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THE
Concentration of Wealth,
A STUDY
AS TO ITS
Causes, Results and Remedies.

BY

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INTRODUCTION.

This book is specially addressed to the ever-increasing circle of intelligent men and women who realize that the undue concentration of wealth which is taking place in these times, is a danger to the moral and economic welfare of the people. I have tried to write it in such a spirit as will make it acceptable to the rich as well as to the poor.

For many years I have been impressed with the thought that our present economic system, well calculated as it is to call out all the latent energies and undeveloped resources of a new country, contains within itself the germ of new and serious dangers, which will eventually compel a complete change in our political and economic organization.

As years have passed by, and the concentration of wealth has increased, the thoughtful among us have become awakened to the presence of these new dangers, and are turning their attention from the time-honored controversies of the past, to the living issues of our day and our times.

This is not a scientific book. The reader will find within its pages neither deep economic discussions nor elaborate statistics. I have tried to present, as briefly and concisely as possible, a bird's eye view of the moral and economic results caused by the concentration of wealth, and have offered some suggestions as to its cause, and proposed some remedies which we could use to correct evils which all sensible citizens must deprecate.

The subject is so vast that I could only touch all the points

involved, so as to keep within the bounds of what I think a popular work ought to be.

We are at the beginning of a discussion which must precede the economic changes which I feel confident will sooner or later be made. By briefly sketching a portion of the battlefield where the conflict will rage, it may help many persons, who have neither time nor opportunity to give the subject an exhaustive study, to understand the trend of the coming conflict, and it may show to others, who are inclined to belittle the importance of the economic agitation which is now taking place, the fundamental difference which exists between the old spirit which controlled distribution in past ages, and the new spirit which seeks to establish a more just and humane equalization in the distribution of products.

Albert Chavames.

Knoxville, Tenn.

THE
CONCENTRATION OF WEALTH

PART I.

OUR MILLIONAIRES.

My recollection runs back to 1843, when John Jacob Astor died in New York, said to be worth twelve or fifteen millions of dollars, and supposed to be the richest man in the United States. Even up to the time of the war of the rebellion, men with large fortunes were not common, and millionaires could almost be counted on the fingers of both hands. Commodore Vanderbilt and Alexander Stewart were considered very wealthy men in those days, and the concentration of wealth in private hands such as we see it now was then unknown.

All this is changed. Some of our citizens are said to be worth over one hundred millions of dollars. We hear of many worth from twenty to forty millions, and those who are worth one million or more number several thousands.

This startling increase in the concentration of wealth in private hands is naturally attracting attention, and is a subject worthy of study for all intelligent citizens—rich or poor—and it is the part of wisdom to investigate the causes of this concentration of wealth, its effect upon the economic and moral welfare of the nation, and whether this tendency will persist and increase.

Nothing in this world happens by chance, and if there exists among us social conditions which foster the concentration of wealth, it will undoubtedly persist as long as those conditions last, aggravated by the increased power which the control of wealth gives to its possessors.

Let us first inquire into the causes of this great concentration of wealth, and why it is a tendency which has only manifested itself of late years.

Accumulation depends upon production. Production must exceed consumption before it can be capitalized.

The production of a country is determined by its natural resources, by the amount of labor at its command, by the more or less extensive use of machinery, and by the enterprise and energy of its inhabitants.

The United States possess these agencies of production in a remarkable degree, and were making speedy progress in their development when production was checked by the civil war which turned the energies of the people in another direction. But since the end of the war, the increased use of steam and electricity, the influx of emigrants, the building of railways, have so stimulated enterprise, that production has greatly outrun consumption, and a large amount of wealth has been left over every year to be reinvested.

Certain social conditions, of which I shall write when I treat of the remedies, enable some men to gain possession of this excess of production, and thus to become millionaires.

The probabilities are that this large production will not diminish in the near future, on the contrary, all tends to show that it will steadily increase. It is clear that if the same conditions persist which have in the past enabled a few men to get possession of this unconsumed wealth, our millionaires will increase in number and power, and it becomes a serious question to consider what influence this

new element in our midst will have upon the welfare of the community at large.

The increase in the ratio of the concentration of wealth is very significant. In 1850 the capitalists of the United States owned 37 per cent. of the nation's wealth, in 1890 they owned 63 per cent. It is almost certain that this ratio will be kept up, and it may increase, for it is well said that it takes money to make money.

The laboring men do not earn enough to enable them to invest to any extent. The small amounts they are able to save from their wages are spent in increasing their comfort or in cheap amusements. Even the men of moderate means cannot spare much from the necessary expenses of their families, and a modest home and an insurance policy are usually the extent of their savings.

It is only the rich men who can save amounts sufficiently large to be used for productive investments, and this ability is greatly increased whenever they take their place among our millionaires. It is not necessary to use many arguments to show that the man whose income from all sources is only one thousand dollars a year, cannot expect to ever accumulate much wealth, while the men who have an income of from fifty to one hundred thousand dollars a year, cannot fail, if possessed of average intelligence, to add largely to their capital.

As we have now a large and ever-increasing number of men whose income ranges from fifty thousand dollars to several millions, we must expect to see pass into their hands the largest share of the unused production, and that at the end of twenty-five years from now, many of them will be worth five hundred millions, and that men worth twenty or thirty millions will be as common as millionaires are now.

One thing alone, under our present conditions, can prevent

such a result, and that is, that the descendants of our wealthy men may not know how to retain possession of such large amounts of wealth, and lose their fortunes through dissipation or incapacity. Up to this time there has been no sign of such a change, for there is an art in protecting large fortunes, as well as an art in accumulating them, and the intelligence of our rich men has proven quite competent for providing machinery to protect the fortunes they leave to their descendants.

It is probable that a small portion of the fortunes of our millionaires will be dissipated by bad management, but it will be more than compensated by constant additions from the ranks of the producers, so that we may as well realize that the words "Our millionaires" represent a class which occupies a position analogous to that called "Our aristocracy" in the older countries.

It is a class that has succeeded, by lawful means, and in accord with the spirit that has controlled the economic policy of the United States, in putting a first mortgage upon the bulk of the means of production of the country, and thus has attained such power that it can shape its policy, change its character and control its morals. And furthermore, I believe it can be shown that they are using that power, not primarily to improve the public welfare, but to provide themselves with all the appliances of luxury, to their own detriment, as well as that of the community.

Unless all signs fail, we are at the opening of a gigantic struggle between the capitalists and the producers, and probably the capitalists will be defeated, for whenever a class has arisen whose conduct was inimical to the best interests of society, the time did come, sooner or later, when it has been shorn of its power, and made to conform to the needs of the social organism.

This is not a personal question. A man may be a millionaire and be a very worthy citizen, and another may be poor and hard-working and yet be a very undesirable character. It is a social question, as in times past were the question of the political supremacy of the nobles in Europe, or that of the abolition of slavery in the South.

A class which did not exist fifty years ago has suddenly sprung in existence in our midst, and if the present economic conditions are not changed, it has come to stay.

Is its presence in our midst conducive to our welfare, and shall we as a nation perpetuate the conditions of its existence, or shall we take measures to force it back gradually to the average ranks of society?

It is with the desire of throwing some light on this all-important question that these pages have been written, and I shall try to briefly point out the evil results upon all—rich and poor—of this undue concentration of wealth, and offer some remedies which might be applied with beneficent results.

PART II.*ITS INFLUENCE UPON PROSPERITY.*

The amount of effort put forth by every country to secure the comfort and welfare of its citizens in these days is enormous. Nations are now tremendous productive engines, striving to outvie each other in the amount, cheapness and quality of their productions.

It is then of primary importance to study what influence an idle and luxurious class has upon the development of the resources of the country, and if the concentration of wealth into private hands has a tendency to promote our economic interests.

In the study I am making now, I shall not consider the question from a philanthropic standpoint. I believe the sympathetic side of economic questions ought to be considered in their settlement, but it requires special study and has arguments of its own. The purpose I have in view will, I believe, be better accomplished if I look upon the nation in its collective capacity, with inter-dependent interests, and study the problem from the economic and ethical standpoint.

As regards production, the prosperity of a people can be measured by the following results:

1. A large production at the least possible cost.
2. A large consumption of products by those who consume to enhance their comfort and enjoyment.
3. A constant exchange of products between producers and from producer to consumer.

I.

ITS EFFECT ON PRODUCTION.

1. *Through Speculation.*

It must be admitted at the outset that a large production cannot be attained without accumulation of capital, and so far as its concentration places it in the hands of those who use it to develop the resources of the country, its results are beneficent and no fault can be found by the people.

But capital is an autocrat, and its concentration gives power to its possessors which, according to the dictates of human nature, they are inclined to use for their own advantage, and at the expense of the community.

In answer to that desire, an immense amount of capital has been diverted by the owners from productive uses to purposes of speculation.

Whatever may be the ultimate result of speculation, it is an attempt to realize unearned profits out of the needs of the consumers, and instead of fostering production, the speculator has all interest in checking it as far as possible.

Speculation divides the capitalists in two classes with widely different aims and interests. On one side the producing capitalists, who strive main and might to produce abundantly and cheaply, and on the other side the speculators, who first seize upon production, and next strive to check it that they may increase their profits.

Speculation has been eulogized in the past as the balance-wheel of production, equalizing the years of abundance and those of scarcity. Whatever it may have done in ancient times under different economic conditions, it is in our day a very costly and useless economic transaction.

(a.) Speculation in Railroad Stocks.

We can easily trace the evil results of speculation upon railroad management.

The railroad interest is next to the farming interest the most important in the country. Our railroads are capitalized at over nine billions of dollars, employ nearly a million of men, and their gross earnings do not fall very short of one billion of dollars. They go everywhere, and their influence is felt in every commercial transaction. To the increase of railroads is due the wonderful development of this country, and it has placed within the reach of our citizens many comforts which otherwise would be unknown.

And yet it is a notorious fact that our whole railroad interest is in the hands of speculators, who are much more intent upon gambling with their stocks than on promoting the welfare of the regions the roads traverse.

Here then we have one of our leading interests, which instead of being managed so as to foster the largest production, is managed primarily so as to enable those who control the stocks of the rival roads, to gamble and speculate.

I do not claim that all the roads are mismanaged, but I claim that whatever management they receive—good or bad—is not the result of a legitimate desire to make them efficient helps to the prosperity of the country, but to the illegitimate desire to increase or decrease the value of their stocks or securities. And if bad management will best accomplish their object, it will be resorted to without any compunction on the part of the speculators.

If the speculation in railroad stocks was indulged in by outsiders, it would be bad enough for the country, but it would be as nothing compared to the evil which results from a speculation indulged in by the men who control the railroads, for they use their power to turn the management

of the roads from its legitimate ends to one that is inimical to the interests of the people.

If we reflect upon the immense benefits which have followed the construction of our railroads under their present management, we can see in imagination the increase of prosperity that would follow a policy which would place them under the control of men whose ability and energy would be turned solely toward making them as efficient as possible for the welfare of the community.

(b.) *Speculation in Land.*

Of late years the attention of speculators has been turned toward the acquisition of land. Happily for the welfare of the producers, the large extent of unsettled territory in this country places a check upon the power and rapacity of the land speculators. But the evil of land speculation has grown wonderfully in the last few years, and bids fair to grow from this on at a more rapid rate.

Land speculation has two distinct and different results, both detrimental to the welfare of the community.

First it greatly increases the amount of tolls which the land owners are enabled to collect from their tenants in the shape of rents.

There is a legitimate rent to which no intelligent man will object; it is the rent which remunerates the owner for the use of the improvements made on the land. But aside from it, there is a ground rent, based purely and simply on the supposed value of the unimproved land. This ground rent may be levied separately, as is often the case in England, or it may be added to the legitimate rent, as is more usual in this country. In both cases it is an imposition upon the producers, and of late years it has largely increased on account of the upward tendency of land values due to speculation.

The amount of capital in the country seeking investment

has become so large that its owners have turned their attention to the power gained through the ownership of the soil, and they are fast obtaining possession of the most valuable landed property in the country.

According to the teachings of orthodox political economy, this increase of capital invested in land ought to decrease the value of rents, for with an increased supply there ought to be a fall in prices, but this law does not work true so far as capital is concerned. The more capital increases, the more power it can command, and the larger is the share of product it can draw from the consumer.

The founders of the science of political economy had not come in contact with organized capital as it manifests itself in our times in the shape of corporations and trusts, and did not realize what a power is monopoly in the hands of concentrated wealth. This power will eventually sound the death-knell of the capitalist class. Self-preservation will compel the producer to fight the capitalist and overpower him in the legislative halls, and strip him of a power he so relentlessly misuses.

The other evil is the large amount of capital which has been invested in improvement of land solely to attract buyers, and which is of no value as a help to the productive power of the country. Wherever the land fever has appeared, immense sums have been spent simply to induce buyers to purchase at a large advance, that speculators might unload at a profit upon them.

Altogether the disturbance to the legitimate business of the country through land speculation has been very large, and I am unable to see that it has reaped any corresponding benefits. By its help rich men have become richer, but the country as a whole has lost much more than it has

gained, and the burden of the producer has been seriously increased.

(c.) *Miscellaneous Speculation.*

Aside from speculation in railroads and land, there is a general speculative spirit manifested in the United States which bodes no good to the welfare of the community. The recognized evils of the Louisiana lottery are but a drop of water compared to the sea of speculation in which the people of America flounders. Men with large amounts of concentrated wealth at their command are forever trying to corner some article of prime necessity, or playing bulls and bears with some legitimate branch of trade. To suppose that such practices can take place without seriously affecting the producing power of the country would be to display great ignorance of economic science.

The evil results which follow all kinds of speculation are recognized by the intelligent portion of the population, but the cause is hard to find and the remedy difficult to apply. The root of the evil exists in the concentration of large fortunes, which give undue power to their possessors, enabling them to realize more profits from speculation than from legitimate production.

Speculators and monopolists are the free-booters of our time, who use the forces originally organized for the protection of society, to levy tribute from those who fall unprotected into their hands.

Monopoly and speculation are very closely related. Every successful speculator is more or less a monopolist, and every attempt at monopoly is made with the hope of gaining the power over the consumer which is needed to secure success in speculation.

2. Through Withdrawal of Labor.

Aside from the evil of speculation, the concentration of wealth affects unfavorably production by withdrawing many able-bodied men and women from the field of production. It is the middle classes which produce, the drones and parasites are found in the upper and lower classes.

It is a mistake to claim, as is often done by their defenders, that the very wealthy men who are still engaged in business, are producers because they manage enterprises of great importance.

Whenever a man has attained the position of a millionaire, it takes all his energies to keep together his wealth and if he increases it, it is by drawing to himself the product of others. The actual work, that which is of benefit to society, done in the enterprises he controls, is carried on by underlings.

But if these men could be called producers, their number is very small compared to the number of persons withdrawn from production by the concentration of wealth. Every rich man, aside from his family, is surrounded by a host of dependents and menials, who are of no benefit so far as society is concerned.

These rich idlers and their menials are not the only parasites that society has to support, and the existence of a large portion of the degraded class can be traced to the evil influence of concentrated wealth. If we admit that the direct cause of abject poverty is vice, or laziness, or disease, we are justified in believing that vice, laziness and disease are greatly increased by the concentration of wealth. It is a fact that in those communities where wealth is the most evenly distributed, the ratio of degraded persons is very small, while those cities where the rich congregate are always hot-beds of crime and misery.

3. *General Results.*

The results of the concentration of wealth upon production cannot be accurately investigated. There can be no statistics as to the influence of speculation upon the prosperity of the country, neither has any person yet undertaken to ascertain what proportion of the population is withdrawn from production through the power acquired by wealthy persons to live in idleness, and to command the services of other men to satisfy their luxurious wants.

Any unprejudiced man who has some knowledge of the relations of cause and effect can see that the results are evil, and that the power gained through the concentration of wealth is used to impede as well as promote production.

II.

ITS EFFECTS UPON CONSUMPTION OF PRODUCTS.

