

is to blame? The mine owners or the voters who uphold Land Monopoly?

S. D.

Better Than a Lord Bountiful.

Public attention has been called to the action of Henry Ford, the automobile manufacturer, in voluntarily establishing a minimum wage of \$5.00 a day in his factory, making eight hours a day's work, and instituting other profit-sharing arrangements. Most of the comment made seems based on the opinion that Mr. Ford's action is a one-sided affair in which he generously gives profits to his employees without any expectation of return. Such an opinion robs Mr. Ford of credit that is due him. It places him in the position of Lord Bountiful, a position assumed only by those whose judgment is not as good as their intentions. It places his employees in the humiliating position of recipients of Lord Bountiful's charity, a position repugnant to self-respecting persons. Mr. Ford has displayed the possession of a broad mind and of the knowledge needed to realize that it pays an employer fully as much to have the good will of his employees as for an employee to have the good will of his employer. The policy he has instituted can only prove a public benefit if it encourages other employers to follow his example. It can hardly do this if it fails to benefit him financially. So those who hail him as Lord Bountiful are casting doubt and discredit in advance on a policy which other employers might adopt from purely selfish motives could they be sure that no feature of something for nothing is involved therein.

A policy similar to that instituted by Mr. Ford has proved a financial success in the case of some other employers. Tom L. Johnson at Johnstown found that it paid to pay higher wages than his neighbor, The Cambrian Iron Co. It gave him the pick of the labor market. The same is probably true of others who have adopted a similar policy, among whom may be mentioned, "Golden Rule" Jones of Toledo and Fels & Co. of Philadelphia.

Under existing conditions it is not possible for Mr. Ford's policy to be universally adopted with success. It can be applied where the employer has a monopoly, or where his trade mark on an article alone suffices to give it an advantage in the open market. But to urge employers generally to do so is as impracticable as is the advice so frequently given indiscriminately to employees, to voluntarily work longer than the hours required of them. An

occasional employee who does this may be favored by his employer. But if all do so the advantage will be lost and the final result will be more work for all without increase of wages. It must be the same way with employers. The occasional one who pays more than he must can get the most efficient labor in the market. But if all employers do so, no particular one will have any superior attractions.

Even if all employers were to voluntarily pay more than the market rate the employees would not long derive much profit from it, under conditions as they are today. A general increase in wages would be followed by a proportionate increase in land values, and in the end land owners would absorb in rent all that workers would gain in increased wages. As long as land values remain subject to private appropriation, the individuals who own the land will be able to get the lion's share of all public benefits. The labor problem can not be solved through unanimous following by employers of Mr. Ford's example, even if such action were possible, although the value of such an effort, as a lesson in political economy, would be great.

S. D.

Regulating Competition.

The idea of commercial regulation through industrial commissions has had considerable vogue of late among persons who lack the courage to stand boldly for principle, or who will not take the trouble to examine into the problem they seek to solve. The holders of privilege would, to be sure, prefer to be let alone; but if that cannot be, if the public is determined to do something, they would much rather have their privileges regulated than to have them abolished. The good-intentioned reformers who advocate regulating-commissions are, like the Socialists, victims of the deadly analogy. The Interstate Commerce Commission has been a useful instrument of government. It has brought some order out of the transportation confusion, and its usefulness has increased as its powers have been extended. Therefore, the commission advocates argue, we should have industrial commissions to regulate the general business of the country.

The fallacy of this logic lies in the confusion of facts, and the treatment of things as analogous that are in fact wholly different. A part of the business of the country is based upon natural privilege, confirmed by law; another part is naturally

competitive, but has been endowed by the state with legal privilege; the remainder is actually competitive, and is victimized by the other two. A natural monopoly, such as the carriage of freight and passenger on an exclusive highway, has been beneficially controlled by a government commission. But it does not necessarily follow that a government commission could, or would, control the legal-privileged business, or the purely competitive business. Such an undertaking would be nothing less than a form of Socialism, and would be of such vast dimensions that it would break down of its own weight. To attempt the regulation of all the business of the country would be as impossible as to consciously control the beating of the heart. Were such regulation the condition upon which society exists, it would speedily pass away.



Consideration of the industries of a primitive community will make clear the essential factors in the problem. The shoemaker and the farmer deal fairly with each other when exchanging shoes and potatoes; and each deals fairly with the tailor when exchanging shoes or potatoes for a coat. Should any one of them attempt to exact an unreasonable amount other men would enter his line of business. The invention of a sewing machine would make coats cheaper for the whole community; for, should the tailor attempt to charge as much for the machine-sewn coat as for the hand-sewn coat, others would make use of the machines, till the price reached normal level. The same would be true of the use of better fertilizer on the farm, or of a better yielding potato. This is a natural law; and, so long as it is not interfered with, it will work in a large or a small community, and for any length of time, measuring in just proportions the product of every laborer.



But suppose privilege to be introduced. If the sewing-machine be patented, its owner can exact an arbitrary price during the life of the patent. If the farmer be allowed to retain the value that attaches to land through the growth of the community, he will receive an ever-increasing share of the community's labor product. If the highway over which the shoemaker, the tailor, and the farmer must pass be given into the exclusive control of the road-builder, he can charge more than a just share for its use. Under such conditions it is conceivable that the machine owner, the land owner, and the highway owner might be able to sub-let to others their privileges, and so have their

own living without working at all. The painters or blacksmiths, the grocery men or butchers might enter into agreements with each other, but their combination would work no hardship to the community; for the moment they attempted to charge more than their work was worth, others would enter their calling to share in its greater profits.



It will be apparent that the government has a right to regulate the charge of the highway-builder, either by means of a commission or otherwise, because he enjoys a government-created privilege. The highway could not exist except by the consent of the people, or the government's fiat; and the government has the right to control its creature, even to the extent, if necessary, of direct operation. It is not only the right of the government, but its duty, to control the monopolies that it creates. It should control and regulate the use of patents, so long as they are issued; and it should distribute the economic rent, or land value, among the people who create it. This done, the commercial functions of the government cease. No competitive business needs to be, nor can be, regulated by government. When a business is not competitive, the government should make it competitive by withdrawing its privileges. Competitive business is natural business. It is self-regulating until interfered with by privilege. The duty of government, therefore, is not to try to regulate competition, but to suppress privilege.

S. C.



Not Equal Before the Law.

At least six possibly innocent men were subjected to the risk of serving a full penitentiary sentence when the federal judge at Indianapolis refused, on January 1, 1913, to grant a stay of execution to the convicted structural iron workers. These six men, with about twenty-seven others, were convicted of conspiracy. They appealed to the Circuit Court, but pending hearing of appeal no stay was granted nor bail allowed by the lower court, and they were promptly sent to the Leavenworth penitentiary to begin serving their sentences. In the meantime, however, the Circuit Court allowed release on bail, fixing it at \$10,000 for each man for each year of service. In allowing bail the Circuit Court said: "There is a possibility of substantial error—error so great that a conviction could not be sustained." Now, fully a year later, this court finds in the case of six of the prisoners who had been compelled to begin serving sentence that the conviction can actual-