

ing News made the novel as well as unanswerable reply from which we extract the following:

To us it is one of the strong arguments against private ownership of public utilities that the cost, represented by bonded indebtedness, is made a perpetual burden on the public. With interest rates at 4 per cent, it only requires a sinking fund contribution of 3½ per cent per annum to extinguish a bond issue at the end of twenty years. Few franchise holding companies can float bonds at a lower rate of interest than 5½ per cent on the average, when discounts, etc., are taken into account. With a city floating its own bonds at 4 per cent, therefore, a contribution of only 2 per cent per annum under municipal ownership would extinguish the bond issue in twenty years and leave the city freed, forever, from the burden of further interest payment on account of this particular debt. Further than this, we need only look back twenty years to see that cities to-day need to have their power to borrow money by bond issues unhampered by debts incurred twenty years ago. . . . With the rapid changes of our present day civilization, each new generation has its own needs. . . . The city or the State or the nation that allows a mountain of debt to be piled up by generation after generation will suffer a serious handicap in the competitive struggle. . . . Suppose all the work of the Middle Ages in the castles of feudal warfare—quite as necessary in their day as any public work that we now build—were to be still represented by bond issues!

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Expertism in Government.

Under the title of "Democracy and the Expert," the London Nation makes a suggestive inquiry into the bureaucratic tendencies especially of socialists like Mr. Sidney Webb, and generally of all the types of socialism that may be called artificially constructive, in contra-distinction to those that are naturally evolutionary. Mr. Webb is urgent for the expert or specialist in government. But the Nation, itself socialistic, shrewdly wishes to know if a high degree of specialization would not remove the government from the control of the people. That such specialization as that which Mr. Webb and his associates stand for would do this, seems evident. But this is because the line between the function of the expert and the function of the people is not clearly drawn. Yet it is a visible line. We observe it in all our ordinary affairs. It is a line that separates policy from method and execution—the what-we-want from the how-to-get-it.

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A business man knows better than his experts what he wants accomplished, and to that extent he instructs his experts; but the experts know better how to get what he wants, and to that extent he abstains from interfering with them. So it is with

government. The people know what they want better than any expert in government can tell them. They know, for instance, whether they want high-ways or not, free trade or restricted trade, direct taxation or indirect, freedom or despotism. But with reference to the details of what they want, the experts know best. Given a nation in which the people regulate details, and you soon have chaos; given one in which experts determine policies, and you evolve bureaucracy, and ultimately absolutism. Absolute monarchy is the very ideal of expertism in government.

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A Misleading Confusion.

The London Socialist Review for July contained a thoughtful article on the waste of capital, by L. G. Chiozza Money—a socialistic article of the Fabian flavor. It was especially interesting as exhibiting the point of departure of socialists of the artificially constructive type, and those of the natural development type. For instance, referring to what he describes as "the anti-social storing up of capital to enable a person or family to live for an indefinite period upon the labor of others" and thereby "to exercise control or dominion over the life and work of others," Mr. Money declares this to be "the only unnecessary function which capital now possesses" and the only one which socialism would eliminate. This is a platform upon which all who believe in a better social order should be able to agree, whether they would accomplish the betterment by abolishing competition, as Mr. Money would, or by freeing competition, as others of us would. And what would make us differ would be our differing apprehension of what it is that gives to the possession of capital the power to live upon the labor and dominate the life and work of others. In opposition to Mr. Money we contend that capital *per se* gives no such power. It seems to have the power only because it is capitalized along with property which has the power in fact. A mining corporation, for example, capitalizes its machinery and its mineral deposits together, or a railroad company capitalizes its plant and its rolling stock along with its right of way, including its terminal monopoly, and we call all the stock "capital." Such capital does indeed perpetuate economic power in the possessor indefinitely and from generation to generation. But if the value of the mineral deposits in the one case, or of the railroad right of way and terminal, were abstracted from the stock, it is obvious to any business man that the capitalization of the machinery or of the rolling stock, as the case might

be, would in time, and in no long time, completely evaporate. How many business establishments of even fifty years ago are worth a dollar to-day, unless they rest upon monopoly foundations? Even debts cannot be perpetuated unless they are secured by monopolies or are public debts. It is of the utmost importance, therefore, in determining whether to abolish competition or to emancipate it, that we consider whence the evil power of capital comes—whether from capital *per se*, or from capital into which government has breathed eternal life by shackling competition.

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That the foregoing distinction has not been made by Mr. Money, is evident from his treatment of \$225,000,000 of railway dividends as interest on capital, when a large part of it is tribute for monopoly. And if the labor of repairing railroads seems to give the plant eternity, it is because a network of monopolies cuts labor off from access to natural opportunities for employment and compels workers to bid for work in a glutted market. It is the resulting profit to the railroad company, and not its possession of plant and rolling stock, that enables it to perpetuate plant and rolling stock by means of repairs and reproduction. Were it not for this network of monopolies the companies would have to pay competitive wages, instead of strangulated wages, and railroad plants and rolling stock could not be perpetuated beyond the confines of a square deal.

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Of Mr. Money's conclusion no rational criticism is possible, except to the last clause. He insists upon "the all-important difference between the checked production of the present and the free production which might be;" that "a more equitable distribution of the poor and attenuated product now put forth" is not the only desideratum, but also the like "equitable distribution of a product augmented a thousand-fold." This is truly the industrial ideal. But when Mr. Money attributes the present attenuated product to competition, he discloses his failure to apprehend the fact that we have not now and never have had competition. For competition of the unprivileged with the privileged is not competition. Neither is competition between the privileged. Yet one or both is all we have ever had. When we have competition of the unprivileged, we shall have natural socialism, evolutionary socialism, the socialism that grows with social growth, the only socialism that is not bureaucratic and at the core despotic.

NATURAL INSTRUMENTS OF SOCIAL SERVICE.

IV. Karl Marx and Henry George.

At our last two or three talks, Doctor, we spoke (p. 724) of the habit of confusing natural instruments of production with artificial instruments, as if they were essentially alike because they are capitalistically interchangeable. And in that connection we spoke also of the historical transition from feudalism to capitalism. We were pretty well agreed, I guess, that most business men, as well as our socialistic friend down the street, not to mention our anarchist-communist neighbor over the way, fail to appreciate the fundamental and unchangeable difference between those two instruments of social service—the natural and the artificial. They have grown up with a mental habit of regarding both, when immersed in their interchangeable capitalized values, as possessing no differentiating characteristics. In business thought, capital is simply value, expressible with figures and money symbols on the pages of a ledger. Whether the value be of an artificial product of human labor, drawn with pain and sweat from the natural opportunities of the planet—"back-ache value," as John Z. White calls it, you remember; or of those natural opportunities themselves; or of the human laborer himself, makes no difference to men of the business type. Each being tradeable for the other on a common basis of value, each is capital to the capitalist if he needs it in his business.

Following this capitalistic line of thought, our socialistic friend also loses sight of the underlying distinction between artificial and natural instruments of production, and all appreciation of the difference in the natural laws that govern their respective social uses. Or, if he doesn't lose sight of the distinction, he sees it vaguely as the man whose sight was restored saw men at first as trees walking. Yet these essential differences persist, and they produce characteristic effects. And this they do, as I have indicated and shall try to show you further, whether the land is used under feudalism, with its distinct personal landlord class, or under capitalism, where class personality gives way to an impersonal landed interest masked behind the capitalistic mode of indiscriminate capitalization. Let me repeat, and repeat, and repeat, if necessary, that you cannot turn the planet, the natural instrument of production, into the same thing as capital, the artificial instrument, by capitalizing the two together. You can no more do it than you can