In past ages, the prosperity of a nation was measured by the amount of gold in its coffers, the strength of its army and the wealth of its aristocracy. How the common people lived, whether they were well fed or starved, were trifles not worthy of serious consideration.

We have somewhat outgrown those antiquated ideas, but there are yet many persons among us who measure the prosperity of the people by the wealth of its rich class, and call that city prosperous which can display the greatest amount of luxury.

But those of us who study these questions in the light of the latest knowledge, realize that it is not among the rich that we must look for the proofs of real prosperity,

but among the middle class, among those who constitute the bone and sinew of the nation. Economists of our day no longer measure the wealth of the country by the gold in its vaults, the size of its palaces, or the luxury of its courts, but by the consumption of nourishing food, the quality of the clothing, the comfort of the homes, and the number of rooms occupied by each family. Measured by that standard, it is clear that the more production is diffused among all classes, the more prosperous the country must be.

The waste of the means of prosperity caused by the concentration of wealth is enormous. In the eye of the economist, one man is as good as another, and the greater comfort attained by one rich person cannot compensate the loss of comfort sustained by several poor persons. The power of enjoyment is limited, and the family who possesses several palatial residences can enjoy but little more than the family who possesses one comfortable home, but it can and does prevent the comfort of the many families who have only restricted and insufficient shelter.

This fact is made clear by what took place in old slaverv days. In those times, the owner lived in grand style in the big house, himself and family enjoying all the luxury that money could purchase, while in the negro quarters the slaves lived in log cabins, and had to be satisfied with cheap clothes and plain food.

Such a state of things might be considered satisfactory by the slave owners, but no impartial observer would contend that it was as prosperous a state of things as the condition existing in a Northern township, where wealth was more diffused, and all the inhabitants enjoyed a fair share of comfort.

It is evident that the conditions which then existed at the South are repeating themselves all through the country,

perhaps in a worse form than in slavery times, for the slave owner at least had the responsibility of the support and care of the slaves, while now the rich congregate in their wealthy quarters, and the poor huddle in their miserable tenements, without any common interest such as would tend to bind them together.

If there was such an abundance of production that everyone had all the necessaries or comforts of life, there would be no occasion, from the standpoint of the consumption of products to find fault with the undue concentration of wealth, but it is certainly unworthy of the intelligence of a civilized people to see one portion of the nation owning palatial residences, representing labor and material sufficient to build one thousand comfortable homes, while other human beings in the same city live in cellars, or are crowded so that a whole family must be satisfied with one or two ill-ventilated rooms.

The rich have horses and carriages they seldom use, food they cannot eat, clothes they hardly ever wear, books they never read, while thousands are suffering for the necessaries of life, or if they can supply their more pressing wants, lack the time and the means which would greatly increase the amount of their enjoyment.

Setting aside the sentimental side of the question, the disagreeable feeling which the sight of suffering and destitution always causes to the right-minded men and women, and looking at the question from a purely economic standpoint, it must be conceded that the concentration of wealth is not conducive to the greatest prosperity of the country, because it does not place production in the possession of those who can use it to the greatest advantage.

The digestion of the social organism is not good, and not as large a portion of the production is assimilated as would be under a better system of distribution.

III.

ITS EFFECT UPON EXCHANGE OF PRODUCTS.

The exchange of products is the crowning glory of civilization and the most potent factor for the welfare of humanity. An extended and profitable foreign commerce and a healthy and lively home trade are sure signs of public prosperity.

If the railroads and vessels are busy to the full extent of their capacity and the home stores crowded with eager buyers, we may feel assured that the manufactures are not idle and that all lines of production are enjoying a fair state of activity. The blood of the social organism is in a healthy state of circulation, and its vivifying influence is felt in the most remote corner of the community.

Is the presence of a wealthy class conducive to this desirable state of things? Does the concentration of wealth tend to increase exchanges?

There are yet among us many persons who believe that a wealthy class which spends money freely is an advantage to the nation. Those who live by supplying the whims of the rich, or those whose eyes are dazzled by the splendor of the stores and other establishments supported by the wealthy, look upon these outward signs as marks of real prosperity, for they do not see beneath the surface or calculate at what cost they are attained.

As a matter of fact, the bulk of the trade of the country is not supported by the rich, but by the middle class, and the real prosperity of the people does not come from the expenditure in its midst of the money levied as tolls from the laboring classes, but comes from legitimate exchanges among those who produce.

It would be easy to point out to countries where the contrast is the greatest between the rich and the poor, and show that they do not have as much commerce according to the amount of their aggregate wealth as those countries where it is better distributed, but a statement of certain facts within the knowledge of everyone, will better illustrate the influence of the concentration of wealth upon the exchanges of the community.

We will suppose a tract of 5,000 acres, belonging to five men. This tract is divided in one hundred lots of fifty acres, each supporting one family. Each of the owners keeps carriages and horses. The renters walk.

But let us suppose that a change takes place, and that the hundred families own their land and no longer have to pay rent.

Part of the money thus left in their hands will be used to buy pleasure vehicles. These hundred conveyances, scattered through the community, will at once give work to more blacksmiths, and soon support a modest factory, both for repairs and to supply the increasing needs of the community. There will be an increase of prosperity as measured by the consumption of products, for one hundred families will ride instead of five, there will be an increase of exchanges, and there will be a marked improvement in the character of the exchanges. The farmers exchanging the products of their fields for the result of the labor and skill of the wagon-makers, while formerly they were paying rents for which they received nothing but the privilege of keeping in their hands a portion of the product of their labor, and these rents were paid out by the owners in exchange for whatever they desired. Thus the circle of profitable exchanges was broken by the presence of middle men—the owners—who virtually had all their wants supplied without giving anything in return.

But it is not only in the line of pleasure vehicles that an increase of exchanges would follow.

If the rent of the land was only three dollars an acre, it would make the sum of fifteen thousand dollars that would remain annually in the hands of the farmers to be exchanged in excess of their former expenses, thus adding vastly to the prosperity of the community.

This amount of money, as formerly paid to the owners, was spent in adding to the luxury of their lives, thus withdrawing more labor from productive enterprises. The necessary expenses of these rich families would have to be provided by their male members who would be compelled to become producers to gain possession of such things as they could exchange to satisfy their wants, and thus would leave the drones and become useful members of society.

The example I have here applied to a farming community can be duplicated in all classes of society. Whether it is the diminution of house rents in the city, reducing the sum paid by the workers to the landlords, or the increase of wages, reducing the profits of the manufacturers, or a fall in the rate of interest, reducing the amount of fixed incomes, whenever the transfer of purchasing power is from the man who has more than the average of comfort to the man who has less, the change is always followed by an increase of exchanges and of social prosperity.

The ability to spend passes from the man who returns nothing to society for what he receives, to the man who gives a fair equivalent for what he gets, from the man who does not care to exchange because all his wants are already supplied, to the man who is keen to spend because he has not yet enjoyed all the pleasures that are placed within his reach.

It decreases the amount of toll-money and increases the amount of exchange-money.

IV.

CONCLUSION.

What little I have said is, I think, sufficient to show that undue concentration of wealth is not conducive to the highest prosperity of the country.

It puts too much power in the hands of men who have a direct interest to check production, or to obtain possession of large amounts of products that they may increase their fortunes through speculation.

It is not conducive to a healthy distribution, giving some much more than they can enjoy, and to others much less.

It does not encourage profitable exchanges, a large portion of the community being withdrawn from the army of producers, and living in idleness supported by the useful workers.

It may be lawful for one class to levy tolls upon another, and it may even be argued that under certain conditions it is necessary for the advance of civilization, but it can be safely asserted that it is not the system calculated to promote the greatest prosperity of a people, and just as nations became more prosperous as they got rid of slavery and aristocracy, so every change that will diminish the concentration of wealth and diffuse production more evenly among the people, will be followed by better economic conditions and a higher state of prosperity.

So we may safely conclude that it is for the interest of all intelligent citizens to support such measures as will tend to the suppression of large fortunes, and to bring about a more equitable distribution of the products of the nation.

PART III.*ITS INFLUENCE UPON MORALS.*

I.

LUXURY.

The economic prosperity of a country is not the only thing to be considered. The moral influences of the concentration of wealth have also great importance, and are worthy of a careful study.

The Americans are a peculiar people. Descended from almost every nation on the earth, they have acquired a character of their own, molded by the special conditions of their environment.

The acquisition of comfort and wealth is the leading motive which has brought the emigrants here, and in accordance with that universal desire, no restriction has been placed upon individual enterprise, and the most tempting prizes have been left in reach of those who should possess the needed qualifications to attain them. The result has been the creation of a nation which cannot be surpassed for enterprise, perseverance and executive ability, but it has also transformed the whole country into a race course where the universal goal is wealth. The excitement of the contest and the magnitude of the prizes have so taken possession of the minds of the American people that they have no thought but for the pursuit of wealth, and success and failure are measured by its possession.

The pursuit of wealth cannot in itself be considered as a

moral evil, for while some men may stoop to very dishonest means to acquire it, yet as a whole, a nation cannot become wealthy without displaying many worthy qualities, and it is a source of commendation, and not of blame, that the United States should have fostered a spirit which has led to such a high state of production.

But if the acquisition of wealth is not detrimental to the moral character of the people, the use made of our wealth through its unequal distribution can be open to objection.

Economy is not one of the American virtues. If they produce largely, they also spend freely. Those who won the prizes in the race for wealth, first secured all desirable comfort, and next turned their attention to the enjoyment of luxuries. As concentrated wealth increased, the taste for luxuries increased also, until it is now acknowledged, both in Europe and in this country, that the people of the United States spend more in that direction than any other nation upon the face of the earth, and that this class of expenditure is steadily on the increase.

To those who can afford to lead a luxurious life, the greatest evil is that it emasculates all the manhood out of them. They probably possess a reserve force which they inherit from their more plainly raised ancestors, but the tendency of this form of indulgence is to breed a class of men and women who have no native strength, and are hot-bed plants, unable to stand the strain of the struggle for existence. They are a dead weight on the nation, and have to be carried by the more manly and useful part of the community. In the competitive struggle between nations, and in the fight against adverse conditions, these luxuriously nurtured scions of wealthy families handicap the real toilers, and the more numerous they are, the greater are the odds against the people who support them.

Happily for us, their number is not yet so great but that

we can stand their presence without too great a strain. They are a class set apart, which has an existence of its own, and does not mix with the remainder of the community. They congregate in large cities, and are useless excesses on the body economic, which they hamper in the exercise of its functions, but yet for the present, do not prevent from fulfilling all necessary actions.

But the evil of their presence is nothing to the evil of their influence, for they poison the system and spread false ideas of success all through the nation.

All through the country we find an ever-increasing number of men and women who cannot afford to spend for luxury, but who, carried by the example of the really wealthy, live beyond their means, and sacrifice their comfort and happiness in the worship of empty show and style.

It is natural that it should be so. In a nation entered into a race for wealth, as is now the case with the American people, the winners are looked up to as the embodiment of success, and as the ability to indulge in luxuries is the only distinctive mark allowed in this democratic country to those who are successful, all ambitious persons who fail to win a prize try to hide their defeat and to appear at least partially victorious.

Of late much thought has been given to that question, and it has been a favorite subject for the moralists of our day, to write against this tendency of our times toward show and style, and away from the simple habits of our ancestors. But words are at best a poor barrier against the strong tide which is silently, but surely, carrying the American people in that direction.

So long as wealth is concentrated in the hands of a class, that class will be looked up to by the average citizen, and many persons in trying to imitate them will prefer ostentatious display to the real comforts of life.

The evil result of this national tendency is its influence upon character. The prosperity of the country is based on the true and the real, while the display of luxury among those who cannot afford it is a cult of the false.

Comfort comes from the possession of what we can enjoy, and the more comfort a nation possesses, and the better and the stronger its men and women will be. But the luxury of the poor is the ostentatious display of the possession of certain things acquired, not for the comfort to be derived from their use, but for the effect the display will have upon the community at large.

Although this tendency has greatly increased since the war, there is good reason to believe that the evil has not reached yet very deep in the hearts of the American people, and that the sterling qualities inherited from our worthy ancestors are yet latent in the hearts of many of those who foolishly and thoughtlessly obey the behests of the fashions of our times.

But the current is growing deeper and stronger every day, and the resistance correspondingly grows weaker.

The force of example is something we can hardly appreciate, especially on the young, and if the economic conditions are not changed, the poison instilled by a false estimate of success and spread through the public mind by the luxurious existence of our millionaires, will cause the American people of the next century to worship wealth and display to such an extent as will leave far behind the worship of birth, as exemplified in the past in the kingdoms of Europe.

II.

SERVILITY.

A great deal is said in this country about the dignity of labor, but no one has yet been found to uphold the idea that menial services had a good influence on character. We have numerous examples of men and women who achieved distinction in many directions, who started in life from the humblest ranks of society, and who at some time labored with their hands in some useful occupation, but we have no account, so far as I can recollect, of any such person having been for any length of time willingly in domestic service.

It may be difficult to analyze the reasons why domestic service should be avoided by all persons of independent character, but the fact remains that there is something in it which makes it irksome to persons imbued with proper ideas of personal equality.

It is probably the dependent nature of the services rendered which creates that feeling. The men and women employed in a store or a factory, although subject to rules and orders, feel that they are part of a piece of machinery which is carried on according to well-established business principles, and that there are good reasons for every service required from them, while the servant feels that he is controlled by the caprices or whims of his master.

Again, the workman feels himself of some use to society, and knows that he honestly earns the wages he receives, and that by good conduct and the display of his best qualities he may rise in life and improve his position, while the servant too often feels that his labor is of no value to society, and that his promotion will not depend upon the

exercise of any manly qualities, but upon his ability to suit the capricious or fastidious taste of the persons who have hired his services.

Let the reasons be what they may, the fact remains the same. Menial services are irksome to persons of independent character, and are taken up by those who lack the moral fiber which is necessary to good citizenship.

Character is largely molded by the environment and the result of the concentration of wealth is to increase the demand for domestic service, and thus to lower the independence, and increase the servility of the American people. The amount of bribe-money which is devoted to persuading the American citizen to sell his personal independence and take up menial service is steadily on the increase, and the bribes are daily becoming larger, so as to reach a better class of men and women, and induce them to leave the service of society and wait upon the drones supported by the community.

Gradually all the degrading habits of Europe are making their appearance here.

Chief among them is the habit of tipping, the most degrading—and in a small way the most corrupt—transaction which can take place between employer and employee, where money is paid, not for services rendered, as between man and man, but for the obsequiousness and the servility shown in rendering the services.

This habit is a new importation here, brought by our rich men on their return from travels in the old countries, and was only found in America in old times in the slave states, where it was very properly an adjunct of slavery.

But the deterioration of American character is progressing so fast that we find here men willing to tip and willing to be tipped in all ranks of life, and at the present rate of

progress the next century will probably see the custom fully established among us.

The servile character of the press is well known, but it only reflects the growing servility of the people. The press dubs sham titles to every man who has accumulated money, toadies up our rich class, and chronicles the doings of our millionaires because it suits the taste of their readers. In a community imbued with a proper spirit of equality, a servile press would find no support, and would have to fill its columns with matter more worthy of a free people.

Slowly the etiquette of the royal courts is adopted at our capital. The invitations of the President, like those of kings, are looked upon as commands and obeyed as such, and the host of the feast, instead of seeing to the comfort of his guests, is served first, as if his position raised him above the demands of good breeding. Questions of precedence are agitated among the wives of our representatives, and it has come to pass that the men we elect to represent us, and to execute our laws, are allowed to look upon themselves as having been singled out from the common herd for social distinction, instead of having been singled out to serve the people.

With growing exclusiveness, out of the wealthy class, a small number of the elect is set apart who assume to be society. Under the lead of Ward Mac Allister, they tend more and more to constitute themselves into a close corporation, and vie with the European nobility in their pride and exclusiveness.

