PRINCIPLES OF
SCIENTIFIC SOCIALISM

BY
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PREFACE.

The Socialism of to-day is distinguished from the Utopian theories of the past by the fact that it is scientific. All great movements inevitably pass through a Utopian phase and Socialism is no exception to the general rule.

Socialism is evolutionary in character. There have been the John the Baptists of the new order, proclaiming the way of peace in the industrial wilderness. As alchemy and astrology preceded chemistry and astronomy, so the Utopias of Owenism, Fourierism and Simonism had to precede the full development of Scientific Socialism.

These precursors of social democracy aimed to run society into a special mould. In the absence of a thorough knowledge of economic laws they conceived that an industrial system was something society could put on, as a man puts on a suit of clothes, ready made. They thought a perfect system could be invented and superimposed upon society through propaganda. Their crude theories corresponded, as Fredrick Engels has pointed out, to the crude state of capitalist production and to the crude state of the classes. Nevertheless, these men had a far-sighted historic penetration and sagacity. They
were admirable critics of capitalist methods, depicting with keenness and satire the evils inherent in capitalist society, but they had not the data to enable them to clearly perceive the genesis of capitalist exploitation. The Utopianists did well, but it was left for Karl Marx to clearly point out the source of surplus-value and the evolutionary tendency in economics. Marx did for economics what Darwin did for biology. The discoveries of Marx placed Socialism upon solid ground and reduced it to a science.

Modern Socialism, then, is scientific and rests upon a historical, economic and scientific basis. It points out with accuracy the laws of social and economic evolution.

Socialism is the only solution of modern problems, and a clear understanding of its principles and purposes is the one great need of the world to-day. To explain the principles of this world-wide movement, and thus aid in a better understanding of the subject, is the purpose for which this book has been written. I trust that it may contribute to this end and so be of service to the cause. With this hope I send it forth on its mission.

Charles H. Vail.

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The economic activity of man is of two kinds—isolated and social. The former belongs to the earliest stages of human development. Here man, as yet but little differentiated from the beasts of the field, closely resembles them in his economic life. This is precisely what we should expect when we realize that man has gradually developed from the lower animals. Thus we are not surprised to learn that the wild men of Australia never co-operate in their economic efforts.

In the course of time the family arose, and with the strengthening of the family relationship there grew up the unit of human society. But the economic life of this social unit was at first isolated, beginning and ending in itself. Gradually the family enlarged and grew into
the tribe, and the rude communism of the early ages with its social economic life appeared. This early communism finally gave way to slavery, but slavery was not incompatible with the maintenance of a communistic or semi-communistic tribal system. Finally private property displaced communism, and with new conquests and federations slavery became the principal method of production. But with the fall of the Roman Empire, the greatest chattel slave empire of antiquity, the way was prepared for feudalism. After the downfall of the Roman Empire there followed a period of transition, but at last the feudal system became the prevailing organization in Western Europe. Free labor, however, existed from the earliest times and was not overcome by slavery or feudalism. Side by side with serfdom there was a large body of free workers. These free peasants and free artisans, whatever dues they might pay to their lords in return for privileges or services, were as free as men of that day could be. The artisans gathered around the castle or in the fortified cities for protection from the robber hordes, and there carried on their various trades in democratic guilds and showed time and again that they knew how to protect their freedom against any attempt at encroachment by their feudal superiors to whom they were nominally subject.

In the interior of the detached provinces into which Europe was split up production was carried on chiefly for home use. The family of the peasant produced nearly every requisite for its maintenance. It was only the excess over its own needs and the tribute to the feudal lord, that was offered for sale. That which is true of the peasant is also true of the artificer, as he also supplied most of his own wants. In the Middle Ages he possessed his own garden and a small patch of land, and had use of the commons for pasturage. In
this period we find production for sale greatly increased. The small industry of the Middle Ages, and for several centuries following, rested upon the individual ownership, by the producers themselves, of the instruments of production. Both laborer and capitalist were combined in the same person so that no dispute could arise over the division of the product. The laborer owned his own tools, purchased or produced his own raw materials, and was master of his own product. In this period property in the product rested upon man's individual labor. As the means of production in this age were adapted to individual use, they were necessarily paltry and dwarfish.

From the Middle Ages onward a master workman, under the guild regulations, might have two or three apprentices and as many journeymen. The latter worked for daily wages, in which case the master made a small profit, and might, perhaps, be considered an embryonic capitalist, but he was prevented by the strict rules of the guild, from extending the number of his helpers. The guild regulations in the town and the feudal system in the country, prevented the rise of capitalism proper. It was not until after the overthrow of these obstructions that capitalism developed. But the guild apprentices and journeymen worked not so much for their board and wages, as for the purpose of fitting themselves for mastership. Wage labor was only a by-matter,—a mere makeshift. But this condition endowed the master with the potentialities of a capitalist, although, as yet, he was restrained from extending his power.

The money capital, formed by means of usury and commerce, was prevented, as we have seen, from being turned into industrial capital, by the feudal constitution and the guild organizations. These fetters must first be broken before the capitalist régime could gain a foot-
hold. Capitalist production presupposes the perfect freedom of the laborer. To be free, the laborer must not be attached to the soil as a serf or bound by the rules of the guild. Capitalist production also presupposes the complete separation of the laborer from the means whereby he realizes his labor. It was the dissolution of the economic structure of feudal society that set free the elements out of which the economic structure of capitalistic society was formed.

In 1348 the Black Death swept over England, carrying off one-third of the population. Labor was thus rendered scarce and wages immediately rose. Parliament enacted the noted "Statute of Laborers," decreeing that wages should be the same as before the plague, but it did not avail. The laborers went where they could secure the highest wages, and serfdom was virtually at an end. The nobles and landlords, however, did not at once relinquish their efforts to secure labor at the old price. Complaints were continually made to Parliament that the "Statute of Laborers" was not obeyed, and the statute was again and again re-enacted with new and severer penalties, but to no purpose. The peasants met this effort to reinstate the old order by combinations. They organized for the purpose of resisting the law. The instigators of this movement were Wikliff's poor priests, who gained the confidence of the peasants and organized them for the revolt which occurred in 1381. Although the insurgents were put down and their leaders captured and hanged, still the victory lay with them. In spite of the Acts to the contrary, the rate of wages remained high and was finally recognized by Parliament.

Serfdom practically vanished by the end of the fourteenth century, leaving the great mass of the population free peasant proprietors. The wage laborers of this
period were few in number and each possessed a cottage and at least four acres of land, besides having access to the common lands for pasturage and fuel. This was the condition of labor in the fifteenth century, which has been called "the Golden Age" of English labor. Says James E. Thorold Rogers, M. P., late professor in Oxford University: "I have stated more than once that the fifteenth century and the first quarter of the sixteenth were the golden age of the English laborer, if we are to interpret the wages which he earned by the cost of the necessaries of life. At no time were wages, relatively speaking, so high, and at no time was food so cheap!"  

Toward the close of the fifteenth century was begun the revolution which laid the secure foundation of the capitalist system. The feudal lords having impoverished themselves by the French wars and the Wars of the Roses, began now to discharge their retainers. The breaking up of these feudal bands gave rise to the first proletariat. This landless class was also increased by the act of Henry the VIII. in suppressing the monasteries and evicting the monks.

But this was not all. The impoverished nobility, being in need, began raising sheep for the wool market, and to this end they evicted the peasantry and turned the land into sheep-walks. The land which they had hitherto held in feudal tenure they claimed as private property. So long as they paid large sums of money to the king he cared but little how they treated the peasants. So they forcibly expropriated and expelled the agricultural population and fenced in the common lands. Although complaint was often made of the enclosure of arable and common fields and bill after bill passed in parliament to prevent this evil, still the process went on. This work

of spoliation and usurpation was carried on so successfully that by the last decade of the eighteenth century the common land of the agricultural laborer and the yeomanry itself, had completely disappeared. Legislation which at first had sought, though in vain, to prevent the theft of the people's land, at last became the instrument through which the spoliation was effected. The landlords, by Parliamentary Acts for enclosure, granted to themselves the people's lands as private property.

This expropriation of the people's means of production furnished the town industries with a mass of proletarians who were unfettered by the guild regulations. The guilds, however, soon ceased to be a menace to the rise of capitalism, for Henry the VIII. suppressed them and confiscated their property. Another crime which Henry the VIII. committed against labor was the issue of debased currency. These two wrongs, together with the robbery of the people of their land, led to the downfall of labor. The late Prof. Toynbee, Tutor of Balliol College, Oxford, speaking of the pauperism of the sixteenth century, says: "Farms were consolidated, and arable converted into pasture; in consequence, where two hundred men had lived there were now only two or three herdsmen. . . . A main cause of the agrarian changes was the dissolution of monasteries, though it was one that acted only indirectly, by the monastic properties passing into the hands of new men who did not hesitate to evict without scruple. About the same time the prices of provisions rose through the influx of the precious metals and the debasement of the coinage. . . . As regards the growth of pauperism in towns, the main cause may be found in the confiscation of the estates of the guilds by the Protector Somerset. These guilds
had been practically friendly societies, and depended for their funds upon their landed properties.”

The laborer’s condition was still further degraded by the Act of Elizabeth which established seven years as a necessary apprenticeship and endowed the justices—those who were interested in keeping the wages down—with power to fix the rate of remuneration.

This whole despicable process of spoliation and usurpation resulted in creating for the town industries a large supply of “free and outlawed proletariat.” The peasants, robbed of their means of production and of the guarantee of existence afforded by the feudal régime, had no alternative but to sell themselves into wage slavery. The method of exploitation now becomes transformed. The beginnings of this refined method of fleecing, called capitalism, began as early as the fourteenth century in certain towns along the Mediterranean, but the capitalist era proper dates from the middle of the sixteenth century.

Capitalist production, then, may be said to begin when a comparatively large number of laborers are engaged by one employer in the production of commodities. The early stage of manufacture is hardly distinguished from the handicraft trades of the guilds, except by the larger number of workmen employed by the same capital. In this period of manufacture, which extends from the middle of the sixteenth to the last third of the eighteenth century, co-operation, based on the division of labor, assumed its typical form. In the beginning of the manufactural age, men of the various independent handicrafts were assembled in large workshops, each performing his distinctive work,—as, for instance, the production of wagons required the services

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1 *The Industrial Revolution*, Toynbee, pp. 97, 98.
of wheelwrights, locksmiths, painters, etc.; or, in other instances, where each artificer performed all the operations requisite to the production of the finished commodity. This form of production represents the elementary stage of co-operation. In the course of time the work was gradually differentiated, and instead of one man performing in succession the various operations, some definite work is assigned to each. The commodity now becomes a social product.

Manufactures arise, then, by the association of various distinct handicrafts, and also by the association of the artificers of a single handicraft. In both cases division of labor was gradually introduced, each operation, however, continuing to be done by hand, and so remaining dependent on the skill and dexterity of the workmen. Division of labor is the characteristic principle of manufacture. By this division of labor the productive power of labor is greatly increased. The laborer who only performs one single operation becomes more efficient than the artificer who performs a whole series of operations in succession. The transition from one operation to another necessitates much loss of time. Moreover, where the work is specialized the workman's methods become perfected, and he learns how to accomplish a given result with the least expenditure of time and exertion.

The chief characteristic that marks the age of manufactures from that of modern mechanical or grand industry, which began with the last third of the eighteenth century, is, that in the former the revolution in the mode of production began with the labor-power, while in the latter it began with the instruments of labor.

Let us glance at some of the inventions which resulted in revolutionizing industrial methods. In 1750 the fly-shuttle was invented by Kaye of Bury. In 1760 im-
Improvements were made in the carding process. In 1769 the spinning-frame was introduced by Arkwright, and Watt took out his patent for the first steam-engine. In 1770 the spinning-jenny was patented by Hargreaves. In 1779 the mule-jenny was invented by Crompton. In 1785 the power-loom was invented by Cartwright. In 1792 the cotton-gin was invented by Whitney. The result of these mechanical inventions was the complete change of the method of production.

Fully developed machinery consists, as Marx pointed out, of three distinct factors,—the motor mechanism, the transmitting mechanism, and the tool or working machine. It was with this last factor that the industrial revolution began; that is, the apparatus and tools used by the handicraftsman and manufacturing workman were fitted into the body of machines, so that the mechanism performed the work previously done by the workmen. Here, then, is the real distinction; it consists in taking the tool from the handicraftsman and fitting it into a mechanism. This accomplished, a machine supplants the mere implement, and it is of no consequence whether the motive power is derived from man or from some other source. In fact, many machines, such as sewing and bread-making machines, are constructed to be operated either by human or by mechanical motive power. Of course, even in the manufactural age, crude machines were invented and implements for which previously the motive power had been furnished by man, were operated by animal, water, and wind power. But at this time machinery played a subordinate part as compared with the division of labor. These machines produced no revolution in industry, and are hardly worthy of the name.

"The machine, which is the starting-point of the industrial revolution, supersedes the workman, who
handles a single tool, by a mechanism operating with a number of similar tools, and set in motion by a single motive-power, whatever the form of that power may be. Here we have the machine, but only as an elementary factor of production by machinery.

"Increase in the size of the machine, and in the number of its working tools, calls for a more massive mechanism to drive it; and this mechanism requires, in order to overcome its resistance, a mightier moving power than that of man."¹

This required motive-power was furnished by Watt's steam-engine which furnished a power sufficient to drive a number of machines simultaneously. With the application of steam to manufacturing the industrial revolution was speedily effected. Along with this revolution in the tool came the revolution of labor; the skill of the workman was transferred to the machine. The division of labor in the factory consists of the distribution of workmen among specialized machines. Here the machine makes use of the workman instead, as in handicraft, of the workman making use of the tool. As soon as the tool is transformed into the machine, this instrument of labor competes with the laborer. The work formerly done by the skilled mechanic is now performed by the machine. The effect of these improvements is not only to render labor superfluous, but also to substitute the less skilled for the more skilled, the female for male, the child for adult.

Prof. Ely, in speaking of this industrial revolution, says: "Capital, taking advantage of the inventions in industry and the improvement of means of communication and transportation brought about by these inventions, was able to extend production and to carry it on on

¹ Capital, Marx, p. 228.
a scale of increasing magnitude. This production upon a vast scale, based upon a far-reaching division of labor, became essentially social production. Armies of men work together in single or allied establishments, each one doing his own small part of a vast whole. Capitalistic production passed out of the shop and entered the factory. The master workman gave place to the captain of industry, and journeymen and apprentices to regiments of wage-earners."

Industry, then, has passed through three well-marked stages of development:

1. The Handicraft Stage, which was the period of small production. In the latter part of this period the laborer owned the few instruments of labor, and the results of his labor were his without deduction. No employer made a profit out of his labor. Both laborer and capitalist were combined in the same person. The only qualification that needs to be made is, that from the Middle Ages onward, under the guild regulations, a master workman might have two or three apprentices and as many journeymen. As the journeymen worked at daily wages, the master, of course, was enabled to make a small profit out of his labor, and so, perhaps, might be considered an embryonic or potential capitalist. But, as we have seen, where wage-labor existed it was only a by-matter; the journeymen worked, not so much for wages, as to fit themselves for mastership.

2. The Manufacturing Stage, which was the period of manufactures. In this stage, beginning in the middle of the sixteenth century, the capitalist proper appears, though only half-fledged. The chief characteristics of this era were the employment of artisans in manufactories and the division of labor. Wage-labor, hitherto

1 Socialism and Social Reform, Ely, p. 52.
the exception, now becomes the general rule. The reason that laborers were compelled to submit to wage-conditions has already been considered. We reach here the stage of capitalist production, and the rise of profits proper which become the source of further capital, but the capitalist system is, as yet, undeveloped, and extends to relatively few industries.

3. The Factory Stage, which is the period of modern or grand industry. This stage which began in the last third of the eighteenth century, is marked by a remarkable series of inventions and discoveries, which completely revolutionized industry. With the incoming of the machine the race for fortune and wealth began. The chief characteristics which mark the beginning of this age have already been considered.

**Note:**—The different periods of industry vary somewhat in different countries. We have chosen England as an illustration, because her economic data is more complete, and her history of the expropriation of the agricultural laborer assumes the classical form.

In America, owing to the newness of the country, the capitalist system was at first slower in its development. This was due chiefly to the unbounded resources and natural opportunities. The old world had been in the Handicraft Stage of production for centuries when America was discovered, and England at the time of Columbus was about to pass into the Manufacturing Stage. During our Colonial days we were chiefly an agricultural nation, and this condition continued down to the war of 1812. "Before these hostilities," says Prof. Ely, "our chief pursuits were commerce and agriculture, while manufactures were insignificant. There was more or less manufacturing industry, but it was pursued in small shops where the proprietor worked with his own hands, assisted by two or three journeymen and one or two apprentices. There was, for example, always the village carpenter and shoemaker, and the blacksmith at the country cross-roads. But manufacturing on a large scale could scarcely be said to exist, and it was even in Europe only in the early stages of its development, for the 'industrial revolution' had but recently begun." *Problems of To-day*, p. 48.

At the beginning of our National existence, then, America was
These periods, however, like geological epochs, overlap each other. Thus, the handicraft and manufacturing industries still survive as relics of an antiquated age, but not, however, without many alterations due to the reaction of the factory system. Modern handicraft and manufacture have been greatly affected by the modern age in which they survive. They are reproduced, as it were, in the background of modern industry, though they are somewhat changed in character.¹

The whole history of economic development, then, is marked by the downfall of the small producer. The industrial revolution has marched steadily onward, leaving chiefly in the era of small production, although the period of manufactures, which, in England, was introduced in the middle of the sixteenth century, was already beginning. But industrial, like physical, evolution tends to reproduce itself in rapid succession. The development here was hastened by the war of 1812 which destroyed our commerce and diverted the capital and labor, that formerly had obtained employment in international trade, to manufacturing. Says Prof. Taussig, "Establishments for the manufacture of cotton goods, woolen clothes, iron, glass, pottery, and other articles sprang up with a mushroom growth." There were but four cotton factories in this country in 1803, when new machinery and new methods began to be introduced. In 1805 the number of spindles was 4500, in 1815 the number had increased to 130,000.

We pass very rapidly through the era of manufacture proper into the era of modern mechanical industry. But owing to our cheap and free land, which secured a livelihood to so many, our industries did not develop rapidly during the first half of the nineteenth century. We were still, in a large measure, an agricultural people, and handicraft and manufacturing production, with some modifications, held the field in many directions. But since the civil war, the factory system has had a phenomenal growth, and is now rapidly taking on the trust form. Although the United States was behind Europe in getting started in the industrial evolution, nevertheless she has outstripped her competitors, and is to-day nearer the consummation than any other country.

¹ For full exposition of Machinery and Modern Industry, see Marx' Capital, Part IV. Chapter XV.
an ever-increasing number of propertyless proletarians in its wake. The small farm and factory has found it more and more difficult to compete with production on a large scale. The time is near at hand when all the small agriculturalists and industrialists will be divorced from the means of production and will help swell the proletariat class.

Not only can we see the doom of these two classes, but also the downfall of the small capitalist. The field is becoming narrowed as the triumphal march of concentration goes rapidly forward. As the great bulk of the population is dependent on the capitalist class, so the capitalist class as a whole is becoming dependent on a few who are veritable kings in the economic realm. The small merchant is also on the same downward grade. The department store is supplanting the small store.

This process of extermination has been greatly accelerated by the various phases which this modern mechanical era has assumed. We have seen how the era of manufacture was gradually transformed by the introduction of the division of labor, and so prepared for the next stage of development. In like manner the era of modern mechanical industry has been taking on several forms. In the beginning of this era we find both individual and limited partnership owners of the machinery of production. But as machinery developed and the waste of competition necessitated the massing of large capitals that production might be cheapened and rivals undersold, it has become more and more difficult for the individual capitalist to furnish the requisite means, and so the joint-stock company has arisen.

The origin of the joint-stock company completed the evolution of the capitalist. We have seen how at first he was a manual laborer working with his men, but the possession of a little wealth raised him above manual
labor, and he became a mental laborer, a manager, who received wages of superintendence. But the possession of more wealth raised him above even the labor of direction, and he handed this function over to an employe, thus becoming a mere interest or profit receiver. The capitalists united in a joint-stock company do not pretend to labor, but hire a manager in whose hands they place their capital, and whose business it is to make profits for the stockholders. The whole capitalist class, as such, have thus become superfluous, the services previously rendered by them being handed over to hired managers. Says Sidney Webb: "The older economists doubted whether anything but banking and insurance could be carried on by joint-stock enterprise: now every conceivable industry, down to baking and milk-selling, is successfully managed by the salaried officers of large corporations of idle shareholders. More than one-third of the whole business of England, measured by the capital employed, is now done by joint-stock companies, whose shareholders could be expropriated by the community with no more dislocation of the industries carried on by them than is caused by the daily purchase of shares on the Stock Exchange."¹

The next phase of this evolution was the union of these companies into a trust. The appearance of the trust upon the industrial horizon, which has resulted from the concentration of business in fewer hands, is the most significant phenomenon of the present day. This gradual development of competing industries into monopolies is destined, at no distant future, to usher in the Co-operative Commonwealth. One who understands the causes which have led to the substitution of combination for competition, well knows the impossibility of ever returning to the latter. The choice must be

made between monopoly under private control and monopoly under public control, for monopoly, in some form, is certain to obtain. As the corporation is more powerful than the individual, so the trust is more powerful than the corporation. Combination in one industry necessitates combination in all. The efficiency of capital in large masses is what has been called the law of industrial gravitation. Associated capital and machinery are necessary to effective and economical production. The return to the days of competition and small things would constitute a reversal of all progress. The business of the future must be done by organized capital; it is the only way the needs of the people can be met. The quicker this is realized the better. To all quack propositions we must offer a steady and unflinching resistance.

The question is, Shall we have organized capital in the hands of individuals, or in the hands of society? The choice is not between competition and combination for the former is rapidly disappearing. Combination either of the few or of the many is inevitable. Combination is the socialistic way of doing business; competition is the individualistic way. Every trust virtually admits the truth of Socialist charges, that competition is wasteful, and that by combination the cost of production is greatly reduced and harmony restored in the industrial realm.

Industry, as we have seen, has successively passed from the Handicraft Stage of production into the era of manufactures, and from thence into modern mechanical industry, and this era has evolved into the corporate or joint-stock stage and is now rapidly taking on the form of monopoly. But this monopolistic stage, which we have entered, is not the end, for as individuals have combined into corporations and corporations into trusts, so trusts will combine into a Co-operative Common-
wealth. This being logical is inevitable. In economic evolution there is no retrogression. It is only in universal combination that a complete consummation can be attained. Trusts must combine into a great trust—the Nation. There is no more possibility of our re-entering any of the past eras of production from which we have evolved than there is of the butterfly re-entering the chrysalis. The stage of handicraft and manufacturing, and even the competitive stage of modern mechanical industry has passed, or is rapidly passing, into innocuous desuetude. As slavery gave way to feudalism and feudalism to capitalism, so capitalism must give way to Socialism. But everything in its own order, first the blade, then the ear, and after that the full corn in the ear. Socialism is the full corn in the ear, and will come as the final consummation of the industrial development.

Many express a fear of Socialism without realizing that one form of Socialism is already here,—the plutocratic. This plutocratic Socialism—Socialism without democracy—is the only form we need to fear. The trust utilizes the methods of Socialism—combination, cooperation and co-ordination—to get the best results from man and nature without the Socialist aim and spirit. The trust is simply Socialism for the benefit of the few. The trust, however, has come, and come to stay. The only solution of the problem is that which has been pointed out,—the socialization of the trust, that the benefits now monopolized by the few may become the inheritance of all. The choice must be made between plutocratic Socialism and democratic Socialism.

We have seen how the industrial revolution has wrought the downfall of the small producers and distributers, so that to-day the great instruments of production and distribution are social in character, though as yet under private control. We have also seen
how the industrial revolution resulted in the loss of control by the workers of the instruments of production, and the reduction of the once independent handicraftsmen and agriculturalists to the level of wage-slaves. The transformation of the limited implements of production into mighty powers resulted in turning them into social instruments, thus precluding individual ownership on the part of the workers. The vast cost of the new machinery and the large amount of capital required for the new methods of production, gave rise to a capitalist class—the owners of the instruments of production.

The laborers must have access to the means of production or starve; but this access is obtainable only through the competitive wage. The ownership of the means of production gives men power over their fellows. Men being unable to employ themselves are obliged to sell their liberties for the opportunity of earning a mere existence. In the words of Bebel, "The basis of all oppression is economic dependence on the oppressor." This condition of oppression has been heightening with the development of capitalism. Just in proportion as the instruments of production have been monopolized by a few, social misery, industrial servitude, and political dependence have increased. This monopoly of the implements of livelihood forms the basis of every kind of degradation. Hence the necessity of a speedy consummation of the industrial development. This is in order that we may attain economic freedom—the basis of all freedom. For if the laborers' servitude is caused through the appropriation by a class of the means of production, their emancipation can only be realized by their again becoming owners of the means of labor. Although individual ownership is impossible,—owing to the subdivision of labor and the immense scale of production,—still, the solution is not hopeless, for the change in the method of
production points out to us the solution of the problem. We have seen that the industrial revolution has resulted in socializing the method of production; therefore the instruments of production should also become socialized to correspond with the socialized method. As tools are used in common they should be owned in common. The private ownership of the instruments of production is becoming more and more incompatible with the nature of these instruments. Their magnitude and social character mark them for social ownership and control. The whole conflict in the industrial realm to-day is due to a failure to recognize the social character and nature of the instruments and methods of production. Although the method of production has changed, the method of appropriation remains unaltered. Social production, with capitalist ownership of the instruments, means capitalist appropriation of the results of social labor. Property which originally rested upon individual labor now rests upon capitalist exploitation. Let us abolish this incongruity between social production and capitalist appropriation by restoring to the people the control of their economic interests. Although it is impossible for them as individuals to regain this control,—for the industrial system of the future, as we have seen, must be systematized,—nevertheless, they can bring these interests under collective control, substituting for the present irresponsible rule of the few, responsible public agents who will manage the affairs of society in the interests of society.

