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# Economic Equities

A Compend of the Natural Laws of Industrial  
Production and Exchange

Joshua K. Ingalls

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Exchange

1887

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1887

the legislature and eliminated from the functions of government altogether.

be wielded in the interest of labor. In any question as between the worker and the holder of privilege, it is certain to throw itself into the scale with the latter, for it is itself the source of privilege, the creator of class rule. Accumulated in whatever hands, whether politician, capitalist, or workingman, it is certain to be employed to increase itself at the expense of society.

Control of others has a single motive—that of gain in goods or fame. Slavery has a single purpose—that of obtaining the result for which another works. Exclusive land-holding has a single aim—that of reaping its fruits through the compulsory toil of others. The economic underlies, then, the civil and political impulse to govern and legislate for mankind. For, however great his desire or ambition, the aspiring potentate of any grade or kind could not greatly endanger the liberties or happiness of a people if he could not command their service or gather the products of their labor without returning an equivalent service or product.

Power once conceded to a czar, king and parliament, president and congress, governor and legislature, or any coercive rule, opens the Pandora's box of all wrongs and despotisms. For although occasionally rulers are animated by a sense of justice and a regard for the general good, few can resist the ever-present temptation to use power to promote personal uses, and still fewer can deny the constant importunities of greedy and unscrupulous hangers-on, who see in the possession of power only a means for the obtaining of unearned wages, and the appropriating of the wealth produced by unpaid toil.

If the intelligent wealth-producer has a well defined desire to have the condition of the laborer improved, he will direct his thought and that of his fellows to the economic rather than the political aspect of affairs, even if he do not refuse all participation in politics until the "land and labor question" has been thoroughly canvassed in its relation to economic values, enforce rent, interest, or inequitable contract of any kind, has been withdrawn from

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But no success is possible. The proletariat, who are now voted at the polls by political leaders, will be led to any civil conflict which may arise as policemen, soldiers, or militia, and as the minions of capital and privilege. Laborers suffering enforced idleness will gladly enlist for a monthly stipend to guard accumulated wealth. It is folly to suppose that those who cannot vote, or refrain voting, from conviction, can be brought to shoot, or to refuse to shoot, through any sense of right, or "eternal justice."

And yet it will not be well for those who rely for the perpetuation of wrongful privilege upon the customary motives which sway mankind, to presume too far upon this security. Insanity proceeds under law, as well as sanity. It is begotten of unnatural and forced conditions, and although it may affect but a few, it will affect them all the more deeply. And similar excesses on the part of the dominant power, and the purposed forcing of labor strikes and emeutes, may develop erratic champions of labor, like John Brown, with sufficient method in their madness to fire the hearts imbruted by despair and greatly damage property and life, if they do nothing effective toward the emancipation of labor.

England is learning, though late, that repression and coercion do not remedy, but increase disorders. Surely it must be possible that the intelligence and good judgment of our managers of affairs, our directors of labor, and our workingmen of thought, will, without many more fatal blunders, discover that true progress, order, and material prosperity depend upon the general liberty to labor, clear conceptions of economic law, and the honest purpose to establish equity and justice in all relations involving human industry.

What is to be apprehended, and, if possible, avoided, is the diversion of the minds of the workers themselves. They are liable to be drawn into superficial movements for the adoption of specious remedies for minor evils, and so be made the dupes of political aspirants. Political power is sought mainly for personal or class aims, seldom from a desire to promote the public good. Its attainment is at the expense of industry, and it is idle to suppose that it will

But their methods are too exclusive, arbitrary, and despotic to secure the sympathy of refined and progressive minds. The strike, the attempt to exclude other than union men from work, the boycott, and denial of freedom to contract, are essentially monopolistic, and can only be justified on the ground of self-defense against the grosser monopoly, and more powerful combinations, of employers.

Within a few years an order has been established which seemed at first to promise great good, as an institution to educate labor into a knowledge of fundamental economical science. It had many dangers to encounter; a chief one of which should have been sufficiently indicated by the experience of the "Order of United Americans," whose brilliant and evanescent history is within the memory of many now living, and which fully illustrates the difficulty of changing an educational to an administrative function and the utter idiocy of essaying salutary reforms through political dicker. It is to be feared that a too rapid growth has developed a similar weakness in the later order; but it may not be yet beyond the control of the original impulse which inaugurated it, and which proposed no less a task than the instruction of both the worker and the director of labor as well, to the mutual advantage of all those who seek the satisfaction of personal wants through honest purpose and useful service, in the laws of industrial economy and equitable exchange.

If the diversion from these purposes, through political intrigue, agitation, and excitement, is to be deplored, far more is the insane thought that the interests of labor and social justice can be promoted by violence and bloodshed. Supposing such attempt possible of success, is the boycotter more capable of doing justice than the boycotted? Is the exclusive rule of a union any less arbitrary and despotic than the capitalist corporation? If Bourbon king is dethroned and beheaded by a successful revolution, who shall save us from the misrule of a Danton or Marat? Who will forecast the chances through which a Washington or even a Cromwell may be evolved from a carnival of blood?

## PREFACE

I make no apology for intruding this little study upon public notice. If the subject and treatment entitle it to respect, it is well; if not, no explanation or excuse can avail it.

It seems evident that no mere partisan is qualified to explain general economical principles. The advocate of protection, or of free trade, has each a distinct purpose and aim, wholly inconsistent with the scientific spirit. The champion of a caste or class has a predetermined result to which all his reasonings are subordinated. Political economy has thus far been little more than a series of ingenious attempts to reconcile class prerogative and arbitrary capitalistic control with the principles of exchange.

No proper solution of the problem of social industry and wealth can ever be reached while deferring to the traditions and institutions of barbarous ages, or to the prejudices and sordid maxims of the very rich and powerful. To consider the interests of only the class of employers or business men is quite as ineffectual, and to vindicate the interests of the wage-workers, as a class, leads to no permanent improvement in human conditions. Neither the pronounced Communist nor the State Socialist can make an impartial investigation, since each is committed to an ultimate conclusion.

Leaving out all schemes for political or legislative remedies, I have sought to ascertain the true nature of the relation of earth and man to social industry and reciprocal exchange; or at least to call attention to these problems as far as they are capable of exact and scientific treatment. When the truth is comprehended we shall be able to ascertain what people or class of people, if any, are desirous of promoting justice and honest dealing.

*Glenora, N.Y., 1887.*

By comparing the above it will be seen that not only the general order is inverted, but that each step is regularly inverted from the natural order. The later economists, it is true, make the "Science of Exchange" the substance of economy; but then they define "Wealth" to be "anything whatever whose value can be measured in money;" thus making money the ruling factor, determining all values and dominating every transaction. By the aid of the law only has it this power; and by its control of indebtedness, and the confining of payment to a particular tender, it determines all dealings and governs all exchanges. From being the servant of commerce, it has become its master. From being an instrument, law has made it a king. To unmake the law will not unmake the money, but simply abrogate its kingly prerogative.

It may be claimed with truth that since money is last and at the top of our inverted system, it should therefore claim our first attention. I do not object to this, but to the absurdity of directing the whole force of thought to it to the exclusion of the more important matters of exchange and ownership; particularly to invoking legislation—instead of asking it to undo what it has blunderingly or corruptly done—in further experiments, and in a field, too, where there is so much conjecture, and where so much depends on controlling to honest purposes a system of law-making which long ago parted with all honesty or decency. Not that politicians are in themselves worse than other men, but that they have become subjected to the "law of the market," and so reduced to "purchasable commodities."

For reasons not always sound or cogent, the older labor organizations have generally eschewed political action. The result has been that their strength has been dissipated, by being quite evenly divided between the two prominent political parties, and so simply neutralized, by having the one half voted against the other half. Other combinations to be sold or traded by designing leaders to the one or to the other parts, have served also to strengthen rather than change the general purpose to keep out of politics.