The senseless dictates of these society people carry more and more weight with those servile people who worship them from afar, and try to imitate them to the best of their ability.

Disguise it as we may, we must acknowledge that a change is coming upon our character, habits, modes of life and standard of actions which is drawing us away from our ideal of the true American citizen, and that however the intelligent and independent men and women among us may deplore or even resent it, they are unable to stay the tide which is carrying everything before it.

It seems clear to me that this change is due to the presence among us of a class of men who, after accumulating in their hands large amounts of concentrated wealth, have turned their attention to the enjoyment of luxurious and idle lives. The deterioration of their aims reacts upon the whole nation, and deteriorates the whole social organism.

III.

POLITICAL CORRUPTION.

The use of money in politics has become so open in this country, and controls the enactment of our laws to such an extent, that it is unnecessary for me to spend time in proving its existence. It is a well-known fact that the lobby has more influence on legislation than public opinion, and that while our representatives are elected to safeguard the interests of their constituents, they more often pass laws which enable private individuals or corporations to acquire wealth at the expense of the producing classes.

For several years there has been a fierce contest in our legislative halls between capital and labor, and although labor has won the victory whenever thoroughly awakened and organized, yet in the thousand and one skirmishes which have more combined influence than the few great pitched

battles, capital has been steadily victorious, and the whole trend of legislation has placed more and more power in the hands of the capitalists.

This result has been attained through the help of the lobby, an institution which is the outgrowth of representative governments, taking the place filled in autocratic governments by court favorites.

The lobby is organized corruption and bribery reduced to a fine art. Its presence and its work show that there is something unsound in our political system, and if it is the system which is responsible for it, the sooner it is amended the better it will be for our prosperity.

This free use of money in politics, and this well-organized lobby are peculiar to the United States, and is the result of the exceptional conditions under which this country has been developed.

The independent character of the American people is well known, and it is upon that characteristic that those who first settled the country relied for its material development. In pursuance of this policy, no restriction was placed upon individual appropriation of portions of the national domain, and all its wealth was thrown open to be scrambled for by the citizens in their private capacity.

All that was expected from the government was to safeguard individuals in their private possessions.

In a new country, where opportunities of all kinds are laid open to all comers, the principle of "first come, first served" would naturally obtain and be sanctioned by the laws. Up to a certain point the principle is sound enough, but the mistake made was to place no restrictive limit upon it, for thus a great many men were enabled to obtain large possessions in exchange for a mere song.

As the country developed, public needs manifested themselves, and new opportunities were offered for profitable

investments. But many of these new enterprises had, on account of their public character, to receive legislative sanction. These franchises, as they are called, were recklessly given away. Anything and everything to encourage individual enterprise.

When experience showed that the power delegated to our representatives could be used to increase the opportunities to acquire wealth, the attention of the capitalists was turned in that direction, and they soon discovered that a new field had been opened in this country, which offered large returns for small amounts of capital invested.

Acute minds set themselves to work to discover what privileges the representatives of the people had in their power to bestow, and congressmen, representatives and aldermen were seen in a new light, as disposers of this world's goods and to be cultivated for the sake of the money that could be made out of the privileges at their disposal.

Men with the special gift of influencing their fellow-men found a new career opened to them, and constituted themselves into a lobby, ready to promote any measure if the pay was sufficient to warrant the display of their ability.

This is the phase we have now reached.

The men who had the foresight to appreciate the value of the privileges so freely offered have obtained possession.

The people, realizing what they have done, and seeing these men forming into a class and seeking to perpetuate their power, are ready to declare war, and seek to regain what they have so foolishly given away.

Thoroughly awakened, and with all their most valuable privileges out of their hands, they propose to retrace their steps and take back that which they claim belongs to them, but the privileged class does not intend to allow itself to

be stripped of its present possessions without a hard fight.

This condition of things has been helped by two factors which will have to be removed before the people can gain the victory.

The first of these factors is the mistaken belief that living generations can give away public wealth.

It will be recognized, sooner or later, that public wealth is held under a perpetual entail, and cannot be alienated from public control under any circumstances whatever.

It is not my intention to discuss that question in this book, but I wish to place myself on record in stating my conviction that the time is coming when it will be recognized that legislatures were transcending their powers when they granted franchises unlimited in time, and that eventually their grants will be repudiated. When that time comes, it will be seen that the streets of a city or the highways of a nation do not belong to the present generation for all time to come, but only for the time they are using them. The attempt to control the economic conditions of our successors is, like the ruler's right of succession in autocratic governments, a relic of barbarous times, and future generations will understand that the earth belongs to the living and not to the dead.

The other factor which must be changed is the weak spot in our legislative system.

Representative government, while a great improvement upon the despotic, is yet too far removed from the people, and we place too much power in the hands of the men who are supposed to represent us. The coming government is what is called Direct Legislation.

Fully inaugurated in many parts of Switzerland, it has, by the help of the Initiative and the Referendum, proved

an efficient remedy for most of the evils of the representative system, eliminating its weak points and retaining its useful features.

As these weak points manifest themselves, Direct Legislation attracts more attention and it is only a question of time when it shall be fully adopted.

I do not see how the laboring classes can regain possession of the position which truly belongs to them, under the representative system. I believe they will be able to retain in their hands what they have not yet lost, but I doubt if they can regain possession of what their predecessors have so foolishly given away, except under such terms as would leave them financially no better off than before, so long as they must do business through a set of men who can be influenced by a lobby which is backed by the untold millions of the money-making class.

But the discussion of these two questions is not in the line of the investigations I am trying to make, and I will pass to the consideration of some measures we might inaugurate, which would tend to diminish the concentration of wealth, and thus remedy some of the evils that result from it.

PART IV.

THE REMEDIES.

The evils resulting from the undue concentration of wealth, which I have tried to point out in the preceding pages, may seem to careless thinkers very trivial and of little importance.

They may call attention to our growing prosperity, to the great increase in production, to the higher standard of living among the working classes, to the gradual shortening of the hours of labor, and to all that which is done by charity to alleviate the sufferings of the poor.

But while it must be acknowledged that there is a gradual improvement in the condition of the producing classes, yet it is felt that this improvement bears no comparison to the increase of production, and on that account there is among the workers a growing discontent with present conditions, and this discontent, instead of diminishing, is on the contrary steadily on the increase.

If I am correct in my diagnosis, the evil results which follow a defective distribution of wealth are only commencing to manifest themselves. Our actual economic condition is of very recent date, and the concentration of wealth in the hands of a class is a new process, only inaugurated to any extent since the close of the civil war.

Any one who can look back on the situation twenty years ago, and see what gigantic strides have been taken in that direction, and who realizes that the conditions which have allowed such rapid advances have not changed—except that the power in the hands of the rich has greatly increased—can, without any great stretch of imagination, represent

to himself our probable condition in twenty or thirty years from this date.

But it is not probable that such a state of things will be allowed to go on undisturbed many more years. The working people are too intelligent, and are too thoroughly awake to the gravity of the situation, to allow themselves to be bound hand and foot by a ruling class. Already we hear the mutterings of the threatening storm, and see the hosts gathering themselves for the coming conflict.

It is not the workmen alone who are awake to the gravity of the situation. Both in Europe and in America, scientists and philanthropists have set their wits to work to find the causes of the general dissatisfaction, and are joining hands with the proletariat to bring about a more just and humane distribution of the necessaries of life and of the comforts of existence.

I do not for my part, believe in revolutionary measures, nor that the desired changes will be attained by violent means, and while the methods I shall advocate may seem very radical to persons of conservative disposition, yet I believe that they are all in the line of evolutionary progress, and easily practicable without any serious disturbance to the existing state of society.

But while I believe that the necessary changes can be accomplished without serious disturbance, I realize also that their thorough adoption depends upon an entire change in the fundamental ideas which have so far controlled the political actions of the American people.

The ruling idea upon which the economics of this country have been organized, is the *Laissez Faire* idea, which has been so ably advocated by Mr. Spencer and his co adjutors. It is true it has not been strictly adhered to. Here and

there practical questions have turned up which could not be settled without encroaching upon private rights, but it has always been done under protest. Except in case of war, when national independence had to be protected at any cost, the community has never been recognized as an organic whole, able to promote the comfort of its component parts.

Whenever any economic question presents itself, the community dissolves itself into a conglomeration of individuals, each with special rights which have to be maintained. On that account it is now almost impossible to promote any economic measure which tends to the public good, for the spirit which has controlled economic legislation until this date is opposed to any such change.

This *Laissez Faire* theory is breaking down of late, mainly because practical questions have compelled the people to violate it time and again. But whenever it has been set aside it was always done for the benefit of individuals, and it is those individuals, and not the general public, who have been principally benefited. Now the common people commence to ask themselves why, if the government must so often interfere in economics, it should not interfere for the good of the whole community and not for the good of a few individuals only.

At this time the American mind is very much unsettled on all these questions. Educated in the old democratic idea of the equality and independence of all men, and of the beauty of free competition under equal protection, they find practical results from these theories which are very far from bringing about a state of equality and of personal independence. Naturally it causes quite a wrench to recognize the evil results of the free competition experiment, and to acknowledge that it is through the extension of combined action, or the public co-ordination of individual interests, that we must look for the desired results.

It is not from the old statesmen nor from the old parties that any great changes can be expected. They have blown cold too long to blow hot now, and all we can look for from them is some slight modifications in our laws and in our public policy, in favor of the welfare of the community and at the expense of privileged individuals. But the old parties will make those changes under protest, and because a growing public sentiment compels them to act in a manner entirely opposed to their past traditions.

But the new generation is educated in an entirely different spirit, and to them we must look for the thorough work which will have to be done. The young men and women who are now coming upon the stage have very different ideas from those which obtained thirty or forty years ago, and have left behind many superstitions which now prevent intelligent action.

They are ready to appreciate the fact that there are many economic problems which can only be satisfactorily settled by the combined action of the whole people, while there are others which are better settled if left to individual control, and they will fearlessly apply the remedy of the nationalization of industries wherever it will promote the welfare of the community, unhampered by the now prevailing idea of the priority of the rights of the individuals over those of the people.

The remedies I shall propose are not of a quick nature, and will not bring about the equalization of wealth in a few years. I simply advocate some important changes in our public policy, which, in my estimation, will first tend to stop the further concentration of wealth, and next, gradually diffuse it more healthily through all the members of the community. They are based upon that more correct knowledge which is slowly taking possession of the civilized

world, which recognizes the economic solidarity of the human race, and sees in every nation social organisms, perfectly competent to promote the welfare of all their component parts, not by allowing them a fair field for a free competitive fight, but by co-ordinating their powers and using them for the benefit of the whole community.

How far this co-ordination may be carried on in future ages, is a question I do not propose to discuss here. I propose to deal with actual questions, with those which press upon us for prompt solution.

The problems of the day must be settled in the light of our own welfare, and according to the dictates of our own intelligence, trusting that future generations will be fully competent to solve the new problems which are forever springing up in the path of progress.

I.

LIMITATION OF OWNERSHIP IN LAND.

I believe that it is recognized by all students of social science, that the problem of the proper distribution of the soil is one of the most important which presents itself for prompt solution.

I do not believe with Henry George that it is "the" problem, which once solved, will right every social wrong, but it must be acknowledged that as the occupancy of the soil is the basis of all production, it is of the utmost importance to society, who shall possess it, and how it shall be divided.

The best result accomplished by the labors of Henry George has been to create a discussion which has made

evident that there is no power on earth which can give a just title to the soil, and that all ownership of land must, in the nature of things, be based upon occupancy and protected by force.

The occupancy may be fictitious, as when adventurers took possession of whole continents in the name of their kings, or backed by actual force, as when armed invasions conquered weaker nations, or occupancy and force may be thoroughly organized and legalized, as when governments confer titles to the land, but in all cases occupancy and force are found at the basis of all titles to the land whenever we look for them far back enough.

In this country a little more show of justice has been maintained than in older civilized countries, because at the time of its settlement ideas of right and wrong had made some advance, and efforts were put forth to acquire an honest title from the Indians in possession; but those Indians had no just title to the land, and could only transfer rights they had gained by occupancy and force.

This much it was necessary to say to answer the objections of those who claim that the land belongs to the so-called owners of the soil, and that society has no moral right to regulate its possession. Their arguments amount to this: Society has already settled that question, and has conferred permanent titles upon present owners, and this generation has no right to undo the work done by its predecessors.

And this brings us at once in presence of this question which is fundamental to the improvement of society. Has one generation the right to bind its successors? And I, for one, answer: It has not. The earth belongs to the living and not to the dead.

And in regard to land, as there is no one who has the right to grant a just title to any portion of the globe, and

as all titles must be sustained by force, they must be subject to the power which created them. Law gave possession to the present owners, and if the welfare of society requires it, law can take it away from them.

Thus stated, the question presents itself as one of expediency. I claim, with most modern writers, that the organized power of society, that which represents its collective strength, has the moral right to change the relations of the citizens to the soil. This right has often been exercised in Europe, with the moral approval of civilized society—except, of course, of that part which was stripped of undue advantages—and is now exercised by the British government in the settlement of the Irish land question.

But if society has the right, it does not follow that it would be expedient to use it.

If it was possible or profitable for society to hold the soil in common, the question would soon be answered.

A state of society where each individual would have an equal right to all the soil, as every one has now a right to the equal use of streets and highways, would be an ideal one, but unhappily such a state of things is impracticable. Such communism does exist in countries which have attained but a limited development, or where the population is so scarce as to encroach but little on the resources of the soil, but all present experience shows that the parcelling out of the land is necessary to its highest production, and it is on that account that the present system has been legalized.

So that, until present conditions are changed, it would not be expedient to do away with private ownership of the soil, and as titles are necessary to the present system, it would not be expedient to do away with titles, nor to rely upon occupancy as the basis of ownership of land.

In our search after remedies, we must avoid anything

of a revolutionary nature, and remembering that our present system is the result of a growth and not of arbitrary design, we must seek for such measures as will gradually modify and correct present evils and improve the economic conditions.

Up to this date two different remedies have been proposed. One is the scheme made famous under the name of "single tax", by which the advantage of private ownership would be nullified by taxation in favor of the whole community.

The other is the nationalization of the soil, by which the land belonging to the nation, would be leased to individuals on terms to be settled as experience and expediency directed.

Both those schemes are, in my estimation, revolutionary in character. We have no experience to show us what the result might be, and they would be dangerous experiments to make, neither have I any idea that society is ready to try them at this time.

The remedy I propose is a much milder one, and could be tried without much disturbance to society. It is the limitation of ownership in land, or the assumption by society of the right to limit the amount of land any one man can possess.

The principle is not new in this country. The limit placed upon the amount of land that a citizen can receive free from the government is precisely of the same nature. It has been found expedient, and conducive to the welfare of society to limit the size of the farm, or town lot, or mine, that any one person receives free from the public domain, and it is precisely the same principle I advocate, extended so as to apply to the possession of land acquired by any means whatsoever.

40 THE CONCENTRATION OF WEALTH.

Before I inquire into what would be the probable result upon the welfare of the community, of the limitation of ownership of the land, I wish to explain what I mean by these terms, and how I propose that it should be accomplished.

It would be impracticable to carry out this policy by such general laws as legislatures are so fond of enacting. The difference in the economic conditions of the several portions of a state are so great, that what would prove beneficent for one might prove disastrous for the other. It is one of those questions which, like the licensing of selling liquor, should be left to local option. Legislatures should pass laws giving to counties, or townships, or incorporated cities, or any other political division—the smaller the better—the right to decide the maximum amount of land any one person should be allowed to own within its precincts, and the conditions attached to its possession. Those questions to be decided by popular vote.

In new countries, or where the soil is poor, the amount held for agricultural purposes might be quite large, while in older settlements and near cities the limit might be cut down to very small dimensions. In large cities, where population crowds upon the soil, possession might be limited to one lot for residence and one for business purposes, while in small cities and villages, the limits might be largely extended.