Every industry that has reached its trust stage of development is eminently ripe for appropriation by the community. It is useless to say that an enterprise cannot be managed by society when it is being managed by a group of capitalists. The board of directors—who as a rule do not own the capital invested—can as readily be made responsible to society as to the shareholders.
The directors in charge at the time of transition could be retained, if thought advisable, simply making them responsible to all the people instead of to the few favored stockholders. Socialism is thus seen to be practical as well as inevitable. The realization of this final stage of industrial development is nearer than many think.

But it may be asked, How is this transformation to be effected? We now come to the mission of the modern proletariat. The proletariat—the fourth estate—has a mission to perform, and that mission is the abolition of wage slavery. Says Buckle, “No great political improvement, no great reform, either legislative or executive, has ever been originated in any country by its rulers.” Wendell Phillips corroborates this truth in the following language: “No reform, moral or intellectual, ever came from the upper classes of society. Each and all came from the protest of the martyrs and victims. The emancipation of the working people must be achieved by the working people themselves.”

We have traced the transformation of the economic order since the Middle Ages, through its varied stages, and noted how the various classes—the feudal lords, the capitalists, etc.—have performed their parts in the evolution of the industrial order. We have also seen the proletarians gathered together in large factories, where they are organized and disciplined, but thus far they have remained chiefly a passive factor. At first they were small in numbers compared with the great middle

1 By proletariat is meant those deprived of property in the instruments of production. It includes not only manual laborers but the great bulk of the professional body, as a large majority of such are economic dependents. The "educated" or "intellectual" proletarians have rapidly increased within the last few years, and many of them have become able and courageous exponents of Socialism. The industrial evolution is thus furnishing the masses with the intellectual leaders needed.
class, and it was impossible, at that time, that their mission should be either comprehended or fulfilled. It was first necessary for the economic evolution to work itself out in the expropriation of large numbers of the middle class and so increase the number of the propertyless, before the condition was propitious for the proletarians to work out their destiny.

This condition has recently been realized. To illustrate, in 1897 there were 1,168,343 firms doing business in the United States and Canada, of which 223,332 either failed or wound up their affairs after reaching a condition of practical bankruptcy. Of the 15,008 firms driven into legal bankruptcy, 88.9 per cent. were firms having a capital of $5,000 or less each, and 7.6 per cent. were firms having a capital of more than $5,000, but less than $20,000 each. Were it not that many stand ready to invest their small savings or inherited property in middle class enterprises, in less than five years every firm in the United States and Canada doing business on less than $20,000 capital, would pass into innocuous desuetude.

But as the supply of these aspirants to bankruptcy is not unlimited they will soon terminate, and the middle class will be known only by tradition. The middle class will thus disappear, and while a few may be able to join the larger capitalists, the great mass will recruit the proletariat.

Not only is the wealth concentrating in the hands of the capitalist class, but even in this class there is a tendency of the few to become supreme. The capitalist class, which constitutes 9 per cent. of the population, is composed of 1,096,265 families, representing an aggregate wealth of $42,643,162,657, or, on an average, $38,898 per family. Only a small proportion of the families, then, can be listed as plutocrats. Upon this dependence within the capitalist class, where a few men are becoming
veritable kings, Mr. Holmes, of the United States Census Office, says: "Among the 1,096,265 families in which seventy-one per cent. of the wealth of the country is concentrated, there is still further concentration which may be indicated by taking account of the wealth of the very rich. The New York Tribune's list of 4,047 millionaires affords the best basis for this. . . . The 4,047 millionaires are worth not less than ten or more than fifteen billions, say twelve billions, or about one-fifth of the nation's wealth. This gives an average of about $3,000,000."

Mr. Thomas G. Shearman, in speaking of the wealth of seventy of our wealthiest millionaires, corroborates this statement as to the great concentration within the capitalist class. He says: "Making the largest allowance for exaggerated reports, there can be no doubt that these seventy names represent an aggregate wealth of $2,700,000,000, or an average of $38,500,000 each. No information has been sought concerning those worth less than $20,000,000, but the writer accidentally learned of fifty other persons worth over $10,000,000, of whom thirty are valued in all at $450,000,000, making together one hundred persons worth over $3,000,000,000; yet this list includes very few names from New England, and none from the South. Evidently it would be easy for any well-informed person to make up a list of one hundred persons averaging $25,000,000 each, in addition to ten averaging $100,000,000 each."

Mr. Lucien Sanial has shown that the plutocratic class representing but 1.41 per cent. of the population hold 64.37 per cent. (and with its allies, the foreign investors, about 67\(\frac{1}{2}\) per cent.) of the total wealth produced by American labor. The middle class representing 37.56 per cent. of the population hold 24.53 per cent. of the wealth. The professional class representing 6.03 per
cent. of the population own 3.83 per cent. of the wealth, while the working class, representing 55 per cent. of the population, own but 4.21 per cent. of the total wealth. The professional and working classes, which together constitute the proletariat class, represent 61 per cent. of the total population and own only 8 per cent. of the total wealth. ¹ This is sufficient to show the tremendous concentration of wealth in the hands of a few. It will be but a short time, even at the present rate of congestion, before 1 per cent. of the population will own 99 per cent. of all the wealth. Society will then be composed of a few enormously wealthy families on the one side and a vast body of proletarians on the other.

Let us not forget that society is an organism and Socialism is the last expression of economic evolution. The time was not ripe for Socialism until the capitalist system had taken on its logical expression in the trust and syndicate. Until this stage no social or political upheaval could accomplish more than to upset thrones and behead monarchs. Such a revolution would accomplish nothing. We need to appreciate this truth when, as in these days, so many quack remedies are proposed, and among them the delusion that the cause of the proletariat could be helped by a grand physical revolution or outbreak of anarchy. Such ideas utterly fail to recognize the evolutionary character of economics. They are generally put forward by those who have become outraged by capitalistic methods, but who are still groping in the dark for the true remedy; or, if they perceive the solution, have so imbibed reactionary doctrines that they fail to see the inconsistency of their position. It is not the first time that men have unknowingly held views that were mutually exclusive.

Now it was but natural that this economic condition:

¹ The Socialist Almanac, 1898, p. 113.
as it became more pronounced, should find political expression. That the proletarian should discover, sooner or later, that his interest did not lie in the direction of his exploiters, was inevitable. And what more natural than that he should organize politically to secure his rights. The class-conscious proletarians are to-day thus organized under the banner of International Socialism, and the struggle for supremacy has already begun. Socialists wish to attain political supremacy as a means whereby they may usher in the Co-operative Commonwealth, thus realizing their economic ideals. Socialists realize the futility of fighting capitalism with its own weapons,—capital with capital. The proletarian is unequipped in the economic field for encounter with the thoroughly organized forces of capitalism. But in the political field the proletarian is supreme. Here he meets the capitalist as an equal, while as a class the proletariat overwhelmingly outnumber the capitalists, and their advantage is constantly increasing with the bankruptcies in the middle class and the narrowing of the capitalist class. The time has come for the manual and mental workers to unite and strike for liberty. Strike at the ballot-box, for the mastery of the public powers is the first step toward emancipation. Let us rejoice that this call for united action has been heard and is being obeyed. The proletarians of the various trades are being welded together and leavened by the spirit of brotherhood; they are forming a class-conscious power before whom the thrones of the world are beginning to tremble; they are uniting for political action to the end that they may conquer the public powers and convert the nations of the world into Co-operative Commonwealths.

In all previous social revolutions class has superseded class. The class below has overthrown the class above, thus emancipating itself by subjecting others. But
Socialism will abolish all classes by abolishing all forms of human exploitation. The emancipation of the proletariat will mean the emancipation of all.

Although Socialism would really benefit all classes, the initiative and propaganda must rest chiefly with the proletariat. The property holders, like the slaveholders of old, are blind to their higher interests. To be sure, there are a few here and there who are able to look beyond the horizon of their own class and perceive the doom of capitalist production. Of course, we can expect nothing from large exploiters. While it is true that ultimately they would reap an advantage, still, they would lose the power and distinction they enjoy to-day and would be obliged to render some useful service to society, all of which is decidedly distasteful to them. But it is otherwise with the small producers and traders; they have nothing to lose and everything to gain by the establishment of the Co-operative Commonwealth. Under the present system they are hopelessly doomed to bankruptcy, and it is only a question of little time before they will join the ever-growing majority—the proletariat. But their ignorance of economic conditions, which leads them to hope for the preservation of their class, binds them to the sinking ship of small enterprise. We can hope for but little from the members of this class so long as they retain their economic foothold, but when they become expropriated and are thrown into the proletariat class, they furnish good material for Socialism. Their economic downfall is quite apt to set them thinking, and Socialism is being daily strengthened by such recruits.

Socialists, then, count on the expropriated masses against the few expropriators. When the Socialists have gained control of the political machinery, which presupposes that the great majority of the people want the change, then the Co-operative Commonwealth will be
proclaimed in the name of the people as a new legal system.

This would not be, as assumed by some, a difficult process; not nearly as difficult as was the passing from feudalism to capitalism. Karl Marx has well stated this in the following words: "The transformation of scattered private property, arising from individual labor, into capitalist private property is, naturally, a process, incomparably more protracted, violent and difficult than the transformation of capitalistic private property, already practically resting on socialized production, into socialized property. In the former case we had the expropriation of the mass of the people by a few usurpers; in the latter we have the expropriation of a few usurpers by the mass of the people." ¹

When the Socialists have wrested the power of government from the capitalist class they will at once proceed to transform private businesses into socially managed concerns. Just as rapidly as practicable, trust after trust, and industry after industry, would pass under public administration—the officials in charge being made responsible to the whole people—until all production and exchange are socialized and the consummation of the industrial evolution completed.

To Recapitulate: The industrial evolution has taken on several stages of development, viz.: the era of small production, the era of manufacturing production and the era of modern mechanical production. This last era, marked by the introduction of the factory system, has taken on several phases of development. It began with the individual ownership of social tools, which was followed by the joint-stock or corporation ownership, then trust ownership, and finally this trust ownership will evolve into public ownership, thus completing the industrial evolution and establishing the Co-operative Commonwealth.

¹ Capital, Marx, p. 487.
CHAPTER II.

THE ANALYSIS OF VALUE.

The term value is commonly used to express two different ideas,—value in use, and value in exchange. Every commodity has a use-value; i.e., it possesses utility; but this property is something entirely separate from the amount of labor necessary for its acquisition. Use-values have been called "the material depositories of exchange-value."

Exchange-value has to do, primarily, with quantitative relations,—the proportion or ratio in which use-values exchange with each other. These use-values, which are exchangeable, must contain equal quantities of a common substance. In the exchange of commodities the very fact of an equation shows that there exists in each commodity something common to all; all such commodities can be reduced to a common factor. This common factor is, evidently, not a natural property of products, but something which natural products have acquired, thus making them commodities. Now, what is it that, applied to these natural products gives them value? The answer is, human labor. Here, then, we find the common factor of all commodities. The relation in which one commodity stands to another can only be ascertained by comparison, and comparison can only be made between objects containing something in common. To be sure, all commodities are useful, but utility forms no part of comparison. "Utility," says Ricardo, "is not the measure of exchangeable value, al-
though it is absolutely essential to it.” I can buy a hat which is useful for three dollars, but its usefulness is not the reason I pay three dollars for it. I can buy a pair of shoes for the same price, but the shoes may be worth to me double the cost of the hat, especially if I am well supplied with hats and have no shoes. Again, I can buy a good dinner for one-sixth the cost of the hat or shoes and, if I have had nothing to eat for several days, the dinner would be worth more to me than both hat and shoes combined. The reason why I pay three dollars for these commodities is not that they are useful, but because they embody that amount of human labor; in other words, it would cost three dollars to produce or reproduce them.

It is all-important that we keep these two meanings, in which value is commonly used, constantly in mind. A careless use of words has led many of the old economists to fall into a confusion worse confounded. Adam Smith and Ricardo marked out clearly the distinction between value in use and value in exchange, but Mill and Jevons have hopelessly confounded their meaning, and so value, with many of the lesser lights, has become merely an expression of the intensity of desire. Value, however, in the economic sense, although presupposing utility, has really nothing to do with use-value. Inasmuch as value in use means utility, it has been proposed by some economists, in the interest of clearness, to eliminate the term value in use, substituting utility when referring to qualities, but the term value in use is not misleading if we remember that value or exchange value is never used to express qualities, but only the worth or exchange relation of qualities.

This brings us to one of the fundamental postulates of Socialism,—that labor is the source of all value. Says Rodbertus, whom Prof. Wagner of Berlin calls “the
Ricardo of Socialism, "All economic goods are to be regarded as the products of labor, and they cost nothing but labor." This principle, however, is not peculiar to Socialism, it has been laid down by all the leading economists. Says Ricardo, "The value of a commodity . . . depends on the relative quantity of labor which is necessary for its production."

Says McCulloch: "The cost or value of all freely produced commodities, the supply of which may be indefinitely increased (abstracting from temporary variations of supply and demand), depends wholly on the quantity of labor required for their production, and not upon the rate at which that labor may be paid. . . . This is the fundamental theorem of the science of value, and the clew which unravels the intricate labyrinth of the laws which regulate the distribution of wealth."

Quotations to this effect might be multiplied. In fact, no one ever thought of questioning this principle until the advocates of the present order saw to what use Socialists put it, then Bastiat, the champion of capitalism, came to the rescue and endeavored to invalidate the self-evident proposition. I say self-evident; for is it not? Take any article of merchandise and what is there in it but labor? No argument is necessary to establish this truth; it is axiomatic.

Capital, of course, is used by labor in the production of value, and that part which is consumed passes over and is embodied in the new product. While labor uses capital in production of values, capital is not the source of value; labor alone is the source and creator of all value. When we say that labor creates all value, it is not meant that land and capital are not factors of production, but that labor alone is the active factor, the others being passive. Land and capital are the tools used by labor in the production of utilities. Production
consists in labor modifying the natural products of nature, so as to better fit them to satisfy human desire. In this process capital is always used by labor, never labor by capital.

We need also to make a careful distinction between capital aiding labor in production, and the proposition often put forth that capitalists aid labor. While capital renders labor great assistance and causes it to be immensely more productive, the capitalist is in no way of service. But capital itself produces no new value whatever. Capital,—the instruments of production, machinery, etc.,—like the forces of nature, adds to utilities, and so makes society richer. It does not add to values but always makes values fall. The machine parts with its value in the process of production, and adds proportionately to the value of the new product. After making allowance for the value which it transmits by its average wear and tear and for its consumption of auxiliary substances, such as oil, coal, etc., it does its work, like the forces of nature, gratuitously. Man has thus at last succeeded, as Marx has pointed out, in making the product of his past labor work on a large scale gratuitously.

Mr. Gunton, although not a Socialist, has stumbled on to this fact when he says: "Every improved machine which diminishes the cost of production, to that extent approximates gratuitous natural forces. . . . Capital, whose sole function is to aid and save labor, really sustains the same economic relation to production that natural forces do." ¹

The machine, like other commodities, has its exchange-value and its use-value. It imparts, however, only its exchange-value to new wealth. It serves as a use-value, and so can only transfer such value as it al

¹ Principles of Social Economics, Gunton, p. 124.
ready possesses. It makes no difference how useful a machine may be, if it costs but fifty days' labor it can add only that value to the new product. The machine, like all constant capital, creates no new value. It is evident, then, that labor creates all value.

In the current teachings of political economy, value is a relation between exchangeable things; that is, the relation of value is a relation of ratio, or proportion, of things to things, instead of things to man, or labor. This mistaken point of view has given rise to the misconception that there can be no general rise or fall of values. Of course, all commodities cannot rise and fall simultaneously, in their relation to each other, but they can and do in their relation to labor. And when we speak of a rise or fall of commodities, we mean an increase or diminution in the ratio in which they will exchange for labor. To say that the price of a commodity had risen or fallen because it will exchange for more or less of gold, would have no significance but for the fact that the change in the ratio in which commodities exchange for gold, indirectly expresses a change in the ratio in which they will exchange for labor. The whole difficulty arises from confounding value in labor and value in exchange. Many of the upholders of capitalism are coming to recognize as fallacious this doctrine that value is merely a relation between each exchangeable thing and all other exchangeable things.

Mr. Henry George, in his last book, clearly points out the error of this position. He says: "It makes value dependent on value without possibility of measurement except arbitrarily and relatively, by comparing one value with another; that it leaves the idea of value swimming, as it were, in vacancy, without connection or fixed starting point, such as we attach to all other qualities of rela-
tion, and without which any definite idea of relation is impossible.

"Thus, such qualities as size, distance, direction, color, consanguinity and the like are only comprehensible and intelligible to us by reference to some fixed starting-point, to which and not to all other things having the same quality the relation is made. . . .

"Now, has not also the idea of value some fixed starting-point, by which it becomes comprehensible and intelligible, as have all other ideas of relation?

"Clearly it has. What the idea of value really springs from, is not the relation of each thing having value to all things having value, but the relation of each thing having value to something which is the source and natural measure of all value—namely, human exertion." ¹

¹ The Science of Political Economy, George, pp. 227, 228.

NOTE:—In considering value, of course, we are dealing with such commodities as can be increased in quantity by the exertion of human industry. There are other wares, such as rare pictures and statues, wines of a particular quality made from grapes grown on a particular soil, etc., which have what is called a scarcity or monopoly value; that is, their value is not determined by the amount of labor congealed in them, but purely by demand and supply. These articles are comparatively few in number and so have no real bearing upon the question. Scarcity can create nothing real, so the values that are due to it are unreal ones; consequently, the exception if so it may be called, only proves the law that labor alone creates all real values.

We also need to note here the law of supply and demand. We have seen that the labor required to produce an article measures its value; that is, its primary, natural, or level value. Now the only effect that demand and supply have, is to make the market price vibrate now a little above and now a little below the real value. But these vibrations compensate each other, and, in the analysis of value it should be eliminated. This fact is recognized by the teachers of political economy. Says Ricardo, "It is the cost of production which must ultimately regulate the price of commodities, and not, as has been often said, the proportion between the supply and demand: the proportion between supply and demand.
Value, then, expresses the relation, not of things to things, but of things to labor—the source of all value. As labor is the source of all value it must form the measure of value. How, then, is the magnitude of values to be measured? To this Marx replies: "Plainly, by the quantity of the value-creating substance, the labor, contained in the article. The quantity of labor, however, is measured by its duration, and labor-time in its turn finds its standard in weeks, days, and hours. . . . The labor, however, that forms the substance of value, is homogeneous human labor, expenditure of one uniform labor-power. . . . We see, then, that that which determines the magnitude of the value of any article is the amount of labor socially necessary, or the labor-time socially necessary for its production."  

may, indeed, for a time, affect the market value of a commodity, until it is supplied in greater or less abundance, according as the demand may be increased or diminished; but this effect will be only of temporary duration. . . . The prices of commodities, which are subject to competition, and whose quantity may be increased in any moderate degree, will ultimately depend, not on the state of demand and supply, but on the increased or diminished cost of their production." Says Prof. Ely, "Demand and supply tend to equality, and this tendency operates through price. Prices are lowered and raised in such a manner that a rough kind of equilibrium between supply and demand is brought about. . . . We may say price depends immediately on demand and supply, and secondarily, and in the long run, on cost of production, provided we have free competition; that is to say, provided the flow of labor and capital is unobstructed." Says Mr. Gunton, "Supply and demand are incidental facts, never a controlling principle in the governing of prices of commodities, or of labor." This is well summed up by Marx as follows: "You would be altogether mistaken in fancying that the value of labor or any other commodity whatever is ultimately fixed by supply and demand. Supply and demand regulate nothing but the temporary fluctuations of market prices. They will explain to you why the market price of a commodity rises above or sinks below its value, but they can

\[\textit{Capital, Marx, pp. 3, 4.}\]
We need to keep constantly in mind that the labor which is implied is social labor—the labor-time socially necessary. It is not individual or concrete labor that measures value, but the social or abstract labor. A failure to note this distinction has led many critics of Marx into the gravest blunders. They have assumed that Marx was comparing concrete labor-time, when, in fact, he was comparing only abstract labor-time. As stated by Mr. Sprague: “Labor of all kinds and degrees must be reduced to abstract labor-time before comparison can be made or values measured. The reduction of the different kinds of concrete labor, skilled and unskilled, mental and manual, to abstract labor-time, and the never account for that value itself. . . At the moment when supply and demand equilibrate each other, and therefore cease to act, the market price of a commodity coincides with its real value, with the standard price round which its market price oscillates. In inquiring into the nature of that value, we have therefore nothing at all to do with the temporary effects on market prices of supply and demand. The same holds true of wages and of the prices of all other commodities.” Value, Price, and Profits, p. 36. There are many things which affect demand and supply, or rather which affect prices in their action through the law of demand and supply, such as the laws and customs of society, religion, fashions inheritance and bequest, etc. But all these are incidental causes and are included, or go to constitute, the law of demand and supply. They are the forces which influence demand and supply—the forces at work back of demand and supply which constitutes them what they are. The doctrine that prices depend solely on the proportion of demand to supply or supply to demand, has been the source of much error in political economy. This fallacy is due to a failure to distinguish between monopolized commodities and those which can be indefinitely multiplied. It is only the former whose values are thus regulated,—whose values are determined merely by demand and supply. But such commodities are exceptions, and exceptional cases must not be thought to determine the law of value. In the analysis of value, then, monopolized wares, and the factors of demand and supply should be eliminated.
solving a commodity into this simple, single element, are going on all the while. Value in exchange is the result of these processes of reduction, and, indeed, could have no existence without them.”

Thus by this process of reduction the labor of the artist and that of the hod-carrier is expressed in units of abstract labor-time. One hour’s work of the artist, say, represents five units, and that of the hod-carrier one. Thus all concrete labor can be reduced to units of abstract labor. While the various kinds of concrete labor have different values, the units of abstract labor have equal values. All kinds of labor, then, must be reduced and expressed in terms of the same unit, or quantitative comparison is impossible. “Skilled labor,” as Marx says, “counts only as simple labor intensified, or, rather, as multiplied simple labor, a given quantity of skilled being considered equal to a greater quantity of simple labor.” (Capital, p. 7.) The same is true of professional labor. Quality is thus considered, it being reduced to quantity. Thus a watch may represent, say, ten days of concrete skilled labor, which is equal to thirty days of abstract labor. The common laborer, then, provided he was of the average efficiency, would have to give thirty days’ labor for that which cost the watch-maker but ten days’ labor. The watch-maker, having spent years to acquire his skill, is simply remunerated for this unremunerated period.2

1 Socialism from Genesis to Revelations, Sprague, p. 61.
2 Now note that the reason for different degrees of remuneration is due to the fact that the grades above common labor need to be compensated for the years of apprenticeship and study given to qualification. But it is certain that after Socialism had been in operation a few years and artisans and professional men were supported by society during their years of qualification, then another rule would be applicable. The ratio of differentiation would gradually diminish until all labor would receive equal re-
The manner in which this adjustment is made in present society is expressed by Adam Smith as the "haggling and bargaining of the market, according to that sort of rough equality which, though not exact, is yet sufficient for carrying on the business of common life." Says Ricardo, "I must not be supposed to be inattentive to the different qualities of labor, and the difficulty of comparing an hour's or a day's labor, in one employment, with the same duration of labor in another. The estimation in which different qualities of labor are held, comes soon to be adjusted in the market with sufficient precision for all practical purposes."

This is the scientific law of the measure of value, and as seen by careful analysis, is really the method employed to-day.

Value, remember, has to do with labor in the abstract—the expenditure of labor in general. If the concrete or individual labor were to measure value, we should have as many values for the same article as we have workmen. There are many degrees of efficiency among workmen, and so the values, if determined by individual labor, would greatly vary. It takes some laborers twice as long to do a given piece of work as it does others. Should the man who is dilatory wish the same pay for his time as the man who is more efficient he would likely be told that it made no difference how long it took him to produce a given commodity, inasmuch as the average workman could produce it in half the time, therefore the value of his labor would have to be determined by that of the average workingman. It is the

muneration for equal labor performed. Economic equality is the ideal. It will ultimately be attained. On the question of gradation and remuneration of labor see the author's Modern Socialism, Ch. V.
average labor, then, that measures value; and this not of all labor, but the average of common labor.

Here, note, that the terms simple, common, and unskilled labor are used synonymously; the same with abstract, social, and undifferentiated labor. The latter, however, is but the average of the former; that is, social or abstract labor is the average of common labor—the average amount of common labor required in the production of any commodity.

In the final analysis, then, labor measures all value, even the value of gold and silver; hence, the appropriateness of fixing a definite quantity of labor as a unit of value. This is what Socialism proposes to do. Under the new régime the unit of value would be a social labor day—a day of social labor-time. While there are individual differences in the labor of each workman, these differences, where a certain number of laborers are employed, compensate one another. Thus, if ten men were employed for ten hours the collective working day would be one hundred hours, and although the individual labor of each might vary, nevertheless, since the working day of each is one-tenth that of the collective working day, it possesses the qualities of an average social working day.