NATURAL ORDER.	INVERTED ORDER.
1	1.
<i>Productive Agents :</i>	<i>Finance :</i>
(a) The Human Energies.	Money: Legal Tender determining price and the material in which debts may be paid.
(b) The Land and the Forces of Nature.	
2.	2.
<i>Results :</i>	<i>Trade Exchange :</i>
Private and Social Wealth.	Transfers of non-equivalents; of privilege for service.
3.	3.
<i>Natural Awards :</i>	<i>Unequal Apportionment :</i>
(a) To Labor: Uses.	By Ratio of privilege; inversely as to useful service.
(b) To the Land: Return of the elements of fertility.	
4.	4.
<i>Apportionment in Severalty :</i>	<i>Capitalistic Awards :</i>
By Ratio of Service (to infants and disabled by ratio of need).	(a) Uses, to privilege and to labor.
	(b) Elements, to privilege and to the Land.
5.	5.
<i>Reciprocal Exchange :</i>	<i>Result :</i>
Transfer of equivalents in service.	Private Property and exclusive Rights.
6.	6.
<i>Finance :</i>	<i>Productive Agents :</i>
Money, by general consent; an instrument to measure and balance exchanges.	(a) Dependence and enslavement of labor.
	(b) Dominion of the Land by the few.

## CHAPTER I. PRELIMINARY.

Without any election of his own, the child of industry finds himself ushered into this world, subject to the necessity of supplying himself with food, raiment, and shelter. These may for a time be furnished by the love and care of parents, friends, or guardians; and conditions of birth or fortune may shorten or greatly lengthen this period of dependence. Instances wherein the support of one's life is wholly a gratuity from favor, accident of birth, or class prerogative, can have no economical importance, and need no consideration.

Under every circumstance, however, the truth remains unquestioned that human life, with all its comforts, meager or abundant, is sustained by human labor, of the person's own or of another's, and that, consequently, whatever is not furnished by himself has to be taken from the labor product of some other. As he grows to manhood, moreover, the worker learns that place, opportunity to work, and the raw material to work upon are essential to his life and to the procurement of its necessities. To the production of any wealth whatever, these two and only these two requisites are necessary—the man and the material to be wrought with or upon.

At the very inception of the industrial problem, he has, therefore, to face a condition of social arrangements, or institution, which not only invites but compels attack, in the sheerest self-justice and self-defense. In modern society and in the accepted commercial customs, he finds his complementary factor, the land, with all opportunities and facilities to employ his labor, already appropriated and controlled, to his exclusion, by persons comparatively few in numbers, whose advent into the world has been in no essential feature different from his own, and whose wants have to be supplied

in the same manner as his own—never otherwise than through the toil of some worker

In tracing the subject further he finds that this arbitrary control of the land has been derived from an original “common ownership,” as it once existed among all nations and tribes whose history is known. And what appears surprising to him is that this change of proprietorship has been brought about through forceful conquest at times, but more generally by betrayals of public trusts, by the gradual assertion of privileges through class laws, and the grossest assumption of arbitrary power; and that this exclusion of himself and class from the common right to life, necessarily dependent upon the right to land, is destitute of any excuse in morals, civil polity or industrial economy. He sees that rent, that synonym of all subjective tribute and outrage, has arisen in no such way as economists claim, but through a private claim to ownership of the common domain, by the appropriation of the original public tax to personal use. His first and paramount duty to himself and fellows, then, is to question this prejudgment of the matter, and to demand a new hearing on the merits and on the now ascertained facts and newly-developed reasons. But whether he will intelligently do this, or fail to do it, does not relieve us from our duty of stating the relation which the worker holds to the earth, his physical mother, in every economic, equitable, and ethical sense.

One of nature’s children can have no more rights than another—certainly none wholly to exclude another. If any such, like the exclusive control of the land, are attempted to be exercised, through the force of custom, misapprehension of “civil law,” or perversion of the “law of exchange,” the first moral duty, as well as the first economic suggestion, is to rectify these errors, and establish equity and, at least, to repeal and revoke all such violations of natural right and natural equity as work to the subjection of the man, to the impoverishment of the soil, the destruction of civil rule, the debasement of public morals, and the derangement of productive industry and equitable exchange.

it looks to the repeal of class laws and the reduction of the powers of the legislators. The truth is that our system is mainly artificial and unnatural, and many expedients that under more normal conditions might have a salutary effect can now only work iniquitous results.

To show how completely capitalists has perverted the natural procession of the industrial laws, I herewith compare the natural and the inverted orders, that at a glance we may see the folly of attempting to reform matters of substance by mere resorts of expediency.

same as now. That is, if he wished to buy a farm which would yield him \$500 annually clear of expense and labor, he could purchase it for \$10,000, when interest was at five per cent.; but if money was "so cheap" that he could hire it for one per cent., he would then have to pay \$50,000 for the same farm, and the amount of the low rate would be the same as of the high rate; with this disadvantage, that if the rate of interest should again advance to five per cent., he would be able then to sell his farm for only \$10,000, which cost him \$50,000, and so could pay only one-fifth of his debt if it became necessary to sell his farm.

It is only stupidity which prevents the currency reformer from seeing that these fantastic tricks wrought with money values are mainly due to the ability of a class, through pliant legislators, to play "fast and loose" with the instruments of commerce so as to effect a sliding fulcrum to the economic balance; and by which even the "legal tender" may be made to mean a day or a half day's work, accordingly as a class are to pay it out, or to have it paid to them. While labor remains unable to employ itself, or to have its rights in the general production of the social wealth recognized, metallic, fiat, or commodity money can only modify, not essentially change, the fundamental injustice; because, however scarce or plenty the money, he has nothing to obtain with it.

Money and finance are the very last elements in the industrial course, and can no more affect the basic injustice of our system than can the form or fashion of the hand upon the clock correct a radical defect in the general movement, or a branch or leaf upon a tree sustain it when uprooted. No scarcity or plenty of the circulating medium can emancipate the slave, or redeem the plundered inheritance of the poor. Any system of production or industry which involves these wrongs can only work injustice, and which superficial expedients can only serve to develop with a greater or a less celerity.

All looking to legislation to establish justice and equity in our industrial relations is simply the gaze of imbecility, except in as far as

Private property in or commercial ownership of the land can give no valid title against the inheritance nature bestows, and upon the recognition of which all principles of justifiable property or ownership depend. "The earth belongs in usufruct to the living." No title which gives the present holder "the right to its future products forever" and so subverts this principle, can have any just force or application; because the very law of property depends upon "the right to control that which our labor has effected." And since labor is absolutely powerless to create or effect the production of any property without access to the raw material, the earth and its substances and forces, my ownership of these which debar labor from their use destroys the right to produce property and thus strikes at the fundamental principle upon which all true property in human society rests.

In treating our subject, then, we find ourselves unable to make a single economic equation except upon the ground that the earth as well as the man is free. Without such freedom of the producing factors, we can have only forced exchanges, and to use the terms, "equitable exchange," or "free competition," is calculated, then, only to delude and ensnare. That this principle is recognized but partially in our civil institutions is no more a reason why we should defer to imperfect conditions than why a trade economist should treat an existing protective tariff as a natural factor in exchange; or why a chemist should designate as component parts of a purely chemical composition the adulterations which a tricky dealer has added to cheapen the production and defraud his customers.

It must be understood, then, that where we speak of the equities of production, division, and exchange we assume the freedom of "man and the soil."

## CHAPTER II. ALL PRODUCTIVE INDUSTRY CO-OPERATIVE.

Pursuing his investigations, the worker finds that the production of the things necessary to supply human needs is not only accomplished by human industry, but that such industry is invariably co-operative, or social, in its nature. What can be done by an individual alone is trifling. It may barely sustain individual life, but cannot achieve any considerable results in the way of storing up provision for time of inactivity and the unproductive season. Any advantage he might enjoy would largely depend on what he had inherited from parents, or from some one who had wrought before him, and so partakes of the social character in its relation to past labor.