The policy of local government is making its way side by side with the policy of extension of the scope of government control.

At first sight, it may seem an anomaly that it should be the same persons who are advocating a policy branded as Paternalism and Socialism, who also advocate the withdrawal of power from federal and state governments, to place

it in small local bodies, and often to give it back to the individuals themselves, while it is the men who are the chief supporters of individual enterprise who at the same time are opposed to extending autonomy to individuals and small political bodies.

I think this anomaly is easily explained if we consider the character of the men who support these seemingly opposing policies.

The supporters of our present system are men with conservative turns of mind, who are so constituted as to be afraid of change. As of old all business enterprises have been carried by individuals, so, according to their belief, it must be to the end of time. As they are imbued with the old ideas of the depravity of men, they are afraid to grant autonomy to their fellow-men, and favor a strong central power to check the evil propensities of human nature.

On the other hand, the supporters of the nationalization of enterprise and of the extension of local power are men of more progressive minds, who not afraid of change, are willing to profit by the experience of the past to improve their condition, and who, having more faith in the innate qualities latent in human nature, are not afraid to trust the citizenship with autonomy whenever it is a necessary condition of success.

The lessons of the past are very clear. In spite of the opposition of the conservatives, and of the fact that they always are in possession—men become conservative very fast when they get in power—the line of progress, as far back as we can trace it, is distinctly marked, and of late years has become more and more accentuated. Greater co-ordination of the people through its organized authorities for economic purposes. Greater autonomy for small political organizations or individuals whenever better results can be attained.

As we progress, and better understand our position here, we become more practical and as we recognize that after all the legislatures can only embody the wisdom of the citizenship, we seek to use their power where it will bring the best results. Where concerted action is best, we extend the power of the central management, and on the same principle, we use local or individual control wherever it is best for the welfare of the community.

By placing the authority of limiting the ownership of land in the hands of cities, districts or townships, the voters in each division could easily decide if they wanted a limit, and where it should be placed, and under what conditions the new policy should be inaugurated.

As in the peaceful abolition of slavery, a number of years would be granted to the land-owners to adjust themselves to their new conditions. There would be no question of confiscation, for ample time would be given, and plenty of buyers could be found by all those compelled to sell, at prices equal to the actual value of the land, but not at the speculative value at which it is held now.

It would inaugurate a series of experiments all over the country from which much good might be derived. At first but few states would pass such laws, and but few communities within these states avail themselves of the newly conferred power. The men in possession would oppose such laws as long as possible, and nothing but the success of the new policy wherever tried, would enable it to extend.

If successful it would quickly spread and its benefits be easily realized, while if experience showed that a limit upon land ownership did not increase the people's welfare, but on the contrary was detrimental to it, there would be no difficulty to re-establish the present order of things.

If such a policy was once inaugurated, what would be the probable results?

The first one, which would be almost instantaneous, would be to destroy the speculative value of land. With the large amount of unsettled territory in this country, its speculative value is entirely due to the ability of rich men and of land syndicates to gain possession of large tracts and to hold them for an indefinite time.

There exists at this day in the United States, a gigantic corner in land, which cannot be broken and increases with each passing year.

This is the result of natural conditions. The amount of land in the country is limited by natural causes. The demand is steadily on the increase. As the rich classes, the railroad corporations and the speculators have already obtained possession of large portions of the soil, and are daily becoming more able to gain possession of what is left, there is no reason why the corner ever should be broken.

The grasp of the landlord is becoming more and more firm on the neck of the landless, and the limit of the prices these last will be made to pay will depend, as in all successful corners, upon the amount they are able to pay.

But with such a limit on the ownership of the soil as I propose, the corner would be broken, and a host of speculators, forced to unload within a given time, would be eager to sell at such terms as they could find.

The mere threat of such legislation would tend to lower prices, and the probability is that if such a measure was seriously discussed, it would cause such a change in the views of land-owners, that a partial adjustment would be effected long before the law could be carried into effect.

I have in a former chapter pointed out the evils of landlordism. I can only add that landlordism as practised by all civilized nations is bad enough, but that landlordism

joined to land speculation is the most efficient tool that can be devised to make some men enormously rich and keep others abjectly poor.

Aside from the breaking down of speculative prices everywhere, the measure would have but little effect in this country upon the farming community, but it would have important results in large cities. The possession of city lots has always been a favorite investment of the rich, and it is not the Astors alone who have amassed colossal fortunes by the purchase of city property.

It would be an interesting study to figure out the increase in value in the last twenty years, of the city property of the United States, and the sums it would reach might probably startle the most conservative citizens. As this increase in value, so far as the land is concerned, is purely fictitious, it is simply an enormous load which unlimited ownership has enabled the landlords to place upon the producers.

By limiting the ownership of city property to one or two lots, the greatest possible blow would be struck to the concentration of wealth, and one of the processes by which millionaires are manufactured would be blotted out from this country forever.

If the limitation of ownership of farming lands did not have much effect upon the undue concentration of wealth, except in keeping down speculative prices, it would prove an immense boon to a great many persons who desire to acquire land, and re-act favorably upon the general prosperity.

While the farmers of the United States are not millionaires, and are not on the road to unlimited wealth, yet it is true that there is among them a strong tendency to acquire more land than they can pay for, or thoroughly cultivate.

They do not do this as farmers, but as speculators. They

want to participate in the corner in land while it is yet open to them, knowing well enough that eventually it will benefit them or their children, but the result is that millions of acres are poorly cultivated, while millions of men lack the opportunity of securing homes and of making a good living from the same land.

An increase in opportunities for the landless to secure to themselves small farms would have a very beneficent moral effect. Experience shows in all countries that nothing elevates the character of the citizenship as much as the ownership of a home. However humble and small it may be, the freeholder is a different man from the tenant. He has a foothold on the soil from which he cannot be ejected. It gives him an aim in life and an inducement to economy. Like the deposit in the Savings Bank, it forms a nucleus which he takes pleasure to increase and improve.

It is because of the great advantages which attach to land-ownership that the land-speculators can succeed in their nefarious traffic. They force, by the power given to them through unlimited ownership, the men who want to raise themselves up in the social scale, to pay them a tribute which increases in amount as the country becomes more prosperous and as the citizenship increases in intelligence. A wise community should devise all proper means to aid and encourage this worthy ambition, instead of allowing a horde of speculators to feed and grow fat upon it.

The extension of opportunities furnished by the limitation of ownership would also increase the economic prosperity of the country. Land which is held in small tracts is much better cultivated than large farms and brings many more kinds of products.

Millions of acres, which are now used for pasture, or planted in crops which now bring but poor returns to their

possessors, would, in the hands of small owners, support in comfort a large population, and cause a great increase in the exchanges and commerce of the country.

There is now a movement on foot in many cities to induce the municipalities to buy land and erect tenements for the laborers, and also to lease those lands on easy terms to those persons who desire to build homes. Such a move is a step toward the nationalization of the soil, and ought to be encouraged by all reformers, but I believe that if once the advantages of the limitation of ownership were fairly presented to the public, it would meet with a strong support.

It is easy of accomplishment, and would cause but little disturbance to the existing state of society, while on the other hand its beneficent results would be almost instantaneous by its adverse influence to speculation.

It would meet with but little opposition from the people, for there is in this country enough land for all those who wish to use it, and no one would be found to object, except the speculators, or those who desire to own land so as to levy a tribute on those who wish to cultivate it.

If the land does not belong to one man, or to any set of men, but to all men, and if community of ownership is neither expedient nor desired at this time, then the plan which practically allows the largest possible number of persons to own their share of the soil, is the plan which ought to prevail whenever the nation desires to deal justly with all its members.

II.

THE ABOLITION OF TAXATION.

Next in importance to the question of the ownership of the soil, comes the question of taxation. Taxation is a grievous burden upon the producer, and the remedy I shall now propose is one which would result beneficially in two different directions. I advocate that the people in their collective capacity should resume the ownership of many enterprises, and thus prevent the accumulation of the large fortunes made out of the profits of these enterprises, and use these same profits for all those purposes for which the people must now submit to taxation.

(1.) General Remarks.

The methods of taxation have undergone many changes, but the trend of progress has ever been to diminish the number of parasites living out of the proceeds of taxes, and to place the burden as far as possible upon the shoulders of those best able to sustain it.

If we compare the United States with many countries of Europe, there is no doubt that great advance has been made. We have no class living in idleness upon money levied by taxation. All our public officers, either return to the people, or are supposed to return, a fair equivalent for the salaries they receive. The idea of civil and political equality has taken too deep a root in the American heart to suppose that at any time our public officers will be able to live in idleness at public expense.

Besides doing away with political parasites, the people of this country show an earnest desire to distribute the burden of taxation as evenly as possible, and to make it as easy

as the conditions warrant. Unhappily for these good intentions, no way has yet been found by which the burden can be placed upon accumulated wealth, and it has to be sustained almost entirely by the producers. The investigations of the most able economists all lead to the same conclusion. All taxes are paid by the consumers, and the heaviest burdens rest upon the producers. Except through direct taxation of incomes and inheritances, there seems to be no way by which capital can be made to support an approximate share of the public burdens.

It is a very plain proposition. The producers support the whole burden of providing for the needs of society. Whatever weight is placed on those whom they support is only so much weight added to their burden. The only way to help the producer is to diminish the number of non-producers, compel them to produce for themselves, and by thus broadening the base, diminish the relative weight of the whole structure.

(b.) Amount of Taxation.

It is difficult to estimate the amount of taxation which falls to every producer, but it is very large. The federal government has of late years raised a revenue running from four to five hundred millions. In the year 1890 the states raised one hundred and thirty millions. The amount raised by counties and townships can only be estimated, but we know that a large share of the burdens falls upon them, and it is safe, I believe, to calculate that their public expenses are twice as heavy as those of the states, which would place their share at two hundred and sixty millions. The cities levy a tax which averages twelve dollars per head, and as we have sixteen millions of our population living in the cities, their share must amount to over one hundred and ninety millions.

All together our taxes amount to over one billion of dollars, a sum equal to the gross earnings of all the railroads of the country.

If every able-bodied man was a producer, counting one man to every four inhabitants, we would have the important sum of sixty-four dollars a year as the contribution of each man for public expenses. But in consideration of the fact that a large portion of the population has shifted the burden of production on other shoulders, it is probably safe to estimate that each producer must contribute every year one hundred dollars' worth of products to be used to support our several governments.

(c.) *Objections to Taxation.*

The difficulty of placing the burden of taxation where it is the easiest to bear, ought to be a sufficient objection to taxation, and induce us to welcome any scheme which would lead to its abolition.

If the landlord could be taxed without his being able to shift the burden on the tenant, or the manufacturer without raising the price of his products, or the merchant without his being able to charge more for his goods, taxation would be a good instrument to equalize the distribution of wealth. But as I have stated before, except through the taxation of incomes and inheritances, there is no way by which capital can be taxed, but what it will succeed in placing the burden upon the consumer.

Another objection is, that the tendency of taxation is to discourage enterprise. Taxation bears the hardest on those the least able to bear it. Many a man, just struggling to raise himself out of a dependent position, is hampered by the taxation which his wealthy competitor pays without any trouble.

On account of these objections, the graduated income

and inheritance tax are growing in favor, but they are also open to serious objections.

The principal one is that they are aimed at a class, and will always call out a spirit of resistance in those who are subjected to them. On that account they cannot be collected except through an intricate piece of legal machinery, and prying into the private business of our citizens in a manner which is repugnant to the feelings of the American people.

Their tendency would also be to discourage the private accumulation of wealth, without replacing it by any system which would enable the people, in their collective capacity, to accumulate capital.

(d.) *Injustice of Taxation.*

The whole system of taxation is inimical to our sense of justice, and is only adopted because it is the best that society has been able to devise up to this time.

It is unjust because its results do not affect equally all the citizens. Instead of giving to every man an equal chance in competition, taxation, in some of its many forms, has helped many a man to become rich, and has kept many others poor.

It is unjust because it does not bear evenly upon all members of society. It is not the thrift, or energy, or enterprise, or ability of the collective society which are taxed, but the thrift, or enterprise, or energy of certain members of society, who are selected to bear the public burdens, either because their property is more in evidence, and easier to get at, or because they have been more successful than their fellow-citizens.

The proof of the general recognition of the injustice of the system of taxation, is found in what we call the dishonesty of the tax-payers. We all know that thousands of

men whose word is as good as their bond in private transactions, resort to all kinds of dishonest subterfuges to diminish the amount of their taxation. It is due to the general feeling which prevails everywhere that taxation is fundamentally unjust in its nature.

As custom duties have a tendency to make smugglers of all travellers, taxation has a tendency to increase the dishonesty of all tax-payers.

(c.) *Advantages of Public Earnings.*

It is evident that if we abolish taxation, some reliable means must be found to provide for public expenses.

The plan I propose is, that the same agency which is now used to disburse the public money shall be used to earn it also.

It seems to me the height of poor management that public earnings and public expenditures should be placed on a different footing, especially as the public has many sources of revenue due to the general progress of the country, which are now absorbed by individuals and private corporations.

I hold and maintain that whenever the public will have attained sufficient intelligence to understand their true interest, public enterprises, managed by the collective public capacity, as embodied through public officials, will furnish the means with which public expenses will be defrayed.

I believe that such will be the policy of the future for the following reasons:

1. It is in the line of justice, placing receipts and expenditures on the same basis, and relying for public needs on public thrift, energy and economy, instead of relying on the despoiling of those of our citizens who offer the best mark for taxation.

2. It will develop through the community certain qualities

which only a few of its members now possess, and yet are necessary to public success.

3. It will increase the co operative and decrease the competitive spirit.

4. It will induce a much better management of the enterprises retained in the hands of the people, transferring them from the control of those who direct them in view of private gain, to the control of those who will be interested in managing them so as to reap the largest amount of public benefit.

5. It will tend more than any other measure to a more equal distribution of wealth, and prevent the accumulation of large fortunes.

(f.) Favorable Arguments Considered.

The underlying cause of the undue concentration of wealth is the absolute need of large amounts of capital, for establishing and carrying on the many enterprises called into existence by the advance of civilization.

We cannot disseminate this capital without setting civilization backward. What we can do to remedy the evil is to transfer it from private ownership to the control of society, and still hold it in compact shape so that it can be made efficient for economic purposes.

So long as the people lacked the foresight and the thrift needed to save and accumulate capital, and the ability to plan and execute enterprises, it had to be done by such of the citizens as possessed the needed qualifications, and wealth had to accumulate in their hands that they might fulfil the task assigned to them.

The question now on trial is, whether the people have attained a sufficient degree of intelligence to realize the defects of our present system, and are ready to take in their own hands the management of their own enterprises.

I have no doubt that the public is now competent to manage its own business whenever it shall so decide. It must be remembered that the men who have saved the accumulated wealth and managed those important enterprises are as much a part of the public as the tramp who roams upon our highways, and that when these men are deprived of the privilege of saving and managing for themselves, their own self-interest will compel them to help society to save and manage, that their own interests may not suffer.

Under our present system, these men have all interest to obstruct honest public management, that they may retain their present control of large enterprises, and are the very men who now join hands with the unscrupulous politicians to defeat the public will.

At this time, the interests of the unscrupulous and of the dishonest are in direct conflict with the interests of the people, while under the policy I advocate, the self-interest of the honest and of the dishonest, of the intelligent and of the ignorant, would be the same, and all would work together for the policy which would be of the most advantage to the whole society.

I want to quote here a few lines written by Michael Flursheim and published in the XXth Century. They have reference to the adoption of the Referendum, but are just as appropriate to the management of public enterprises.

"Carlyle, one of these good people, in his fear of popular suffrage, asked whether a ship was more likely to get round Cape Horn if the steering was done according to the vote of the majority of the crew, or if the officers, who consulted their instruments, were to decide the direction to be taken.