To obtain the value, then, of a social labor day, we divide the total product by the number of days worked. Thus, if one thousand tons of coal are mined with one hundred days’ labor—one man working one hundred days or one hundred men working one day—the value of one day’s social labor would be ten tons. This example relates to what is called extractive industries, in which the materials for labor are furnished directly by nature. But in most industries raw materials—objects already embodying labor—are used. These raw materials may form the principal substance of a product, or
may be merely an accessory, and so consumed by the instruments of labor as coal in the boiler. But whenever in the productive process raw materials and machinery are used, the days’ labor embodied in these factors must be added to the living labor in determining the value of the social labor day. Thus, if in the production of two hundred hats there are ten days’ labor embodied in the raw materials, five days in the wear and tear of machinery, and ten days new labor, making in all twenty-five working days, then the number of days divided by the quantity of hats produced would give the value of one day’s social labor, which is eight hats, and, if eight hours constitute a day’s work, the value of each hour is one hat, one hat being worth one hour’s social labor. Now, if the introduction of improved methods made it possible to produce in ten days’ social labor, four hundred hats instead of two hundred, then the ten days’ social labor would consume twice the quantity of materials, and the wear and tear of the machinery would be doubled, consequently, the four hundred hats would embody forty days’ social labor, and the value of each day’s social labor would be ten hats. Now if the productivity of the laborers who produce the other factors of the process is also doubled, so that the improved methods reduce by half the cost of the raw materials and the instruments of production used, it is evident that the quantity of the product would be doubled while the labor consumed in the production would remain unaltered. The number of working days (25) divided by the product (400 hats) would give sixteen hats instead of eight, as the value of a social labor day. Here let it be noted that it makes no difference how the ten working days are divided, whether one man works ten days, two men five days, or ten men one day.

Now this one day’s social labor embodied in hats
THE ANALYSIS OF VALUE.

would exchange for a day’s social labor embodied in any other commodity. If ten men produce twenty pairs of shoes per day, and this includes labor spent in raw materials, etc., then two pairs would represent one day’s social labor, and would exchange for eight or sixteen hats according to the condition of producing that commodity. If by the introduction of new machinery forty pairs of shoes were produced in one day, then four pairs would constitute a day’s social labor, and would exchange for an equal amount of labor embodied in hats or other products.

If one studies the methods of production to-day he will find that the introduction of improved machinery by which, say, forty pairs of shoes are produced in the time it formerly required to produce twenty, would mean that the social labor of manufacturing shoes had fallen one-half. Some manufacturers for a time might continue to use the old methods, but for all that, the product of one hour of such labor would represent but one-half hour’s social labor, and would soon fall to that level. The handicraftsman requires about as much time now as formerly to produce a pair of shoes, but the introduction of modern machinery has reduced by more than one-half the labor required for their production. Although he requires the same time as before, the product of his day’s labor represents but about one-half a day’s social labor, and its value has been reduced in proportion.

Not only is the value of individual labor affected by improved machinery, but also the value of commodities already produced. Thus, if a commodity can be produced in ten hours, and an invention is introduced by which it can be made in five hours, the value, even of the commodity already produced, falls by one-half; it represents now but five hours of social labor instead of ten. “It is the quantity of labor required for its pro-
duction," says Marx, "not the realized form of that labor, by which the amount of the value of a commodity is determined," (Capital, p. 336.) The introduction of a machine, then that would make two articles in the time it formerly required to produce one, would reduce the cost of the articles already in existence by one-half. The commodities already produced would represent but one-half the social labor as heretofore. Remember it is the social labor—the labor-time socially necessary—which measures value. "The labor-time socially necessary is that required to produce an article under the normal conditions of production, and with the average degree of skill and intensity prevalent at the time." (Capital, p. 4.) The socially necessary labor is the average labor necessary to produce a commodity with the use of the implements generally used.

Were the labor-time required for the production of a commodity to remain constant, the value of the commodity would remain constant. The productiveness of labor, however, owing to various circumstances, does not remain the same. If to-day two pairs of shoes are equal to one coat, next year, perhaps, owing to improved machinery, four pairs can be produced in the time formerly expended upon two, and consequently, four pairs of shoes will exchange for one coat. *Vice versa*, the shoes may remain constant and the cost of the production of the coat vary; or both may vary, either in the contrary or in the same direction. However this may be, the value of each is determined by the amount of labor-time embodied. But we need to keep clearly in mind that in the production of a commodity only that time is counted, which, under given social conditions, is necessary. This implies that the condition of labor must be normal, and the material of production of suitable quality, otherwise labor would spend more time in the
process than was socially necessary, and this excessive time would be pure waste, creating no value whatever. Not only must these factors be of normal quality, but the labor-power itself must be of average efficiency.

When we pass beyond the elementary form of value—that form in which but one article is compared with another—we see more clearly the fact that value is a congelation of undifferentiated human labor. Thus, if one coat equals two pairs of shoes, or twenty pounds of coffee, or seven sacks of flour, or five bushels of potatoes, it is evident these commodities are all mirrors of the coat's value. The labor embodied in these commodities are seen to be equal regardless of their form, or manner of production, whether tailoring, farming, etc. It also evidences that, as regards the value, it does not matter under what form its use-value appears, as all kinds of concrete labor embodied in these commodities rank now as so many different forms in which undifferentiated labor is manifested.¹

Let us note in passing that there may be use-value without exchange-value, as where things are not the product of human labor, such as light, air, etc.; also an article may contain labor and still have no value, the labor being useless. Labor can only have value when embodied in useful articles. Every article of value must have utility—must have a use-value.

Value, then, means labor-worth. It is "value in labor" or "value in exertion," and is determined by the quantity of abstract human labor. It is measured by the average labor-time requisite to produce a commodity under average conditions and with average efficiency on the part of labor. The value of any commodity, then, is determined by the quantity of abstract human labor

¹ See *Capital*, Marx, Ch. I.
embodied in it, or required for its production or reproduction.

Use-value has to do only with the utility of commodities. It is intrinsic in, and inseparable from, all commodities. It is a quality attaching to the article itself—a capacity to satisfy human needs.

Exchange-value is the ratio in which use-values exchange. It is the only form in which the value of commodities can manifest themselves. While every commodity contains use-value and value, it can only express the latter when it is brought into relation with some other commodity—labor, or the products of labor. Exchange-value, then, has to do with exchangeability or purchasing-power. It is the "form of expression of the value, as distinct from the use-value, of a commodity."

It is evident from the foregoing that it is not the exchange of commodities that determines value, but, rather, value which determines the proportion in which commodities exchange. A thing is not valuable because it is exchangeable, but, rather, exchangeable because it is valuable. Value is in itself a relation to labor, and because of this relation, labor is the final measure of value. "But," says Adam Smith, "though labor be the real measure of the exchangeable value of all commodities, it is not that by which their value is commonly estimated. . . . Every commodity, is more frequently exchanged for, and thereby compared with, other commodities than with labor."

Thus while labor is always the real measure of value to which all common measures of value must refer, yet for the sake of convenience, people have adopted some result of labor as a measure of value. But it is only because commodities are results of labor that they can be

*The Wealth of Nations, Smith, Book I., Ch. V.*
chosen as common measures of value. The tendency, from the beginning of society, has been to take tangible results of exertion as the measure of exertion. There is scarcely a commodity which has not at some time served in this capacity. The commodity most easily exchangeable became the common medium of exchange, and so the common measure of value.

The manner in which our present money standard arose is interesting in the extreme. In the early stages of exchange the form of value was accidental or elementary. Here the value of one commodity became expressed in the value of some other commodity, as \( A \equiv B \), \( A \equiv C \), \( A \equiv D \), etc., there being as many elementary expressions as there were commodities separate from the first. Now these isolated expressions may be converted into a series, as \( A \equiv B \), or \( C \), or \( D \), etc. This is called the expanded form of value—the sum of the elementary relative expressions. Now if we translate our signs \( A, B, C, D \), into commodities we get, say 1 bushel of wheat = 3 pounds of tea, or 4 pounds of butter, or 25.8 grains of gold. By reversing the series we get what is called the general form of value; thus, 25.8 grains of gold, or 3 pounds of tea, or 4 pounds of butter = 1 bushel of wheat. The wheat here becomes a universal equivalent into which all other commodities find expression. The universal equivalent, however, can be assumed by any commodity. The commodity thus acting becomes the money commodity. Nearly all commodities have at various times assumed that function, but the one which has attained the foremost place to-day is gold. If, then, we replace the wheat by gold in our equation, we get 1 bushel of wheat, or 4 pounds of butter, or 3 pounds of tea = 25.8 grains of gold. This 25.8 grains of gold, under our present system, is the unit of value, and is called one dollar. The unit here is the uni-
versal equivalent in which the value of all commodities finds expression.

It is necessary for the expression of value that there be a relative and equivalent form. You cannot express the value of wheat in wheat. To say that a bushel of wheat is equal to a bushel of wheat is no expression of value. The value of wheat can only be expressed relatively to labor or to a product of labor. Thus when we say one bushel of wheat is equal to two bushels of potatoes, the wheat here is the relative form and the potatoes the equivalent. Gold has now become the universal equivalent, but like any other equivalent it cannot determine its own value. To say that 25.8 grains of gold is worth 25.8 grains of gold is not to express its value. Every commodity must choose some other commodity for its equivalent, for no commodity can stand in the relation of equivalent to itself.

Although all commodities possess value in themselves, being embodiments of human labor, they can only express that value when they are brought into relation with other commodities, or with labor itself. To bring one commodity into relation with another commodity is simply to compare the labor-worth of one commodity with that of the other; that is, to compare the relative value of each to labor, the source and measure of all value.
CHAPTER III.

THE ORIGIN OF SURPLUS-VALUE.

The problem now presented to us is the discovery of the source of surplus-value. The old school of political economy holds that surplus-value arises from the circulation of commodities. This error is due to a confusion of use-value and exchange-value.

In an exchange of equivalents both parties may gain in use-value, but not so in exchange-value. If I make slippers and you make hats there may be a mutual advantage in our exchange. We both part with goods we do not want and receive in exchange others which are serviceable to us. In regard to use-values, in this transaction, the exchange is beneficial to both parties, but in regard to exchange-value, there has been no advantage to either. If I have fifty dollars worth of slippers and exchange them for fifty dollars worth of hats, the act produces no increase of value. The same amount of social labor is embodied in both slippers and hats, and the introduction of money into the process in no way alters the result. The same value for me exists throughout the whole process, first in the form of slippers, then in the form of money, and finally in the shape of hats. The form of value alone has changed; the value remains constant.

"It is true, commodities may be sold at prices deviating from their values; but these deviations are to be considered as infractions of the laws of the exchange of commodities, which in its normal state is an exchange of
equivalents, consequently no method for increasing value.

"Hence, we see that behind all attempts to represent the circulation of commodities as a source of surplus-value, there lurks a *quid pro quo*—a mixing up of use-value and exchange-value." (Capital, pp. 84, 85.)

We see, therefore, that while both buyer and seller may gain in use-values, they do not gain in exchange-value in its normal form, for here the demand is for the exchange of equivalents. But economic equivalents, remember, are not necessarily equivalents of utility. The utility depends upon the different tastes, temperaments, intensity of desire, etc., of different persons. The economic equality of commodities does not depend upon the equality of the utility, but upon the equality in the amount of productive energy expended in producing them. It is self-evident, then, that in the exchange of economic equivalents no surplus-value is created. The ethics of economics demand that all exchange be the exchange of economic equivalents. Under normal conditions all exchanges would conform to this law.

But as the normal form is not always maintained in actual practice,—the effort of each being to get the better of his fellows,—let us raise the question, Is surplus-value created by the exchange of non-equivalents? It is commonly supposed that here lies the secret of surplus-value—the production of commodities and sale of them at an advanced price. Suppose, for example, I buy a commodity for ten dollars and sell it again for twelve dollars, thus making two dollars on the transaction; but after selling I must become a buyer and am obliged to submit to the privilege of the owners of commodities, which I myself have enjoyed, of selling at ten per cent. advance. That which I had gained as seller, I now lose as buyer. Now if all sell their commodities to one an-
other at ten per cent. above their value, the result is the same as though they sold them at their true value. The result is also the same if the process is inverted and the buyer purchases at ten per cent. under value, for here the buyer was previously seller, and, as such, had lost that which he now gains. In the realm of circulation producers are consumers and consumers are producers. It is only as buyers have been sellers that they obtain the wherewithal to make new purchases. To assume that surplus-value arises from excessive prices paid by consumers is to overlook the fact that the consumer is, or represents, a producer, and vice-versa. It is evident, then, that surplus-value, or profits, not in individual cases but the constant and usual profits of different trades, does not rise from selling goods in excess of their value.

Neither is the matter helped by assuming the other horn of the dilemma,—that of a distinct non-producing class. For even here, the selling of commodities in excess of their value, is but getting back from the non-producers a part of the money previously given them.

One last desperate effort is made in support of the hypothesis by pointing out that one man may get the better of another in a bargain, without the latter being able to retaliate. Suppose, it is said, you sell ten dollars worth of slippers, and get in exchange for them twelve dollars worth of hats. Have you not made in the transaction? Yes, but my gain would be some one's loss. The total values, however, would not be effected by the exchange. The only difference would be in the distribution. I have now the twelve dollars worth of hats and my friend the ten dollars worth of slippers. The total values—twenty-two dollars—is the same as before. The sum of the values is not altered by the change in distribution, and consequently, no surplus-value is created.
Neither does the usurer, who exchanges money directly for more money, create surplus-value,—he only draws value already existing into his own purse. No alteration, then, in the distribution of values can create value. Men may swindle each other as much as they desire, and so secure value at the detriment of others, but no new value is created by the process. Our conclusion, then, is, that surplus-value is not created by the exchange of commodities, either of equivalents or non-equivalents. (See Capital, Ch. V.)

How, then, is surplus-value created? In order that we may answer this question, it will be necessary for us to examine the modern method of production.

The value of any commodity is determined, as we have seen, by the amount of social labor embodied in it, and this includes not only the living labor, but also the labor embodied in the raw materials, and that represented by the wear and tear of the instruments used. The values of the means of production—the raw materials and the wear and tear of machinery—are as much constituent parts of the value of the finished product as the living labor itself. But here note, that the values of these factors are no greater after they are joined together than they were before. This is true whether the laborer is his own employer or whether the labor-process is carried on for a capitalist. Out of the addition of existing values no surplus-value can arise. If five days of social-labor are embodied in the raw materials, and, say, one-fourth of a machine, which it cost twenty days’ labor to produce, is used up in the productive process, and the labor-power consumed is ten days, it is evident that the finished product will only be equal to twenty days of social-labor. These values, which were before separate, are now concentrated in one product. The process adds no expanded value. It makes no difference how useful
the raw material or machine may be, they serve only as use-values,—as things of useful properties,—and so can transfer only such value as they possessed previous to entering the labor-process.

The means of production, then, only transfer to the product such value as they lose during the process of production. Thus, if a machine lasts but six days, then, on an average, it loses one-sixth of its value each day, and so transfers this value to the daily product. If an instrument is used up in five years, then during this time its use-value has been consumed, and, therefore, its exchange-value has all been transferred to the product of five years. Experience teaches how long a machine lasts and furnishes the basis of calculation. And here it is worthy of note, that while such an instrument of production enters into the labor-process as a whole, its value is only transferred little by little. In the case of raw materials it is also worthy of note that while their value is always preserved, in some cases a portion of the raw material, instead of all being transformed into a finished product, is wasted in the process. For instance, in spinning cotton, for every thirty-five pounds used, say, five pounds are converted not into yarn but into dust. This waste, however, being inevitable, its value is just as surely transferred to the yarn as the other thirty pounds. Without this waste yarn could not be produced. This transformation, then, of the raw materials and the instruments of labor, produces no additional value. The sum of the values of the factors is the value of the finished product. No surplus-value can be created by the mere adding of existing values. It must be evident, then, that the capitalist can realize no surplus-value if he pays in full for the factors of the labor-process; that is, the raw materials, instruments of production, and living labor. But he buys these factors for the purpose of combining
them and selling at a profit. He must find some factor, then, which can be purchased for less than its real worth—some factor in the buying and selling of which he can make a profit.

It must be clear from the foregoing that no surplus-value can arise from the buying and selling of the raw materials and the implements of labor. The capitalist must pay full value for these; that is, they can only transfer to the finished product such value as they possess—their cost. These factors change their shape during the process of manufacture, but their value does not change,—it disappears in one form only to reappear in another, but with no increase. That which the capitalist pays for these factors is simply transferred to the new product.

But how about the other factor, the labor-power? Can the capitalist purchase this factor for less than its real worth? In order to answer this question intelligently we need to understand how the price of labor-power is determined. Under the present system the laborer is obliged to offer his labor-power for sale as a commodity,—it being the only thing he has to dispose of,—and thus the labor market becomes a branch of the general market of commodities. Now the cost of this labor-power is determined, like that of every other commodity, by its cost of production,—by the standard of subsistence rising out of the customs, etc., of any particular stage of civilization. If, for the laborer to work and reproduce his labor-power, certain foods, shelter, etc., are requisite, then the sum of these necessaries is the cost of production, which, translated into price, equals ten or fifteen cents per hour as the case may be. The laborer by working expends a certain amount of muscle, nerve, brain, etc., which must be replaced. The value of the means of subsistence necessary to accomplish this result, is the marke
The origin of surplus-value. To this, however, must be added—inasmuch as the owner of the labor-power is mortal—that which is necessary to enable him to perpetuate his kind; that is, to raise up a new labor-power to take his place that the market may not be depleted. Thus far I have been speaking of common labor, but skilled and professional labor forms no exception. The special training requisite to these branches costs a certain equivalent in commodities and this enters into the cost of production.

Now the owner of labor-power, like the possessor of any other commodity, sells its use-value and in return receives its exchange-value. The laborer cannot secure payment for the use-value—the real worth—of his labor-power for the reason that the means of production are monopolized by the employer. Not being able to employ himself, he must compete with his fellows in the labor market for an opportunity to work. This competition among laborers forces the wage down to the point of bare subsistence. The employer takes advantage of the laborer's necessities and purchases his labor-power at its exchange-value, which is thus determined by the competitive market. The capitalist, then, having bought a day's labor-power has the use of it for a day. All the wealth that this labor-power creates during the day is appropriated by the employer. That which the employer pays for the labor-power has nothing whatever to do with the amount of value the laborer creates. The laborer's wage is determined by the competitive labor market,—by the cost of the laborer's sustenance,—which equals only about half a day's labor; that is, the laborer produces in one-half day that which will enable him to live the whole day, and keep up his labor-power. The employer, therefore, gives him for his day's labor that which he has produced in half a day. The value of labor-
power and the value which labor-power produces are two entirely different quantities. It is in view of this difference that the employer buys labor-power.

It is labor-power, then, that the capitalist purchases for less than its real worth—less than the value which it adds to the product. The other two factors add no more value to the product than the capitalist pays for them. The value of the product is equal to the labor-worth of the factors of production; that is, the labor represented by these factors constitute the product's value. It is only because the capitalist can buy the living-labor for less than the value which it adds to the product that he secures a profit. The capitalist is thus enabled to take advantage of the laborer because the means of production have been monopolized and the laborer being unable to employ himself must submit to the outrage or starve.

At last we have found the method by which surplus-value is created. It consists in buying and selling labor-power—buying it at its market value, and selling it at its use-value. Surplus-value is the difference between the value of labor-power and the value of labor's product,—between what labor creates and what it receives. This surplus-value, which is exploited from labor, is called fleecings.

The distinction between the process of producing value and surplus-value is in the extension of the latter beyond the former. If the labor-power expended does not exceed the value advanced by the capitalist for the labor-power—the time sufficient to replace the value paid by the capitalist—then only value is produced. But if the process is extended beyond that point, the value created in excess becomes surplus-value. The laborer is obliged to work during a portion of the day to produce the value of his labor-power,—the value of his means of
subsistence. This, say, requires, on an average, five hours' labor, and is called "necessary labor," or "necessary labor time," it being the amount of time necessary to produce his keep. The second portion of the day, although the laborer expends as much labor-power as during the first, his labor is not necessary, as it creates only surplus-value. This portion of the labor-day is called "surplus-labor" or "surplus labor-time." The amount of exploitation, or of surplus-value, equals the amount of surplus-labor. If the necessary labor equals five hours, and the surplus-labor equals five hours, the degree of exploitation, or rate of surplus-value, is one hundred per cent. The laborer works one-half day for himself and one-half day for the capitalist.

There are two ways in which surplus-value can be produced. One method we have already noted,—that of the prolongation of the working day beyond the time necessary to produce an equivalent for the value paid by the capitalist for the labor-power. But another method of accomplishing the same result is to shorten the time of the necessary labor. This adds to the surplus-labor that which is taken from the necessary labor. The former is called "absolute surplus-value" and the latter "relative surplus-value." In order to create relative surplus-value, there must be an increase in the productiveness of labor, so that the means of subsistence, which determines the value of labor-power, will be decreased,—so that an equivalent for the wages is produced in less time. This is the whole purpose of capitalist production,—to increase the productiveness of labor, and so decrease that portion of the day during which the laborer must work for his own benefit. The greater the productivity of labor, the less the value of the commodities, and also of labor-power which depends on the value of the commodities.
Surplus-value and the value of labor-power always vary in opposite directions. The increase of one necessitates the diminution of the other. With an increase in the productiveness or intensity of labor, labor-power falls and surplus-value rises. They increase and diminish in the same quantity but not necessarily in the same proportion, as that depends upon their magnitude before the alteration of labor. Every change, however, in the value of labor-power, causes an inverse variation in the magnitude of surplus-value.

The value created by a day of social-labor is a constant quantity, and is equal to the sum of the value of the labor-power and the surplus-value. If a constant quantity consists of two parts, is it not self-evident that you cannot increase the one without diminishing the other? If the surplus-value rises, the value of the labor-power falls, and vice-versa, but the value of labor-power cannot fall or surplus-value rise without an increase in the productiveness of labor, and this increase of productiveness must affect articles habitually consumed by laborers.\(^1\)

But inasmuch as it is the individual value of necessaries and not the value of their mass that varies with the productiveness of labor, it may occur that both laborer

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\(^1\) This, of course, presupposes that the length of the working day and the intensity of labor are constant. These items are included in a social-working day. It is the average degree of intensity,—the average expenditure of labor-power,—that constitutes a day of social labor time. A change, however, in the productiveness of labor does not affect the value of the day's product. For instance, if a working day of ten hours creates a value of two dollars, and the productivity of labor increases so that the number of products are doubled, the only result would be to spread the value of the two dollars over double the number of products. A day of social labor, then, always creates the same amount of value, regardless of the mass of the products or the individual price of each. The larger the mass, the less the single value of each commodity.
and capitalist may receive a larger quantity of commodities and still the price of labor-power and of surplus-value remain unaltered. If the productivity of labor doubles without altering the ratio between necessary and surplus-labor, it would simply mean that the laborer and capitalist received twice as many commodities as they did before. The total value of the commodities would remain unchanged, but their individual value would be reduced one-half. For example, if ten years ago a laborer received two dollars a day and could purchase with that a certain definite quantity of commodities, and to-day he receives the same wage, but owing to the increase in the productiveness of his labor he can purchase double the quantity of necessities, it is evident, inasmuch as his wages remain the same, that the ratio between the necessary and surplus-labor remains unaltered, and that the result of the increase of the productiveness of labor increases equally the portion of both laborer and capitalist. But now suppose the laborer receives only one dollar a day. One dollar will now buy as much as two dollars did formerly. The laborer, then, is as well off as before,—he being able to purchase as many necessaries as before his wages were reduced. But while the laborer is no worse off, the capitalist is much better off. The necessary labor has decreased one-half and the surplus-labor increased in like proportions.

It is often true that, owing to the temporary resistance of labor, the price of the labor-power does not immediately fall in proportion to the increase in its productiveness. Thus, if the productiveness of labor is doubled, instead of the price of labor-power falling from two dollars to one dollar, it only falls to one dollar and fifty cents. The result would be an increase in the quantity of necessaries, although the value of labor-power has really fallen by one-fourth. Thus the quantity of necessaries received by
labor may increase while the value of the labor-power is falling. This explains the anomaly of the laborer being worse off and at the same time better off. It is due to the fact that the price of labor-power does not immediately fall to the point consistent with its new value. If the laborer is able to resist, or temporarily check, the working of this law,—the falling of the price of labor-power in proportion to its increased productiveness,—he gains an advantage, and, although his labor-power is falling, he is absolutely better off, though relatively he is worse off, and is obliged to submit to greater exploitation. His gain, however, is but transitory, for sooner or later the inevitable tendency will work its fulfilment.

In the past stages of production the productiveness of labor was small, consequently the number who lived off the surplus-labor of others was relatively small. But as the productiveness of labor increased, the necessary labor decreased, and the number living in idleness has correspondingly enlarged. If the laborer must spend the most of his time in producing his necessities, of course, he has but little superfluous time in which to work gratis for others. But without this superfluous time there could be no slave owners, no feudal lords, and no capitalists. The very existence of these non-producers necessitates a certain degree of productiveness in labor; for if the laborer can produce only the means of his own subsistence, there is no surplus-product to be exploited by others.

