particulars concerning one of God's nobility are gathered from Beren's "The Digger Movement in the Days of the Commonwealth." They are no more than suggestive; a reviewer is embarrassed with riches of material and character.

Winstanley was born at Wigan, Lancashire, October 10th, 1609. He became a small trader in London, "but was beaten out of both estate and trade." The good will of friends helped him to a country life. He printed several theological pamphlets, exhibiting the Friends' doctrines of the "inner light" and "non-resistance."

He had visions of God's children in a Commonwealth, working together, eating together, none being Lords and Rulers over others; none giving hire, none taking hire, but all working together in love. "No man shall have any more land than he can labor himself, or have others to labor with him in love. . . ." "And let the common people that say the earth is *ours*, not *mine*, let them labor together, and eat bread together upon all the commons, mountains and hills."