This would be all very well if the officers always steered the ship into the port where the crew wants to go, but history shows that this is not the case, that they usually

steer where their own advantage prompts them to go. Give the right to decide the course of the ship to the crew, and there soon will be an endeavor to teach them how to do it. Even officers do not like to drown, and if they themselves cannot pick out what port the ship is to go to they soon will help the people to steer the right course to the port selected by the majority, rather than risk the foundering of the ship on which their own precious lives are embarked."

This question of the ability of the people to save capital and to manage public business, is of precisely the same nature as the once much-discussed question of the ability of the people to govern themselves, and as it is going to be one of the chief arguments used against the proposed policy by the conservative members of society—as it was and is the chief argument against popular suffrage and direct legislation—I will present here some arguments to prove that this ability is latent in the people, and only needs the proper conditions to manifest itself.

(g.) *As to Thrift.*

To succeed in the proposed policy, the first qualification needed by the people would be thrift, or the ability to save and accumulate. It may as well be conceded at once that thrift, as a public quality, is almost unknown in the United States. Borrowing and spending have been the favorite methods of the people whenever they have attempted economic transactions. But the thrift is there nevertheless, as can be shown by the immense private fortunes which have been accumulated. The problem is to turn it from private to public use.

Thrift is the attribute of the capitalist. By its help he accumulates his wealth.

Should the wage workers take advantage of the power they

possess by reason of numbers to exile or disfranchise the capitalists, there would be a great diminution in the thrift of the country, which would fast recede from its present economic position; but if they should only take away from the capitalists the opportunity of exercising their thrift for private purposes, and open to them the opportunity of exercising it for the benefit of the whole community, there would be no diminution in the thrift of the country, that is, there would be as much ability to save as exists now.

The change would be as to the incentive to save. Would the ex-capitalists be as ready to exercise their thrift as they are now? Probably not, but it would be more than made up by the new incentives which would induce the producing classes to exercise what thrift they may possess.

(h.) *As to Opportunities.*

With equal thrift, how would it be as to the opportunities to save? Would the capitalists as a class—as things are now—or the people as a whole—as they would then be—possess the best opportunities to develop the resources of the country and realize the largest amount of production?

In that direction, the most casual investigation will show that the position of the united community is far superior to that of the capitalist class.

(i.) *As to Management.*

The line of argument used upon the question of thrift applies to management as well. The transfer of the management of the railroads, for example, from private corporations to the public, does not diminish the amount of managing capacity in the country. It may take different methods to call it out, but it is there all the same.

Very likely our present political organization is not the best calculated to promote thrift and sound management,

but the conviction is forcing itself upon the public mind that our system of government has not yet attained perfection, and we see already signs of efforts being made to study and experiment upon better methods, such for instance, as are embodied in the system of Direct Legislation. Of one fact we may be assured. The proposed change will not destroy the ability to manage, and it can be made just as efficient under public control as under private corporations.

(k.) One Objection Answered.

One of the arguments used against the transfer of business enterprises from private to public control, is that it would throw many persons out of employment. It is pointed out, for example, that if the Insurance business was transferred from the present companies to the state, the legion of Insurance agents now employed, and a goodly number of Presidents and other officials, would be no longer needed.

But it must be remembered that it would be only the drones who would get weeded out, while all those who do useful work would be retained. As probably, better and more economical management would greatly increase the amount of the business, as many persons would be needed as are now in this service.

(l.) Combination viz Competition.

The result of combination is to increase the efficiency of the producers and to diminish the number of the drones. This cannot be accomplished without some disturbance to society, and some suffering being inflicted upon those thus displaced. While that is to be regretted, it ought not to be allowed to stand in the way of progress, and society ought to consider the desirableness of any proposed change from the standpoint of its own aggregate welfare, and not

in the light of the good or evil results it may have upon a portion of the community. Eventually any changes which benefit the whole will benefit all its component parts.

It is the recognition of this fact that is creating the new spirit which is taking possession of the coming generation. It is the co-operative spirit replacing the competitive spirit.

Competition is economic war, and war is always accompanied by waste. The saying "War is a game that, if nations were wise, kings would not play at", ought in these republican days to be changed to "Competition is a game that, if nations were wise, capitalists would not play at".

It will probably take a long time before competition will be entirely destroyed, but the time has come, in my estimation, to take measures to replace it by co-operation, and one of the best changes that could be made in that direction would be to abolish taxation, and to inaugurate a system of public co-operation which would furnish the means to defray public expenses.

(m.) Carrying on Business at a Profit.

There is at this time a strongly marked tendency to carry on public enterprises at cost. Cities are taking into their hands their railways, gas and electric plants, and their water-works, but in almost every instance it is done with a view of diminishing expenses, and not with a view of providing means to replace taxation.

While I acknowledge the great advantages which must result to the community from such measures, I do not believe that as much good will be accomplished as if public enterprises were managed at a profit.

In the first place, the whole system of taxation is so objectionable, that any means which would help to abolish it ought to be accepted for that reason alone.

But there are many reasons, aside from this, why public business should be managed at a profit.

An important reason is that it would develop public thrift.

If the railroads, for instance, were managed at cost, whenever new lines were needed, which under a wise policy would be a constant occurrence, the means would have to be provided by borrowing from private individuals, thus encouraging individual thrift. But if the roads were run at a profit, the means would be found in the sums thus earned, that is, they would be furnished by the exercise of sound public management and public thrift.

Let us clearly understand this question. No new road can be built unless some one has saved the needed capital. This capital can only be saved if some one has received or produced more than he has spent. In enterprises involving such large amounts as the building of railroads, this capital can only be accumulated through profits in business. If private individuals are able to loan the capital to the public to build the roads, it is because they have collected sufficient profits in their own business to enable them to save. If the people is able to build the roads without borrowing, it is because it has collected sufficient profits. It is not a question of saving or not saving, of profit or no profit, but of who shall save, and who shall make the profit.

Now I claim that it is the best policy for the people to learn how to save in their collective capacity, for until they learn that lesson, they will be the servants of those who know how to save in their individual capacity. Thrift is the basis of economic liberty, lack of thrift the basis of economic slavery.

Another important result would be sure to follow the inauguration of the policy I here advocate. It would greatly increase the personal interest of all citizens in the management of public enterprises.

The change from our representative system to Direct Legislation ought to go hand in hand with the change from Taxation to that of Public Earnings.

At the present time and under our present policy, our best citizens are drifting further and further away from politics, for they are conscious that they have practically no influence and that they can use their time and efforts to better advantage in taking care of their private interests.

But under the coming system—for it will come sooner or later—every man will have a direct interest in the management of public affairs, and a direct and sure method of expressing his opinion, and of having it enforced if it coincides with that of the majority.

Society, having resolved itself into a co-operative concern so far as public expenses are concerned, and every citizen having a voice in the management of the business, the cost of dishonesty or of incapacity would be of enough importance to induce all persons to become interested, and to see to it that the best men were found and invested with the needed responsibility and power.

Then we will see the places seeking the men, and not the men seeking the places, as is the case now.

(n.) *An Insurance Fund.*

The management of public business at a profit would also have a tendency to help society to constitute itself into an insurance company for the benefit of its weaker members. Out of the money thus secured, a fund could be set apart to be devoted to the succor of the aged, the sick, the orphans and the destitute.

Under the best conditions, so long as individual capacity is a factor in success, there will be a certain number of persons who will fail to secure even the necessaries of life. There will be lasting sickness, serious accidents, old

age without adequate support, incapacity for labor, orphanage.

Now these needs are but poorly supplied, and what little is done is given in the name of charity. Individual property, either freely given, or taken by taxation, is the source of the help thus given, and as the persons who receive it feel that they have no claim upon it, it is both granted and received as charity.

But if out of the profits realized by the Commonwealth, a certain portion was set aside as an insurance fund against want, that is to insure to the needy at least a moderate degree of comfort, the help thus received would no longer be looked upon as charity.

If there is any truth in the theory of an unearned increment, that is in a steady increase in values due, not to individual effort, but to the combined development of natural resources, then this unearned increment belongs to all the citizens. If there is anything in the right of inheritance, it ought to apply to the common right of every person to benefit from the labors of our common ancestors, and a part, at least, of the combined earnings of society ought to be used in helping those persons who, from any cause, become incapacitated for self-support.

By making previous good conduct, habits of sobriety, and past usefulness, conditions to a full support, it would have a marked influence upon the conduct of the lower classes, and be a great help to preserve order in society.

Some such measures are now in operation in several European countries, but being supported by taxation, they lack the moral foundation and the breadth of application which would pertain to the same measures, if based upon the public earnings of the Commonwealth.

(n.) Carrying Business at Cost.

There is one argument in favor of carrying on public business at cost, which is well worthy of consideration. It is that the less the people have to pay for services rendered, the more it encourages production. It must be acknowledged, for instance, that the cheaper the rates of railroad freight are, the more numerous are the exchanges, and the greater is the prosperity of the country.

This fact ought to lead the people to discriminate as to the lines of business where the largest profits should be levied.

For instance, the rates could be so regulated that freight was carried at cost, while passengers paid a profit, and that those travelling in sleeping cars were the most heavily taxed. Coal could be furnished at cost, while a large profit could be made out of the precious metals.

A judicious discretion should be used in settling all those questions, but the chief end in view ought to be for the people to absorb sufficient enterprises, and to charge enough profit, to do away with the present methods of providing for public expenses, and thus to enable them to abolish taxation.

PART V.

CONSIDERATION OF THE MEANS.

Having briefly stated the reasons which should induce society to abolish taxation, by taking possession of several lines of business, and managing them at a profit for its own advantage, I pass to the consideration of the means by which this could be accomplished.

This is a question of great importance, for the interests involved are enormous, and if the change was hurriedly and ruthlessly effected, it might bring upon us such an economic crisis as would destroy all the benefits which we have a right to expect from the means I have proposed.

But first it might be well to state here what are the lines of business that the people might desire to take back under its management.

The selection would naturally fall upon these lines of business which involve large interests, and are more or less monopolistic in its nature.

Should they undertake the management of the Railroads and Express, the Banks, the Life and Fire Insurance, the Telegraph and Telephone, the Street Railways, the Gas, Electric and Water Works, it would probably enable them to meet all reasonable public expenses, and at the same time reduce the profits which are now collected from the people.

To those enterprises should be added the ownership of the Mines, for all underground treasures should be common property.

It will be noticed that every one of these enterprises is

already in some country or other, in the hands of the people, and that the tendency in that direction is steadily on the increase. In many countries, some of them are managed at a profit. Thus I have the right to claim that the changes I propose are not revolutionary in their nature, but are in the line of peaceful evolution.

In devising means for the transfer of the property involved, from the owners to the people, we must try to safeguard, as far as possible, the just rights of both parties concerned.

One principle ought to be settled from the first, and that is, that all franchises or privileges are the inalienable property of the people, and that no legislature, or congress, or any other body of men, can give or bargain them away, except for such length of time as these organized bodies remain in power.

On that account, not one cent ought to be paid to the present owners for the value of the franchise, or for any damage resulting to them from the proposed transfer. The charters were given without any equivalent being received, and must be surrendered on the same terms.

But if justice to the people demands that they should regain possession of that portion of the property which originally belonged to them without giving compensation, justice to the present owners requires that they should be paid in full for the actual value of the improvements they have made upon the public property.

Whether that payment should be made on a basis of the actual cost of the plant, or upon a basis of what it could be reproduced for, are questions which will probably be decided according to the merits of each case. As such a transfer as I propose will take many years to accomplish, so soon as the policy is finally decided upon, and some

such transfer takes place—which is already the case here and in Europe, so far as street railways, electric lights, gas and water works are concerned—there will be a tendency on both sides to come to an equitable agreement. The capitalists afraid to arouse the power of the people and to have arbitrary terms forced upon them, and the people anxious to come into their own, and willing to deal fairly with the owners so as to avoid needless delays.

As under our present system of taxation it would be impossible to pay for all these plants in cash, and if it were possible, such an addition to our currency would have disastrous results upon the business interests of the country, they would have to be paid in bonds, secured upon the property purchased. These bonds would bear a low rate of interest, guaranteed by the government, and should be made payable at any time at the will of the people, but not due for a long term of years.

To redeem these bonds, a heavy graduated tax on incomes and inheritances should be levied, exempting all moderate fortunes, and bearing heaviest on those who have accumulated such amounts of wealth as prove detrimental to the economic and moral welfare of the Commonwealth.

I wish my readers to bear in mind that all the studies I have made, have grown out of the presence of a new class among us which I have designated by the general term "Our Millionaires", and that I claim that the evils I have depicted are inherent, not to the men, but to the class, and cannot be remedied except by taking measures to prevent the existence of the class itself.

Just as there was no remedy for the evils of slavery except by the abolition of slavery itself, so there is no remedy for the evils inherent to the concentration of wealth,

except by making the concentration of wealth into private hands impossible, and by disseminating that which is now concentrated.

The dissemination of concentrated wealth by violent means is not desirable. We have grown into our present conditions and we must grow out of them.

With the limitation of ownership in land, especially as applied to city property, and the withdrawal from private ownership of the several enterprises above mentioned, it would become very difficult to concentrate large amounts of wealth in private hands.

Manufactures and trade would still offer opportunities, but as they would be the only outlet left for the exercise of private capital and of private enterprise on a large scale, the competition among large capitalists would be so fierce as to make it very difficult to maintain a commanding position, and success would be personal, and not as now, belonging to a class. We might have a few merchant princes and wealthy manufacturers, but we never could have a wealthy hereditary class such as exists now.

But it is not sufficient to prevent the further concentration of wealth. We must undo the mischief which has been done. The purchase of the property and the issue of bonds would still leave the capitalist in possession, and our bondholders would occupy a position somewhat analogous to the land aristocracy of England. Vanderbilt the bondholder would have less power than Vanderbilt the railroad king, but would be no more useful citizen, and would live upon the producer the same as he does now.

But with a graduated income and inheritance tax, judiciously, but fearlessly applied, we would, in time, pay off all the bonds, and leave the bondholders on the same plane as the other citizens.

It would be the poetic justice which time brings about.

Vanderbilt—or our millionaires—have laws passed now which although they apply to all men, especially benefit them, and they pile up their millions under their protection. The people complains, but Vanderbilt says: "the public be d—d." By and by the people pass laws which apply to all men, but are specially hard on Vanderbilt. Under their operation Vanderbilt's fortune dwindles away and he complains, but the people answers: "Vanderbilt be d—d", and justice is satisfied.

As this book may fall into the hands of persons who do not clearly understand what is meant by a graduated income and inheritance tax, it may be as well for me to say a few words in explanation.

An income tax is a tax upon the net income from any source whatsoever. A graduated tax is a tax increasing in per centage as the income increases. Thus the tax may be entirely exempted from all incomes under one thousand dollars. On incomes ranging from one to five thousand dollars, the tax might be 5 per cent., from five to ten thousand dollars it might be 10 per cent., from ten to fifty thousand dollars, 15 per cent., from fifty thousand dollars up, 20 per cent. With such a tax, the poor man would pay nothing, the man of moderate means would pay from one hundred to two hundred and fifty dollars, while the millionaire would have to pay every year some ten thousand dollars for every million in his possession.

A graduated inheritance tax works on the same plan, but the tax increases, not only with the amount of the property left, but with the degree of consanguinity. An inheritance left to children would, for instance, pay 5 per cent. The same inheritance left to nephews would pay 10 per cent., to distant relations, 15 per cent., to strangers, 25 per cent.

The graduated income and inheritance tax are now in

operation in many Swiss states, and are growing in favor as their results become better known. They meet with a strong opposition from the owners of concentrated wealth—which is an argument in their favor—and cannot be introduced without a strong determination on the part of the producers.

They are in opposition to the original principles of democracy, but not more so than the grant of land to railroads, or the protection of American industry, or the subsidy to steamships, or for that matter, in the government engaging in the business of letter carrier, or of issuing Post-office orders.

These measures find their excuses in expediency, and to the same claim in favor of the income and inheritance tax can be added the claim of retributory justice. Through political action our millionaires have grown fat out of our substance, and through political action it will be taken from them.