It is usual for the successful man of affairs to pride himself upon what he has personally accomplished. Really, as an individual, he has done so more than Juan Fernandez did upon his ocean island. It is the social force of which he has been an agent and director which has accomplished all. It has required a mind capable of organizing those forces, and faculties fitted to the work; but these faculties are not exceptional. There are often soldiers in the ranks more capable of directing an army than the appointed leader, and ability for the administration of affairs is readily developed in ordinary men or women.

It is the convergence of the social forces and their concentration upon the line of industrial or commercial development, not excep-

this fundamental wrong; but which they have no power to remove, or more than momentarily to evade.

With such we must class nearly all the efforts of the "Labor Organizations," which, however necessary for protection and relief from immediate evil, look to nothing further than a mitigation, never to a removal, of the causes so clearly pointed out by economic law. Nor can we class as higher in the scale those schemes at financial tinkering which periodically sway a large class of minds normally progressive.

The question of money, or of credit, for they are the same, is only of superficial importance, and really does not interest the wage worker, being wholly a question between the debtor and the creditor classes. When the creditor lends his money, he wants it cheap, or rather plenty, with minimum purchasing power. When he collects it, he wants it dear, with maximum purchasing power. The interest of the debtor class is just the reverse of this. Whether it is credit or commodity money has little to do with the question, and the only interest the worker has in the matter is to understand that whoever gains or loses by the change in money from dear to cheap and cheap to dear as well, the whole loss falls at last upon him, since in the last analysis it is he who must produce the means, both to meet the losses and to pay the interest.

Just now the debtor class are clamoring for fiat money so that they can borrow at one per cent., and pay debts which are bearing five to ten per cent. interest. This the state, with unlimited power, can do; but the state is not likely to benefit debtors at the expense of creditors. Its traditions mainly point in the opposite direction. But if otherwise inclined, neither the public nor the laborer would be permanently benefited thereby. Even the debtors as a class would not. For it would greatly promote the temptation to obtain and extend credits, and vastly increase the amounts required to be borrowed. As regards the land, subject as now to private monopoly, it would increase its money price fivefold, so that, to the man who had to purchase on credit, the amount of the interest would be the

## CONCLUSION. REFORMS INDICATED.

Whether the influence of more liberal forms of government, of improved machinery, and new methods of trade has been to relatively improve the condition of labor, is not of essential importance. The question has been ably discussed pro and con by Mr. Mallock, affirmatively, and by Messrs. George, Hyndman, and others, negatively. It is unquestioned that no proportionate advancement has been made in the condition of labor, corresponding to the material advancement of the class active in the accumulation of wealth, and in the absorption of the dominion of the land.

That general material prosperity would somewhat improve the condition of labor, even under slavery, there can be little doubt; but no one could possibly imagine that it alone would ever result in abolishing slavery. Private dominion of the land could never become otherwise than the oppressor and plunderer of labor, however production might be multiplied and facilitated by the application of science and invention in the industrial fields; or whatever changes might be made in matters of trade or finance. There can be but one direct road to progress, and that is through complete industrial freedom. Freedom of the person alone is not sufficient to effect any substantial change, except in the tendency it has to promote the ultimate freedom of the environment, on which the labor of the person must be exerted.

The utter futility of many of the attempts at labor and financial reform cannot fail to be seen when we consider that they are at best but temporary expedients to escape the pressure caused by

tional capacities, which bring individuals to the front, and enable them to appropriate undue proportions of the industrial production. The cooperation of the industrious is essential in every step, in the largest manufactory or in the small shop, in the mammoth farming enterprise, or in the more modest endeavor. Production in any comprehensive sense is the result of the association, division, and combination of the labors of many. The manufacturer, or director of labor, gives laborers employment, directly, and pays the wages; but there is always first a social demand for the commodity produced, and the other things produced which begot the demand are equally the result of other cooperative industries.

Even the individual who produces some commodity wholly by himself does not escape the principle, for whatever he needs beyond his own product he has to exchange his product for, and so enters tacitly into a co-operative circle. And since labor (present as well as past labor, or capital) is essential in any business whatever, such business belongs in fact to the laborer as much as to the furnisher of plant and material. And although the buildings, tools, machinery, etc., may be the property of, and be held in possession under the enterprise, and so be said to belong to the capitalist or contributor of stock, the product of former labor, still, without the application of the living labor, the business must cease, and the plant go to waste, as certainly as if it should be withdrawn or destroyed.

The logic of this position is recognized by many employing capitalists, and indeed by every employer who has listened to the proposition to arbitrate differences with his workmen. If the position of worker and employer were simply one of buyer and seller, as our superficial political economy would teach, there could be no place for arbitration, for neither the buyer nor seller could submit to any arbitration to buy what he did not want or sell what he wanted to keep, or at prices unsatisfactory. For it is not a matter of trade, of bargain and sale, at all; but a question of equitable division between co-workers. For the conclusion is

inevitable that as the business belongs to worker and owner of plant or other funds alike, the products belong to both as partners, and the subject is therefore, on this ground alone, one proper for arbitration whenever the directors and the performers of labor find themselves in disagreement as to division of the results of their mutual effort.

It is obvious that where these principles are fully recognized, co-operation in a broad and exact sense is possible—indeed, certain—of realization, since the rational basis already exists. The only peaceful solution to the antagonisms which disturb present industrial relations lies, then, in this direction, and every effort to harmonize “labor and capital” tends to make these principles known and respected by worker and director alike. When it is understood that all industry, whether combined or isolated, and under the most unfavorable as under the most favorable conditions, is co-operative, and that it is an equitable division of its products alone which needs to be sought, and not greater freedom or facilities to “buy and sell and get gain,” general co-operative industry will necessarily develop itself with a result surpassing the most utopian conceptions.

A most preposterous claim is put forth for massed wealth, that only when controlled in large amounts and in few hands can it be made effective in yet untried or extensive enterprises. We have only to consider our requisite in all such undertakings is the presence and skill of the worker. The real wealth stored in his muscle and brain, and in his rearing, training, and education to do effective work, and make any undertaking possible, is much greater than that in the metal or paper dollars of the millionaire, which perform no service but to exchange the material wealth produced by earlier labor into new forms. The worker, even as a representative of conserved wealth, is a partner of the capitalist. But of all this the trade economist takes no account.

“Nowhere are the intentions of men so often and so utterly frustrated as in legislation.[...]

“Laws intended to limit the power of corporations end with putting bribes into the pockets of the leaders of the legislators, or of the judges.[...]

“Laws intended to prevent gambling only drive gambling into commerce” (Prof. R. J. Wright: Principia of Social Science).

“The most dangerous class in any society are those who make and execute the laws” (Charles O’Conor).

“The system (of natural government) prevailed among the Indians. whose villages dotted the Genesee Valley in my youth. [...]

“Yet I never saw an uncivil word or gesture used among the Senecas toward one another; never heard of their stealing or taking liberties with each other’s goods. [...]

“The other or artificial principle is powerfully illustrated in the present government of England, which costs its subjects three times as much, exclusive of local rates and taxes, as all the agricultural laborers of England and Wales receive for their labor” (J. H. Hunt: Honest Man’s Book).

differs in no essential particular from a right to the person of the laborer. The “unilateral contract,” as he very properly designates it, where “on one side there is simply the right to collect rent, and on the other simply the duty to pay rent,” has no less potency over the laborer than where, under chattelism, there is “on one side simply the right to exact service, and on the other simply the duty to render service.” The reader will observe that in each case the rights are all on one side, while the duties are all upon the other. Exchange under such relations can have no meaning, as rights are not exchangeable with duties, and no equation can be made between a plus and a minus quantity. He is simply consistent with himself in supposing that one’s own debts can be counted to him as wealth; the surprising thing is that anyone professing to teach a science should confound phenomena occurring under such forced and unnatural conditions with any natural “freedom of contract,” or designate such forcible taking upon the one side, and such forced yielding upon the other, an exchange at all, to say nothing as to its equity or justice.