We here need to note the distinction between the value of a commodity and its capitalist cost of production. The cost of production to the capitalist is the amount of capital expended in production. To him the surplus-value forms no element of value as it costs him nothing; it represents only the unpaid labor of others, and so does not enter into his conception of cost. Value, on the other
hand, expresses not the capital cost but the labor cost. It is the amount of social-labor crystalized in a commodity. Surplus-value, then, is the difference between the capitalist cost and the labor cost of a commodity. It does not arise, as is often supposed, from a difference between the value and the selling price. Here is where the capitalist is often deceived. As he is only interested in the capital which he expends, he assumes, without careful analysis, that a commodity’s cost in capital represents its real and natural value. Consequently, when he sells the articles in excess of this cost, he thinks he is selling it in excess of its value, and so assumes that he himself creates the surplus-value in the process of circulation. But this is erroneous. The fact that he realizes the surplus-value or profit by the process of circulation blinds him to the fact that the profit arises in the process of production, by the withheld wages of his employees.

Now commodities, as a whole, when they leave the factory, sell at their labor cost. But although wares sell at their value, they do not cost the capitalist their full value, owing to the fact that he has monopolized the instruments of production, and is able to buy labor-power at a less price than it is worth. He buys it at its exchange-value and sells it at its use-value, thus making the difference. All profits are a part of the value of goods which the laborer produces, and which the capitalist withholds from him. The price paid for labor-power is less than the value which that labor-power creates, and the difference is capitalist profits, fleecings, or surplus-value.

All surplus-value, then, arises from the exploitation of labor. It has its origin in the wage and profit system of production and distribution. It is inherent in the capitalist order of industry and can only be removed by Socialism.
CHAPTER IV.

ADVANTAGES OF SOCIALISM.

The advantages of Socialism are almost innumerable, and pertain to every department of life. Although the new order has to do, chiefly, with economic relations, still it has many indirect bearings of vast importance. It is my purpose in this chapter to point out some of the more important advantages of the Socialist State.

1. Production.

Under Socialism all the forces would work for a large product, whereas, at present, certain forces strive to diminish production. This is perfectly natural when production is carried on for exchange, for an abundance of commodities would mean small values. Production, therefore, is often checked lest diminished value result from increase of quantity. The interests of society and the interests of private producers are antagonistic. Society wants a large product but producers want high values, and value depends upon a limited supply. Were there a sufficient quantity of any commodity to satisfy all demands, such would cease to possess value. Thus we cannot hope for harmony of interests under our present system. Were production carried on for consumption, and not for exchange, an abundance would be hailed with joy, for the larger the supply the greater the means of satisfying our wants. But so long as the nation depends upon the profit principle to stimulate produc-
tion, just so long will there be an insufficiency produced, for production will be checked at the very point where it begins to be effective. People need never expect to be delivered from want and poverty under the present system, for so long as we produce for profit and sale, it is values that are required, and values are opposed to abundance.

This divergence between individual or class interests and social interests would disappear under Socialism, and all the forces would unite with but one end in view,—the satisfaction of human wants. Society would set all willing hands at work, and the country would reverberate with joyful labor. No poverty, no degradation, no want, but "Peace on earth, good will toward men."

Socialism would secure an abundance in the realm of production by a systematized organization of industry. Let me point out some of the advantages of a right direction of labor in production.

(1) In Local Industries.—Suppose in a city there are 100 carpenter establishments together employing 600 men. The 100 employers spend much of their time seeking jobs and endeavoring to beat each other. They are often in financial embarrassment, and the press of competition is so great that in a time of industrial depression many of them succumb. When in their offices they have much necessary work to do in the way of writing letters, preparing estimates, etc., all of which is necessary but of little productivity. The laborers, on the other hand, are wage-slaves, absolutely dependent, and who, as the result of competition and planless production, are frequently out of employment. Their position is very precarious, resulting in over-work and weariness one week, and idleness and starvation the next.

These 100 employers have as many shops, each of which is equipped with the necessary tools and machin-
ery. Each is also obliged to carry a certain amount of stock on hand in case of an emergency. Under Socialism, in place of these 100 directors, whose efforts are mostly unproductive, we would need but ten at the most. In place of the 100 establishments with their inferior tools, we would have but one large magnificent co-operative factory, equipped with the best mechanical appliances. In place of the 600 employees, who, under competition, are idle much of the time, we would need, in steady employment, but about 200, and these would not be economic serfs, working long hours for short pay, but intelligent workmen, receiving the full value of their toil. Think of the amount of capital and labor in this one industry which is to-day uselessly employed. Socialism would turn this vast array of capital and labor into useful production. What a tremendous saving to society! That which is true of carpentering is also true of the various other industries, such as plumbing, mason-work, printing, tailoring, blacksmithing, etc. Apply this principle of systematization to all these businesses, and what an enormous economy in labor and capital would be effected. I need not dwell upon the advantages of Socialism in this field, for the result is evident.

(2) In National Industries.—By national, here, I mean those industries whose services or products are not confined to the local market.

There were engaged in the manufacture of agricultural implements, according to the statistics of 1890, 910 establishments. The number of employees was 42,544, and the total wages paid amounted to $21,811,761. The total capital invested was $145,313,997 and the aggregate value of the product amounted to $81,271,651, while the cost of the materials used is given at $31,603,265. Now if we allow 5 per cent. of the total capital invested as a fair estimate of the wear and tear of the machinery, im-
plements, buildings, etc.,—and this would be a liberal estimate, as but a small part of the capital is invested in machinery, where most of the depreciation occurs, and add this amount ($7,265,699) to the value of the raw materials used ($31,603,265), and substract the sum from the total value of the product ($31,271,651), we get the net value of the product, which is $42,402,687. This is the value actually added to the raw materials by labor in forming them in finished products. Of this value the laborers receive in wages $21,811,761, and are exploited out of $20,590,926.

Under Socialism these 910 manufactories could easily be reduced to ten large establishments, which, under complete organization and continuous operation, would produce the yearly product at less cost and with one-third the expenditure of labor-force. This would mean the abolition of the 910 manufacturers who, together, appropriate as profits $20,590,926, and the addition of this amount directly to the wages of the employees. But as the number of the laborers under Socialism would be reduced two-thirds, the total value of $42,402,687 would then be divided among 14,181 laborers. This would mean that each laborer would receive $2,990.00 instead of $512.00 as to-day. That which is true of the manufacture of agricultural implements is true of the whole 355,415 mechanical and manufacturing industries. Think of what an advantage this would be, not only to individual laborers, but to society as a whole. Think of the vast army of laborers that would be thus liberated and set at useful employment! The saving here would be enormous.

(3) In Agriculture.—The farmer to-day produces for a capricious market. He has no conception of the commercial demand for his product, nor how much his fellow-farmers are going to produce and sell, although his
success or failure depends upon his rival’s production. He notes that potatoes have been unusually high of late and thinks that a good crop to raise. But his rivals have also been watching the market and have decided to plant their farms to potatoes. The result is over-production and prices fall. Well, our first farmer decides to raise barley next year, as that has been bringing a good price, but thousands have come to the same conclusion and failure results. Thus it ever is under our planless system of procedure. Not only individuals suffer but society also, for economic energy has not been utilized to the best advantage. In contrast with this chaotic method, the Socialist would ascertain the demand, the number of bushels required, the number of acres necessary, and arrange the forces to meet it. This would be an easy matter, for when we deal with productive forces on a large scale the element of chance is almost entirely eliminated. While the crop might fail in one section, it would be abundant in another, and, perhaps, next year, vice versa, but the general average would be maintained. The larger the scale and the more completely organized the production, the less the risk. What an advantage such an organization of agriculture would be to society! Surely such shiftless, wasteful methods as are employed to-day are akin to barbarism.

The advantages of farming on a large scale may be seen in the “Boronza” farms of the west. When all agriculture is organized what a saving it will effect. In place of a hundred farms with their barns, yards, stables, and houses, one of each will suffice. Then what a saving in horses, wagons, fences, tools, etc. And then what a saving in labor; how many thousands of workmen would be liberated and rendered available for other pursuits! In place of the paltry tools of the small farmer there would be the electric plows, hayrakes, reapers, etc., with
which thousands of acres could be cultivated with less labor than it now requires to cultivate hundreds. Agriculture on a large scale greatly reduces the cost of commodities. Mr. Wells, in *Recent Economic Changes*, quotes statistics to show that on ranches of 50,000 acres the cost of raising wheat per hundred pounds is only 40 cents, while on farms of 1,000 acres it cost 92½ cents per hundred pounds. Prof. Fawcett says that "it has been calculated that a steam cultivator would plough a square field of ten acres in half the time occupied in ploughing two fields of five acres each, and with two-thirds the expense." Such are some of the advantages of Socialistic agriculture.

2. Distribution.

If organized production is advantageous, we shall find organized distribution equally so.¹ Socialism proposes to substitute an orderly method of distribution in place of the haphazard one of private enterprise. Under Socialism trade and commerce, as they exist to-day, would be a thing of the past. There would be no buying and selling with a view to profit. The endeavor would be to get goods from producers to consumers with the

¹ The word distribution is here used in the sense in which it is popularly employed. Technically speaking, those who transport and exchange goods are not distributors of wealth but producers. The purpose of production is the satisfaction of human desires, and production is not really complete until wealth is brought to the consumer. But in common speech, those engaged in transportation and exchange are styled "distributers," although in economic phraseology distribution really refers to the division of the product of production among the various factors of production, as wages versus interest, rent and profits. Let us bear in mind, then, that those we speak of as "distributers" are as much producers of wealth, if they are usefully employed, as those engaged in the primary, extractive or formative processes. If we keep this in mind the popular use of the word will cause no confusion.
least possible expenditure of capital and labor. Com-
modities would be transported to great central ware-
houses from which they would be conveyed to the ba-
zaars or department stores, one of which would be situ-
ated in each district or ward. From these central stores
they would be distributed to each in accordance with his
income. Each bazaar would contain an assortment of all
the nation's products, the prices of which would be uni-
form, and the quality guaranteed by the government
stamp.

These ward or district stores need carry but samples
of many wares, all large commodities being kept in
stock at the central warehouses, from which orders
would be filled, thus saving useless handling of goods.
Under such a systematized method of distribution it is
estimated that one-eightieth of the population instead of
one-eighth, as now, would suffice to bring commodities
from the producer to the consumer. This would be a
saving of nine-tenths of the economic force now ex-
pended. That we may fully appreciate how this economy
would be effected let us glance at a few instances.

In the ward in which I reside (Jersey City, Eighth
Ward), there are 189 stores of various kinds. Besides
the proprietor of each there are a host of employees.
Under Socialism all of these branches of distribution
would be assembled in one ward department store.
Under the present system there are these 189 stores to
be maintained, and each of the employers to be remun-
erated for his capital invested and risk involved. This
means that, as his sales are limited, he must charge ex-
orbitant prices for his wares, or make up by short
weights or inferior goods. Then the number of em-
ployees necessitated by this competition (some 400 or
500), could be easily reduced nine-tenths. In fact, the
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number of employers alone would nearly, if not quite, suffice to meet the needs of the district store.

Not only would a saving be effected in the number of clerks, bookkeepers, etc., but also in the delivery system. Think of the present waste involved in the delivery of goods from these various stores! Three or four times as many men, horses and wagons are required as would be needed were the business centralized. The meat markets and groceries, for instance, must have each its delivery system. One supplies one house, another the next, and so on; perhaps five or six supply families in the same block; thus their delivery wagons cross and re-cross each other, all in planless confusion. Socialism would unify the delivery system by doing away with private competition, and thus save this useless expenditure of economic effort. Socialism would effect, in one ward alone, a great saving in labor and capital. But what a tremendous economy throughout a whole municipality!

That which is true of the municipality is equally true of the town. In the town in which I was born and brought up (Tully, N. Y.), there were fourteen stores, several of which were of the same kind, and many kept an assortment of all wares, as drugs and groceries, groceries and dry-goods, as is usually the case in country stores. This means that there were fourteen establishments to be maintained and fourteen employers or firms and their families to be supported by the community. Nor is this all. Each store employed, probably, on an average, two clerks, so that the total number of men, employers and employees, engaged in serving the community (which numbered about 600 people), was, approximately, forty-five. Were all the business concentrated in one department store, at least one-third of the number of men engaged would have sufficed to
meet all the needs. Who supports these useless stores? The community, of course. But why should that little town be so wasteful? Is it less insane for society to support fourteen stores when but one is needed, than for a man to employ fourteen clerks where one would suffice? Think of the waste in this one town, and then think of the number of towns in the country with their thousands of useless proprietors, thousands of needless clerks, and thousands of buildings, all uselessly maintained by productive labor. Socialism would utilize this vast army in productive employment.

3. Elimination of Useless Vocations.

(i) Lawyers.—The members of this class, called by Wm. Morris the "parasites of property," are entirely dependent upon those who enjoy special privileges. The chief cause of litigation is private contract and private capital. With the abolition of these factors of industrialism at least nine-tenths of the litigation would disappear, and consequently the waste involved would be saved. The 89,630 lawyers of the United States would be turned into the field of wealth production.

Whatever litigation arises under the new order would be attended to without the interception of lawyers. Denmark may furnish us a model here in her "Courts of Conciliation," which have existed in that country since 1828. Says Mr. Gronlund, "The distinguishing feature of those courts is that no lawyers are allowed there. All suits whatsoever, without regard to the amounts involved, must, in the first place, be brought before these courts. The judge takes down the oral complaint of the plaintiff and the oral defense of the defendant, and renders judgment accordingly. If, however, either of the parties is dissatisfied with the judgment, the judge
refers the case to the regular courts, in which courts, however, no other evidence is allowed to be introduced but that which was laid before the judge sitting in the court of conciliation.”

Something like this would undoubtedly find favor in the Co-operative Commonwealth. Of course improvements might be suggested. It might be thought well to make the judgments of these courts conclusive; or, as Mr. Gronlund suggests, both plaintiff and defendant might each select a judge, who would take the testimony and confer together, and should they fail to agree on a decision, would select a third judge, and the decision of the majority would be final. In criminal cases the judge representing the State would be selected from among themselves by the judges of the district. This method would do away with the endless evils of our present judicial system. It would abolish the lawyer class—the most mischievous of all classes.

(2) Advertisers.—The vast system of advertising is due to competition. It is necessitated by industrial conflict. Think of the vast army of men and women engaged in this unproductive employment. It pertains to every business. Everywhere you go you are brought face to face with advertisements, attractive and unattractive. They are in every newspaper, every street car, every station, every store window, and posted on nearly every fence, post, barn, and wall. You cannot escape them by remaining at home, for bills of all sizes and shapes are thrust upon you, and even flood your mail. If you order goods, you cannot get at them without taking off wrappers stamped with your dealer’s name and delivered in wagons covered with announcements. There is absolutely no escape from the pursuit of the ravenous adver-

1 Co-operative Commonwealth, Gronlund, p. 215.
But think of the colossal waste involved! This advertising necessitates thousands upon thousands of draughtsmen, printers, paper-hangers, bill-posters, carpenters, mechanics, painters, gilders, etc.

But why all this waste of economic effort? Simply to enable one man to get ahead of someone else. The whole process is selfish and repugnant to any refined taste. However, it is essential to capitalism. It is part and parcel of industrial competition, and the expenditure increases with the fierceness of competition. What a tremendous loss to society! Society is in no way benefited by this expenditure, but rather injured, for it engenders unwholesome rivalry, and begets corruption. Socialism would abolish this useless, unproductive class, and convert its thousands into useful functionaries. Competition necessitates this enormous waste of economic effort; Socialism would prevent it.

(3) Drummers.—Drummers constitute a useless class. "Careful estimates from a variety of sources," says Edward Sanborn, "place the number of commercial travellers in this country at 250,000." He then figures their expenses, salaries, etc., and places the total at $997,500,000. The institution of drumming adds nothing to the aggregate product of the country; it simply increases the price of goods which consumers have to buy, as the entire cost of this useless class is added to the prices of commodities. Neither does the drummer, on the whole, in any way effect consumption, for goods would have to be bought and consumed, drummer or no drummer.

Drumming, like advertising, is begotten of competition. It means that there is not trade enough to go around, and each is trying to secure a portion at the expense of his fellows. This is a wholly selfish procedure, for the success of one means the failure of others. This selfishness and waste is caused by industrial war-
fare. Socialism would set these 250,000 men at useful employment. They would then become producers of wealth instead of mere consumers of the wealth produced by others.

(4) Bankers and Insurance Men.—The institutions of banking and insurance are useful, yea, indispensable, under our present system, but they would be rendered useless by Socialism. Bankers and brokers, for instance, who are the middlemen for debtors and creditors, are necessitated by the system of private enterprise, but would be useless under a system of public enterprise. Socialism would abolish money and consequently there would be no need of bankers to manipulate it. There would be no need of private insurance, for Socialism itself is the best scheme of insurance ever devised. This means that millions of dollars would be saved and thousands of men would be converted into producers. By becoming the universal banker and insurer Socialism would render our present banking and insurance systems unnecessary.

The thousands upon thousands of men thus employed would be utilized under the new régime in productive enterprise. In view of these hosts, now engaged in useless vocations, being turned into productive employment, does the Socialist claim seem Utopian that with the right direction of labor one or two hours' work a day would suffice to supply all with the comforts and even luxuries of life?

Prof. Hertzka, of Vienna, Austria, has shown that the 5,000,000 men of that nation able to work could produce, in a rightly directed society, with the present mechanical appliances, that which is required to support in ease and comfort, and even in luxury, the 22,000,000 of inhabitants of Austria, were the 5,000,000 men to work but two hours and twelve minutes per day for only two months
a year. "Behold," he says, "what time could be spared for study and pleasures, while the cares of life, in so far as wealth is concerned, would be obliterated."

Under Socialism the hours of labor would be continually reduced in proportion to the progress of production. If the introduction of new methods enabled more products to be produced than could be consumed were all employed two hours a day, then the time would be reduced to one hour, and so on until all could be utilized and thus enabled to earn their livelihood. Under Socialism there would be no drones or involuntarily idleness. Everyone desiring employment would find opportunity to coin his labor into wealth. The abolition of these useless callings would be a tremendous advantage in behalf of Socialism.


(1) Railway Corporations.—Railways furnish a good illustration of the waste involved in competition. Take two parallel lines such as the New York Central and Hudson River Railway and the Lake Shore and Michigan Southern, which run from New York to Chicago, and the West Shore and Nickel Plate. These last lines were built to compete with the others, but, as is always the case, they ended by combining. Think of the tremendous expenditure involved in their construction. It is estimated that the cost was two hundred millions of dollars. What a national loss! But this is not all. These lines must be maintained and operated, and the waste here is tremendous! But this is only one instance. Prof. Ely estimates the total loss from the construction of useless railways as a thousand millions of dollars. This is the first cost. Now if we add to this the subsequent expenditures involved, we have a sum
truly enormous. It is estimated that public ownership would save over seven hundred millions of dollars annually.\(^1\) Think of what a saving this would effect in, say, twenty-five years. All of this loss of economic power is the result of our present system.

(2) *Telegraph Companies.*—The telegraph business is another illustration of the waste of competition. Competition has been tried in this country, as elsewhere, but only to fail. Says Prof. Ely: "It is claimed that the capitalization of the telegraphs of the United States, large as it is, does not exceed the amount of capital which has been actually invested. . . . The Western Union, which is the principal company, and which has been the concern to swallow the others, is capitalized at $100,000,000. If we leave out of consideration any other company or companies existing at present, and deduct from the $100,000,000 the $20,000,000 which it is estimated would be sufficient to duplicate the plant, we should have a loss of $80,000,000. This, however, is but a fractional part of the total loss, because we must take into account the needless expense involved in operating the plants which have been ultimately absorbed. No one can tell what the total loss is, but certainly $100,000,000 is an underestimate."\(^2\)

(3) *Gas Plants.*—Gas works also offer an example of the wastes of the present order. Competition in this field always ends in combination and a loss to the city equal to the capital invested in all the unsuccessful attempts. Baltimore, for example, has had some five or six gas companies, which have combined into one company with a capital of $18,000,000. It is estimated that the plant could be duplicated for $8,000,000, which would leave a loss to the city of $10,000,000. That which is true of

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1 See Author's *National Ownership of Railways.*
2 *Socialism and Social Reform,* Ely, p. 119.
Baltimore is true of nearly every municipality. What a tremendous loss to the nation. But this is only the first loss. Think of the economy which would be effected through municipal ownership.

The reports of the eleventh census show that the 742 gas works in this country expend for wages $10,642,794 and for materials $14,037,087. The total receipts were $56,987,290. Thus more than one half the receipts went to pay interest and profits. Socialism would add this surplus to the income of the laborers.

(4) Electric-light, Telephone, and Trolley Companies.—These also illustrate the wastes of the present system. It is not necessary to go into details here; much has already been written upon the subject. All of these monopolies should be publicly owned and publicly operated. Under public ownership there would be economical administration, low rates, better service, and higher remuneration to those who furnish the service,—the laborers. The natural price of any service is the proper keep of those who render the service. This higher remuneration does not mean an increase in the cost of the service, but rather, that the millions now pocketed by idle shareholders would be turned into the pockets of the laborers. Under Socialism the remuneration of those engaged in such occupations would be equal to that which they could earn in any other productive field; that is, a day’s labor in any like grade of employment. The rate of charges would be fixed to cover current expenses, but the public would have no profit to pay as to-day.

(5) Enforced Idleness.—Enforced idleness is another waste due directly to the capitalist system. Statistics show that wage-workers engaged in manufacturing industries, are idle one-tenth of the working days of the year. This enforced idleness of one-tenth of the working
time is equivalent to nearly two millions idle the whole year through. Now as one man creates annually about $900 worth of wealth, this loss of one-tenth of the working time, equal to two millions men, means a loss to society of $1,800,000,000. To this we must add those who are absolutely idle—from one to two millions—and we have an enormous waste of from three to four billions of dollars a year. If we include the enforced idleness in mining and agriculture we have a sum truly prodigious. All this waste is the result of the planlessness of private production. It cannot be remedied so long as industry proceeds in a haphazard and chaotic manner. Socialism would prevent this waste by removing the cause. It would organize industry and utilize all the forces of society for the benefit of all the people.

(6) Strikes and Lockouts.—The number of strikes, according to official reports, from January 1, 1881, to June 30, 1894, was 14,389. The establishments involved were 69,166. The loss of the employees amounted to $163,807,657. The assistance rendered them by labor organizations amounted to $10,914,406, the loss to employers aggregated $82,589,786.

The number of establishments involved in lockouts during this period was 6,067. The wage loss to employees was $26,685,516. The assistance rendered by labor organizations was $2,524,298, and the total loss to employers amounted to $12,235,451.

This by no means represents the total loss. Industries are so interlaced and interdependent that when one suffers all suffer. If laborers receive no wages, their consumption is checked, and that in turn checks production elsewhere. Frequently the whole business of a community is paralyzed by a strike or a lockout. Dealers cannot sell their goods, and so can place no new orders, and thus, factories, perhaps thousands of miles
distant, are obliged to discharge employees, who are changed from producers, and consequently consumers, into non-consumers, and these effect others, and so the evil becomes far reaching and disastrous. All of this waste is necessitated by the capitalist system; Socialism would render it impossible.

(7) *Needless Charity.*—Charity, which is necessitated by the present order, is another waste. Mr. Sprague estimates that this waste amounts to $80,000,000 annually, or $253,591.05 for every secular day in the year. These millions are dispersed every year to alleviate the evils which result from our cut-throat system of competition. Would it not be better to try to remove the cause of pauperism than to simply endeavor to mitigate its effects? The average man, I am sorry to say, is only interested in the methods of charity; he never stops to consider the advisability of rendering it unnecessary. You can interest him in schemes for *relieving* poverty, but not in *preventing* it. Why is this? Is it possible that those able to assist in relieving pauperism, recognize the fact that it is due to the system which grants them special privileges, and that to remove the cause would be to deprive themselves of certain advantages? At any rate, capitalism only wishes to deal with effects, and this it is often anxious to do, as though it recognized its own responsibility and desired, at least, to furnish the linen and salve for the wounds which it inflicts. But it is not enough merely to mitigate evils for which one is responsible. Capitalism cannot thus escape. Men have always been disposed to be merciful toward those upon whom they thrive. In fact, capitalism could not exist were it not disposed, in some measure, to relieve the effects of its own workings. It is the cause of all the social ills from which we suffer. It is much easier for it to throw a few crumbs to those whom it has pauper-
ized than to give up the special privileges which cause the need of charity. The capitalist will do anything and everything but get off the laborer's back.

The capitalist class robs the laborers of billions upon billions of dollars and then returns a few paltry millions, which, in itself, is an insult to labor, inasmuch as it is not returned with apologies but dribbled back as a gift—an act of charity. Such charity bears a close analogy to the old time brigands who robbed and murdered the wayfarers, and then gave a small portion of the plunder in payment for masses for the souls of the departed. These dribblets given by capitalists to found libraries, museums, colleges, etc., although desirable, still are available to but a few of the people. Thousands are too poor to even send their children to school and to all such, free libraries are but a mockery. The first requisite to enable all to enjoy these blessings is the material needs of life. These pre-requisites the people are now deprived of. Socialism would not only furnish the people with these desirable institutions, but would make them available by securing to all the physical basis of life.

The laborers, then, do not ask for charity, but for justice. Grant them this and the need for charity will be removed. Socialism, by granting justice, will remove pauperism, and consequently, the need for charity, and so save to society this vast expenditure.