Such changes as I advocate are questions of time. Evils which it has taken centuries to make manifest, cannot be cured in a few years. Those who read what I have written, and who represent to themselves the changes that I advocate as taking place before the next century, will naturally, if they are prudent men, look upon them with more or less distrust.

But progress does not travel at such rate, even in the times of steam in which we live. It may take many years before the express, telegraph and telephone pass into the hands of the people. The beginning of the next century may see a majority of the people convinced of the advantages of the public ownership of the railroads, and willing to give it a fair trial, but a quarter of a century may elapse before any large number of such bonds as I have

mentioned will be issued, and besides, as we progress, we will gain experience, and many things which now seem difficult, may then seem of easy accomplishment.

Looking at the evils from which we now suffer, and recognizing that they have their origin in our present public policy, it seems that the time has arrived for us to consider whether we should not contemplate a radical change. But as wise men, before we come to a decision, we will carefully investigate the probable results of the new policy which seems at present to find favor with the most intelligent portion of the community, and to help us to come to a correct decision, I will pass to the study of the probable influence upon the business interests of the country, of the transfer, from private to public management, of the several business enterprises I have enumerated.

But before I proceed any further, I wish to state that there is a question of great importance which I do not intend to discuss here. It is the question of the people taking into their hands the manufacture of liquor and of tobacco.

It seems to me that all the arguments I have advanced for the abolition of taxation would tend to a change from the taxation of those two articles, to their manufacture at a high rate of profit.

But there are moral questions involved to be considered, and besides it would be the entering wedge of the people becoming merchants and manufacturers.

I pass them by, not because I do not recognize their importance, but because it would require more space than I care to use, and because it would needlessly complicate an inquiry which is already of sufficient dimensions to satisfy the average mind.

PART VI.

CONSIDERATION OF THE RESULTS.

When we are engaged in working out a problem in arithmetic, after making a careful calculation by one rule, we assure ourselves of the correctness of our results by working it out in another way, and if both results agree, we feel pretty confident that we have the correct answer.

The same process can be followed in working out economic problems. All lasting changes have not only been of benefit to society in the direction for which they have been instituted, but have coordinated with, and helped to inaugurate, other beneficent changes in seemingly entirely different directions.

For instance, the establishment of republican governments, induced by a desire for more personal freedom and more civil and political equality, has greatly diminished the tendency to war, nations being much more peaceful in their nature than autocratic sovereigns.

The building of railroads was first undertaken to facilitate internal commerce, but it has exerted a powerful influence on foreign trade, and has resulted in changing foreign relations in a manner which was no part of the original programme.

Thus two reforms, one political and the other economic, will eventually unite to bring about a third one—the abolition of war—while direct efforts to that end have so far entirely failed to accomplish their object.

Slavery in the United States has been abolished because it offended the moral sense of the nation, but its abolition has greatly improved the economic condition of the slave

states, and they have entered into a phase of prosperity which was not possible under the old conditions.

This law of social progress is so true and so easily ascertained, that it is only necessary for me to state it, for all persons to satisfy themselves that all improvements in society co-ordinate, and are part of one grand and steady advance toward improved social conditions.

According to that law, all efforts to prevent the concentration of wealth in private hands must, if in the line of social progress, promote and not diminish production. In other words, if the abolition of taxation, and the transfer of large business enterprises from private to public control is in the line of social progress, it must exert a beneficent influence on the economic prosperity of the country, and open the way for more production at less cost than the present system.

I look upon that question as a very important one, for if it could be shown to be true that individual management is more productive than collective management, I should have little hope to see the nationalization of enterprises prevail.

I shall, therefore, make a brief survey of the probable results of the proposed policy upon the general prosperity of the country.

I shall start from the proposition that the people are at present competent to manage their own enterprises, although I recognize that probably our public institutions are not the best calculated to make our present ability effective, and will have to undergo quite a change before we attain the best form of political organization.

Probably as much change will take place in the management of economic enterprises as has taken place in the management of war operations. War is the only business which has been thoroughly nationalized. In olden times,

war was an individual or co-operative enterprise, and chieftains carried on their operations very much on the same plan as is now followed by our private corporations. As the superiority of combined resources manifested itself, the armies had to be organized, and the whole service systematized. In the same way, as we nationalize business enterprises, a more efficient political system will have to be inaugurated. Whenever the public becomes thoroughly convinced of the advantages of public combination, all necessary changes will be cheerfully accepted, and experiments will be made until the best methods to manage public enterprises will have been discovered and adopted by all countries.

Leaving aside the question of the best method of providing for the efficient management of the public business, and taking it for granted that ways will be found to make it equal if not superior to the present individual and corporate management, I shall confine my inquiries to the advantages which would follow from a surrender of our competitive method, and the adoption of a combination of interests, only possible through the co-ordination of the interests of the whole nation.

I. THE MINES.

There are not the same objections to the community of ownership of the mines, which exist to the community of ownership of the surface of the soil. No special difficulty would present itself to working them for the general benefit, either under a lease system, or for a royalty, or directly by the people's agents. Practice would soon teach us which would be the best system, each one probably giving the best results under certain conditions. In any case, the public ownership of the mines would add largely to the

revenue, and supply an important share of the money needed for public expenses.

But other important results would follow.

The discovery and exploitation of the mines is now one of the most speculative pursuits of this country. Thousands of men spend time and money in prospecting for minerals, very few of whom ever reap any substantial rewards for their labors, but yet such large prizes are sometimes gained that adventurous men are ever ready to try their chances, just as men are found willing to buy lottery tickets with the faint prospect of being the lucky winners.

This prospecting work has to be done, but better results could be obtained at half the expense if it was carried by a trained corps of mining engineers, helped in their labors by competent assistants.

Speculation, it is true, is mainly carried on in connection with gold and silver mines, but many other evil results follow from the competitive and monopolistic character of the present system of exploitation.

Salt, for instance, often sells higher near the mines than in a distant market, the price being regulated by competition and not by the cost of production; the owners taking advantage of the situation to charge an extra price to those who are in their power.

Again, the iron trade is subject to great fluctuations due to the ill-regulated production caused by competition. Reckless speculators open new mines and construct furnaces, regardless of the effects upon production, and create periods of feverish excitement, followed by disastrous reactions.

There is no reason in the nature of iron mining for over or under production, and the output could be carefully regulated, and would be if under the control of a Mining Bureau, charged by the people to maintain a proper balance between production and consumption.

Coal is now the most important factor in civilization. It is heat, it is motion, it is power. And yet this article of prime necessity is allowed to pass into the hands of private corporations, which unite with the railroads and levy an amount of toll which is much larger than we suspect. The art of making customers pay large profits by slow and gradual advances, is one that corporations are fast mastering, and they turn the screws so deftly that it excites no resistance, and we find ourselves bound hand and foot before we realize that the toils are thrown around us. This process is going on now, and every year the coal companies are better organized, and more able to dictate the price of their commodities.

This is not as it should be. Coal ought to be furnished at cost, and an intelligent nation ought to direct its best efforts to the reduction of the cost price as far as possible. Cheap coal is the greatest boon within the reach of a people who desires prosperity and comfort, and cheap coal will be easy to attain whenever the people sees fit to regain control of the coal mines and of the means of transportation. With the nationalization of the mines would also cease the unjust treatment of the miners.

The world is now seriously affected by an increase in the production of silver as compared to the production of gold. So long as the precious metals—so-called—are made the basis of the world's currency, it will be a matter of prime importance to keep the selling value of gold and silver bullion at as equal a ratio as possible.

Many remedies are offered to overcome the effects of this over-production, and consequent fall in the price of silver, but none of them seem to be of much efficacy. Yet the people have it in their power to settle that question whenever they choose to do so. With the mines under their control, they can so regulate the output of gold or

silver, as to keep the supply in such accord with the demand that the selling value of both will maintain the same ratio. Such a simple remedy would be adopted at once if it was not for the prejudice against public ownership. But prejudices are costly articles, and those who entertain them must expect to pay for the luxury.

It can be claimed for the Standard Oil Co. that they have done a good work in systematizing and regulating the production of petroleum, but it is also true that the riches which they have accumulated, and the enormous revenue they are enjoying, are all paid for by the public.

Had the people claimed their rights in regard to underground treasures, the production of petroleum would have been regulated from the start, and the fortune of the Standard Oil Co. would be public property. To-day the consumers would either buy their oil at greatly reduced rates, or feel that the profits went to reduce taxation.

I think I have said enough to show that public ownership of the mines would not only add large'y to the revenue, but that it would besides bring order out of confusion, and reconcile and co-ordinate many interests which now war against each other to the great detriment of the prosperity of society.

II. THE RAILROADS.

It is not probable that at the time the railroads were first introduced, the wildest enthusiast as to their usefulness could have dreamed of the wonderful changes they would make in the production and distribution of civilized countries.

They are the most powerful agent of civilization now known, and their advent influences even the character of

the nations. It brings them in contact with other people, and thus raises them in the social scale. It creates markets for surplus production, increases exchanges, and benefits all persons within their reach.

No nation has used this agency more than the people of the United States, and none is more dependent upon the railroads for its prosperity. Railroad building and railroad management suits the character of the people, and the configuration of the country invites their development.

We have now over one hundred and fifty thousand miles of track in operation, and the increase averages over ten thousand miles a year. Nearly one million of men are employed, and a billion of dollars is collected every year for freight and passenger transportation.

These important interests are now in the hands of speculators who are playing fast and loose with them, regardless of the welfare of the community.

These roads are divided among over six hundred companies, each with different interests, which either make war on each other or combine, as they find it to their best interest. And whatever policy they may choose to adopt, it is always in view of making the public pay all the traffic will bear, and to realize the largest possible amount of revenue.

The introduction of the railroads has proven such a great blessing that we fail to realize how poorly they are managed, and how much more we could be benefited by them if they were in our own hands.

Let us try and picture to ourselves what would take place if the railroads of the United States were to pass under the control of the nation.

We would have one central bureau, situated at the most convenient railroad center, which would have the supervision of all our railroad interests. This bureau would be

under the control of one competent officer, elected by the people, and entirely free from all political interference or power. He would be chosen for his known administrative ability, and not because he had fought in the war, or because his father was a distinguished citizen, or as a reward for political services.

Under him, a number of subordinate bureaus would each control a portion of our railroad system, which would be divided in geographical districts. Each of these districts would be in the charge of a trained and competent civil engineer, with trained assistants, who would look after the construction and maintenance of the roads, while business bureaus, under the care of men of well known business ability, would see to the financial interests.

All the men in the employ of the railroads would have to pass examinations and be subject to civil service rules, and could only be promoted as reward for services well performed, and when further examination had proven them competent. Those men, well treated and well paid, and assured of permanent employment, and with the prospect of a pension in their old age, would have no inducement to act otherwise than to honestly perform their labor.

The first result of such a system would be to give to railroad stock speculation its death blow. There would be no preferred or common stock, no watering of stock, no first or second mortgages, nothing, in fact, of which the speculators could take hold of to make money. And thus one of the most gigantic evils of our times would be ended without it being necessary to even pass a law against it.

The building of new roads would no longer be controlled by several companies, each having different interests, and we would not have, as is too often the case now, useless roads built to cripple rival lines, while large tracts are left unprovided for because it does not suit any existing cor-

porations to provide them with a railway. Competent engineers would carefully study the configuration of the country, its needs and its resources, and while there would be probably some rivalry as to which road should be built first, these local influences would not be sufficient to outweigh the general prosperity, and no road would be built until its construction had been approved of by the men best qualified to judge of its necessity.

Under our present system, not only many roads are built which are of no benefit to the country, and are a positive injury to the roads already established, but many sections of the country fail to get the roads they ought to have, because they are unable to offer to speculators the needed inducements.

The development of our railroad system is now crippled by this lack of means in the hands of the persons directly interested in the development of the resources of the country. Speculators themselves often cannot build without the help of land grants, or subsidies from cities or counties, and it is not unusual for many years to pass between the time when a road is projected and surveyed and the time when it is finished.

Under government control, all such unnecessary expenses and delays would be avoided. With a certain amount of means at their disposition every year, the engineers having in charge the extension of our roads would be able to decide what ought to be done, and to do it promptly. All the roads could not be built at once, but those decided upon would have the necessary means, and the others would wait for a suitable time. Railroad building would be systematized and become one of the fine arts, instead of being the financial struggle which it is at this time.

One of the great drawbacks at this time to the development of our railroad system is this fact that many roads of

vital importance to the country they would develop, are not of sufficient importance in themselves to induce any responsible company to undertake their construction. Yet if these roads were built, there is no doubt that they would stimulate commerce and benefit the whole railroad system of the country. But as no one special road would be sufficiently benefited, no one is found to undertake the building of them.

If the railroads were public property, the case would be entirely different. The large profits made in the business of the trunk lines would enable the people to pay for the extension of the railroad system, and the general increase of business would soon pay for the sums thus invested.

We would see the people follow in regard to the railroads the same policy which now controls the extension of the postal facilities. The country is now covered by a network of small postal routes, which separately do not pay expenses, but which so stimulate correspondence that their cost is more than repaid by the increase of business between the large cities. In the same way, the extra expenses incurred in building numerous feeders, would be more than compensated by the increase of business upon the thoroughfares of the country. But such a policy cannot be followed by private corporations competing against each other. It can only be remunerative when all the roads of the country are under one management.

Thus under national management, railroad building would receive such an impetus as would leave all past achievements in the shade, for not only many needed trunk lines would be built, but numberless short lines, needed as feeders, would be built at once, which are now neglected for lack of means, or prevented by the rivalry between competing roads. No road will now build a short line, or help to build it, if it can possibly benefit a rival, but many useless pieces

of roads are built which have no possible use except to help to circumvent some competing corporations.

It would be safe to prophesy that in the good time that is coming, when the people shall realize the wastefulness and inefficiency of our present methods, many road beds will be abandoned, and like the old fortifications of walled cities, remain as monuments of a competitive and semi-barbarous age.

When the people shall have learned that it can control its economic prosperity, and realizes the advantages of combined organization, it will no more leave the building and management of its railroads to a host of money-making speculators, than it would leave the control of its army and navy to private interests.

We are now in a time of transition. Armies and navies are losing their importance, and the peaceful avocations of production and commerce are taking proportions never dreamed of in the past. The same methods of concentration and of co-ordination of power which have made armies and navies such efficient agents of attack and defense, must be applied to the means which will promote production and distribution.

Among the many questions which private ownership seems unable to settle, is the entrance of railroads into large cities. The older roads having obtained the right of way before the cities had so increased as to make it costly and difficult, are using their power to prevent new roads from locating their depots in convenient places for freight or travel.

The process of combination now going on among the roads is doing something toward the solution of this problem, but it is at the expense of the public, the strongest roads using their power to diminish competition and to monopolize the traffic. The proposed nationalization of the roads would enable the people to do completely and systematically

and for their own benefit, what the roads are doing by contention, in a desultory manner, and with a view of increasing their power to overcharge the public.

It must be evident to any man with common business qualifications, that the combination of all the roads of the country under one management, which would have no interest except to develop its resources, and which would be backed by all the wealth of the nation, would lead to great improvements in our railroad system, and that the advantages which we now enjoy would be greatly increased; but we must add to these considerations the fact that it would so diminish expenses as to enable the managers to make a handsome reduction in the rates, and yet leave a good profit.

Speculation and reckless construction have enormously increased the capitalization of the railroads, and the interest and dividend charges are far beyond what legitimately belongs to them, and combination would increase the working capacity of the roads, and do away with many expenses which have no excuse now except in helping the companies to fight each other.

The net earnings of the railroads is something over four hundred millions of dollars, and goes to pay interest on nearly five billions of dollars of bonds, and in dividends on nearly as much of capital stock.