It is not strange that, seeking to impose upon the world the idea that slave laws, land laws, and class legislation generally confer natural rights and create natural duties, from which exchangeable quantities are produced, he should be able “to offer nothing hopeful to wage-workers, but admonish them to keep down their numbers.”

Even so questionable a suggestion as this—virtually to reduce one of the prime factors in production in order to alleviate want—might possibly have a salutary effect under our inverted system of division were it not that the tendency of commercial monopoly of the land is to gradually reduce the self-employed class to the dependent condition of wage-seekers. No check, therefore, even if practicable, among the class who now work for wages could lessen the constant reinforcement of their numbers from those more independent who are being constantly forced to that level by the engrossment in few hands of the material source of all production, the land.

## CHAPTER III. NATURAL AND ARTIFICIAL CAPITAL.

In the production of any wealth we find an active and a passive factor, (1) Man, and (2) The Land, embracing all raw material and every natural force tending to the procurement of all goods. Without land neither matter nor opportunity is available to the activities of the man. Any attempt to effect an exchange with his labor is a pure absurdity. He owns nothing in which it can be embodied; and where the full power of the monopoly of the land is exerted, he can make no terms but such as the holder of the material dictates, and at whose pleasure he must vacate even a piece in which to live or labor, as exigencies may occur. And the land is but the base or passive factor in production. Until acted upon by the human energy it is unproductive in any economic sense. Locations of great fertility, or possessing minerals, may be held in esteem for purposes of monopoly; but, however rich in natural resources, under pure economic law they are only turned to exchangeable account by human toil, and in a normal system of industry will yield only the same return as labor employed in other fields and occupations.

Man is the active agent; complemented with the land, he is the only productive agent; and thus complemented it may be truly said, “Labor creates all wealth.” Under class law many things may appear as capital, and so secure for their holders much of the wealth produced by the general industry. But this arises from the working of no economic principle, but from the operation of class law barbaric custom, and institutions derived from ages of unscientific and despotic rule. Interpreted by the more recent school of economists

“as the spring or source of the increase of wealth,” land and labor constitute the only capital, the true and only factors in the production of wealth.

It now appears that income or the procurement of material goods, or rights to the same, may arise in several distinct ways, only one of which, however, can have any recognition in economic law: that which converts natural into social wealth, through industry. The gathering of wild fruits, the capture of game, and garnering of the natural productions, are some of the simple forms of this process. The other extreme is represented where great complication and combination of labor are involved. All legitimate, ethical, and economical methods are herein embraced. Gift, inheritance, and other means of acquiring wealth are outside of either equitable exchange or industrial ethics.

But a civil rule which has grown out of chattelism, feudalism, and the “law of the market,” has resulted in giving a number of processes whereby the wealth produced by human industry, always social or cooperative, can be converted to private use, and to yield its possessor income without labor or care. Three of these processes only need special notice, since the grosser form, chattelism, has disappeared in all civilized communities.

## RENT.

Rent proper is that side of an assumed exchange which represents the inequality enforced by an exclusive control of the land required by the worker to live and labor upon. It is to that extent without the shadow of compensation or equivalent, and the exchange of which it claims to be a part is without equivalent, compulsory, and therefore excluded from any equation.

From the promulgation of the “Rent Theory” by Malthus and Ricardo until the rise of the recent school, no attempt was made to reduce rent to economic terms. It was, in fact, claimed that “rent of

questions of rights from out the science. He accepts all rights, exercised by whatever despotic power, as of the same natural force and validity. What kind of a scientific quantity the will of an autocrat, or the vote of a bought legislator, is, he wisely attempts no explanation.

His utter exclusion of all questions of natural right, of all suggestion of equity or honesty in exchange, emphasize the value of his system in any attempt to explain social and industrial phenomena—phenomena which can have no existence where good faith and reciprocity in dealing are wanting. And yet, limited to the mere question of the cause of the money value of things or rights in the markets as they are, and under existing civil inequities, he logically and consistently reasons out several wide departures from the elder school of economists. Notably, he demolishes their “wages fund” theory, showing conclusively that wages of labor are paid from the production of labor, the selling of the labor being a simple exchange.

Also, as to the rent theory, he occupies the same ground as the present writer, and regards Ricardo as having uniformly inverted cause and effect. The rent of land he makes the interest merely, or annual profit on the purchase price, and which under commercial ownership of the land it truly is. The right of the holder of any land to its “future products forever”—which is not only an artificial right, but wholly an impious legal fiction, and operative through arbitrary force alone—he assumes as a scientific fact, without any attempt to explain or justify it, or effort to show that there is, or could be in the absence of arbitrary legality, any future products not the natural wages of the labor effecting them. For there is nothing in all he has shown or can show which proves that land has any product beyond what nature awards to the worker. Such apparent product, interest, or profit is the creature of class law, or of crooked dealing, as I think I have abundantly proved.

“A right to future products” of the land, or of any profit-bearing property, is baldly a right to the results of future industry, and

## CHAPTER IX. MACLEOD'S ELEMENTS OF ECONOMICS, SECOND VOLUME.

Since the matter for the principal chapters was sent to the printer, the second volume of Macleod's "Elements of Economics" has made its appearance. Mainly it but elaborates the positions taken in his first volume, that all property consists of rights, not things—rights to material things, rights to one's labor, and rights to the future profit or production from any undertaking or estate. And since evidences of debt can be indefinitely multiplied, and bought and sold, he makes them not merely a representative of wealth existing in material form, but a distinct addition to it.

Now, as the money value of such property depends wholly upon such "right of action," and property of all kinds upon some civil right, it becomes quite plain that "pure economies," as he has defined the science, gives no insight into any question of social, political, or civil administration. For he draws no distinction between legal rights and natural rights; between the "rule of reason" and blind custom, the arbitrary will of a human potentate, or the purchasable franchise of a corrupt legislator.

For, although under a tolerable civil system the right to one's labor, for instance, would inhere in one's self, under a more crude or barbaric one such right would inhere in the master or slave-lord, or yet in the employer or landlord. Under the "rule of the market," however, such distinctions have no significance. Really Macleod bases his science of wealth upon rights solely, and yet relegates all

land is a fund that exists wholly through external causes, and over which the holder exercises no control." Now, to attempt to compensate labor from such a fund is simply to appropriate so much of the results of such labor without any compensation whatever; for since the fund arises from nothing which the holder has done, the labor thus given for its use is without return on the part of the landlord.

Mr. Macleod, the leader of the more recent school, attempts to define rent as "the mere right to demand compensation for use," and "the purchase of a use for a limited period." But he makes no effort to show how the right to charge for the use of the natural forces is derived, nor how any equity in the exchange can possibly exist. He satisfies himself with reference of all values to "a desire of the mind," and to demand and supply, which determine the market price. The rationale of trading upon the desire of mankind to occupy the inheritance furnished by nature, and forcing payment for that which costs nothing to one party, he declines to grapple with, and so leaves rent as far from any economic explanation as the elder school. It is simply a matter without any economical explanation. It is tax, an exaction, dependent wholly on inverted civil rule, and depends on no commercial principle whatever.<sup>1</sup>

### INTEREST.

Interest no more than rent can enter as a permanent quantity into an equitable exchange. It is payment for a use which costs the holder nothing, and can play a part only in a forced or fraudulent exchange. This may be seen from the sources from which the borrower derives it, viz.:

1<sup>st</sup>. From the principal borrowed, in which ease it results in bankruptcy of the borrower, and perhaps loss to the lender.

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<sup>1</sup> The subject of Rent, Interest, and Profits will be found discussed at length in "Social Wealth," pp. 48-75.

2d. From the stock of the borrower, resulting in his impoverishment.

3d. From the wages or equitable compensation of the borrower, or from that of his employees, or from profits from those with whom he has dealt.

## PROFITS

are impossible of explanation on any principle of exchange whatever. They are over and above a true equation, and represent nothing but the excess of one side over the other. To state an equation with profits is to show their absurdity, thus:  $a=a+x$ , or  $a=a-x$ . There can be only one value to  $x$  in such equation, and that is 0.