(8) Idle Consumption.—Another great waste is idle consumption; that is, the consumption of the idle class, not only of luxuries but of necessaries. This class are purely parasites, simply drones in the hive. What they consume is entirely wasted so far as the community is concerned. But the waste is not confined to the personal consumption of this class. They retain large armies of domestic servants and attendants who must be housed, fed, and clothed. Then there are thousands
engaged in the production of luxuries especially for this idle class. All such represent so much waste. The consumption of these people, who but minister to the idlers has the same economic effect as the consumption of the useless class itself. Wealth is destroyed for which no equivalent is given.

The waste of labor and capital connected with the present order of production and distribution, also the waste involved in useless vocations, etc., has already been mentioned, thus saving the need of repetition in this connection. There are also wastes from commercial crises, fraudulent adulterations, needless litigation, useless police and prisons, needless theft and embezzlement, intemperance, insufficiency and want of adaptation of labor, etc., but as these points are considered elsewhere it is unnecessary to dwell upon them here. I simply call attention to them that the wastes involved may be included in the present list.

All of these wastes are inherent in the capitalist system, and the loss can only be saved to society by a scientific organization of industry. Surely a more irrational system than this, which necessitates such prodigious wastes, is difficult to conceive. Competition and waste are convertible terms. One of the most important advantages of Socialism is its economy in wealth production and distribution.

5. Elevation of Women.

Although Socialism is primarily an economic proposition, its effect upon woman and the home life is noteworthy. That Socialism would greatly elevate woman is generally admitted by all. Under the new régime, woman would be placed economically upon an equal footing with man. I do not mean by this that she would
simply have the door to industrial employment opened to her. This, in a large measure, has been attained already, and with the most deplorable results.

The labor of woman to-day in industrial pursuits, means the total destruction of the family life of the workingman. The total number of women engaged in occupations in 1890 was 3,712,144, an increase of 2,066,956 or 125.6 per cent. since 1870. Of this number 3,102,606 were wage workers. Women thus engaged are not free from household duties, it simply adds a new burden to her weary lot. She is torn from her family of little ones, who, perhaps, are entrusted to strange hands, or left to run in the streets, while she seeks the factory to aid the husband in securing the daily bread. In place of the family life thus destroyed, the apologists of the present order are pointing to the day-nurseries as compensatory institutions, which, in reality, are only devised for the purpose of accelerating the separating of mothers from their babes. Do not be deceived by such miserable substitutes. The Socialists demand the abolition of the system that makes it necessary for the wife to aid the husband in eking out an existence. This condition of the family is begotten of capitalism. The introduction of machinery has eliminated the necessity of strength and skill, thus opening the way for the employment of women and children, and so making it possible for them to earn their own subsistence. This done, and the wages of the man could be safely reduced to the level of his own keeping (formerly he had to get wages sufficient to support the whole family, otherwise he could not propagate himself and raise up new labor-power for capitalist use), and thus compel women and children to turn themselves into instruments of exploitation. This has given the capitalist an added advantage by the increase of labor-power in a market already overstocked. Thus
our present system destroys the home, the safeguard of purity and righteousness.

Says Prof. Commons: "To-day, among the poorest classes, home is a travesty. The mother must work to compensate the father's enforced idleness and low pay, and her children come into the world with feeble bodies, broken nerves, and moral impotence. It has been said that to educate a child you must begin with his great-grandfather. More to the point is it that if you would have a people intelligent, moral, and Christian, you must relieve their mothers and grandmothers from poverty and excessive toil. The home is the place where, most of all, environment tells. Overwork for women and children is the physical basis for crime, intemperance, and vice. The youth, the man, or the woman who has grown up in a home—or the mockery of a home—such as this, can never escape from the prison of his own faltering body." ¹

Socialists do not care to heighten the competition in the economic field; it is severe enough already. What they desire is not free competition among the sexes, but special vocations for the sexes. Women are so constituted that certain employments are injurious to them. What we want is suitable employment for women, and reward according to results. This is truly Utopian under the present system. That women should compete with men, in utter disregard of physiological facts, and be obliged to accept less pay for equal services rendered, is part and parcel of our competitive system. But under Socialism women may become public functionaries on an equal footing with men. This would secure to them complete emancipation and independence.

Economic independence and freedom is the basis of

¹ Social Reform and the Church, Commons, p. 39.
all independence and freedom. Such liberty would destroy in toto the matrimonial market. Marriage would cease to be a mere institution for the support or woman. By securing to woman the opportunity of earning her own living, by honorable, pleasant, and fitting employment, you would make of husband and wife loving equals.

Socialists, however, do not expect all women, or even a majority, to earn their own living. What they want is to endow women with the potentiality of economic independence of man. This power, which may be realized at any time, would check much of the overbearingness and despotism often manifested by the "lords of creation." Economic equality between husband and wife would work a transformation in the family. The advantages which Socialism would bring to women are almost inestimable. Surely Socialism would make for the elevation of woman.

6. Proper Care and Training of Children.

There are thousands upon thousands of children to-day robbed of the bright days of childhood, simply because employers can make money out of them. They must become bread-winners. The income of the parents is insufficient to keep them at school, so they must be withdrawn from the school and sent to the factory. It does but little good to pass laws prohibiting child labor. So long as child labor is beneficial to both capitalist and parents, they will conspire to evade the law. About the only saying of Christ that the capitalist finds suitable to his needs is, "Suffer little children to come unto me." This he is not loath to put into practice.

Under Socialism children would not be compelled to
go to work to earn a livelihood, and help eke out the existence of the family. In New York City alone there are 100,000 boys and girls under sixteen years of age earning their own living. There are also 100,000 between ten and fifteen years of age roaming the streets of the city neither going to school nor engaged in labor. Mr. Lucien Sanial estimates that throughout the United States the number of children and youth actually employed for a more or less extended portion of the year in mean, hard, and brain-stunting labor cannot be less and is probably more than 5,000,000. In the United States poverty deprives several millions of children of the opportunity of attending school.

There is no question but that our present system is hostile to popular education, and it furnishes conditions favorable only to the eductation of the few. Socialism would make compulsory education effective; it would remove the incentive to deprive children of instruction.

Our present institutions of learning are commendable, but they are not available to the very class we wish to help. The fault, however, is not in the institutions themselves, but in our economic system, which, although it secures free schools, deprives the poor of the opportunity of utilizing them. Children, to avail themselves of free schooling, must have secured to them the physical basis of life. Socialism would secure to them this basis by giving to the head of the family sufficient income so that his children would not be obliged to resort to the factory to earn their living. Not only does Socialism demand the education of the children, but it proposes to make this demand possible by public assistance, in means, clothing, books, etc., wherever necessary. It is nothing but mockery to the poor to talk to them about free education unless you first make it accessible. Such platitudes are as absurd as it would be for a city council
to pass a resolution granting to the poor of the municipality a good Thanksgiving dinner, and then making no provision for its realization. Socialism would not only secure to every child an education, but it would secure to the adult ample leisure for the cultivation of those tastes which his training had awakened. Were all the able-bodied to engage in useful labor, two or three hours a day would suffice to satisfy all rational wants.

Under Socialism children would grow up as nature intended, and completely develop all their powers, physical, intellectual, and moral. The sacredness of their childhood would be preserved, and their lives filled with joy and blessedness. They would become rounded out into complete men and women.

7. Efficient Directors.

This advantage of Socialism cannot easily be overestimated. Socialism would solve the problem of efficient directors of industry. Under Socialism all appointments would be made from below. Thus in the boot and shoe department, each branch, the heelers, tappers, etc., would elect their own foreman, and these foremen would elect the superintendent. This method would insure capable leaders. The men of each branch are better fitted to select their director than anyone else, because they know the qualifications of their fellows and also the duties they are to perform. When appointments are made from above both of these requisites are often lacking. That the best men would be selected is evident from the fact that it would be directly to the interest of all to have efficient directors. The individual income would depend upon the social product, so they would be interested in securing the most capable leaders that their labor might be directed to the best advantage.
If a man should be placed at the head of a certain department and it should be found out that he was not capable of filling the position, it would make no difference how popular he might be, the very fact that the income of each decreased on account of his inefficiency would be sufficient reason for his recall. Under Socialism the directors would hold office only so long as the interests of their constituents were subserved. We need but look at trades-unions to see the working of this principle. The laborers recognize that some men are more capable than others, and they select these and place their collective interests in their hands. All labor organizations proceed upon the two principles: first, that the direction of social affairs belongs to the capable, and second, that it is the duty of all citizens to assist in that direction by intelligent co-operation. When these natural leaders and guides are found the laborers trust them implicitly, and they are retained as long as they prove true. One of the chief characteristics of laborers is loyalty to leaders. But these leaders cannot, however, become autocratic, because strict responsibility is the very essence of the system. The study of the workings of these organizations will reveal to us the model of the Socialist Republic.

The laborers have already solved the problem of securing efficient directors. The principle which they have worked out will, undoubtedly, constitute the basis of the new order. It is the only way of securing ability at the head of affairs. There is scarcely an industry to-day in which the chief is not inferior to some, at least, of his subordinates. Under Socialism ability would forge to the front.
The solution of this vexed question would be no slight advantage to society. Socialism would solve this enigma by simply abolishing it. Under Socialism money—gold, silver, and their representatives—would no longer exist.

Says Dr. Schaffle: “There is certainly no doubt that within the unified, closed, national economy of the Socialists the present use of metallic money would find no place, and serve no purpose.”

Under the present system of commodity production, money is a merchandise, and must have intrinsic value. But under Socialism vouchers for labor performed would take the place of metallic money.

There are many who propose adopting this principle of Socialism, and applying it to the present conditions. This is illogical. One might as well propose putting on the roof of a house before the frame is erected. The vouchers or labor-checks cannot come into use until the establishment of the Socialist Commonwealth. Under the present system it would be absurd for the government to issue vouchers for labor performed, for the reason that commodities do not belong to the government but to private individuals. Such notes would be purely fiat. But under Socialism, when the State is the sole producer, there would be something behind the notes with which to redeem them. The notes would be issued against the wares produced, and for every note issued there would be wealth behind it. These vouchers, order notes, or labor certificates, would be given by society in return for labor performed, and would represent the full amount of service rendered. For every day’s labor a certificate
would be issued against the wealth created, which would enable the laborer to exchange the note for the product, or for any other commodity containing a like amount of labor-time. He would thus receive the full value of his toil. But under the present system the product goes to the capitalist, who, in turn, pays to the worker order notes in the form of money, only on a portion of the commodities which he has produced. He is thus enabled to purchase but a part of the wealth he has created. Under Socialism, as we have seen, the order notes would be equal to the whole product, thus securing to the laborer the full return for his labor expended.

Socialism would render a great service to society by solving the monetary question. It has engrossed public attention for years, and will continue to puzzle the minds of statesmen so long as capitalism exists. There undoubtedly will be many efforts at revision, but no monetary system is possible that will not cause injustice so long as the present methods of production continue. The question, then, can never be finally settled under the present system. Society must look to Socialism for a solution of the monetary question.


This, surely, is no small advantage which Socialism would bring. Scarcely anything connected with our present order of society is open to greater criticism. For what can be more demoralizing than our system of taxation. The whole system is abominable. It results in wholesale prevarication and dishonesty. Its effects upon public and private morals is disastrous.

Socialism would remove these evils by abolishing the system. There would be no taxes to pay, and consequently none to evade. The Socialist State would de-
rives its revenues from rent of land used by citizens for private purposes and such a percentage added to the cost of wares as would be necessary to meet the social needs. Each would have to bear his share of the public expenditures and none could evade, as at present, his just contribution. Thus the vast army of assessors and collectors could be dispensed with, and set at some useful employment. This is but another of the numerous economies of Socialism.

10. Simplification of Government.

That Socialism would greatly simplify government no well-informed person will deny. Under Socialism government would be purely democratic. The directors of affairs, elected by the people, would simply be the agents of society having the three functions of statistician, manager, and arbitrator. Socialism is not governmentalism—the turning of things over to the State. What Socialists propose is, that the people themselves, democratically organized, shall manage their own affairs. This industrial democracy would greatly simplify legislation. What is the nature of legislation to-day? If you examine our statute books you will find that nine-tenths of the legislation concerns private property as represented by instruments of production. Look at the laws enacted at any session of our legislatures and you will note that they deal chiefly with private interests. Study the records of our courts and note how continually the railways figure in lawsuits. Now compare the privately owned railways with the publicly owned post-office. The postal law is simple and concise, and we seldom hear of a lawsuit connected with this service. We see by this comparison how public ownership would simplify government. The abolition of the private ownership in the in-
struments of production would remove all these laws from our records.

Private ownership of capital is not only the chief cause of legislation, but also of litigation. Abolish private capital and most of the litigation of the courts would disappear. Under Socialism law-making would be reduced to a minimum. The chief cause of the endless laws under which we groan to-day is individualism,—the rule of private employers and private proprietors.

Says Mr. Stephen Maybell: "As ninety-nine per cent. of our laws are the direct product of individualism, to protect it directly and indirectly in its unnatural possessions, and to preserve its order, and to prevent and to decide the conflicts and bitter antagonisms arising continually because of the endless confusion which it causes, it is plain to be perceived that with an end of the reign of individualism there would be a corresponding end of the multitudinous laws which it entails; there would be a simplification of many laws into single laws, and simple justice would prevail where now complexity and confusion confound. If nationalism were to take the place of our millions of petty personal proprietors and employers, their millions of petty restrictions and so-called legal decrees would cease, and their union of interests bring about a union or singleization of laws." ¹

May the day hasten when the simple, honest administration which Socialism will inaugurate shall be realized.

II. Benefits to Capitalists.

Socialism should not be looked upon unfavorably by the average capitalist. Although as a class the capitalists exploit labor out of three-fourths of the wealth it

¹ *Civilization Civilized*, Maybell, p. 33.
creates, still the competitive scramble of the capitalists for the spoil necessarily results in the downfall of the small capitalists. This perpetual warfare among capitalists to see who shall get the largest share of the wealth which they compel the laborers to give up means the bankruptcy of the majority. Only a few are able to retain their gain. That which the small exploiter appropriates soon finds its way into the hands of the large capitalist. As this is the inevitable result of our present system, surely the average capitalist ought to welcome Socialism as a deliverer. It would bring to thousands of them a much needed relief. The mental suffering of many of the capitalist class is continually underestimated. Think of the number of suicides committed by members of this class every year, and then the mental agony which they must have suffered before being driven to seek relief by self-destruction. Nine-tenths of all business men fail! Do you think there is no mental suffering connected with such anxiety? To be sure, there are exceptions. Sometimes men engage in business with the intention of failing and beating their creditors. But in such instances the suffering is not prevented, but simply transferred to the creditors. Socialism would save all this needless wear and tear of body and mind. It would save the capitalist from the harrowing cares and anxieties which now beset him, and the constant fear that he may lose his fortune,—a fear often realized in the heartless struggle of competitive industry. Socialism would guarantee to all an abundance. Each would have sufficient to satisfy his needs, and what more could he ask? If one has a thousand hats he can only wear one at a time. There would be no millionaires under Socialism and no one would care to be immensely rich, for they could not capitalize their wealth and make it a source of unearned income. When persons can only
accumulate a superfluity of commodities, the desire for excessive accumulation will be negativ ed. Each will have enough for the fullest satisfaction of his wants, and after all, is this not the end of wealth production? When the material needs are thus easily and fully met, then all would have time and opportunity to cultivate their higher faculties.

The relief which Socialism would bring to the captains of industry, from the worries, anxieties, and failures of the competitive system, is no small item.

Another advantage which Socialism would secure to this class, is freedom from personal danger. Thousands of the rich live in constant fear of their lives. They know not at what moment they may be struck down by some one who has been embittered by unjust social conditions. You can scarcely take up a daily paper without reading of such incidents. Socialism would eliminate all such fear by removing the cause—poverty.

Again, Socialism would secure to the members of this class freedom from personal annoyance. The man of means is perpetually beset by solicitors and beggars from whom there is no escape. If he take the wings of the morning and fly to the uttermost parts of the earth, behold, even there, the solicitor and beggar await him. These persons, however, are not blameworthy; they are the legitimate products of our present system, and have generally become such through no fault of their own. Socialism would remove all such annoyances by removing the cause.

Once more, Socialism would save this class from the many dangers that beset it. In the words of Timothy, "They that will be rich fall into temptations and a snare and into many foolish and hurtful lusts which drown men in destruction and perdition." Truly, "the love of
money is the root of all evil.” Socialism would save men from this growing evil.

Such are a few of the blessings which Socialism would bring to this class. Why the average capitalist should wish a continuance of this barbaric struggle for existence is beyond comprehension, and can only be accounted for by his prejudice against and ignorance of Socialism.


The benefits which Socialism would bring to laborers are almost too numerous to mention. I can only hope, in this section, to mention a few of the more important advantages that have not been dwelt upon elsewhere.

One evident advantage which Socialism would bring is security in employment. The insecurity and uncertainty of employment is one of the greatest curses of our present system of industry. The rapid increase of new mechanical appliances has created an industrial reserve army which ever serves to keep wages down to the point of merest necessities. This reserve army is a necessary result of the present industrial system. At no time is the laborer sure of his livelihood; he is liable, without a moment’s notice to be thrown out upon the street and himself and his family reduced to beggary or starvation. Under Socialism there would be no problem of the unemployed. It would be the business of the State to look out for her own. It is a recognized principle even to-day that one of the first duties of the State is to protect the lives of its citizens. Logically, this principle implies more than simple protection from violence. Man’s life is endangered fully as much, if not more, upon the economic side. A full application of this principle would protect men from hunger, cold, and thirst, as well as from poison, knife, and bullet. If society is to protect in-
individuals on but one side it might better be the economic than the physical. Give a man a good revolver and he can more easily protect himself and family against physical violence than he can against economic want. Not a day passes but that the number who perish in the economic struggle far surpasses those who fall as the result of personal violence. The duty of society, then, in guaranteeing the life of the citizens, is to secure to each and every member the opportunity to earn a livelihood. If a man has a right to life he has a right to the opportunity to earn a livelihood. This right can only be secured to the citizen when society owns the means of production. Society has not thus far fulfilled its recognized duty of safeguarding the lives of its members. The failure to give to this principle an economic, as well as a judicial application, has resulted in poverty and degradation. Socialism would guarantee to all the basis of life. Society would protect its members economically as well as physically.

To-day what we choose to call civilization divides the industrial army into two classes, the “over-worked” and the “out of work.” The former are kept at their post until they nearly drop from exhaustion; the latter are obliged to subsist as best they can on charitable doles. The members of these two classes are constantly changing, with the result of the loss of skill which inevitably follows the cessation of industrial activity. As the result of this irrational course industrial powers are allowed to deteriorate through misuse. Under the present system we can never hope that the hours of labor will be so reduced that the whole industrial army will be employed, although the productivity of labor would then be greatly increased. Two men working five hours each produce more than one man working ten hours. The shorter the labor time the greater the intensity of labor.
But while the total product would be larger, the share of the capitalist would be less, for then there would be two to live instead of one. It is more profitable, then, for the capitalist to work one man excessively than to employ two at shorter hours. For this reason we have the anomaly of the "over-worked" side by side with that of the "out of work." Socialism would solve this anomaly by reducing the hours of labor to a minimum, thus giving opportunity to all to earn their livelihood, and needed leisure to all which could be devoted to pleasure and profit. Are not these advantages worth the laborers' serious attention?

Laborers now combine into groups for the production of economic goods, but the production is carried on for the sole benefit of the capitalist. As long as they do this and compete with each other for the privilege of doing it, they will remain simply a part of the machinery for the production of private profits. What laborers need to see is that their social groups should produce wares for their own use instead of profits for an employer. Labor would then cease to be a mere adjunct of capital,—a part of the machinery of competing firms,—and would become organized for the purpose of supplying its own needs, and so rendering demand and supply commensurate. Socialism offers laborers the wealth of plenty, every month in the year, in place of this excessive over-work and weariness one month, and idleness and starvation the next.

There is an abundance, even to-day, amidst the flagrant misdirection of labor, to supply every legitimate want. But the wealth now produced is not one-sixth of what might be produced were labor rightly directed, and the wastes of the present order eliminated. Artificial famines are the result of misdirected effort, and would entirely disappear under Socialism. This idea
condition will be realized when the laborers know their own power and become practical enough to cease competing with one another for a livelihood. The laborers would then constitute society, and would be enabled to regulate their labor in accordance with their needs.

Socialism would also benefit laborers in that it will render the conditions under which they labor as agreeable as possible. This means that when the owners are also the workers, the factories will be arranged according to convenience and beauty, and all disagreeable smells, vapors, smoke, etc., will be eliminated. The factories will be well lighted, well heated, and well filled with every requisite of production. Every precaution will be taken against accidents, safe guards and appliances introduced wherever needed. Something is done in this direction to-day, but it is a question of money under the present system. If it will not pay workingmen must be sacrificed. Dividends are more important than human lives! If the owners were obliged to labor in the factories, is there any question but that these needed improvements would be introduced? And when the owners and laborers are united in the same persons, will not the conditions of labor be improved? To ask the question is to answer it. Indeed Socialism would surround labor with such an environment, that even the most arduous tasks would become agreeable and exhilarating. We cannot well exaggerate the benefits labor will derive in this direction. Who will not wish to labor when the hours are reduced to two or three, and the conditions are agreeable. Labor itself would then become a recreation.

Socialism would thus be beneficial to laborers economically, socially, and morally. It would lift them upon a higher plane, and organize them into a fraternity to
work for the common good. Should not every laborer consecrate himself to the realization of this high ideal?

Many political economists are beginning to recognize the validity of our claims. Says Prof. Ely: "Indeed, if the socialistic ideas could be carried out, panics would be impossible. Every new invention, every advance, would accrue to the benefit of all. The greater the product, the greater the value of each day's labor; and each one would receive the full product of his labor, as no capitalist would retain a part. Capital exists and increases, but always remains common property. All could live better; since many fold as much would be produced as now. At present the chief difficulty appears to be to avoid over-production. . . . The great waste of competition, furthermore, would cease with the competition itself. . . . This saving of capital, labor, energy, and talent would benefit all alike. Strikes, then unheard of save as a reminiscence of the past, would no longer be a considerable element in the cost of production. Business failures would cease to impoverish the widow and the orphan." ¹

It has not been my purpose in this chapter to exhaust the enumeration of the advantages of the Socialistic Commonwealth, I have only tried to bring out the more important advantages which would accrue to society under the new régime. I feel confident, however, that sufficient have been mentioned to convince any unprejudiced mind that Socialism is immensely superior to our present cannibalistic system of industry.

¹ French and German Socialism, Ely, pp. 208, 209.
CHAPTER V.

EVIDENCES OF THE MORAL STRENGTH OF SOCIALISM.

I. ITS SPIRIT AND AIM.

The spirit of Socialism is fraternal and its aim is to realize the brotherhood of man in all the relations of life. It recognizes the solidarity of the human race, and would surround men with an economic and social environment that would minister to that ideal.

While Socialism would minister to such self-love as is necessary to the highest endeavor, it would completely destroy selfishness, the essence of all evil. Those who declare competition to be the motive force of civilization usually confound self-love with selfishness. Self-love, which consists of a due care of one's own interests and well-being and which is perfectly compatible with justice and generosity, is not only desirable but legitimate. This principle has always been a motive force in progress, but it must not be confounded with selfishness which consists of an inordinate love of self,—a regard for one's own interests regardless of, or at the expense of the interests of others. While self-love is legitimate and may minister to man's development and the progress of the race, selfishness, the essence of competition, can only retard and degrade. When self-love becomes selfishness it defeats its own end.

Our present competitive system is one of antagonisms, in which the interests of every man are set against the interests of every other man. Under such a system
true altruism is impossible. There is scarcely a field today where selfish interests, begotten by a selfish system, do not dominate. Just as long as it is for man's interest to be selfish and dishonest we need expect no improvement. It is useless to lament the perfidy, dishonor, and selfishness of men so long as we retain a false organization of society. Surely we ought not to expect the law of love to be practiced in the environment of the law of strife. How can we expect men to serve their fellows when such service is injurious to themselves? Sermons will not extirpate the evil, it is too deep seated, it inheres in the system itself. We may preach brotherly love but we ought not to be so foolish as to expect it to be practiced under the present order. Private gain is the cause of selfishness and so long as men can advance their own interests at the expense of others, just so long the root of the evil will remain untouched. Selfishness cannot be eradicated under a system of selfishness.

Socialism would completely destroy selfishness by removing the cause. Selfishness is only possible when one man can gain at the expense of another. Under Socialism no one could thus gain, for the interests of every man would be identical with the interests of every other man. No one could serve his own interests without serving the interests of others, and conversely, no one could injure others without injuring himself. Socialism would make the interests of one identical with the interests of all. It would realize the solidarity of humanity. The unity of mankind can only be realized by this unity of human interests. When society is thus organized, that which is advantageous to one would be advantageous to all. Under such a system the evil of selfishness would be plucked up by the roots; both motive and opportunity would be eliminated. Socialism would thus realize the
brotherhood of man and reduce the Golden Rule to practice.

If the golden age, sometimes called the Kingdom of God—the reign of peace, justice, and plenty—is ever realized on earth, it must be in such an economic environment as Socialism proposes. One may doubt the practicability and even the desirability of the ideal, but he cannot controvert the necessary conditions of its realization.

