

THE LIMITATIONS OF THE TRADE UNION.

If the Legislature of Illinois were to authorize a commission, invest it with police and taxing powers and grant it a charter to make some citizens rich at the expense of all of the others, it would do what is now done in every State in the Union in relation to public service corporations, in granting franchises which involve taxing powers.

Such a commission could collect one cent by direct taxation from every person in the State of Illinois and hand it over to one individual.

This would amount to more than fifty thousand dollars, because there are more than five million people in the State—a nice, snug little fortune.

This could be done again and again up to a certain point, but when that point had been reached the advantage to the individuals benefited by it would begin to lessen, and when the scheme was applied to the whole State and the last man, woman and child had been included in the list of beneficiaries, its advantages to any single individual would be wholly neutralized and the people at large would have wasted at least a million dollars and probably many times that amount, in five million collections and disbursements.

The whole net result would spell "wasted energy."

Aside from its political, social, moral, or economic aspects, the foregoing is the simplest kind of a problem in mental arithmetic, which any child of ten years can easily figure out.

Of like nature are many other schemes for subverting the laws of economics and getting rich quick.

Bounties, subsidies, tariffs, and all such quack political and economic nostrums are of the same character, and they masquerade as the "acts of statesmen" only among men who are incapable of consecutive and logical thought.

Now, Trade Unionism is not a get rich quick scheme, either in theory or practice, as is evidenced by the fact that even the best of them *never get rich*, but their escape from poverty is due to the fact that the workers at large do not yet belong to the union.

Trade Unionists take no note of the inexorable laws of economics. They have altogether too much confidence in the out-worn and decayed slogans of the militants of the middle ages.

Organization and the "mailed fist" are of absolutely no value today in coping with the economic

problems and forces that confront the world, and sway its destiny.



The success of the Unions today is wholly due to the *lack of loyalty to the union principle* when the unionists and their wives go into the market to buy goods.

"Union wages" have high purchasing power only so long as there is an immense amount of goods on the market *not made under union conditions*.

If every trade unionist in the land insisted upon buying nothing but goods carrying the union label (as is steadily but not wisely advocated by trade union journals) the whole benefits of belonging to the union would be swept away, because it would lessen the *purchasing power* of their wages by just the amount that their wages had been increased by the unions. To carry the statement still further: if every working man, woman and child in the United States belonged to a trade union and they all worked together harmoniously they would get some physical benefits from shortened hours, but the financial benefits of lengthened pay would be absolutely nullified, and for reasons which every economist, but very few trade unionists, understand.

It would be nullified for the very same arithmetical reasons that a "bounty" universally applied would be nullified; because it is not only contrary to the laws of economics but the laws of mathematics.

If the dream of the Trade Unionist were to be fulfilled the net result would be like "The Apples of Sodom," which turn to ashes on the lips.



"Wages" represent the worker's share of the whole product.

"Rent" (ground rent) represents the monopolist's share.

For the first item, labor and wealth are returned to society.

For the second item, nothing is returned; it is pure graft; ancient and venerated, but still *graft*, none the less.

Rent is the bottomless sink hole into which the wealth of the world is poured in ever increasing volume.

Rent is the great wealth absorber.

Any attempt to raise wages without reducing rent is as silly as to try to get rich by throwing money away.

It simply cannot be done.

The trade unionists owe their small measure of

success to the fact that *they have been only partially successful.*

This may sound funny, but it is true.

If the principle were universally applied, they would *handle more money, but they would not buy more goods.*

It does not matter whether the wages are \$1.00 per day or \$1,000.00. The net result to labor would be *just the same.*

Purchasing power is just as important as wages; and speculation in land, inflated land values, scarce jobs, and ever raising rents will keep the workers up against an economic stone wall, no matter what else they do.

The only way to lower rent is to tax unused land into the market; land is the only thing that taxation will make cheaper.

Every dollar taken from capital in increased wages without reducing rent one dollar, simply *adds another dollar to prices* and the net gain to labor is nothing.

To try to solve the labor problem by the arbitrary acts of trade unionism is sheer economic madness; it cannot be done. There is no science in it.

Organization will not save the workers from poverty, it cannot; economic education alone can do it.

The laws of economics are as inflexible as any of the laws of nature. They cannot be successfully defied.

Henry George has outlined these laws as has no other man in human history, and until trade unionists get acquainted with his doctrines and utilize the knowledge therein contained they will flounder around in the bogs of poverty. For them there is no special providence. They must think if they wish to be saved.

HENRY H. HARDINGE.

INCIDENTAL SUGGESTIONS

STATE REGULATION OF LOCAL UTILITIES.

Minneapolis, June 20.

This letter deals only with the legal effect of the recent adoption of state regulation of public utilities in Wisconsin upon the power of communities to get what they have long been seeking from their service corporations. The gist of this demand has been either (1) lower rates for the same service or (2) better service at existing rates. I deal now, not with the justice of this demand, but with the loss of power toward enforcing it.

Before Wisconsin delivered over the control of local utilities to her state railway commission, the

remedies open to cities and towns in securing better conditions were:

1. Direct appeal to the courts to secure enforcement of the terms of existing charters.
2. Or, where such charters were not exclusive, the establishing of competition by chartering new private companies or building municipal plants. Or sometimes only the threat of such a resort, as a means of bringing existing companies to time.
3. Or, upon the expiration of existing franchises, the municipal purchase of plants on terms fixed by their original charters.

But with the triumph of "state regulation" there came in that device innocently named "the indeterminate permit," which, by the way, was proposed to our own legislature at the last session. These permits, in plain English, are elastic and unlimited new charters issued by the commission as substitutes for existing charters, many of which would have expired at or about the present time. They change the terms of the expiring contracts without the consent of one of the parties (the municipality). They are thus really unconstitutional because "impairing the obligation of contracts," although I admit the courts would deny that, having always held that a charter to or on behalf of a municipal corporation was not as sacred as a charter to a private corporation.

At any rate, under the state regulation system the remedies now open to the public are (in theory):

1. Fixing of utility rates by the Commission.
2. Fixing of service standards by the Commission.
3. Fixing of purchase valuations by the Commission, after which there is the further resort of
4. A possible court review of the case.

But there are some important drawbacks to these remedies in practice which deserve attention. In the first place the commission does little or nothing on its own motion. And when it is appealed to it is often exasperatingly slow in hearing a case and coming to a decision (two, five or seven years in certain cases). Meanwhile the conditions complained of go right on and redress, if granted, is correspondingly delayed and sometimes expensive to obtain at all.

But often redress is not granted at all, and, when concessions are sometimes ordered, they are as a rule a great deal less substantial than might have been secured under the old charters in the courts or by settlement outside. The overwhelming majority of decisions have been largely or wholly unfavorable to the public.

But a favorable order now and then does not necessarily mean anything. For the commission is not at all sure to enforce its own orders (e. g. for service improvement), and if a corporation doesn't like an order it practically tells the commission "to go to." Nor does the commission seem to be jealous of its dignity or power when a corporation is the offender.

Or if it is a rate decision the company doesn't like, it gains the same further delay by appealing to the courts. For these have not as yet refused to review any decisions favorable to the public.

They have, however, refused to review certain important doctrines of the commission favorable to the corporations, such as the allowance of an indefinite amount of "going concern" value. This is