Compensation for service in exchange is a wholly different thing from pure profit, and it is found on investigation that the merchant of average honesty and success receives only a fair compensation for his labor, compared with other employments. The system of percentage is a very uncertain method, and yet in the absence of class law, corporate monopolies, and devices to shield parties from healthy competition, it would operate with comparative equity.

Rent, interest, and profits, which represent no service rendered, are of the same nature, and affect industry in similar ways. Thus rent may be said to be the interest of the money value of the land, or the annual profit on the same.

Interest may be said to be the rent of such land as the money would buy; or the profit of so much capital as it represents.

Profit may be said to be the rent of so much land as the capital would exchange for, or the interest of so much money as is invested in the stock.

It is hence evident that no such distinction exists between rent, interest, and profits as a recent popular writer insists upon. They not only accord with each other, but are interchangeable, maintain a very uniform rate with each other, and affect industry in precisely

supply could for any length of time command tribute for the use of land, money, plant, or commodities.

creased as to produce excess; and if at times it would be able to command a premium over the productions of current labor, it would at others be compelled to pay a premium to have its values conserved, so that the interest rate would as often become a minus as a plus ratio.

But the necessity to borrow or hire the use of land, and to pay tribute for the opportunity to labor, begetting in fact the main necessity to borrow funds or goods of any kind, precludes the law of use from any natural play; so that the laborer has always to pay for their use in addition to paying for their consumption. The mean rate of interest would be zero, by the very law of supply and demand, were it not for the exclusion of labor from the land and natural forces, and for various shrewd class devices in regard to finance and legal tender made in the interest of usurers, bankers, etc. No logical application of the law of supply and demand can be made of the subject without involving this result, since the principle is based upon the fact that increased demand begets increased supply. It is only, therefore, through interference with this principle and the free competition under it, that a charge is maintained for use, and that it comes to have a place in our corrupted system of exchange.

The advantages of plant, seed, young animals, or any other form of wealth wherein the ability to grow and multiply is embraced, where freedom of access to natural substances and forces, and freedom of exchange prevailed, would be quite equaled by other and ordinary results of labor; since all would be free to raise and preserve seed corn, young stock, or new wine, if that paid better than to sell for actual consumption. The fact that upon the seed might depend sometimes the question of plenty or famine, would not give a monopoly to the seed raiser, or any permanent superiority. And the same is true with regard to the producer of young stock, the maker of tools, machines, etc. And it would prove equally true of wealth in every form, whether reserved or put into the circulations of commerce. Only a monopoly which prevented a free

the same manner. They are but different forms of expression for the same thing, and depend wholly upon the power to enforce consent to unequal exchanges.

A seeming distinction exists in the fact that profit is more generally connected with services than either rent or interest; but it only needs in any case to distinguish between what is properly balanced by service, in order to determine what part is purely profit or interest or rent. It is possible, also, to conceive of service in the control of the land, in its care and administration, and such service, of course, has an equivalent compensation, the same as service in exchange. An appreciable service is recognized even in matters of finance, and the calling of the banker is not without labor to be equitably rewarded. Such service, however, is mainly rendered to the money-lender rather than to the money-borrower, as we shall see, since it enables the lender to secure the conservation of the values he possesses. But the lender of money on proper security renders no service of any kind, and his interest, above proportional taxation, is wholly a gratuity, for which no return can be shown, since the borrower, in furnishing security, takes all risks upon himself.

Trade for profit, where each party charges the same, rate or amount, comes to the same thing as if each party traded at cost and for purposes of mutual advantage merely. It is only where the rate is excessive on one side that advantage is obtained by one party over the other. It is from the fact that profits in a measure equalize themselves that such trade is at all endurable.

It is thought by many business men as well as taught in our current political economy, that rent, interest, and profits constitute the Alpha and Omega of all business transactions. But the truth is that they are the destruction of all serviceable production and of all honest exchange, and but for the large equalization of profit which takes place, and to some extent of rent and interest as well, and but for periodical bankruptcies and failures, by which large amounts of capital are annually wiped out, and rents, interests, and profits

canceled, any exchange of commodities would be as difficult under their rule as between hostile armies.

Trade for profit necessarily involves chicanery, deception, adulteration, and cheating, and to it their general prevalence in business is due. Equitable commerce implies the direct opposite of all these. Yet it is difficult for the ordinary mind, educated in profit-making, to understand how any person should seek an exchange without actually lying or prevaricating, or should do any useful service to another without seeking a greater service in return. Such is the logic of our economic teaching, though the least reflection should show one that the main service in all production and in all exchanges must of necessity be not only devoid of profit, but minus the profits which go to the scheming and dishonest.

the use of the forces in nature. Only usurped dominion of these can beget or maintain a claim to exchange them for the toilsome productions created by labor.

This fraudulent claim lies not so much against the individual who immediately pays the tribute, since he may often repay himself by a corresponding overcharge, as against the whole of society, who find every commodity taxed with the exaction and difficulties interposed in the satisfaction of every desire. Every avenue of trade and exchange becomes vitiated, and desperate struggle arises, in which every sense of truth and honesty is sacrificed, in order to escape the payment of this unnatural imposition, it falling at last upon the weakest and perhaps most industrious portion of society.

Contributing to the success of this imposition is also that shortsightedness of the ignorant and improvident, who choose the immediate gratification of desire, and stupidly sacrifice the more permanent but distant satisfaction; as the more stupid of animals consume in the present every choice thing, and leave the future without provision. It is no part of a true economic system to encourage or fail to point out the dangerous and deceptive character of such estimates. Prohibitory Laws, or the utterance of moral platitudes, are uncalled for here. It is merely necessary to point out the economic bearing of the principle, and to repeal all legislative sanction to customs so destructive of social right.

In a truly normal condition of social industry, in a community of passable intelligence, the desire for immediate satisfaction would be modified by the more permanent good attained by abstinence and prolonged effort. The love of accumulation, and desire to provide for periods unproductive, and for offspring, would correct the spendthrift and vagrant tendency begotten of the ungoverned indulgence, which unearned wealth makes possible and popular. The necessity to conserve decaying productions and depreciating values, would always create demand for labor depending on more immediate compensation, so that if the accumulated wealth should be in greater demand at any particular period, it would be so in-

which pervert the power of civil government so as to exclude the many from the enjoyment of natural privilege, till tribute is rendered for its exercise to the pretended owner. And it is from this base that monopolized control of all things produced by labor arises. Exclusive ownership of the land carries with it dominion over labor, over production and exchange, and over all human rights and interests whatever.

But may not the holder be protected in the improvements he may make upon his land, and in the fruits his labor may have effected? Undoubtedly. Their use belongs to him. But the use of a thing as generally understood does not embrace the right to consume it without replacing it. To pay the proper value of a thing is not paying for a use, for the use is additional to its ascertained value. If I take a place of a man valued at \$1,000, and at the end of a year return it to him at an equal valuation, whatever I pay for use is in addition to what I have contributed to replace consumed values. This payment for use is not for anything I have consumed, nor for anything he has produced; but wholly for the privilege of being in possession for a certain period. The use may or may not have been advantageous; but it was I, not he, who did the use, and to whom it belongs.

If it had been a thousand gold dollars he had allowed me to keep, and I had placed them in my safe, returning them at the end of the year, by what alchemy could I have added sixty dollars to the pile? If risk or wear had been involved in my use, it would be proper I should bear whatever expense arose; and there all equity and social recognition of the matter ends. Economically the same is true.

The use of natural objects and forces are necessarily social. After the miner has dug the coals necessary for his own consumption, his personal use of the mine ends. He can only use it farther for the social good. If he be allowed, however, to exclude all others from doing what he has done, he can require payment for use, or rent, not otherwise. It is the same with all forms of usance. It is the payment for the privilege of access to natural productions and for

## CHAPTER IV. CONSERVED WEALTH.

What is made the sole economic principle by the later schools of economists, viz, The right to unearned income, is now found to be destitute of any natural basis, and wholly dependent on statutes and customs as barbarous as the ages from which they have been derived.