Thus, peace can never be realized in an industrial system of antagonisms, a system which sets man against man, denies the law of service, and makes the success of one man depend upon the failure of others. There can be no peace where the hand of every man is raised against his neighbor. Man cannot love his neighbor as himself when he is compelled to fight with his neighbor for his daily necessities. The very first requisite of the ideal state is the establishment of harmony in the industrial realm—the substitution of co-operation for competition. So long as competition is the law of industry, just so long men will be arrayed against their fellows. The spirit of competition is war. The spirit of co-operation is peace. Industrial and commercial war, like physical war, begets enmity, strife, and hatred.

Justice, another requisite of the golden age, can never be realized under an economic system that permits, and even necessitates, injustice. The whole wage and profit system is based upon the exploitation of labor. It endeavors to justify competition, freedom of contract, and private capital—principles that have worked the degradation and enslavement of labor. This system perpetuates economic conditions that are unjust and abominable.

Again, plenty will never be realized for all under the present system. So long as production is carried on for
private profit the needs of the people will never be met. Profit demands that production should cease before the needs of the people have been satisfied. An abundance for all means low values, consequently, production is discontinued whenever value is threatened.

These requisites of the golden age, then, can never be realized under our present system of industry. The very principles of capitalism are unchristian and barbaric. Christianity says, "Bear ye one another’s burdens and so fulfill the law of Christ." But freedom of contract between unequals means the freedom of the strong to oppress the weak. Christianity says, "Let nothing be done through strife." "Let no man seek his own but his neighbor’s good." But competition means each man for himself. It is self-interest against one’s neighbor’s interest. Men co-operate in the production of wealth and then scramble to see who will get the most in the distribution. Those who are strongest intellectually or the most cunning gain an advantage over others and secure the lion’s share. These advantages have now been reduced to statute law so that the possessors of these privileges are secure although often intellectually inferior to those taken advantage of. If a man physically strong goes through the streets and uses his strength upon those he chances to meet and appropriates to himself their possessions, he is called an unsafe person to be at large and is straightway locked up. But what is the difference in morals between physical sand-bagging and intellectual sand-bagging? Should the intellectually strong and cunning be allowed to prey upon the weak and innocent? Are we not all brothers? What would you say of a family where the strongest brother was allowed to appropriate all the nutritious food and leave only the poorest, and but a small quantity at that, for his weaker brothers and sisters? This is the method
of our national family. It destroys the sense of human brotherhood and negatives the higher feelings and sympathies. In marked contrast to this, Socialism is all-inclusive. It leaves no residuum unprovided for. It makes ample provision for all dependents,—the weak, infirm, and industrially incapable. Socialism rests the title to the means of subsistence upon the fact that all are members of one race, children of one common Father.

The moral strength of Socialism, then, is evidenced by its lofty aim and spirit. It embodies the highest ideals and seeks to render character supreme instead of cunning.

2. Its Abolition of Business Dishonesty.

The present economic and social environment is not favorable to the development of honesty. Where wealth means so much, is it any wonder that men sacrifice everything for its attainment? To be poor is to be subjected to want, dependence, insecurity, and degradation. I should think this hell enough to satisfy the most orthodox. It is only by the possession of property that one can escape these evils and become independent and secure.

If a man is engaged in the manufacture of a certain commodity he will tell you that he may as well make all he can, for if he does not someone else will. Should he forego the fortune, it would not benefit the poor, for life is a scramble and others will secure what he relinquishes. So men are driven to amass wealth, thinking that they might as well do it as for others to do it. Again, a man knows that he must provide for his family, and perhaps, leave sufficient to keep them in case of his demise. He knows too much of the world to desire to trust them to
the tender mercies of his fellows. He also knows that under this system of grab and greed wealth means success, and every man dreads failure. Is it any wonder, in view of this, that Mammon has so many worshipers? If men are to succeed they must resort to the necessary means. Our present system compels a man to seek his own interest by overreaching others. Men adulterate goods, manufacture shoddy cloth and practice deception simply because it is to their advantage to do so. This has been carried to such an extent to-day that every man is suspected and his word taken at a discount. This is a horrible state of affairs. In fact the whole business fabric is rotten to the core. Its motto is, "Do others or they will do you."

We need not expect that these evils will disappear as long as this struggle for life continues. Just as long as it is for man's interest to be dishonest, we need expect no improvement. Socialism will make it for his interest to be honest. This very same self-interest which is now tearing down morals will then build them up. In fact, most of the offences will disappear for lack of opportunity to commit them. Merchants, manufacturers, contractors, bank presidents, trustees, etc., will all disappear under Socialism, and with them the cheating, fraud, defalcations, embezzlements, etc., which are connected with privately conducted enterprises. Besides, when a few hours' agreeable work will secure to all the needs of life, why should any rational being want to cheat or rob? Surely no one will be tempted to live by crime when he can live easier by honest work. When wealth is no longer a power over men it will not be dishonestly sought. The motive for excessive accumulation will be gone when society guarantees all against economic want and renders it impossible for men to use their wealth to lord it over their fellows.
Business frauds and dishonesties are directly due to our economic system. Separate men from their economic interests and you will find, in the great majority of cases, that they are morally sound. The great mass of men are not bad. If they deviate from the path of rectitude, it is because they are tempted to do so by our false economic system. The little tricks of trade harden the conscience and make men oblivious to all moral duties. The good resolves are frustrated by the temptation of private gain. Here and there men rise above their industrial environment, but we cannot hope for general improvement in business honesty so long as men can advance their interests at the expense of their fellows. The root of the evil is economic. It is the economic form that gives shape and color to social institutions as well as intellectual and moral tendencies. The moral standards produced by our economic system have reduced morality to a matter of social might and privilege. Socialism would abolish the evil by removing the cause. Under Socialism the interest of every man would be compatible with that of every other man. There would be no motive or opportunity for business dishonesty.

"But," says the objector, "you cannot make men honest by legislation." Very true, we cannot directly, and no one expects to. What do we expect, is to surround men with a suitable environment, congenial to honesty. We desire to so reconstruct society that if a man is inclined to be honest he will not have to be dishonest in order to succeed. If a man is placed in an infectious district and compelled to remain there he will become sick. What we might expect to do by legislation is not to prohibit his sickness but to provide for his removal, or the removal of the infectious environment. When we have removed by legislation the cause of the disease the effect will disappear. So when we remove
the infectious environment of capitalism, its evil results will disappear. We need not expect men to become honest so long as the infectious environment of competition, the cause of dishonesty, remains.

Socialism wishes to establish an environment favorable to the development of moral qualities. Environment has a far greater influence than many are aware. Of course, every man feels this in a way. A father seeks to bring up his children in a favorable environment. Many, however, have been prone to slide over this point, for they desire to escape responsibility. No one pretends that a child of the slums has an equal chance with one fortunately situated. Modern science and social experience have shown us the value of environment. Almost invariably a child taken from the slums and placed in favorable environment becomes a good citizen, whereas if he had been left in his old environment he would have become a criminal. It is said that statistics prove that nine out of ten children are saved by a change of environment. While heredity is important in regard to special talents, environment seems to be far more important where moral character is concerned.

I have but little sympathy with those who are constantly raising the hackneyed objection that society cannot be improved or men made honest until we first improve human nature. But the great majority of men are not bad. As I study human history, I am impressed with the fact that men, according to the light which they have had, have done grandly well. The Socialist is the only economist who has studied human nature and whose conclusions are warranted by facts. The old school assumes that avarice is the only motive of human action. This is false. Man is inherently good, not bad. He will do good for his own sake, but not evil unless for the sake of gain. Man is a creature of circumstances.
What he is depends largely upon his surroundings. Human nature is plastic, like the clay in the hands of the potter. The shape into which it is moulded depends upon the force of circumstances. Human nature properly environed will be pure and fruitful. Nearly all the evils and wrongs attributed to depraved hearts are due to our economic struggles and inequalities. Business dishonesty will not be eliminated so long as the present industrial system remains.

3. Its Restriction of Divorce.

The grounds for divorce are usually given as adultery, cruelty, desertion, and drunkenness. While these may be the immediate ground for divorce, we must go deeper to find the real cause. We wish to know the cause of the estrangement which thus manifests itself. There must be some antecedent cause to these proximate grounds for divorce. To say that adultery, cruelty, etc., are the main causes of divorce and stop there, is to offer no solution to the problem. These evils are undoubtedly the immediate cause, like the last straw that breaks the camel's back, but the real cause which has led to these evils lies deeper.

Mr. John Bascom, in his Social Theory, has indicated the chief cause of family discontent which leads to broken vows and the legal grounds for divorce. He says: "Marriages under the stress of expenditure that presses hard on the means of support, tend obviously to increase those occasions of discontent which issue in estranged feelings and broken vows. In the report referred to, the average period of marriages which have led to divorce is given as 9.17 years. This long period shows that divorce is not, in the majority of cases, the result of sudden freaks, violent passions, or ungoverned lusts,
but of a failure to win permanently the conditions of an enjoyable life. The household has not coalesced under the activity and growing interests of the household. The moral forces have been weakened and worn away by the perplexities and vexations of the mere process of living.” Mr. Bascom here intimates that economic conditions are the chief cause of divorce. The primal occasions of discontent which issue in estranged feelings and broken vows—adultery, cruelty, desertion, and intemperance—are largely due to the struggle for existence. Says Prof. Ely, “It would further appear from investigation that the chief causes of divorce are economic.”

Laxity of laws in some of our States have often been regarded as a cause of the increase of divorce. But these laws are rather effects than causes. Carrol D. Wright has shown that eighty per cent. of those divorced are divorced in the State in which the marriage took place. Now if we bear in mind the changing character of our population we see that the number of those who have sought a State for the purpose of availing themselves of lax laws is very small. As a matter of fact, loose laws, instead of being a cause, are but an effect of the disease itself. The chief cause of divorce, then, is to be found in our economic system. Socialism would surely restrict this growing evil.


Prostitution is one of the greatest curses that infest modern society. This hideous ulcer, which places the seal of death upon civilization, is winked at by the greed that demands of women that they sell their bodies, or content themselves with the wretched hovel and its accompaniments of squalor, filth, and want. Such is the alternative presented to thousands of women by competi-
tive industry. Driven from home by economic need they seek the factory and are there ruled by masculine avarice and sensualism.

Says Frances E. Willard, in an address at the World's Convention of the W. C. T. U., held in London, England, in 1897: "Poverty and dependence are the curse of women and all the world. In the hunger that cries out for bread, and the cowardice that cannot cope with death, which lead women to that awful commerce so much worse than death could be, which is the fountain of disease and diabolism to men and women both, as they find it; and which is far worse even than that awful blight of African slavery which was characterized by Dr. Livingstone as 'the great open sore of the world.'"

Prostitution is the inevitable result of our present economic system which forces helpless women to earn their living in the factories, shops, and mines. Here they are taken advantage of and offered wages too light for their support, and then pointed to prostitution as a means of supplementing their incomes. The increase of female labor is everywhere accompanied by an increase of prostitution. Working women are paid so low that they are compelled to prostitute themselves or starve.

In speaking of the stores of New York the "Working Woman's Society" states: "The average wages do not exceed $4.50; and in one of our largest stores the average wage is $2.40, in another $2.90. The tendency in all stores is to secure the cheapest help; for this reason school-girls just graduated are much sought for, as they having homes can afford to work for less. But a large proportion of the saleswomen either pay board or help support a family; and how can this be done on $4.50 per week? The cheapest board in dark stuffy attics or tenement houses is $3.00, fuel and washing extra; and
no woman can pay doctor's bills and maintain a respectable appearance on what remains. How then does she live? There are two ways of answering: The story of a woman who worked in one of our large houses is one way. This woman earned $3.00 per week; she paid $1.50 for her room, her breakfast consisted of a cup of coffee; she had no lunch; she had but one meal a day. Many saleswomen must be in this condition. The other answer is that given by more than one employer who when saleswomen complain of the low wages offered, reply: 'Oh, well, get yourself a gentleman friend, most of our girls have them.' Not long since a member of our Society received a letter from a salesman in a certain house, which read thus: 'In the name of God, cannot something be done for the saleswomen? I am a salesman in ——, and I have walked in disguise at night upon certain streets to be accosted by girls in my own department—girls whose salaries are so low it was impossible to live upon them.' A painter told us that in working in the houses of ill-repute in the vicinity of Twenty-third Street, he was astonished at the number of women whom he recognized as saleswomen in different stores, who frequented these houses.

Prostitution and low wages go hand in hand. A large part of the working women in our cities do not receive sufficient wages to enable them to meet the urgent needs of life. They must seek supplementary assistance in prostitution or accept the consequences of physical and mental distress. The present system puts a premium upon vice and a ban upon virtue.

What is the remedy for this dread evil of prostitution? The abolition of the wage-system which means the abolition of poverty and dependence. It is the exploitation of the women workers that causes them to sell their bodies for money. They thus endeavor to secure suffi-
cient means to enable them to eke out their scanty income. They are obliged to make up, at the cost of their womanhood, the amount of wealth which the capitalist fleeces from them.

Socialism would abolish prostitution by lifting women above the power of individualism. It would abolish the wage-system and secure to women workers steady employment and the full product of their toil. By placing woman upon an equal footing with man, and placing both above dependence upon the cupidity and avarice of others, manhood and womanhood would blossom as the rose. Give to women the opportunity of well-being in virtue, and prostitution will become a thing of the past. This social evil, then, has its roots in injustice—the injustice begotten by the private ownership of the means of production, which enables some to take advantage of their fellows. Socialism will remove the cause of prostitution,—the degradation and poverty wrought by the wage and profit system. The abolition of the proletariat class implies the abolition of prostitution.

5. Its Elimination of Crime.

Crime is against the State. It is chiefly the result of social institutions which work injustice. Enforced idleness and poverty, inevitable under the present system, are the chief causes of criminal acts. Much testimony might be adduced were it necessary to show the responsibility of society in this direction. The unanimous verdict of those who have made criminology a careful study is, that the great majority of criminals are susceptible to moral influences and that their life of crime is due to force of circumstances.

Society offers upon every hand varied temptations to commit criminal acts. To steer clear of these tempta-
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It would be to steer clear of society itself. To avoid temptation would mean to avoid being unfavorably born, to avoid being poor, to avoid trade and manufacture, in short, to avoid all the avenues of life, because they are all fraught with divers temptations. These temptations are part and parcel of our present system. They are the result of the economic principles of private capital, freedom of contract, and free competition. The working of these principles crushes thousands upon thousands of our fellow beings and it is from this class that our criminals are chiefly recruited. Those crushed by competitive industry or displaced by perfected machinery and the concentration of capital, have nothing left them but to beg, steal, or prostitute themselves. It is this class which constitutes the slums, and it is the slums that breed eighty per cent. of our criminals. Think of it! Every day in this country witnesses twenty suicides, thirty-five murders, and forty-two bankruptcies. The cause of these evils inheres in our economic system. Poverty is the chief motive to crime and with its abolition crime must become a thing of the past. Says Prof. Commons: "Involuntary idleness and irregular employment are the antichrists of to-day that drive men and women into crime, intemperance and shame." It is conceded that Socialism would provide steady employment and, consequently, would remove this cause of evil.

The ablest defenders of capitalism concede the advantage of Socialism in eliminating crime. In speaking of Socialism Dr. Woolsey says: "There would be no tramps, no public beggars, and no strangers coming to steal. . . . In fact, the eighth commandment would be far easier to keep than in society as it now is. The sixth commandment, too, might also lie on the shelf . . . then a number of crimes, such as forgery, embezzl-
ment, counterfeiting—all crimes, in fact, against property, and many of those which injure the person, would be much limited in their sphere of operation."

Socialism does not claim any presto-change of making saints out of sinners. What it does claim is that good conditions produce good results, and vice versa. By establishing good conditions men would be prevented from becoming monopolists, fire-bugs, burglars, train-robbers, murderers, etc. Our present system breeds every species of criminals by the wholesale. Unhealthy conditions create both physical and moral disease. Socialism would establish conditions that would remove both the temptation and opportunity to crime. This elimination of crime is another evidence of the moral strength of Socialism.

6. Its Prevention of Intemperance, Insanity, etc.

Science is showing to-day that intemperance, insanity, etc., are not only individual diseases but social diseases. Man differs from the animal mainly in his nervous system. It is this which makes him a social animal. The nervous system is carefully balanced and easily disturbed. Maladjustment with society places the individual on the verge of nervous degeneracy. As the result of this condition the nervous system calls for some anaesthetic, which, perhaps, previous experience has shown is capable of quieting the nerves.

Now that which unbalances the nervous system is the direct cause of these evils of intemperance and insanity. These are but the manifestations of the maladjustment. Intemperance, for example, from the standpoint of the nervous system, is an excessive use of some anaesthetic, such as alcohol, opium, chloral, ether, etc. Any cause
that unbalances the nervous system gives rise to the feelings of unrest and irritability, and creates an irresistible craving for some anaesthetic. This craving is the demand of the nervous system. It is not due to any pleasant taste of alcohol—man wants the intoxicant not for the taste but for the intoxication.

Inebriety is a disease of the nervous system, due to some structural defect in the substance of the nerves or brain, and the same is true of insanity. The causes of these diseases may be classed as predisposing and exciting. The former are those which render the body susceptible, the latter are those which excite the outbreak in persons previously predisposed.

Now what are some of the social and economic conditions that cause this unstable or diseased nervous system? Prof. Commons mentions four primal causes of intemperance, and that which is true of intemperance is true of all the social diseases. He says: "Diet, sanitary conditions, and occupation, combined with heredity, are the most far-reaching of the predisposing causes of intemperance. The diet of the rich may be too luxurious, and that of the poor unwholesome, insufficient, and innutritious. The nervous system is not sufficiently nourished, and there is a craving for something to stimulate and soothe. The salted meats and the adulterated groceries of the poor, together with their ignorance of cooking, are probably a co-operating cause for more than half our intemperance. Children are brought up without wholesome or sufficient food, their bodies are starved and puny, and when they grow older and are compelled to work, their strength cannot withstand the nervous strain. Intoxicating drink is their inevitable refuge."¹

Prof. Ely, in speaking of our crowded cities, says:

¹ Social Reform and the Church, Commons, p. 108.
“Here we find industrial and social conditions which force us to believe that, until they are remedied, we can look for no lasting growth of temperance or strengthening of character: on the one side, immense wealth, with its temptations of pride and luxury; on the other crowded tenements, hot and noxious in summer, always loathsome and repulsive, occupied by those who do not know whether they will find work that day or not. . . . An important reason for the craving for intoxicants, as is shown by one of the foremost of American physiologists, is the lack of sufficient food or of a sufficient variety of wholesome food, and especially poorly cooked foods.”  

Dr. Kerr, in speaking of sanitary conditions, says: "Ill-ventilated and over-crowded dwellings, from the vitiated state of the air within them, occasion a languor and sluggishness which lead to functional derangement, and produce a profound feeling of depression which, in many cases, predisposes and excites to intemperance in alcohol."  

The occupation chiefly determines both diet and tenement. With professional and business men the high pressure of competition creates nervous irritability and leads to the use of intoxicants. The working classes are also led to the use of stimulants by long hours, unsanitary surroundings and monotony of employment. These causes may be summed up in the one word, environment. Men crave for drink when their system is out of order as the result of overwork, worry, unhealthy surroundings, loss of sleep, foul air, etc. Men who lead a cheerless life amid gloomy surroundings seek for excitement such as is furnished by the saloon. The appetite is

1 Outlines of Economics, Ely, p. 239.
2 Quoted by Commons in Social Reform and the Church, p. 109.
formed and it is transmitted through inheritance. When I think of the surroundings of the poverty-stricken masses, their lives of unrequited and monotonous toil, I do not wonder that men are driven to drink. Give the people healthy and decent houses, pure and wholesome food, and intemperance will rapidly disappear. If the children of the better class were placed in the slums and compelled to live there, they would become transformed into the likeness of their environment, and their children would be moral and physical renegades. To expect children born and bred in such surroundings to grow up into true and noble manhood and womanhood is to expect greater miracles than those recorded in the legends of the past.

The last cause given is heredity. Upon this Prof. Commons says: "The overwork of mothers in factories and sweatshops is the very hothouse of drunkenness for generations to come. Whatever bequeaths a defective or deficient nervous system will predispose the inheritor to inebriety."¹

The real causes of intemperance, then, lie in our perverse social and industrial system. Intemperance cannot be eradicated so long as that condition which may be summed up in the word, poverty, exists. Says Mr. Gunton: "It is true that drunkenness, like pestilence, tends to increase poverty, but the former, like the latter, can exist only in the social and sanitary atmosphere which poverty makes possible. Drunkenness is as much a social disease as cholera and small-pox are physical diseases. Indeed, they are both primarily due to the same general economic causes—poverty and its consequent degrading social and unwholesome sanitary con-

¹ Social Reform and the Church, Commons, p. III.
ditions. . . . Drunkenness, like all other social diseases, has its tap root in economic conditions.”

It is indeed true that an intemperate worker is often poorer than other laborers who are temperate. But the whole question is one of relative poverty within a class. The fact of their being wage-workers reduces them to a condition of poverty. Even the most temperate can barely make ends meet. As a whole, the wage-earning class exists upon the border of destitution. It is this condition of poverty and dependence that predisposes them to intemperance. Intemperance is thus not the real cause of poverty, poverty is begotten by our unjust economic system. If all were temperate they would still be poor, by virtue of the fact that they would be still dependent upon the monopolizers of the means of life. But this does not mean, of course, but that men who are poor often become destitute through intemperance. The condition of poverty is what breeds intemperance. Says Frances Willard: “Twenty-one years of experience have convinced me that poverty is the prime cause of intemperance.” The same is true of insanity. There are some thousands of people in the United States who go insane every year for want of proper food and clothing. What a disgrace to civilization!

The remedy for inebriety and insanity, as for other social evils, is in the abolition of our present industrial conditions. These evils are constantly increasing, and will continue to multiply so long as the present system exists.

This system predisposes vast multitudes to intemperance, insanity, crime, etc. It bequeathes to posterity a perverted and diseased nervous system which renders

1 Wealth and Progress, Gunton, pp. 208, 211.
them suitable subjects of these evils. There is no remedy sufficient to effect a cure but the abolition of the present system of industry. Thus science points out to us the only way to social salvation. The social problem, in the last analysis, is merely the problem of wealth production and distribution. Owing to the organic nature of society this problem ramifies in all directions. Society is an organism, and just as when the physical organism is diseased the symptoms manifest themselves in various directions, so when the social organism is diseased, the symptoms take on various forms, expressing themselves as intemperance, insanity, crime, pauperism, etc. All of the symptoms evidence a diseased body economic.

We have now presented some of the evidences of the moral strength of Socialism. Is it not clear that the new order would realize a higher morality?
CHAPTER VI.

POVERTY—ITS CAUSE AND CURE.

That a vast majority of the human race is in poverty none will deny. So true is this that it is mere childishness to discuss the question of whether they are in some way better off than their forefathers. Surely they are poor enough, and we need not enter into any lengthy argument or statistics to substantiate the statement. Millions of people in this country always exist on the border of destitution. This is evident when we realize that only four and one-half per cent. of the national wealth belongs to fifty-two per cent. of its population, constituting seven millions of families. There are millions of people working under conditions and living in homes that are disgraceful. Millions of honest, industrious people are badly fed, clothed, and housed, and thousands die every year of preventable disease. We all recognize this fact and know, if we will stop to think for a moment, that there is no excuse for the existence of this hell of poverty. No God or devil is responsible. We are in Gehenna simply because we have kindled the fires, and are either unwilling, or too stupid, to put them out.

We are surrounded by abundance of every kind. In fact, we have an overflow of products; so much so that the poverty from which we suffer is born of plenty. What an anomaly! Overflowing storehouses on the one hand; starvation on the other: the people of this fair land in need of the common decencies and necessities of life because too much has been produced. Amer-
ica, with all its inventiveness, the one country where we should expect to find continuous prosperity, is so plunged in degradation that in the great State of New York, in 1897, 2,551,455 persons, one-third of the inhabitants, applied for and received charitable aid. This included only the number assisted by those associations organized under the State laws, and so obliged to report to the Commissioner of Charities. If the aid rendered by church organizations and other benevolent societies were included the number of recipients would be increased at least fifty per cent.

There are many causes assigned for poverty,—intemperance, improvidence, over-population, idleness, private ownership of land, etc. But none of these supposed factors can be dignified by the name of cause. Each, however, may be such in some measure. Thus, the intemperate proletarian is often more indigent than his more temperate co-workers, and the improvident laborer is often poorer than his fellow who exercises the habit of thrift and self-help. But the whole matter is one of relative poverty within a class, who, by the very virtue of their being members of that class, are necessarily reduced to a condition of dependence. Even the temperate and provident laborer, by the most rigid economy, can no more than make the ends meet. That these virtues give him an advantage over his competitor no one can doubt, but his superiority would cease should all emulate these qualities. Those who attribute poverty to these causes overlook the fact that many are both intemperate and improvident and at the same time wealthy.

Says Herbert Casson: "In spite of the greatest extravagance and laziness, there are millionaires who cannot get poor; and in spite of the greatest industry and thrift, there are workingmen who cannot get out of debt." The fact is, the workers as a class are poor,
PRINCIPLES OF SCIENTIFIC SOCIALISM.

while the idlers are rich. Twenty thousand people, all of whom are idlers and nearly all intemperate, own one-half of the United States. On the other hand, there are millions who, in spite of their industry and thrift, now occupy poorhouses and tramp-lodging houses. They have worked from their earliest years like slaves and now are obliged to suffer the miseries of a penniless old age. To ascribe poverty to idleness, improvidence, intemperance, etc., is but adding insult to injury. The fact is, these conditions are begotten by the wage system.