It is of course impossible to estimate what it would cost the people of the United States to regain possession of its roads, but if we remember that a large portion of them has been built out of the proceeds of the sale of lands given to the companies, that all of them have had their stock watered for all it would bear, and that first and second mortgages have been issued needlessly and as a pure matter of speculation, it would be safe to estimate that the hundred and fifty thousand miles of railroads in the

country could be duplicated for something like three and a half billion dollars. But as these figures would certainly entail great loss on some innocent parties, it is probable that five billions of dollars of bonds would have to be issued, which at three per cent. would make a charge of one hundred and fifty millions for interest every year.

Here we have already a saving of two hundred and fifty dollars a year, or one fourth of the total earnings of the roads.

To that economy must be added the elimination of the expenses now due to competition. The list of these extra expenses is very large.

Aside from the fact that now there are in the United States over six hundred separate companies, each having a President and a staff of officers at a high salary, there are a great many expenses which add nothing to the working capacity of the roads, but are necessary under competition to enable each road to secure its proper share of the traffic.

Expensive agencies, occupying the best offices in the most desirable localities and managed by men of great executive ability and who command large salaries, have to be maintained in every large city to represent the interests of the different roads. The best lawyers are retained to fight the law battles of the roads against each other and against the people. Lobbies are provided with large sums to promote favorable legislation. Numerous scalpers make a handsome living out of the rivalry of the roads. A most complicated system of book-keeping, requiring a legion of clerks and accountants, is needed to straighten out and balance the financial transactions of the roads with each other.

A very able paper on these competitive expenses, which appeared in one of our leading magazines, stated that these expenses, which have no relation to the efficient management of the roads, but are a dead weight to be carried by the

several corporations, placed the sum total at one hundred and fifty millions of dollars, which added to the two hundred and fifty we would save on interest, would make a reduction in expenses of four hundred millions a year, or two-fifths of the gross earnings of the roads.

What other changes would be made would all be in favor of greater efficiency at less cost. It would become practicable to enforce the pre-payment of freight, and thus simplify the keeping of accounts; it would no longer be necessary to keep a car account or to return cars to their starting place; goods and passengers would always be sent by the shortest lines, and many other such advantages would be sure to follow.

If we further take in consideration the certainty that with a great reduction in prices, the business of the roads would be immensely increased, we can safely assert that a regular rate of one and a half cent a mile for passengers, and a diminution of one half in freight charges could be maintained, and leave every year a handsome profit.

In conjunction with a graduated income and inheritance tax which would gradually redeem all the bonds and stop the payment of interest, it seems probable that our descendants would think they were paying high for railroad transportation if they had to pay one third or one fourth of what we are paying now.

Such a result would be nothing more than a repetition of what has taken place in letter postage, and there is no reason to doubt that the same policy which has gradually reduced our charges for correspondence would have the same effect on transportation. The experience of these nations which control their railroads is favorable to the change, for the prices they charge are far below what we have to pay in this country.

The greatest prizes offered to men are the benefits which come from extensive organization. It requires the highest order of intelligence to accomplish it successfully, but when it is done, the rewards are certain. Even as brief a survey as I have been able to make here of the advantages that will follow the nationalization of our railroad system, may lead some persons to look with favor upon a project which would not only increase the prosperity of the country, but would go far toward preventing the concentration of wealth and of power in private hands.

But the longer we delay the change and the more difficult it will be to accomplish it, for the ruts in which we are travelling are getting deeper every day, and the more the power of the railroad magnates increases, the more difficult it becomes to wrestle it from them.

III. EXPRESS, TELEGRAPH AND TELEPHONE.

I will not say much as to the benefit which would accrue to the people from the nationalization of the Express, Telegraph and Telephone companies.

The exorbitant charges which we are made to pay here, in comparison with the rates charged in Europe where these enterprises are controlled by the government, will touch the American citizen in his most sensible spot—his pocket-book—and cause him to ponder on the beauties of the monopolist system.

It does not seem possible that our legislators will refuse much longer to listen to the demands of the public in that direction, as voiced in the reports of Postmaster General Wanamaker, and embodied in the platform of a growing party.

But I want to take advantage of the question of the

nationalization of the telephone company, to say a few words about our patent system, and try to show that it not only fails to accomplish the desired results, but also is founded upon a false idea of the rights of individuals as contrasted with the rights of society.

The fundamental idea which lays at the basis of the patent system, is the one I have already pointed out as one of the weak spots in the principles upon which our government is constructed. It is the priority of the rights of the individual as against the rights of the community.

The idea is advanced that the people, as a whole, have no right to benefit from the invention of a private individual, without returning to him an equivalent for what they receive.

To that several objections can be made. It can be argued that the inventor himself is benefited by the combined inventions of society. That, for instance, the man who invents an improvement for the steam engine could not have invented it, unless some one had first invented the steam engine itself, and that as the later invention would be valueless except for the first one, the inventor ought, in common justice, to divide the profits with the original inventor, or his heirs, which in this case are the general public.

It may be further argued that the most ingenious invention is only valuable if brought out among a people intelligent enough to appreciate its value and to give it practical results. As an intelligent population is the result of the combined labor and progress of past generations, the inventor ought to compensate society for providing him with a market.

In point of fact, while the obligations of the individual toward society are recognized when it is questions of civil or political rights which are at stake, every man being required to do military service, or serve on a jury, on such

terms and at such compensation as society sees fit to dictate, and that such a policy is enforced because it is acknowledged that all individuals are indebted to past generations for such political or civil equality as they may possess, it is not yet recognized that the same principle holds good in economics, and that it is because society has inherited the results of the labors of past generations that individuals can benefit from their own efforts. So that the claim that the inventors must, in justice, receive the full reward of their discoveries, can be offset by the claim that these discoveries are only valuable on account of what society has done for the inventors.

But our patent laws, although based on the principle of complete reward, deny it in practice, for they place a limit on the time of protection. It is self-evident that if an inventor is entitled, as a matter of justice, to protection, he is entitled to it for all time and not only for a term of years, so that our patent system is only a compromise between justice and expediency, and a very poor compromise it has turned out to be.

By its working, most of the inventors have been defrauded of the rewards of their ingenuity, and speculators and corporations have been made rich in their place, while a host of confiding farmers and mechanics are swindled every year by patent-right sellers who peddle worthless inventions, and fleece the simple-minded persons who listen to their glib discourses.

But it is said unless we protect the discoverers, inventions will cease and society will be hindered in its progress. Admitting that it should be so, it seems to me that a much better system could be devised.

We could have a patent office where all inventions should be registered as they are now, but all discoveries should be free to all persons desirous to use them. If an invention

should prove valuable, the inventor could, after a certain number of years, make proof of the fact before a commission, and a pension be awarded to him, regulated in amount according to the value of his discovery to the country. We would treat the inventor as we treat the soldier. The country would reward him according to the value of the services he had rendered.

The advantages of such a plan would be manifold. It would reward the inventor, and prevent his losing the benefits through the persuasions of the rich speculator. It would destroy the whole iniquitous system of the transfer of patents and the nefarious business of the patent-right man. It would place the benefits of inventions at once within reach of the whole people, and it would be for the interest of the patentee that as many persons as possible should use his invention free.

It would stimulate invention as much and probably more than the present system, and teach the people to look upon the inventor in the true light of a public benefactor, to be rewarded for what he has done for the country, instead of looking upon him, as we do now, in the light of a lucky individual, who has succeeded in obtaining a hold upon the people, which he uses to the utmost, knowing that the days of his power are numbered.

I have treated of that question here because it especially applies to the telephone, whose patentees have made the people feel to the utmost the cost of the present system, and who have built a monopoly which will disappear the day on which the patent runs out. Under the plan I propose, the inventors—and I may remark here that under the present system only one man can hold the patent, although in equity several may be entitled to it—would have been rewarded generously by a grateful public, and the whole country would have been well rid of the monstrous octopus

which prevents all but the rich from reaping the benefits of the discovery.

The contrast is very marked between the use of the telephone in those countries where it is in the hands of the people, and in this country where a private company controls it. Here, none but the most successful lawyers or doctors, or the largest merchants can afford to use it, and only the rich men can have it in their homes, while the struggling masses are beyond its benefits. It is an expensive article of necessity to some, and a luxury to others.

In the countries where it has been nationalized, it is in reach of persons of moderate means, and a great help to equalize the chances of success among all the citizens. But it is just as true of all valuable patents. While they last they are the faithful supporters of monopoly.

Truly the American people are paying a high price for their mistaken idea of the priority of individual rights.

IV. LIFE AND FIRE INSURANCE.

There are few enterprises which require so little capital, and where the profits are so large, as in the insurance business.

It is true that all responsible companies advertise that they have a large amount of capital invested, but it is not used for running expenses or for the payment of losses, all of which are more than covered by the premiums, but it is all loaned at good interest on first class mortgages or on safe bonds, and is only used as a security for the policyholders against possible losses. Like the bonds deposited by the National Banks, it is a guarantee fund required to sustain the credit of the company, but is by no means an adjunct to the business.

This large fund thus invested, and which is a testimonial

to the reliability and good financial standing of the companies, is in itself a proof of the large profits made in the insurance business, for like the capital stock of the telegraph company, it is not made up of sums paid by the stockholders, but is the result of the accumulation of the profits made in the business.

Nor does the insurance business require much skill in its management. It follows certain cut-and-dried rules, based on statistics, and the whole question of success and failure resolves itself into a competitive fight among the companies to secure customers so as to keep down the ratio between running expenses and actual losses.

On that account all the skill of the managers and of their numerous agents is used in this competitive fight which the companies maintain against each other, and men of note are made Presidents, and receive large salaries, not for any executive ability they possess, or any services they render, but for the prestige of their name, and the influence it may have upon customers.

It is natural that under such circumstances the people should turn their thoughts toward insurance as a source of possible revenue, and as a result, many cities and nations in Europe have taken the fire insurance in their hands. Thus Berlin allows no fire insurance company to do business within its border, but guarantees its own citizens against loss, and by making strict stipulations as to the security of its buildings, and seeing to it that these regulations are enforced, the city, notwithstanding that it insures at very low rates, makes a handsome profit.

Here in America, we have the ridiculous spectacle of a city like New York, which spends millions of the people's money to maintain the most efficient fire department in the world, while private corporations are accumulating large wealth in insuring the buildings thus protected. By such a

policy the net result is, that the more efficient the fire department, the greater the expenses to the people, and the greater the profit to the insurance companies.

Nothing but the prejudice which exists in this country against public ownership can explain or excuse such a state of things. It cannot be claimed that the people are not competent to manage the business of fire insurance, for the same argument could be used against the management by the people, of the fire department. All that can be said, and it is probably the truth, is that the capitalists, finding there was money in the insurance business, used their influence to prevent the people taking it into their hands, and to increase their profits, persuaded the people to maintain an efficient fire department.

One fact cannot be denied. Whatever paid, the capitalists have kept under their control, and whatever cost money has been left for the people to manage.

It does not seem to have yet struck our European brethren that the same reasons which have induced them to take the fire insurance into their hands, would be just as valid as regards life insurance, but it will undoubtedly come. As the people become more restive against excessive taxation, they will look for new sources of revenue which will relieve them of some of their burdens.

Whenever the people decide that the time has come for them to take the life and fire insurance into their hands, they will find that there are many reasons why they can manage them under better conditions than can be done by private companies.

The aggregate wealth of the country, and the power of taxation will furnish ample security, without the need of keeping a large reserve of capital, and the power of forbidding the presence of private companies will reduce expenses to their minimum.

The difference that it will make can be gathered from the published reports given for the year 1890. The amount paid that year for fire losses was \$84,345,309, and the amount paid for expenses other than losses was \$16,818,603. The total cash income was sixty-four millions more than the amount paid for losses. The statement of the life insurances shows very nearly the same results. In 1889 the total income of the life insurance companies of the United States was one hundred and sixty-eight millions, while the total payment to policy-holders was seventy-nine millions, leaving eighty-nine millions for expenses and profits.

Taking the two together, we have the nice little sum of one hundred and fifty-three millions of dollars collected in one year by the life and fire insurance companies, above the amount they paid back for losses or in dividends to the policy-holders. As in the same year the state taxes were one hundred and thirty millions, it seems clear that if the states had the insurance business into their hands, the profits, if the present rates had been maintained, would have paid all our state taxes, and left twenty-three millions to pay all the running expenses, a sum certainly large enough for all possible requirements.

A proper regard for the security of the policy-holders would induce the people to place the insurance business in the care of the states and not of the cities. Under the best regulations as to protection from fire, certain contingencies will happen when it is impossible to circumscribe a fire until a large portion of the city is destroyed, in which case the whole city would be ruined and the insurance become worthless. The same is true of epidemics. Cholera or yellow fever might devastate a city, and it would thus incur so many life insurance losses that, coming at the same time as the prostration of business due to the scourge, it could not meet its engagements.

But a whole state would be reasonably free from such dangers, and besides, some combination could be entered into with the other states, by which extraordinary losses would be divided among all the states in the Union.

It may truly be said that no valid objection can be made against the transfer of the insurance business from private companies to public control, except that it will disturb existing conditions, and diminish the power of the capitalists to concentrate wealth.

V. MUNICIPAL ENTERPRISES.

It does not seem necessary at this time to give many arguments for the transfer from private corporations to the municipalities, of street railways, water-works, gas or electric plants. So many cities have already taken them into their hands, and the results have proven so satisfactory, that the movement in that direction is becoming more and more accentuated every year, and not many decades will have gone by until their control by private corporations will be a thing of the past. It seems very probable that these enterprises will furnish the people the much needed object lesson to teach them the advantages of public over private control.

A little reflection shows how absurd it is for a city to grade and pave its streets at great expense, and to keep them in repair by taxing the citizens, and then to grant the use of a portion of these same streets to private corporations, which forthwith proceed to lay down tracks, or gas and water mains, and make handsome profits out of the needs of the citizens.

Such business conduct is worthy of the barbarous ages in which we still linger, when competition is thought to be

more advantageous than combination, and the art of making war, or of destroying life and property, receives more encouragement than the economic interests which alone can increase our prosperity.

But if it is not necessary to say much on this question, I want to enter here a protest against what is called the contract system.

The contract system—meaning the method followed by public corporations of letting out their work to the lowest bidder—is the natural result of the mistrust of the people as to their capacity to manage their own affairs. The idea seems to prevail that a private individual knows better how to conduct enterprises than a corporation, and that through a system of bids and securities, the people can attain better results at less expense.

A little reflection would show that if this is true, and if the contractor can do work at cheaper rates, it is not through better methods, but because he is more willing to use the capitalist's power to beat down wages, and to exact more work from the laborer, so that if any saving is made, it is at the expense of the laboring man, and for the benefit of the man who controls labor.

And I honestly believe that therein is found the cause of the popularity of the contract system. The capitalists, finding that public officers will not use their power to grind down the laborers to the lowest wages, prefer to see the work given to the contractor, who, not controlled by public opinion or public votes, has no scruples to execute the work for the least amount of money.

Really nothing is thus saved, for the contractor does not undertake the work for the fun of the thing, but sees to it that his bid covers all possible risks, and leaves him a fair profit besides. So that the net result of the transaction is, that the corporation pays more for the work, as is shown

by a careful comparison as to the cost of work in the cities who manage it themselves, and those where it is done by contract, and the laboring man works harder and receives less wages, while the contractor gets rich, and uses his money to corrupt the city authorities. Nor is any better work done, for the man who puts in the lowest bid has to protect himself, and will usually slight his work whenever he can do so undetected.

I am highly pleased to see that laborers commence to revolt against the contract system, and that organized labor is protesting against it. It is a part of our faulty political system, and is supported by the false idea which still prevails among us, that the way to avoid speculation is to treat every man as if he were a thief. Distrust as to the honesty of mankind is at the bottom of the system of sealed bids, and of contracts.