Increase of wealth occurs only through the application of labor to the land. Such increase is greatly facilitated by a combination and division of labor. This relates also to such combination as is made by joining present labor to the product of past effort. The concentration of force is also productive of results. And thus it is made to appear that the possessor of the existing product is an accessory, merely as the holder of such material, to the new production. And in connection with the exclusive ownership of the land, a necessity for the concurrence of the landlord and of the capitalist is made so great that they are, to a certain extent, able to limit production, and to prevent it wholly whenever their terms as to a share of the increase are not complied with. In the absence of class law and exclusive privilege, such result could not possibly occur. For all forms of wealth constantly diminish by natural decay and waste, by the use of improved methods, and by the changes of fashion.

The necessity one finds to provide for rearing offspring, the approach of old age and decay of active power, beget a constant demand for new labor to conserve wealth through change of form and production of enduring goods. Thus the desire to associate

the products of past labor with new enterprises must be mutual, and, under normal civil and social conditions, could not possibly command a premium other than transient and inconsiderable and alternate upon either side.

The mere fact that such stored products of labor can be used to furnish improved tools and machines, so far from justifying interest or profit, only makes more urgent the necessity of having such products conserved without delay, since such improvements tend constantly to reduce the value of many existing forms of wealth. Interest for use of created wealth could not be maintained, since it tends constantly to decrease in value and so force the employment constantly of more labor in its conservation

To determine the economic equity of this question it is only necessary to consider the entire amount of labor, past and present, and the entire product arising from any industrial proceeding, and the matter of division readily appears. Whatever as at present goes to the owner of the land, or as interest on money or profit to capital, is so much for which no economical account can be rendered; because if at one time there appeared an unusual demand for forms of wealth already existing, in order to employ present labor, such demand, resulting in a premium, must in itself, under system of free competition, beget an increase in conserved wealth, and tend in an equal degree to increase the demand for present labor to reconvert and recreate such values. The mean or equilibrium toward which demand and supply would constantly tend would be the equality of compensation between the holder of past products of labor and the doer of present labor. And fluctuations in the relative price of each would extend to as far upon one side of the mean as upon the other. This now takes place to a considerable extent under our very imperfect system of wages, in the relative price which is maintained between the wages of labor, at a particular time, and the price of materials upon which such labor is employed, tending from extremes, caused by whatever disturbing force, to a relative mean.

## CHAPTER VIII. THE LAW OF USE.

The single ground on which it is contended that an equitable exchange can become involved in rent, interest, or profit, is that "a use" is parted with by the landlord, usurer, or profit-monger. Now, uses are impossible to be parted with or to be exchanged with labor, or with any product of labor, since they cost no labor, but are the fruits of the operation of natural forces and opportunities upon natural objects. Even if it were admitted that they could be reciprocally enjoyed, it would still be impossible that one man should be able to compensate another's labor, and so be justified in consuming its product by pretense of yielding the use of some material existing in nature, or of some elemental force. No logical connection can be shown between my taking the fish from the fisherman who had taken them from the sea, and the paying him in the privilege of using the wind and tide in the furtherance of his pursuit.

The person who uses nature's wealth and nature's forces enjoys them. The enjoyment he cannot transfer the use of, nor do the duty by proxy. Nor can he more than supply his personal wants from such source, without adding to the store of social wealth, which will benefit all who have dealings in the circle to which it applies.

He who breathes the air, appropriates the captured oxygen. Who drinks from the spring, moistens his own lips and dilutes his own blood. To sell or exchange such use is not only unjust, but impossible, and the pretense is too palpable for statement. And the sale of the use of land or of any force of nature has no better basis. It is rendered possible only by arbitrary laws of ownership,

And this income or interest is not the reward of any industry or the outgrowth of anything which can have relation to manly service or mutual benefit; but is merely the fruit of a usurped right to demand from the land and from the labor a large share of their annual production, without any return whatever.

For all money values placed upon the land are fictitious, and yet in consequence of the control which exclusive ownership gives over labor, such values now quite equal the economic values of the entire wealth of this country. Our other devices of debts, shares, bonds, etc., equal again the same amount; so that dealing in these artificial values constitutes, as Macleod says, "the most colossal commerce of modern times." Hence labor is paying tribute, not upon the use of any real wealth, but upon twice its entire amount of artificial values. How much farther can this "science of wealth" extend? A breath can and will unmake this colossal commerce, "as a breath has made," whenever labor becomes enlightened and learns to reason, or the public conscience shall require the abrogation of this subtle form of involuntary servitude.

What obstructs effectively the natural working of the law is the monopoly of the raw material, the land; the monopoly of money, which results from class law; and of commodities, resulting from control of land and money by a legally privileged few, and from the ignorance of the industrious in economic law, which permits the childish desire for immediate gratification to outweigh in their estimate the more distant and substantial satisfaction.

## CHAPTER V. MOTIVES TO INDUSTRY.

The impulse to all human activity is the gratification of some desire of the mind. This desire is modified and limited by the ability to acquire, and by the relation which the individual, or collectively the society, sustains to other individuals, or societies, and by the degree of utility embraced in the desired thing.

Our first reflection, on noticing any material object of desire, relates to the exertion necessary to secure it. If it be in the possession of another, we shall consider whether we may take it by force, compass it by cunning, or, lastly, obtain it by equitably exchanging for it some product of our own labor with which we are willing to part. The first and second are mere uncultured animal suggestions; the last is the only one which is recognizable either in ethics or economics.

What next challenges our attention is the fact that others besides ourselves are in the world, and that some explainable relation between ourselves and every other human being exists and requires definition. Thus we have discovered two kinds of relations to things desired by us, in one of which we have a common interest with others, and in the other of which we find certain things already appropriated by others, and which we call only obtain by purchase.

As a means of distinguishing between the things thus differently related to us, we may call the one class natural, and the other artificial wealth. And since "the land," in its broader sense, means all natural things and forces, we may employ that term in preference

C. Calhoun showed, a mere question as to whether the operatives who produce wealth shall be bought and sold, and so become property, or become hirelings and the result of their labor only become property.

Incomes from the one system are no more in violation of the laws of equity and economy than from the other. And the values so created are wholly different from any which involve labor compensation. It is from these sources that increase without service springs. For the power to absorb increase necessarily involves the control both of the land and of the labor of a country. The ownership of the laborer made possible and necessary the control of the land, and the control of the land compels the acquiescence of the laborer with any terms offered which prolong existence.

It is plain that the value of such private right to exclude labor from the land, and to tax or appropriate the earnings of the social industry, must depend upon the increase it will thus be enabled to realize. True economic value is that which relates to the utilities produced by labor, and which yields satisfaction to desire in appropriation and consumption. Artificial or speculative values refer alone to the ability of any property or right to derive income without work. These values have no reference to the intrinsic character of the thing, or to its ability to yield satisfaction in consumption; but simply depend upon a calculation of "the present value of a series of products forever" (Macleod). In other words, upon the sum which, at interest at current rates, will yield the specific income derived from productive labor for time indefinite.

To such values there is no logical explanation but the rule of unreasoning will, and no limit within the ability of labor to produce the income. Values of this description are not mere exaggerations; they are, as Macleod says, "created out of nothing." They are not mere "watered stock," but are stock composed wholly of water. For in this class of values it is not the principal which begets the interest, but the interest which creates the principal; not the value which earns the income, but the income which begets the value.

savage system gives the highest award of all. This is barbarism, not civilization. This is brutal, not human. It is the piracy and plunder of trade, not the development of equitable commerce.<sup>1</sup>

Any tolerable analysis exposes its crude absurdities, and any effort to generalize it is only an attempt to synthesize dishonesty or nescience.