Mr. John Bascom, speaking of the wage system, says: "Its disadvantages are both economic and social. The workman ceases more and more, under this system, to be an intelligent, interested, and responsible partaker in production. This attitude favors in him indolence, indifference, and improvidence. It very much limits that training in forecast and patience which well-ordered industry is fitted to give. In the lower ranks of labor, this indolence and indifference prevail to a degree which frequently compels the employer to work his men in gangs with an overseer. Thus the wages of one man, whose duty it is to keep at work a group of five, ten, twenty, are deducted from their wages." ¹

Mr. George Godard, in his book on Poverty, assigns the following causes for poverty. Insufficient production of necessities, industrial waste, unequal distribution of wealth. The latter, however, as he points out, is the chief cause, and even gives the latitude to the other causes. In conclusion he mentions a fourth cause, poverty as a cause of poverty, which is somewhat paradoxical in form. Here the effect in turn becomes a cause. Thus, if insufficient production leads to poverty, poverty also leads to insufficient production. Laborers, to be

¹ Social Theory, Bascom, pp. 232, 233.
efficient, must be intelligent, well-housed, and well-fed. The poorer the laborers the more ignorant, and consequently the less efficient.

Again, if waste is the cause of poverty, poverty is also the cause of waste. Poverty engenders improvidence and recklessness. A weak mind is not conducive to foresight and thrift.

Once more, if unequal distribution produces poverty, poverty produces unequal distribution. The poorer the people are, the more dependent they are and the less able to secure the full value of their toil. It is because laborers have been separated from the instruments of production that they are obliged to submit to excessive exploitation. The laborer possesses nothing but his labor-power to sell, and must, of necessity, accept the price fixed by his employer. It is thus that this cause tends to perpetuate itself; poverty breeds poverty. The unequal distribution of wealth, which is the essence of our present system, reproduces the conditions which perpetuate this unequal distribution. When men are dispossessed of the instruments of production and become proletarians, there is little or no hope of their ever regaining their independence. They are obliged to compete with each other for an opportunity to earn a livelihood, and this necessity, caused by their poverty, results in increasing the disparity in the distribution of wealth. Thus, unequal distribution, when once established, tends to aggravate the evil. Poverty so weakens men in the industrial conflict that they are unable to secure their just deserts.

All of these causes mentioned by Mr. Godard are inherent in our present economic system. The private ownership of the instruments of production results in labor exploitation, insufficient production of necessities, waste and the unequal distribution of wealth.
Private ownership, then, is the real cause of poverty, and the only way poverty can be abolished is to make these instruments of production common property. This is evident if we examine the present structure of society.

Let us look at the make-up of modern society. In the first place we note the capitalist class or non-producers. To be sure, many capitalists combine the privilege they enjoy as capitalists with the office of super-tendency, and if so, they are entitled to remuneration. Again, capitalists often perform useless labor, as the manipulation of stocks, but such exertion creates no value. Their whole effort is to appropriate values already created. Their labor is not only useless but deleterious, of the same nature as that of a burglar. No one claims but that the thief labors, and often very hard; his work is performed in the night, and amid great risk and anxiety. But his whole effort is detrimental to society, for he is only endeavoring to appropriate wealth which belongs to others. The same, in effect, is the effort of the stock speculator; he also appropriates the values others have created. This entire class is a burden upon society just as paupers are. They produce nothing but consume enormously. One millionaire is a greater burden upon society than five hundred paupers.

Then there are those engaged in manufacturing. Many of these people work quite hard but much of their labor is useless. Those engaged in commerce and manufacturing spend most of their energies in fighting among themselves to secure the largest portion of wealth which they have compelled the working class to give up. This constitutes prodigious waste. There are many times more men engaged in the production and distribution of wealth than is necessary. Under a rightly ordered system three-fourths would be saved in the realm of production and nine-tenths in the field of distribution.
Think of the useless stores and shops with their useless proprietors and clerks. All of this host of men and women are living at the expense of the real producers.

Then there is the professional class, such as the doctors, artists, and literary men, although they are useful to society, still they consume out of all proportion to their due share. There are others such as lawyers, who produce no wealth but are the hangers-on of the privileged classes. There are many others of this species, such as the thousands engaged in banking, insurance, drumming, competitive salesmanship, advertisers, canvassers, etc., etc. Here is a host of men and women uselessly employed, who must be supported by the real producers.

We now come to the real producing class. But not all labor is useful. Many laborers are engaged in producing things which only the rich can buy, which can minister only to luxury and folly, and which people living manly and uncorrupted lives would not think of requiring. Such products are not wealth but waste. Laborers engaged in the production of such products are not usefully employed. If ten men are working on a piece of ground and are able to live comfortably off the product of their toil, but by some means one man gets sole possession of the land, and so becomes able to appropriate one-half of the labor of the others, this advantage gives him more than he can consume, and so he withdraws four of the laborers and sets them to work at building him a castle and pays them out of his surplus product. Is it not evident that the remaining workmen will have to labor twice as hard as they did when all were engaged in the cultivation of the soil? There are now the same number to consume necessaries, but only one-half the number to produce them. All laborers, then, engaged in ministering to the luxuries of the rich are
useless and are as much a burden to be carried by the useful laborers as are the rich themselves. To these must be added the whole category of domestic servants, who are employed in ministering to the enjoyment of the wealthy. When we remember that this whole structure of idlers and useless laborers are supported by those who are really engaged in the production of utilities, is it any wonder that poverty exists? Is there anything strange about the degrading condition of those who toil? And is there any enigma about the solution of the problem of poverty? Is there any one who does not see that the poverty of the many is caused by the robbery and waste of the few? So long as we have a privileged class who shirk their duty and compel others to do their work, so long will there be degradation and poverty.

But why do laborers submit to this condition? Simply because the privileged class have gained a monopoly of the means of production which is necessary to labor. The laborer being unable to employ himself is obliged to submit to the conditions imposed upon him. The first step in the abolition of poverty is the abolition of the parasite class. Poverty will be impossible when every man is obliged to live off his own labor instead of the labor of others. At present, between the waste of labor-power in mere idleness and its waste in unproductive work, but a small part of the people are productively employed. Were all usefully employed and the waste of our competitive system eliminated, but a few hours' work would be required to produce an abundance for all. Abolish class robbery and the problem is solved. "Whereas it has been known and declared," says Ruskin, "that the poor have no right to the property of the rich, I wish it also to be known and declared that the rich have no right to the property of the poor." Give to every man
the full product of his labor and he will be able to live in
decency and plenty.

But it is said that the poor are poor because they are
not fitted to be anything else; that the fittest survive
and that this is the inexorable law of nature. Let
us look at this law of the survival of the fittest.
What does it mean? It simply means that a plant,
animal, or man that is best fitted to survive un-
der certain conditions will survive. It has nothing
whatever to do with the quality of the conditions. Ac-
cording to this law the man who succeeds in a certain
society is best fitted to that kind of environment. Thus,
under certain conditions, one type of man will be best
fitted to survive, while under different conditions a dif-
f erent type will succeed. In the early days, when physi-
cal strength was king, the man best fitted to survive was
the one with physical power and endurance. To-day,
when commercialism is king, the man who succeeds does
not require strength of arm so much as cunning and
clearness of head. A John L. Sullivan is the type of man
best fitted to survive in ancient society; a Rockefeller in
modern society. But neither one of these types touches
the moral qualifications. Evidently, then, the fittest has
nothing whatever to do with morality. The poor, then, are
poor simply because they are not fitted or have not the
opportunity to succeed in the acquisition of wealth under
present conditions. It does not follow that they are not
worthy of a decent livelihood or that they might not
succeed under different conditions. The survival of the
fittest, under present conditions, does not secure the
survival of the noblest and best, but rather the reverse.
Commercialism, like physical combat, is a war, in which
cunning in one instance and brutal force in the other
succeeds. In commerce Jesus Christ would have been
no match for Rockefeller; in physical combat Buddha
would have stood no show with Sullivan. Now which is the best condition of society, that which gives the lowest type of humanity the pre-eminence, or the highest type? If the highest type should succeed, ought not society to be so reconstructed that the noblest and best qualities shall have full play? We have no objection to the law of the survival of the fittest, only we desire that society shall be so organized that the real fittest shall survive. We desire such a condition that the law shall work for good instead of evil.

The law, as we have noted, insures the survival of those best adapted to the conditions under which it works. If the conditions are such that the unscrupulous and unjust are given an advantage, then these are the ones best adapted to succeed. We object to the present industrial and social conditions for the reason that it makes the basest the best fitted to survive. We wish to establish an economic and social environment under which all shall be "fit" and all shall "survive." We would so organize society that none would be pushed to the wall, and that while each would succeed in accordance with his fitness, still the success of one would not mean the failure of another. Socialism would reorganize society on such a basis as would guarantee the survival of all its members. It would abolish forever this hell of poverty which results from special privilege.

The cause of poverty, then, is our present capitalist system of industry. It enables some to live in idleness and luxury by appropriating the wealth produced by others. The private ownership of land and capital constitutes an aristocracy of the few. The privileges which they thus enjoy as monopolists of the instruments of production enable them to levy a tax or tribute upon productive toil. The same result was attained in the olden times by chattel slavery and feudalism. The distinctive
feature of each of these systems of injustice is the power of the non-producers to appropriate the wealth created by producers. Under former systems the productivity of labor was small and, consequently, the conditions of the reign of peace and plenty were not so propitious. But the capacity of the modern system of mechanical production is almost unlimited. We have indeed attained the material basis for the abolition of all poverty.

Whether or not the past with its pigmy tools of production could have attained the ideal (they certainly could not have realized a very high standard of living for all) it is certain that to-day enough could be produced to enable all to live in affluence. The capabilities of the modern tools of production are such that an abundance is possible for every man, woman, and child. This condition, although possible, is prevented by our perverse system of economics. Poverty to-day has no excuse for existence, and would be impossible were our social system such as to compel every man to live by the fruit of his own industry.

The abolition of poverty will remove the cause of the social evils, and with the removal of the cause the effects, intemperance, thriftlessness, improvidence, etc., would rapidly disappear. Scarcely a generation would pass before these social evils would be eliminated.

Poverty, to-day, is inherent in the present industrial order. There is but one remedy for this condition—the abolition of this cannibalistic system of industry.

Capitalism is the present cause of poverty. Socialism is the only cure.
CHAPTER VII.

WAGE SLAVERY VS. CHATTEL SLAVERY.

Society is an organism and, as such, it has passed through several stages of development. As cannibalism disappeared and made room for chattel slavery, so chattel slavery, in turn, disappeared and made room for wage slavery. While these several systems differ in some of their characteristics, they nevertheless have many features in common. Consequently, we find much in chattel slavery that was common to savagery, and much in wage slavery that was common to the chattel system.

Let us note some of these common characteristics. Under both systems of slavery labor is essential to the production of wealth, and the product, although produced by the slave, belongs to the master. Again, under both systems labor or labor-power is bought and sold. Under chattel slavery the laborer is the commodity; under wage slavery the labor-power is the commodity. In both instances, the presence of the laborer is requisite, and the master, in order to obtain the services must give to the slave sufficient means to enable him to live.

Thus far the two systems are substantially the same, but here a difference comes in. Under chattel slavery the master owned the workers, while under wage slavery he only needs to own that which is necessary to the workers' existence. If one owns that which men must have, he virtually owns the men who must have it. It is, then,
no longer necessary to own human beings as chattels; it is only requisite to own the world's resources and machinery, and economic serfs are at his disposal. The ownership of the machinery of production involves ownership of the men who must use that machinery. If men were not bound to machinery by their bodily necessities, the various instruments of labor would possess no value whatever. If men did not need the use of land and would not consent to labor for its owner for permission to occupy it, land would cease to be of worth.

We need to thoroughly grasp the fact that ownership of the machinery of production—land, mines, factories, railroads, etc.—would have no value whatever were not human beings bound to these instruments by their bodily necessities. The titles of this ownership, while nominally of things, is really of men, women, and children. Deeds, mortgages, stock-shares, etc., would be valueless but for the fact that thousands of workers are bound by physical necessities to the land and machinery which these securities represent, as much as though they were riveted there by strong iron chains. These workers are but serfs of the field and factory, bound by the pressure of economic wants to compulsory servitude to idle capitalists. These capitalists are the "Masters of Bread," as Bellamy calls them, to whom the people cry, soliciting to be made their slaves. To-day men are obliged to sell their liberties in exchange for the means of subsistence. The choice of the chattel slave was between work and the lash. The choice of the wage slave is between working for an employer and starvation.

Under the modern form of slavery there are many advantages to the slaveholder, the modern capitalist. In fact, he has all the advantages of slavery with none of the responsibilities. He is not troubled with providing for his slaves, or with constant watching lest they escape.
The wage slave spends his own subsistence wage, which, under chattel slavery, the owner was obliged to spend for him. This method was fully as desirable for the slave, for the owner, having a stake in the life and health of his slave, desired to keep him in good condition. The modern slave owner, on the other hand, does not particularly care whether his wage slave lives or dies, for he has no economic interest at stake and there are thousands of others to take his place. It has been truly said that there were no slave quarters in the United States so vile as the tenement houses of the city slums, where many of the wage slaves are obliged to live.

Another advantage of the chattel slave over the wage slave is that the former was always sure of a master, and consequently of his livelihood. One of the greatest curses of modern slavery is the fear of the slave that he will lose his position of servitude. He well knows that not to be allowed to work for a capitalist master means starvation. Many a wage slave would gladly exchange his freedom to leave his master, for a guarantee that his master would not discharge him.

"Yes," it may be said, "all this is true, but there are differences which tell in favor of the modern system. For instance, in chattel slavery the master had the right to lay his hands in violence upon his slaves which the employer does not have." This, indeed, is true. There were many instances where the owner in anger maimed and crippled his servants, but this is insignificant as compared with the number of persons who are uselessly injured and killed by modern industrial methods. In 1890 the railroad industry alone killed 6,335 persons and injured 29,027 in the performance of their industrial duties. The reason for this wanton destruction of life is that money is preferred to human welfare. Dividends are the
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first consideration! Indeed, chattel slavery was more humane than wage slavery.

"Well," says our friend, "admitting your contention here, there is surely one point wherein the modern system is superior. Under chattel slavery women were often subjected to the lusts of their masters.” This cannot be denied; and surely it is one of the most revolting features of chattel slavery. But how is it to-day? Are there no women, under present conditions, who are subjected to the lusts of their masters? Would to God there were not! But the fact is, there are thousands upon thousands of women, and even young girls, who are so reduced to poverty and obliged to work for such a pittance, that they must sell their bodies to eke out a mere existence. And we find the modern slave owner suggesting this method to the unfortunate as a means of adding to her scanty store. It is easy for many to see the evils of chattel slavery, but they are too near to see clearly the results of the wage system. No, wage slavery has no cause for boasting over its predecessor. The condition of the average worker to-day is as abject and degrading as that of the chattel slave. The modern proletarian is as much a slave as though he were owned in chattel on a plantation in the South.

Of what does slavery consist? It consists in the compulsory using of men by other men for the benefit of the user. A slave, then, is one who is forced to yield to another a part of the product of his toil. This was the condition of the negro, and it is the condition of the worker to-day. That the workingman is able to change his master while the negro could not, does not alter the fact. The negro was a slave, not because of a certain master, but because he must yield a part of the wealth he produced to a master, and it was of no consequence who the master was. And so with the modern working-
men. They may desert one master but they must look up another or starve, and this necessity constitutes their slavery. They, being unable to employ themselves, must sell themselves into wage slavery. The intensity of this slavery depends upon the amount of time which the workers are compelled to work gratuitously for others. Under present conditions, without any command of the means of production, they must labor the greater part of their time for the benefit of some one else. It is thus that the wage-earning class are slaves to the employing class. Laborers may change their masters but they are still at the mercy of the possessing class, and are obliged to compete with one another for a subsistence wage. All that they earn in excess of this living wage goes gratuitously into the hands of others.

Thus slavery still exists, although the name has changed. Says John Ruskin, in *Fors Clavigera*, a book consisting of a collection of letters written by the author to the laborers of Great Britain: "Freeman, indeed! You are slaves, not to masters of any strength or honor; but to the idlest talkers at that floral end of Westminster Bridge. Nay, to countless meaner masters than they. For though, indeed, as early as the year 1102, it was decreed in a council at St. Peter's, Westminster, 'that no man for the future should presume to carry on the wicked trade of selling men in the markets, like brute beasts, which hitherto had been the common custom of England,' the no less wicked trade of under-selling men in the markets has lasted to this day; producing conditions of slavery differing from the ancient ones only in being starved instead of well fed: and besides this, a state of slavery unheard of among the nations till now, has arisen with us. In all former slaveries, Egyptian, Algerine, Saxon, and American, the slave's complaint has been of compulsory work. But the modern Politico-
Economic slave is a new and far more injured species, condemned to Compulsory Idleness."

This compulsory idleness is, indeed, one of the worst features of modern slavery. It is not necessary to go into details; all are familiar with the results. The very condition of modern production is a reserve army of laborers which can be drafted onto machines when required and set adrift when the demand slackens. Success in modern industry depends upon the ability to quickly respond to the demand for new products. In the days of chattel slavery capitalist production on a large scale was impossible, simply because it was unprofitable for the chattel slave owner to keep more slaves than he could profitably use all the time. He could not afford a reserve army of labor, for he must feed and care for his laborers whether they worked or not. This difficulty is overcome by capitalism. The wage slave owner has improved upon the old method of property in human beings. He found that it was a useless expense to own workers as chattels, for this necessitated his caring for them and involved a severe loss in case of death. He saw that the same results of slavery could be fully secured by simply securing the means of production. The revolution of modern industry, then, gives to the capitalist, without expense, an industrial reserve army, who can only secure employment through his grace. This secures for the employer cheap labor, for laborers having nothing but their labor-power to sell, and consequently being unable to employ themselves, must compete with each other for an opportunity to earn a livelihood. This is the condition thrust upon labor by competitive industry, a condition which will remain so long as labor is a mere commodity. The laborer must lift himself out of the category of potatoes and beef, turnips and squash. So long as his labor-power remains a commodity which he is obliged to sell
to another he is not a free being. He is simply a slave to a master, and from morning to night he is as much a bondsman as any negro ever was below Mason and Dixon's line before the war. The lash of hunger and the whip of the black list, often put on the laborer by capitalism if he dares to assert his manhood, points the way to misery and suffering for himself and those dependent on him. Slavery is not yet abolished. Slaves are cheaper now and do more work than at any time in the world's history. The very principle of subjection which ruled the chattel slave, rules in the wage system. There can be no freedom or liberty so long as the capitalist system, with its wage slavery, exists. The private ownership of the land and the tools with which to work means, for those not possessing these instruments of labor, economic slavery. This system must be abolished if freedom and liberty are ever again to become the watchwords of American workingmen.

Americans are prone to prate about their liberties. They have as Carlyle says: "The notion that a man's liberty consists in giving his vote at election-hustings, and saying, 'Behold now I too have my twenty-thousandth part of a Talker in our National Palaver. ... This liberty turns out, before it has long continued in action, with all men flinging up their caps round it, to be for the Working Millions a liberty to die by want of food; for the idle Thousands and Units, alas, a still more fatal liberty to live in want of work; to have no earnest duty to do in this God's-World any more. What becomes of a man in such a predicament? Earth's Laws are silent; and Heaven's speak in a voice which is not heard. No work, and the ineradicable need of work, gives rise to new very wondrous life-philosophies, new very wondrous life-practices!"

This wage system which deprives men of the oppor-
tunity to work must be abolished. All Socialists are pledged to secure its abolition and the emancipation of labor. They may be called cranks and fanatics, but these appellations have been applied to every reformer in all ages. Remember, it was said of Jesus, "He hath a devil, and is mad; why hear ye him." This was only the Jewish way of calling him a crank or fanatic. The term "Christian" was given in derision to the early disciples, yet no name to-day conveys greater honor.

Do we not see the same thing to-day? Are not those who wish to abolish wage slavery vehemently denounced by the upholders of our present system? History is simply repeating itself. The men who stand for the emancipation of the wage slave are often treated with the same contempt and opprobrium as those who declared for the emancipation of the chattel slave. As the chattel slave owner looked upon the abolitionist as a dangerous fanatic, so the wage slave owner looks upon the Socialist. But right and justice will triumph. Chattel slavery was older than history but it has been abolished. So wage slavery will be abolished, just as soon as the conscience of the people is aroused to its iniquity.

Of the three systems of social injustice, chattel slavery, serfdom and wage slavery, the latter will surely be of the shortest duration. The laborers to-day have it within their power to put an end to this vicious order, and they are beginning to realize that the parasitical and exploiting class, who live in idleness by extracting rent, interest, and profit from labor's product, are useless, and exist as mere pensioners on productive toil. Private property in the instruments of production will be as surely abolished as private property in human beings has been.

We have done well by abolishing chattel slavery but we will not rest until this equally accursed system of wage slavery is blotted from our land.
CHAPTER VIII.

RENT AND INTEREST.

We are to consider in this chapter the question of rent and interest. Let us begin with rent.

Rent is usually considered in two aspects: first, the rent of land where free land remains; second, the rent where all land is appropriated. Rent in the first instance refers to conditions in a comparatively new country and is usually defined by economists as the difference in the product between the best and the poorest land in cultivation.

Let me illustrate. Suppose in a certain community the best land yields a yearly product of $1,000 and the poorest land in cultivation but $500. The owner of the more fertile land would be able to secure $500 a year rent for the use of his land; that is, a man without land could as well pay him $500 for its use, and much better, than to take other land whose productivity is but half as great. This $500 rent would enable the owner to live in idleness, it being a reward for his pre-emption of the soil. But if all the land which yields $500 is appropriated and a man comes to the community and wishes to remain there he would be obliged to pre-empt land whose productivity, say, is but $100 a year. As the population increases the rent of the other lands will increase to the difference between the best and this poorest land which has come into cultivation. The first land owner would be able to secure $900 rent and the second could let out his farm for $400 and so become a pen-
sioner himself. Now if other proletarians appear, and one is wise enough to invent some means whereby he can increase the productivity of the soil, say, one-half, he can secure a sublet from our first tenant and afford to pay him the full rent of $1000. This enables our first tenant to pay the owner $900 and live upon the $100 himself, it being all he could make by working the farm. But the inventor makes the land yield $1,500 by his improved devices, which are soon adopted by all the landlords and tenants, thus enabling them to increase the rent or sublet their property, and so join the growing class of parasites. But here note that this last increase would have nothing to do with the margin of cultivation. Land being all appropriated rent would be determined, not by what the proletarian could do on land which he might secure at the margin, but wholly on his necessities. As the number of proletarians, who must have access to the land or starve, increases, the share of the product which one will consent to give to the owner increases until the amount retained by the worker is barely sufficient to keep body and soul together. But the proletarians are still on the increase and as the tenants have not time or strength to exhaust the full productivity of the soil and the proletarians cannot employ themselves, they finally sell their labor-power to the tenants, who are ready buyers, as they are able to make a profit on the labor. The proletarian thus sells himself into bondage. This is the economic condition to-day. Whether the Ricardian theory of the origin of rent is strictly true or not, the fact remains that the land, in all civilized countries, has been appropriated. Thus the private ownership of land is one of the causes of the degradation of labor.

No man has a right to the private ownership of land. No man has a right to that which is not the product of his own toil. Land is not the product of human labor.
The original titles to all lands rests upon conquest and theft. Because one has bought land and paid for it does not remedy the evil; the person from whom he bought it had no right to sell it, for the reason that he bought it under like conditions. If a man steals a watch and sells it to another and it passes through a dozen different hands, ownership is not established by the transactions. If some one comes forward and claims the property, and is able to establish his claim, the law returns the watch to the rightful owner. No reason can be given for the private ownership of land which will not apply equally well to the air or sea. No one has a right to the ownership of these, because they are not the product of human labor. They are the free gifts of nature. This wrong necessitated by private ownership must cease. Socialism would not allow men through private ownership to longer appropriate the labor of others. All rent is simply unpaid labor. It is simply a tax or tribute which the owner of the land is enabled to levy upon the wealth which the laborer creates. Does the landlord earn the rent? No. If he owns a farm, the farmer works and raises the crops out of which rent is paid. If he owns a house, the tenant works for others and earns the money with which he pays the rent. Surely the owner is not entitled to more than will enable him to keep the property intact. All in excess of that rests upon privilege.

The same is true of interest. Interest is money paid for the use of money. But where does interest come from? Money surely does not grow money; one must work for it. The man who receives it does not work for it, although, possibly, he may have worked for the principal. The point to be noted is, that interest, like rent, is not earned by him who receives it. The ownership of money, like the ownership of land, gives to the possessor
the privilege of taxing the labor of others. No one has a right to rent and interest, because it violates the fundamental principle upon which the right of all property rests, that of individual labor.

There have been many theories put forward, by the apologists of the present order in behalf of interest. Four reasons are usually assigned in justification of the same.