As a matter of fact, it can easily be proven that it is through contracts that most of the public stealing is done, and that while public officers have usually proven honest and faithful, contractors have earned an unenviable reputation for dishonesty. If we look at the Post-office, for instance, the record of the conduct of the employees is one of which we have the right to be proud, while the star ring at Washington is a scheme by which a few wealthy men combine to defraud the citizens, making use of the contract system—which is the one used for regulating the price paid for carrying the mails through the country—bidding off all the contracts, except those on the railroads, and sub-letting them at their own price. The result is that the sub-contractors who carry the mails through the country are very poorly paid, while a few more millionaires enjoy a wealth they have never earned.

All the public scandals can be directly traced to the contract system, and the reputation of the contractors for

supplies for the Indians, or the army, or for any material needed by the government, has long been a stench in the public nostrils.

Experience shows that better results are attained when the people does his own work. Not only are cities fast surrendering the contract system, but the United States are also making advances in that direction. Among the many reforms which present themselves, the abolition of the contract system is worthy of persistent agitation. It may be for the interest of the capitalist and of the monopolist to help to keep wages down by contracting public work to the lowest bidder, but it is certainly not for the interests of the workers.

Leaving aside the question of profits, and looking at it from the standpoint of humanity, the sweating system, against which such an outcry is now made, is the direct offspring of the contract system, and all the arguments used against one can be used against the other. The people find fault with the manufacturers for seeking to reduce wages, and see no harm in having the whole nation bid off its work to the men who are the most expert in getting the work done at the lowest price.

Instead of upholding such a narrow and selfish policy, it ought to be the pride of the public to see to it that every man it employs receives a fair price for every day he labors.

The trend of the policy I have advocated all through this book is to make the people themselves the largest employers of labor in the land. In that position they can exert a powerful influence upon wages and practically fix the price workmen will receive for their labor. But we must give up the contract system, and instead of seeking to save by reducing wages, we must eliminate the profits of the contractors, and divide them among the laborers.

VI. THE BANKS.

The United States are now the battle-field where two opinions contend for the control of the financial policy of the country. On one side are those who believe that coin is the only safe basis for a sound currency, and on the other side are those who believe that the magnitude of the financial transactions between the government and the people, and the wealth of the nation, are a sufficient basis to float all the money we need for our domestic transactions.

The hard-money men contend that intrinsic value alone regulates prices, and that as gold and silver are the only material where this intrinsic value can be stored in compact form, and under such conditions as to make them suitable for medium of exchange, they alone can do the work.

The objections to this policy are that gold and silver are too scarce to supply our needs, and that they have to be supplemented by paper money. As all attempts to make one coin dollar serve as a basis for two or three paper dollars are attended with risks, there is always more or less danger of a financial panic, which can only be averted by measures which are disastrous to business interests. It is also pointed out that as the value of gold and silver bullion is dependent upon the production of the mines, it must often fluctuate, and that in fact, both silver and gold, as compared to other products, or as compared to each other, are fluctuating all the time, and thus do not fulfil the necessary conditions demanded of a standard of value. A third objection is that the production of gold and silver does not keep pace with the increase of commerce, and thus they are all the time appreciating in value, to the benefit of the capitalists and to the loss of the producers.

Those persons who advocate the issue of a medium of

exchange based upon the power of the government, contend that while intrinsic value is one of the factors in controlling value, supply and demand are the final regulator. Monopoly, as they point out, is stronger than intrinsic value, and can be used to better advantage to regulate our currency. They claim that, as the demand for a medium of exchange is imperative and not to be escaped, the people, by monopolizing the supply can give it a value of its own, and that by those means paper can be made to answer every purpose for which coin is now used. They contend that under restricted coinage, silver, nickel and copper coins are fiat money, and claim furthermore that whenever fiat money has failed, it has been due to an over-issue which was so much greater than the demand as to considerably reduce its value. This lesson has been practically taught to the American people by the issue of Treasury notes, and the result has been the growth of the Greenback idea, which is steadily gaining ground in this country.

The advantages claimed for fiat money are first, its cheapness, for it can be provided at nominal cost, second, its safety from imitation, as it is very difficult to counterfeit, third, its convenience, for paper money is much preferred to coin in making exchanges, and fourth, the stability of its value, for the people having a monopoly of the supply, can keep it always at an equal ratio to the demand, and thus the value of the fiat dollar will always remain the same.

The objections are first, that it could not be used to pay foreign accounts, and this would be a check on foreign commerce. To that the answer is made that if foreign merchants would not receive our products or our money, they could be paid in gold and silver bullion, and that it does not seem necessary for the whole nation to adopt an unsatisfactory and expensive financial policy, simply to enable our importers to draw upon our Treasury for whatever gold

they may want. And the remark can further be made that it is a little suspicious that it should be the same men and the same party who advocate a protective tariff, openly calculated to diminish our ability to buy from other nations, who also advocate the gold standard that our import trade might be facilitated. It does look as if personal profit and not public prosperity were at the bottom of this objection.

The second is that, while it is probably true that so long as the issue of Treasury notes did not exceed the demand, their value, or price, would remain the same, at the same time the people would be strongly inclined to issue too large an amount of this fiat money, and clamor for such an increase as would unsettle values and cause financial panics.

This is the old argument of the inability of the people to govern themselves, an old weapon used by the ruling classes to fight every advance towards better conditions. History shows that the people are more to be trusted than the aristocracy, and that every change which has placed more power in the hands of the people has always increased the public prosperity.

In the last fifteen years, the belief in the superiority of fiat money over hard money has steadily gained ground, and it is probable that it will eventually control the financial policy of the country.

Whenever that comes to pass, the power of the private Banks will be broken, and the people will be ready to take the management of their own finances into their own hands. The Greenback party has already prevented the destruction of the three hundred and sixty millions of Treasury notes in circulation, and has created a strong popular feeling against the National Banks; and by joining hands with the silver men, has added several hundred millions to the currency at a less cost than gold; and has inaugurated the system of silver certificates of deposit, which are not only

a great convenience, but are teaching the people the advantages of paper over coin.

But the people will only reap the full benefit of the nationalization of the banking business when they discard entirely gold and silver as a basis for their currency, or as a standard of value, for it curtails their power to control their money circulation in the manner best calculated to increase their prosperity.

The great need of to-day is an increase in the volume of our currency. As oil is to machinery, so is a medium of exchange to production and commerce. Like oil, it produces no power and does no work, but like oil, it lubricates and reduces friction, and no satisfactory result can be achieved without it. The need for more currency is felt by all nations, and causes, under the prevalent belief, the active demand for gold, not to be used in exchanges, but because it is believed to furnish the only safe basis for more paper money.

The people of the United States have become sufficiently converted to the fiat idea, so that a majority of them would be in favor of a large increase in the issue of Treasury notes, were it not for the provision in the Constitution which is claimed to mean that gold and silver alone shall be the money of the country. It might be contended that the terms are not so plain but that such a construction is open to discussion, but it is a sufficient obstacle at this time to prevent an increase of Greenbacks, and some other plan will have to be devised to secure the increase we desire, for the increase of coin, either gold or silver, is entirely too slow and expensive to satisfy the public demand.

But the public do not only want more currency, they also want more banking facilities, and they want to be able to borrow money for longer time, on easier security and at a less rate of interest than can now be done from individuals. The receiving of money on deposit, and loaning it

out again on good security has been the privilege of private banks up to this time, and many men have become millionaires out of the profits of the business.

Out of these needs, and as a means of stopping the undue concentration of wealth in private hands, and increasing the public revenue, a scheme could be evolved which would indefinitely increase our medium of exchange in a constitutional manner, provide a safe place of deposit for the people's money, furnish a large fund to loan to private citizens at a low rate of interest, and yield a considerable revenue.

The first thing to be done would be to establish Postal Savings Banks, on the plan already introduced in several European countries, and endorsed in the People's Party platform. These Savings Banks, connected with every Money-order post-office, would receive deposits from those persons having money to spare, and pay a small interest on them. This money would then be loaned out to private citizens in small sums and at a slight advance of interest.

But these transactions, which are the regular business of Savings Banks, would not increase our currency. For that purpose something more would be needed. This result could be attained if the depositors were paid back in certificates of deposit, and these certificates made legal tender, and receivable for all taxes and other dues to the United States the same as our Treasury notes.

As this question is of great importance, I shall illustrate the plan that I here propose.

Suppose that A. has one hundred dollars which he does not expect to need for several months. He takes it to the Postal Savings Bank of S., and is credited with the amount on which he receives a small interest. This one hundred dollars thus deposited is loaned to B. on good security and at a slight advance, and is thus returned to circulation.

At the end of six months, A. needs his money, but instead of being paid in gold, silver or treasury notes, he receives certificates of deposit on the Postal Savings Bank of S. in form and appearance like the silver certificates. These certificates of deposit, from one to one hundred dollars, being legal tender and receivable for all taxes and other dues, would be as good money as the Treasury notes, and in that transaction the currency of the country would have been increased to the amount of one hundred dollars.

But the same hundred dollars which A. had deposited, and the Bank had loaned to B., would in time come back in the form of a new deposit, and the same process would be repeated. It will thus be seen that there would be practically no limit to the amount that could be issued of this new medium of exchange, and we would have to trust to the common sense of the people to fix a limit to the issue of currency.

Under our present policy we can increase our currency—as a nation—only by increasing our stock of gold and silver, of which we have already nearly seven hundred million dollars piled in the Treasury, where it seems to be of no use to the people, except to allay the fears of the hard money men, and furnish a liberal supply for speculators and importers to draw from. The best efforts of the government have not succeeded in the last ten years in keeping up the supply in accord with the demand, and the present scarcity of money can be traced directly to the coin policy.

An increase in the number of National Banks, or the repeal of the tax on State Banks, would certainly lead to an increase of paper money, but it would be more power placed in the hands of the monopolists, and at the expense of the producers. It would certainly be bad policy to allow a few men to supply us at great cost with what we can supply ourselves with at a trifling expense. In the present

temper of the people, it is very doubtful whether any legislation can be had which will increase the power of the capitalists.

If we would then secure a sufficient increase of currency, it seems that some such plan as I here propose will have to be adopted. It is no trifling amount which will supply the needs of such a country as ours. An additional billion of dollars would not be any more than the people could use.

For fifteen years and more the people of the United States have been wrestling with this currency problem, and while a portion of them has seen the way out of our money famine through the use of paper money based upon the good faith and wealth of the nation, the financial policy of the country has been controlled by the bankers of the East, who have contended for a gold standard, knowing full well that it increased the power to concentrate wealth into their own hands. But the result of their policy upon the welfare of the producers is weakening their arguments with the majority of the voters, who commence to realize that the wealth of the country is passing into the hands of a class, and that while the number of millionaires is steadily increasing, the laborers are but little benefited by the increase of production.

The great lesson we have to learn is, that the interests of the capitalists, and those of the people are steadily drawing further apart. From the standpoint of the bondholder and of the monopolist, all the arguments of the hard money men are difficult to answer, and it is undoubtedly for their interest that a gold standard should be maintained; but from the standpoint of the producer, any policy which will largely increase the currency of the country, and reduce the cost of a suitable medium of exchange, is greatly to be preferred and these conditions can only be fulfilled by the use of fiat money.

PART VII.*POLITICAL ACTION.*

We have undoubtedly entered upon a time of political transition. After many fruitless efforts to improve economic conditions through various private organizations, the people seem to realize that it is only through the agency of political power that they will be able to bring about the desired proper distribution of wealth.

It cannot be denied that new ideas are pervading the people, and that complaints about the inequality of conditions are heard on every side. The sharp contrast between those who accumulate wealth and those who lack the necessaries of life, compels, even the apologists of the money power, to acknowledge that there is something wrong in a civilization which permits so much suffering in the midst of abundance, and such wide disparity in the possession of the means of enjoyment.

Nor does the future offer any prospect of a change. Aside from political action, no new factor presents itself which promises to change existing conditions. An increase of production does not seem to promote any better distribution, for capital stands ready to seize upon the lion's share, and daily increasing in power, becomes every year able to exact a larger tribute.

One remedy has been offered and tried for a number of years. Education, the gradual improvement of the individuals, is yet believed by many persons to be the remedy for the economic evils from which we now suffer. Those persons claim that it is not the fault of our social organization, if some are rich and if others are poor, but that it is

due to differences in knowledge and character. They say that the poor lack certain qualities which would enable them to attain wealth if they possessed them. Both theory and practice show these persons to be wrong. For the last fifty years immense progress has been made in the task of educating the masses, but no such result as those persons claim for education has been attained. On the contrary, the inequalities have been increasing all the time, and it is in those cities where the education is the most advanced that the inequalities are the greatest.

Our present condition is somewhat like that which existed in slave times. Slavery was the result of political organization, recognized and enforced by the state, and the improvement in character of the slave would never make him a free man. To educate him might make him a more valuable slave, the culture of desirable qualities might help to ameliorate his condition, but political action could alone free the negroes. The same power which conferred on some men the power to enslave other men could alone take it from them.

The same argument is true of our present economic conditions. Men are not rich now because they are industrious, or educated, or honest, or kind hearted. Our millionaires are no better citizens than our laborers. They are rich while others are poor, for precisely the same reasons that in the slave states some were masters and others were slaves. Through the accident of birth and conditions, some men benefited by the laws of the land and became owners of slaves, and transmitted the same advantage to their descendants, while others, for the same reason, became slaves and the parents of slaves.

It will be claimed by those who believe in the curative power of education, that the fact that wealth is in reach of all disproves my statement. Slavery and birth-aristocracy,

they will say, were dependent on class, while the acquisition of wealth is open to all. "There is room at the top, and all can get there," is their favorite argument.

The mistake they make is to look at this question from the individual and not from the social standpoint. If A. gets to the top, it is by pulling B. down. A. may be benefited, but society is no better off. If we must have coal combines, railroad magnates, protected manufacturers, silver kings, telephone monopolies, it is of no benefit to society that these positions are open to all. Only a few can reach them, and whoever gets in his grasp the power they confer, is sure to use it for his own aggrandizement, and to the detriment of society.

So far as society is concerned, it is better to have our railroads in the hands of an old established family as the Vanderbilt, than to have them fought for by a free lance like Jay Gould, and the same is true of the inherited estates of the Astors, as compared with the speculators in boomed cities in the South and the West.

But if education as affecting character is powerless to remedy the economic inequalities of our present condition, it is an important factor to teach the people how to organize and how to use their power so as to bring about the changes they wish for. What each citizen acting separately is unable to accomplish, even with the help of education, can easily be done when all act collectively—that is politically—and they have learned what it is they wish to accomplish. Political education is what we need, and is what the people are receiving now in much greater measure than they ever received before.

Political education is slow, for it takes a long time for new knowledge to permeate the majority of the people, especially as in our present state of political ignorance, nothing but a deep seated dissatisfaction will induce the people

to consider seriously new questions. This dissatisfaction is now manifesting itself, and is due to what are called "hard times", which affect specially those who fill the lower positions in life, the rank and file of the country. Hard times in this country does not mean starvation and disease, as in less favored portions of the world, but it means low prices for the farmers and manufacturers, difficulty to meet running expenses, scarcity of work, reduction in wages, and a perpetual struggle to make both ends meet for the average wage-worker.

But how does it come to pass that we should complain of hard times when all reports show that there never was so much trade, and that the production of the country surpasses that of all previous years? It is because the purchasing power of the producing classes is not keeping pace with the increase of production, while the purchasing power of the capitalist is steadily on the increase.

One fact is significant to those who will notice it. While the price of articles in daily use, and which are considered as necessaries of life, are tending to fall, the price of those things which are specially desired by the rich is going up at a tremendous rate. Some persons may contend that it is very desirable that it should be so. That may be under our present condition, but it is a symptom of the unequal distribution which obtains at this time.

The prices of the necessaries of life keep falling, because whenever there is an increase of production, the masses are unable to buy it unless there is a fall in prices. Most of the laborers are now working for wages which barely allow them to pay for what they use, and leaves no surplus to enable them to absorb any new article offered on the market. In the poorer countries, where the inequalities of wealth are the greatest, like Russia for instance, even such an entire failure of crops as to cause a famine, has

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