The only variable value is value in exchange, and this is found to depend upon the desires, rational or otherwise, of the exchangers. But these estimates are controlled and governed mainly by the utility which is embraced in the thing desired, and in the expenditure of energy in their production. The utility and the time through which the requisite energy is exerted are subjects of exact calculation.

These have no proportion or relation to “values in service.” They depend wholly upon arbitrary will, ill-adjusted custom, and class legislation. To associate these in any way with the division or exchanges of labor products can only result in subverting and destroying the values which labor creates.

The man who is stronger or more cunning than another may subject that other to his will, and, without the interference of his fellows, may make him a thing and chattel. The right to command his labor will then become valuable, and can be exchanged with others who have the desire to live by slave labor, as long as such transactions are protected by law. But this right to labor involves the right to the control of the person, and potentially to his life. Now, the impossibility of classing such values with values of service in exchange needs no showing.

Exclusive ownership of the land, of the forces of nature, and of opportunity to labor, gives a similar result, and becomes, as John

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<sup>1</sup> “The law does not compel a seller to disclose all that he knows; if it did, it would sap the foundation of trade” (Judge Deming, of Connecticut, in his decision against a buyer who had purchased goods, under complete misapprehension, and which the seller knew but did not correct until after sale). Evidently the judge was thinking of “trade for profit,” not reciprocal exchange.

to natural wealth. Now it must be obvious that very different principles of ownership attach to the land than attach to those things which have been produced or rendered useful by human labor, although the land may still be said to be contained in every material thing, however modified or changed by human labor. But ownership of such things is so restricted, through the natural limitations to which labor is always subject in its application to the land, that no serious engrossment of natural wealth could possibly take place in the absence of arbitrary and unequal laws. For to the production of things of general utility there appears no limit. And no institutional limit is needed. To the occupancy of the land there is a natural and very positive limit, since no considerable multiplication of its area is conceivable, and the individual worker is limited to what he can personally occupy and make productive. Any extension of personal dominion is in disregard of economical law as well as of social right.

The desire for things serviceable to ourselves involves also the desire to increase our possessions, without especial reference to the estimate put upon individual things. We come thus to esteem certain things, not because they furnish a particular gratification, but because their possession enables us to command in exchange at will whatever other things we may at any time have a desire for.

Thus stable values and the current, and especially the legal, tender become objects of paramount desire. Finding that the control of persons and of lands enables one to command services and commodities without direct personal effort, the right to own these early became objects of insatiable desire, since such desires were not counterbalanced by toil or any sacrifice of ease in the procurement of gratification. The desire, then, for means to save ourselves the labor necessary to supply our wants begets a passion for control over the persons of those who will labor directly, or for engrossment of the land and opportunity to labor, so that we can gratify the desires of the mind by compulsory exchanges with those so

unfavorably situated as to require our assent to the application of their labor to produce desirable things for themselves.

To treat economics, therefore, as the “science of exchanges,” without regard to the relation in which the exchangers stand to each other and to the land from which all values are to be created, must prove a totally barren as well as a “dismal science.” With the vast inequalities in condition, and the arbitrary control of a few over the material and forces of nature, and through them of the worker himself, no equitable or other than a forced exchange is possible. A slave or tenant can only exchange with his master or landlord under duress, and at such disadvantage as to set at defiance not only the ethics and equities, but also the true economies of life.

But if two exchange services or other values unequal to each other, a similar result follows. Unequal pay for equal service, so conspicuous in our industrial system, can have no other issue. When the service of a “director of labor,” a banker, railroad king or wrecker, a stock gambler, or millionaire, is compensated, per diem, for such service as he renders at a rate equal to that paid one thousand men for productive labor, it is plain that large share of their production must have been taken to effect it. A science of exchanges which merely takes note of what occurs under deceptive trade, and the unjust operation of crude class legislation, has as little claim to serious attention as would a science of chemistry, which merely sought to foist upon public credence the notion that the wholesale adulterations of drugs and goods were in accordance with the law of “combining proportion.”

The ratio of exchange fluctuates from a mean, the labor cost of production, to either extreme from several causes: Inequality of production from same application of labor; excess of labor applied to specific industries; changing fashions and customs.

There are also artificial fluctuations quite independent of natural causes. Manipulation of market is one means of depressing or raising prices. Special legislation is largely resorted to to effect change, and to shield interested parties from the operation of supply and demand, while subjecting the producers to all the injustice and burden of a compulsory competition.

What works great extremes, especially in the price of commodities incapable of large production, is the very inequality of means effected by unequal compensation. The man who earns one dollar per day stands no chance in bidding for a desirable object against one whose income amounts to hundreds or thousands. Such inequality enables certain employments to command higher remuneration, without reference to their utility, and thus difference of compensation proceeds from the simplest serviceable employment, usually rewarded the poorest, up through every grade of real service to such as is predatory and destructive, and to which our semi-

give uniformly the same amount of heat, and furnish the same amount of motive power. This has no direct relation to the money price or to the "labor cost" of a thing.

VALUE IN EXCHANGE is a variable quantity or proportion. It is determined primarily by the amount of labor or sacrifice required in the procurement or in the reproduction of a thing.

VALUE IN SERVICE may be regarded as the mean of exchange, since service relates to such effort as is required to produce or procure things of use. The compensation of such service is the consequent award to the doer of such service, the whole product thereof.

Economic values are then reducible to exact ratios or proportions: To ratios in utility, in service, and in exchange.

The first is determined with entire exactness, and forms the basis of all economic problems.

The second is also determined with exactness sufficient for all practical calculations. In it is comprised the degree of energy exerted in any service, the length of time through which such energy is exerted, and the proportionate utility of the resultant product.

Now, both the time and the utility are capable of mathematical measurement. The degree of energy is the only variable proportion, and this is capable of quite exact estimate. In the different trades, professions, and callings, the amount of labor required to accomplish a specific use is everywhere readily and confidently calculated.

We have, then, in the simple matter of value, the key to a sufficiently exact system for the division and exchange of the products of the social industry. For it is obvious that only a division which is in proportion to service, and an exchange which transfers equivalents, can consist with either moral or economic law.

Ex.: Two men, exchanging gold and rendering unequal amounts, would soon transfer the whole amount which the one held who gave constantly the larger sum, into the possession of the other, while this other would also retain all of his own.

## CHAPTER VI. OF WAGES.

The term wages, as commonly employed, has a very different meaning from the natural sequences to the application of industry, and which, as noticed by Adam Smith, constitutes the entire product resulting therefrom. The term in this sense only is capable of scientific use.

As used to denote the purchase of labor, by the day or other period, it gives but the most uncertain indication of any equitable or economic principle. All that can be said of it with exactness is that it followed, and is in some respects preferable to, serfdom or slavery. Only under peculiar conditions, which rarely occur, can it possibly have any just operation or tend to develop industry with any favorable economic result.

At the best, as a daily stipend to manual labor, as salary to the directors of labor, to government and corporation officials, and to all who derive a stated income from any source whatever, it effects the most absurdly unequal compensation for equally useful service we can possibly conceive.

Now, that this disparity mainly results from arbitrary and unequal legislation, and from a misunderstanding and misapplication of economic law, seems too palpable to be seriously discussed. My purpose here is to show what the wages system is economically, and not to dwell upon its monstrous inequalities.

Nor can I more than refer to the old fallacy of the "wages fund." The payment of wages from a fund is confined to the money or current funds used to meet the periodic settlement, and has no application to the general stock or plant of the employer. Usually the wages are first earned, and the amount at any time paid is more

than equaled by the amount already added to the stock; and generally the employer is in debt to the employee for the day's, week's, or month's service.

The payment of wages is but the return, then, full or partial, of the capital of the worker, which he has invested in food, clothing, shelter, and culture, necessary to enable him to do the work, and which through his service he has transferred to the stock of the employer before such payment is made. Such is the true wages fund. It is derived from the fund of the laborer, not that of the employer. When equitable, the wages constitute an exchange, and can have no other significance. Nor do the more recent school of economists attempt to treat it as anything else. How imperfect and deceptive an exchange it usually is; how devoid of anything like equity; how detrimental to useful production, and how promotive of favoritism and sinecures, seems to need no illustration.

It is conceivable that the method of wages, under truly natural relations, might be and at times does become a tolerable approximation to a just division of the industrial production, and would under such circumstances give no justification to the antagonism which often exists between workmen and their immediate employers. Where the worker has a home and opportunity to employ himself, in the fields and with the forces of nature, he could not be taken advantage of or greatly wronged, and what is absurdly called "the iron law of wages" could have no application. Wages are usually paid in money, and a high or low money rate determines nothing, because there is usually a correspondence between the rate of wages and the cost of commodities needed by the worker. To raise or to lower the money rate of wages has often a very different effect from what either worker or employer anticipated.

When there seems danger of over-production, low prices and dull sales suggest to the employer a reduction of wages. And this might give a temporary relief if other trades maintained their former rates. But reduction in one line causes the workmen in that line to decrease the consumption of other than their own produce,

which otherwise appear to disprove the theory of utility, and accounts for the facts which seem to contradict it. Thus the passionate man elects to gratify hatred or lust, because the gratification is near and the atonement distant. The borrower, to obtain immediate possession, discounts the future payment, and braves the multiplication of debt through submission to interest. The laws of health are constantly disregarded, because the gratification of the appetite is present, while the consequences are remote. How great this tendency becomes is shown in the lapses of public morals, in the ruin of personal health, and in the disasters to business. I notice them merely to show that these instances which appear to conflict with the doctrine of utility are really explainable by it when fully comprehended.

VALUES are of two kinds—

Those which are positive and invariable, including all values of utility; And those which are speculative, as in exchange.

There are also values wholly artificial, arbitrarily "created out of nothing, and liable at any time to be as arbitrarily decreased into nothing," by the mere fiat of the individual will, or by that of a ruler or of a state. These are phrases not invented by me, but sagely put forth by the leader of the modern economic school, Henry Duncan Macleod. These values arise wholly from the exercise of "rights and powers," under the rule of despotic and unreasoning will, whether as a prerogative of absolutism or of delegated power, with pretended popular sanction.

All "rights of property," distinct from occupation or possessory right, are of this artificial description, and their commercial value is created, not by labor or through the working of any economical principle, but by the customs or institutions which absorb the substantial production of industry without return—as a bill of sale to a slave, or a deed to land.

THE VALUE OF UTILITY is a constant quantity or proportion.

Ex.: An article of food will always under similar conditions give the same life-sustaining result. A ton of coal of same quality will

## CHAPTER VII. ECONOMIC VALUES.

We have seen that the impulse to action must spring from some desire of the mind. Love of action itself may incite exertion. Usually, however, there is the attainment of some external object, in addition to that which incites to activity. The governing principle which serves as a regulator to the development of this impulse is the waste of energy, the personal sacrifice which the attainment of the desired object requires.

In the intercourse and exchanges which take place between one's self and others, there is one standard, more or less clearly recognized by all, and in every transaction. It is the standard of utility, which economists term "the cause of value." For however erroneous may be our estimate of what will promote our own well-being, or that of others through which we seek to promote our own, no action capable of rational explanation can be conceived in which this result is not proposed to one's self. Acts of revenge or malice are doubtless misestimates of what will promote the personal well-being, and are not brought under either ethical or economic rule, being the result of uncultured and ungoverned will. The deliberate and rational desire is unquestionably based upon the conception of what will result in the greatest good.

In a rude state human desire is subject to a law which seems to correspond to the attraction of physical bodies. An object excites or repels desire inversely in proportion as the squares of its distance from us in space or time, and the difficulties intervening. This fact gives explanation to certain phenomena in morals and trade,

and this begets an appearance of glut in other products, and so the work of cheapening products and lowering wages goes on and repeats itself in all but exceptional lines. And yet proportional cost of living will remain unchanged. And the same thing may occur when wages are raised. But if wages were upheld or even increased generally in all lines of industry in times of depression, this would correspondingly increase the power of the workers to purchase, and so promote demand for all useful commodities, and thus revive the circulation of goods and business generally.

To shorten the hours of labor, if it reduced the amount of goods produced which were oversupplied, would have a like tendency to increase demand as related to supply. The worker, unfortunately, does not appreciate the fact that the money rate and the rate it furnishes of the necessaries of life are varying; nor the employer that to reduce the money rate of wages does not necessarily change the proportion between the cost and the marketable value of his product.

Another, and the only correct view of wages, is that it is the earnest of ultimate division in the co-operative industry. That this is indeed the general nature of such payments there can exist no doubt, when we consider that all social industry is co-operative, and that it is only through inferred contract, or bargain and sale, that the worker's share in the production is assumed to be transferred to the employer, capitalist, or director of labor. But since under exclusion from the raw material such contracts are made under duress, such exchanges are forced, and such payment of wages does not destroy the laborer's rightful claim to that which constitutes really the only accumulations of capital. These accumulations are generally absorbed by landlord and usurer, who carry off the prize while the laborer and employer are struggling to see which shall suffer least from the spoliation neither can avoid.

What has been termed the "iron law of wages" has no relation to any true economic principle. Payment of wages is not made from any fund set apart, as assumed by the early school, for no such fund

exists. The laborer not only effects the production from which the wages are derived, but desires to consume those things for which it is exchanged and which beget the demand.

Natural wages are what labor produces or that for which the produce will exchange. Hence the payment or enjoyment of the natural wages can never beget a surfeit of labor products, but, on the contrary, an ever-increasing demand. Under any intelligent and equitable direction product would call for product, so that, except in special fields and in employments requiring special skill and ingenuity, no serious competitive strife could arise; nor until the utmost limit of productive capability had been reached could there occur any pressure of population Upon the means of subsistence, since each combination and division of labor or facility for exchange would increase proportional production. In any normal system of exchange, competition would be developed at the top of the industrial scale, and not as now by compulsory force at the very bottom.

But when wages, under monopoly of the raw material, become reduced to a fraction of the labor product, and it is thus rendered possible to withhold from the many the means of self-employment, the result ascribed to the "iron law" is effected, and the laborers not only are reduced to the verge of bare subsistence, but in many cases are denied employment altogether; and that, too, when but a small portion of the land of a country is occupied or put to productive use. Thus all the dismal results of the "iron law" and of the Malthusian pressure are reached, although not one of the natural conditions exists which it is alleged constitute the producing cause.

As found in existing society, both the depression of wages and the lack of employment are the result of pernicious artificial institutions, and of the ignorant or purposed violations of economic law, and not of the operation of any natural force or principle whatever. Natural wages is the whole product of one's effort. Conventional wages under forced competition, as shown by Ricardo, is the amount which it costs to maintain the laborers and keep up a

supply of them, differing in no important particular from the phenomena which attends the sustaining of a stock of chattel-slave laborers, with this advantage to the employer, however, that these wage slaves take from off his hands the trouble of keeping up the stock, so that he is always enabled to obtain or to dispense with their services, according as the exigencies of business or other circumstance may require. He is thus able to buy labor at cost, though he always tries to sell it at a profit. And it is this difference between what labor costs and what it produces which constitutes or creates the fund from which it is pretended wages are paid, and from which all rent, interest, or profit to capital is derived. So far from its being true, then, that capital sets apart a fund from which the wages of labor are paid, it is absolutely certain that the only source of increase from which the incomes of landlords, capitalists, and the speculative class generally are derived is the legalized devices by which they are enabled to withhold from the producer the natural wages of labor, through control of the natural elements and opportunities which belong of right to all.

The glaring inconsistency and brazen impudence with which it is asserted that capitalized wealth begets income and pays wages in accordance with any law of equitable exchange, is evidenced in the fact that at the same time in which capital "goes on increasing and increasing while labor remains stationary," it is assumed that industry is not able to produce enough to keep its rank and file from starvation.