1. Wages of superintendence. Certainly if a capitalist performs the functions of superintending and so becomes a laborer, he should receive compensation for his labor performed. The remuneration, however, is a reward for labor, and has nothing to do with interest. The capitalist has simply combined his office of capitalist with that of superintendent, and so can legitimately claim a reward for his effort like any other laborer. But this in no way accounts for what he appropriates as capitalist. A capitalist is a man who possesses wealth which brings him in an income without personal exertion. A capitalist, as such, is a mere interest receiver. Most of the businesses of to-day are in the form of joint-stock companies where the stockholders cannot even put up the claim of superintendency. The individual capitalist owns stock in a score of concerns in various trades and at different places, trades of which he knows nothing and in places where he has never been. Economists must be hard pushed when they try to excuse interest on the supposition of wages of superintendence.

2. Compensation for risk. This is often put forward as an excuse for interest. Suppose a man puts $10,000 in the bank. Is his interest payment for risk? Hardly! In fact he places his money there just because he believes it the very safest place to put it. Neither is the excuse valid in reference to money invested in business enterprises, for the gains of the capitalists far exceed their
losses. Those who put forward this apology for interest overlook this fact and argue as though there were but one capitalist concerned. But in considering the question of interest we must consider the whole class of interest receivers, and when we do this we find that the aggregate profit is immeasurably more than the aggregate loss. Consequently, from the standpoint of risk, there is no reason why this class should be compensated by the payment of interest. As a class they run no risk and suffer no loss.

3. The reward of abstinence. This is another effort on the part of our friends to excuse this injustice. Interest is called the reward of abstinence, but one cannot help feeling if the man did not have his $10,000 in the bank, he would have to be more abstinent than he is now, and no one would think of rewarding him for it. This point is well brought out by Mr. Ruskin in Fors Clavigera, after which he says: "Abstinence may, indeed, have its reward, nevertheless; but not by increase of what we abstain from, unless there be a law of growth for it, unconnected with our abstinence. 'You cannot have your cake and eat it.' Of course not; and if you don't eat it, you have your cake; but not a cake and a half."

4. Payment for services rendered. This is the principal reason given for rent and interest, so I have reserved its consideration until the last. That this apology, like the others, is without foundation, is evident from the fact that the service rendered is reciprocal. It is a question who renders the greater service, the lender or the borrower. Capital will soon decay unless in productive use. The borrower is necessary as a preserver of capital. The laborer keeps capital intact by perpetual reproduction. If a man allows his factory, machine, or land to remain idle it soon deteriorates. It is only by perpetual repro-
duction that capital is preserved. Were labor to withdraw from the field, the fortunes owned by non-producers would soon diminish. Laborers, then, by taking capital and keeping it intact, render as great a service to the capitalist as capitalists do to laborers. There is no more reason that laborers should pay the capitalists than that capitalists should pay the laborers, nor as much. Of the two, the laborers could get along much better without the aid of the capitalist's money, than the capitalists could without the services of the laborers.

None of these reasons given are satisfactory. They are evidently designed to patch up the present contradictory system of economics. Socialists give the only true reason for interest, and also point out how the custom came to be regarded as legitimate.

In the Bible, interest, which is called usury, is regarded as a great evil. It was forbidden Israelites in their dealings with each other and, in the case of poverty, it was forbidden even to strangers. In Leviticus xxv. 35–37, we read: “And if thy brother be waxen poor, and fallen in decay with thee; then thou shalt relieve him: yea, though he be a stranger, or a sojourner; that he may live with thee.

“Take thou no usury of him, or increase: but fear thy God; that thy brother may live with thee.

“Thou shalt not give him thy money upon usury, nor lend him thy victuals for increase.”

Interest, then, was originally looked upon as sin. Why is it that interest has come to be regarded as legitimate? The answer to this question is to be found in the purpose to which money is put. Money to-day is borrowed for the purpose of engaging in some business. It enables its possessor to establish an industry, and thus becomes a means of exploiting labor-power. If a man borrows money for the purpose of making more money it is but
fair that he should pay for its use. This is the reason that interest has come to be regarded as proper. The direct employer of labor, the "captain of industry," is the man to whom the money-lender renders service by enabling him to extend his operations, and obtain larger profits by the use of the borrowed capital. If a man by borrowing money is enabled to become an exploiter of labor, he ought, of course, to divide the spoils. Interest, under such conditions, is but a fair division of the booty. The whole process, however, is an outrage upon labor, but so long as capital remains in private hands the evil will exist. Interest is simply a tax or tribute which the owners of capital are enabled, either directly or indirectly, to levy upon productive toil. Both interest and rent are the remuneration of private ownership in the instruments of production, and will disappear when these instruments become social property. Interest and rent are eating up the wealth of the nation. The laborer is obliged to surrender to these robbers, rent and interest together with profit, all the product he creates except the barest necessitates. Here note that landlords and capitalists working under this anarchical system are not to be too severely censured. It is the system that compels injustice and should be abolished. Even should the individual landlord or capitalist desire to rectify the evils from which we suffer, he would be powerless. He might take less rent or a lower rate of interest, but in capitalist production this would only benefit the employing capitalist who would thus be able to keep more of the appropriation himself. As far as the laborer is concerned it is of no matter whether his surplus labor is all pocketed by the employing capitalist, or whether the latter is obliged to divide up, under the name of rent and interest, with third parties. It is the private ownership of land and capital that enables their owners to get their respective shares
from the surplus-value which the employing capitalist has extracted from labor. The Socialist recognizes the source of this appropriation, and so does not expect nor advocate the abolition of rent and interest so long as the present system continues. To advocate, as some do, the abolition of rent and interest, and, at the same time, the private ownership of land and capital is absurd. Even were it possible it would be of no particular benefit to the industrial laborers; it would simply mean that the employing capitalist could get the means of exploitation without cost, and so could pocket the whole surplus himself. But rent and interest are part and parcel of the private ownership of the means of production, and will remain so long as these instruments are privately owned. When land and capital become collective property, rent and interest, as well as profits, will naturally and necessarily disappear, and labor will receive the full product of its toil.
CHAPTER IX.

THE LAW OF WAGES.

A scientific law of wages must afford an explanation of all wage phenomena. The term wages has no meaning except under wage conditions; that is, under conditions where the laborers receive a stipulated sum for their services. If a man works for himself and sells or consumes the product of his labor, that which he receives would not be wages, but the result, earnings, or proceeds of his labor. But the man who works for another does not own the product of his labor, but receives for his services a stipulated sum which has little or nothing to do with the product.

These two instances are governed by entirely different principles. In one case the man works for himself and receives the whole product of his labor; in the other he works for an employer and receives only the value of his labor-power, which is properly called wages. We must not confound these two kinds of income, one of which is contingent, the other stipulated. By wages is meant the value of labor-power, and there can be no wages unless labor-power is bought and sold. The law of wages, then, is the law of the economic value or price of labor-power.

We cannot be too careful in the use of this term "wages." It is a technical term and signifies in economics that portion of the product of labor that the capitalist allows the workingman to keep. It is that portion of the laborer's product which capital does not fleece
from him. By a strict use of this term many of the dangers in economics will be avoided.

As labor-power is a commodity and wages but the price of labor-power, the rate of wages will be governed by the same law which governs the price of all commodities. We have seen in the preceding chapters that prices are regulated by the average cost of production. The value of a commodity, which, under normal conditions, determines prices, depends upon the amount of social labor-time embodied in it. Its cost of production is the average cost, or average amount of social labor, which is necessary for its production or reproduction. So the value of labor-power is determined, as with every other commodity, by the labor-time necessary for its production or reproduction. As labor-power is but a capacity of the individual, its production presupposes his existence and, consequently, the production of labor-power consists in the production or maintenance of the laborer. Hence the exchange-value of labor-power (its price) is the value of the means of subsistence necessary for the laborer’s maintenance, and this will vary with the value of these means, or with the quantity of labor necessary for their production. These means of subsistence imply not only the physical requisites, but also such other needs as are required to maintain the laborer in health and strength of both body and mind and enable him to maintain himself in his normal state. But as the laborer is mortal, the means of subsistence must suffice to enable him to perpetuate himself, to maintain his family, and raise children to take his place when he has gone.

Ricardo says: “The natural price of labor is that price which is necessary to enable the laborers, one with another, to subsist and to perpetuate their race, without either increase or diminution. . . . The natural price of labor, therefore, depends on the price of the
food, necessaries, and conveniences required for the support of the laborer and his family." These necessities vary in different countries and at different periods, but as Marx says, "In a given country, at a given period, the average quantity of the means of subsistence necessary for the laborer is practically known."

Let it be remembered that in economics when we use the term "law" it is used to signify general tendencies. By law of wages we mean the law which determines the tendency of wages to move in a given direction. As already seen, the law of wages is that, under normal conditions, the price of labor-power (wages) always tends toward the cost of producing labor-power, the laborer's maintenance. The cost of the laborer is the cost of his living and, other things being the same, his living is determined by the number of his habitual needs.

Here, note, that wages, as affected by demand and supply, rises and falls, above and below a certain level. But when supply and demand balance this oscillation ceases. When this equilibrium is established, then the price of labor-power is its real value. These oscillations, under normal conditions, during a period of time, say, one year, compensate each other, thus leaving an average magnitude. To be sure the price of labor-power may fall below this level, but if it does it falls below its value. As Marx says: "If the price of labor-power fall to this minimum it falls below its value, since under such circumstances it can be maintained and developed only in a crippled state. But the value of every commodity is determined by the labor-time requisite to turn it out so as to be of normal quality."

I wish in passing to call your attention to the fact that this normal quality of labor is constantly depreciating; that is, less and less skill and ability are required of the laborer. In modern production skilled labor has been
replaced by unskilled, men by women, and women by children. The skill and dexterity of the workman has been transferred to the machine. This reduces the quality of the labor-power required and depreciates its value in like proportion. It is thus that the value of labor-power is falling toward the minimum limit, the limit of bare subsistence, the means of subsistence that are physically indispensable.

That this is the law of wages may be seen by even a superficial examination of facts. We find that a permanent change in the cost of the means of subsistence, or cost of living, is always followed by a corresponding change in wages. If, however, the change in the cost of living be sudden and artificial, it does not follow that wages would immediately change in the same ratio, but they would begin to move in that direction, and if the rise or fall become permanent, the wages will finally be adjusted to them. We see, then, that variation between wages and the cost of living cannot become permanent; they are merely accidental and exist only so long as is necessary for wages to become adjusted to the new prices. Thus wages rise when prices rise, and fall when prices fall. The economic history of the 16th, 17th, and 18th centuries evidences this fact. Although nominal (money) wages rose more than fourfold, there was no rise in real wages: i.e., the social well-being of the laborer. The reason why wages always lag behind prices is, that the former is less susceptible to sudden influences or artificial causes. So true is this that we often see prices rise and fall again without any change taking place in wages.

That wages are determined by the cost of living is evident upon every hand. This law furnishes an explanation of the variations in different industries, localities, and countries, as well as different periods in the
same country. It is well known that wages in the same industry are higher in cities than in towns, higher in manufacturing industries than in agriculture, higher for men than for women. The reason for this is the difference in the cost of living in these different localities and among the different classes. It is well known that the scale of wages in New York City is higher than in Yonkers. Why? Because living is cheaper in the latter place. Rents are lower and wages drop accordingly. If we examine the wages per day paid to masons, carpenters, and factory hands in the same locality, we shall find a great difference. While their cost of living is about the same, the former are exposed to the weather and work fewer days in the year, consequently, while the rate per day is higher, their actual income per year is about the same. So if we were to examine the wages in different countries we should find the same law holds true. In India and China we should find the daily wages but 6 cents to 10 cents, because this is sufficient in these countries to furnish a living. Much more evidence might be adduced in support of this law, but this must suffice. This law, that wages are governed by the cost of production, is scientific, because it explains all the facts, and there is no other theory of wages that meets this scientific test.

Here we come to an important point that needs to be noted. We have found that the general rate of wages is determined by the cost of living, and this cost refers, not to the single individual, but always to the family. But this does not mean that the wages of the worker in each family are determined by that particular family's cost of living. Were the individual standard—the cost of living of each family—to determine wages, there would be no general rate of wages in any class or industry, because the various expenditures of the family
would cause a variation in the income of the family, thus making the expenditures of each family a law of wages unto itself. It is evidently not the individual cost, but the social or average cost per family, that determines the standard. In other words, it is the social standard—the average cost of living—and not the individual standard, that regulates wages. As in the production of commodities, it is the social labor and not the individual labor that determines values; so in the production of labor-power, it is the social standard of living not the individual standard that determines wages. The same law governs both wages and prices; both are determined by the social cost of production. This explains why men of various trades working under uniform conditions get the same pay, whether they are married or single, have large or small families, are penurious or extravagant. It also explains why families which are the largest and have the highest tastes, whose individual cost of living is higher than the average, are constantly chafing under the pressure of unsatisfied wants, while the single man, or man of small family and few wants, whose individual cost of living is lower than the average, can save money. Thus, under normal conditions, when demand and supply are equal, wages are governed by the cost of producing, not the most expensive or the least expensive portion of the supply of labor-power, but by the average labor-power of the workers of a given class.

Again, this law explains why the Asiatic or European laborer can come to this country and accumulate wealth upon wages which will supply the American family with only bare necessities. The reason for this is that the foreigner's standard of living is below the social standard of his class here, and, as he is able to secure wages based upon the social standard in this country, he is able to save money. He could save nothing in his own coun-
try because wages there were not in excess of the social standard of living in that country. There is no margin for Chinese labor in China, for German labor in Germany, for English labor in England, or for American labor in America. But when a Chinaman goes to Germany, or a German to England, or an Englishman to America, each finds a margin because each goes to a country where the standard of living is higher than his own. But if the order were reversed, the American going to England, the Englishman going to Germany, and the German going to China there would be no margin.

In each country the average cost of living constitutes a social standard, or socially accepted standard, of living, and this, at any given period, regulates the rate of wages. It is the social standard of living that regulates the general rate of wages, and wages regulate the individual standard of living. When the standard is established, the price of labor-power, being affected by demand and supply, will vibrate above and below its natural value. If the supply is excessive, the price of labor-power, like other commodities, falls, and if the supply continues in excess of the demand a new social standard will be established around which, as from a centre, the price of labor-power will oscillate. The value of labor-power both rises and falls in accordance with this law. The Black Death, which swept over England in 1348, carried off, as estimated, one-third of the laborers. Wages immediately arose in accordance with the law of demand and supply. This scarcity of labor continued for some time and enabled the laborers, by means of their increased wages, to raise their individual standard of living, which soon became general, and the social standard became adjusted to this higher level. When this social standard was thus raised and established the laborers were able to maintain
it for some time after the scarcity of labor had disappeared. But before long the increased supply of free laborers, caused by the disbandment of the feudal retainers and the expropriation of the peasants, wrought the downfall of labor.

Such has been the working of the law of wages in every age. History is again repeating itself. Since 1872 wages have been gradually falling. The supply of labor greatly exceeds the demand and the opportunity for self-employment is becoming more and more limited. Under such conditions the price of individual labor-power is constantly forced below the social standard. When a sufficient number of laborers are forced by competition to accept a lower standard of living, then the social standard becomes adjusted to the lower level and a new basis is established which, in turn, becomes lowered, and so the process continues, ever approaching the point of bare subsistence. The same law applies here as in the price of commodities. Prices are determined by the social cost of production. Individual manufacturers may be able to reduce their cost of production, but it is only when their methods and appliances become general that the social cost is affected. When such is the case the social cost is adjusted to the new level. The individual standard now becomes the social standard and a new basis is established. Labor under present conditions is governed by the same law. Of course, there are exceptions, as in a new country and with individuals of exceptional ability, and when skilled laborers have been able by virtue of unions to thwart, for the time being, the working of the law. The restriction, however, is only temporary. Statistics show that the wages of the unskilled laborers always tend to the level of bare subsistence. This is inevitable under present conditions. The evil is inherent in the wage system. Capitalism necessi-
tates this law. Says Rodbertus: “The workingman brings on the market a perishable merchandise, namely, his labor. If he have neither land nor capital to employ his labor, he must offer it to those who can make use of it. How much will they give for his services?

“Forced by competition to produce at the least possible cost, they will give no more than what is strictly necessary, but what is strictly necessary is what is needed to enable the laborer to subsist and to perpetuate his kind.”

The capitalist is not to blame for this condition. He must produce in competition with others and so must secure his laborers at the lowest possible wage upon which they can live. It is this fierce competition among laborers which compels them to accept the wages of bare subsistence. Says Dr. Gladden, “A bare support is all that the economical forces, working unhindered, will guarantee to the laborer. So long as competition is the sole arbiter of his destiny, that is about all he will get.” Were it necessary we could point out the suffering that exists among the working classes to show that Dr. Gladden is right. This, however, is unnecessary, for the suffering and deprivations of the working classes are familiar to all. When, as to-day, capitalism has developed to the extent that nearly all the means of production are monopolized by a few, and laborers are thus unable to employ themselves, the laborer’s standard of living, both social and individual, continually moves toward the level of bare subsistence. If the supply of labor is scarce, the price of labor-power will not fall to this level, but increase the supply and its price, as that of any other commodity, will fall.

Many have misunderstood the phrase “standard of living.” Some have supposed it referred to the wants or desires of the laborers, instead of to the social stan-
dard of necessities and needs. Were this true laborers could fix their own wages regardless of capital and secure any rate they might desire. Suppose one holding this theory were to present himself at the office of a corporation and apply for work. Would he be asked as to how well he would like to live and paid accordingly? Suppose he decides that he must have $5.00, and so informs the employer. He would be told that any number of men could be had who would be glad to fix their standard of living at $1.00 a day and even less, and that he could take that or go elsewhere. The theory that laborers can fix their standard of living where they may choose is so preposterous that it is strange that any man clothed and in his right mind could deliberately set it forth. This, however, is the theory of Mr. George Gunton. Read the records of labor struggles, of strikes, and of lockouts. How often does labor succeed? Read the records of wage reductions which are continually going on. Why do the laborers, in so many instances, submit to this injustice, if they have the power to establish their standard of living? Surely no one will claim that laborers willingly submit to wage reductions which necessitates a lowering of their standard of living.

Laborers, under the present system, are absolutely dependent, their wages being determined by the cost of living, and any perfection in mechanical appliances by which the cost of the necessities of life are reduced one-half, will ultimately result in reducing wages in like proportions. When the supply of laborers exceeds the demand and laborers are unable to employ themselves, as to-day, the price of labor-power, and consequently, the standard of living, constantly falls toward the necessary cost of living.

The standard of living, then, never refers to the wants of laborers, but to their average needs and necessities.
A laborer may desire to have porterhouse steak, turkey, and chicken salad every day in the week, and to dress in broadcloth on Sunday, but his wages are what determines his individual standard of living, and not *vice versa*, and he is thankful if he is able to secure even shoulder steak and a half respectable suit of shoddy clothes. If a man resides in an old rookery and lives on the coarsest of food it is because of necessity. Give him a position where he can earn $100 a month and see how quickly he will raise his standard of living. He will at once move into a decent house and supply his table with palatable food. But so long as labor-power remains a commodity we can hope for no improvement.

Note the working of the present order. Suppose, for instance, in a factory employing one hundred men, machines are introduced which enable ten men to do the work previously performed by one hundred. This eliminates ninety workmen. These ninety men now seek employment elsewhere, but machinery has been introduced in other lines and similar conditions prevail. After a time some of these return and offer to work for less than the ten who were retained, and so secure their jobs. The ten who were underbid now start out in search of work, but finding none, they also return and offer to work for the capitalist for still less and are re-instated. Thus the competition goes merrily on until wages are reduced to the point of bare necessities. Thus the price of labor-power continually falls below the social standard, and this at last necessitates a lowering of the standard itself.

If laborers could secure their own price there would be no labor problem. But the fact is, thousands upon thousands are continually out of employment, and for every desirable job there are from ten to one hundred standing in waiting. Laborers are cognizant of this
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fact, and so submit to every form of suppression and oppression. Look at the miners who work for 42 cents a day; the cotton operatives who labor for $5.40 per week; the sweatshop workers who receive for cambric dresses, waists lined and trimmed, $1.20 a dozen; nightgowns, with embroidery and tucked yokes—thread furnished and embroidery cut out by maker—$1.00 a dozen; silk waists, 98 cents a dozen; woman’s wrappers, 40 cents a dozen; shirts, 30 cents a dozen; neckties, $1.35 a gross; knee-pants, 50 to 75 cents a dozen; vests, $1.00 to $3.00 a dozen; trousers, 12 ½ cents to 75 cents per pair; coats, 35 cents to $1.50 each, percentage off for boss sweaters and deduction for cost of cartage. (See October North American Review. 1897.)

Is it possible that these laborers have deliberately chosen to work for such starvation wages? Do you not think that they would prefer a higher standard of living than such wage remuneration allows? According to some they have no one but themselves to blame! They could fix their standard of living higher and demand double or triple pay to meet it! To hear some people philosophize one would imagine there are a dozen employers after each workman. If such people would go out in search of employment they would find, unless they went unusually early, a dozen applicants ahead of them.

Let no one be deceived by such false philosophy. The laborer has trials enough already without inveigling him into a useless conflict with capital. So long as capitalism continues, capital will be king. Let no laborer be foolish enough to image that he can enjoy the privileges and comforts of the capitalist by simply desiring to raise his own standard of living. He might, in his endeavor to gain that end, go on a strike or in search of work elsewhere, but he would return a sadder and a wiser man.
He would learn that which thousands have learned, that under the wage system the laborer is absolutely dependent upon the owner of the instruments of production.

Let laborers unite and strike at the ballot-box for liberty. Vote into effect your demand for the abolition of wage slavery. Wrench by united political action, the power of government from the hands of the capitalist class, that you may put your economic programme into effect. The great Socialist movement which seeks to establish the Co-operative Commonwealth is the only economic salvation.

There is no hope for labor under the wage system. What we want is the abolition of wages. We want the entire product which we produce.
CHAPTER X.

THE LAW OF PROGRESS.

In order to understand the law of progress it is necessary for us to briefly trace the history of human development. On the lower planes of existence we find the law of the survival of the fittest mercilessly at work. This is the law of the vegetable and animal kingdoms, and when we come to deal with man in the old days of barbarism of the lowest type, we find substantially the same natural law—the battle for life and the survival of the fittest—at work in all its rigor.

But after a time we note a change. We begin to discover the working of another law—the law of human selection—mightier than this law of natural selection; human love, human sympathy, and human tenderness have begun in a crude way to manifest themselves and to modify the law as it works among the unconscious forces of the world. A man loves a woman with a half-barbaric affection and takes her unto himself. From henceforth he battles not alone for his own personal existence, but for hers also, and so the selfishness begins to blossom into that which is unselfish. Presently children are born, and the group is bound together by ties of love and sympathy. Here we see the birth of the principle of helpfulness. Within the family antagonisms are allayed and harmony attained. The germ of civilization here manifested is the result of the operation of altruistic forces.

Next the family enlarges and becomes a patriarchal
tribe. Although there may be a feeling of antagonism (competition) toward other tribes, still, within the limits of this group, there is a certain degree of sympathy and helpfulness. All progress here is due to the altruistic principle which has restricted the law of natural selection. The very beginnings of society were due, as we have seen, to the introduction of this higher law. It lies at the basis of the family, which is the unit of society.

Finally, the tribal organization is changed for a territorial one. From now on not only the people bound together by ties of kinship, but all within certain territorial limits, are looked upon as one people, and it is this one people against the world. Progress has thus been attained just in proportion as antagonisms and conflicts have been allayed.

As these organizations enlarged there entered into the mind and heart of the noblest a dream of humanity and we have Tennyson's ideal, "The Parliament of man, the Federation of the world." This is still an ideal, for neither politically, socially, nor industrially, have we risen to its realization.

Now, note, human progress has been the result of human growth—the unfolding of the distinctively human qualities, love, tenderness, and sympathy. Had the law of natural selection been given full play on the human plane, there would have been no civilization; there would have been no humanity even, in the higher sense of the word, on the face of the earth. Says Prof. Herron: "Competition is in fact the negation of society; and such society as we have exists through the restriction of competition. The evolution of society is the elimination of competition through the progressive introduction of altruistic forces." ¹ Altruism, then, has

¹ The Christian State, Herron, p. 89.
been the law that has made for civilization. While competition has been the condition of much of the struggle for life it is not its law. Progress means the subjugation of conflict, effected through the development of the higher law of service. There would have been but little progress had men not united their efforts for the common weal. The true principle of society is co-operation, and civilization is measured by its attainment.

Says Prof. Parsons: "The whole history of human advancement is simply the story of getting rid of conflict. At first every man fought for himself,—then groups co-operated in war,—then nations,—groups of nations, and at last the world, and war will be over,—at every step a larger union, and the elimination of internal conflict over a wider area. It is the same with industry,—at first individual workmen, then groups in factories, then corporations, syndicates, trusts, and at last a union of ALL in one great co-operation for the benefit of all,—at every step a larger union and the elimination of conflict within its borders,—at last an all-including union and the extinction of conflict. If conflict is the essential means of advancement, the whole history of civilization has been simply a closing of the gates of progress, and we ought to get rid of the mischief at once, and go back to barbarism with all possible speed." ¹

Rev. M. J. Savage, in speaking of the conditions of human progress, says: "If you place yourself in the condition of early man, you will find that the first step that he needed to take was to learn how to combine. One man alone is helpless. Men organized and co-operating sympathetically together are able to subdue the earth. . . . The problem of progress will be found in the case of man, just as in the case of a tree, when

¹ Our Country's Need, Parsons, p. 188.
there is cohesive power enough to hold together and expansive freedom enough to permit growth. What man needs in politics, art, science, religion, everywhere, is to learn to love and worship and care for this principle of co-operation, so that men can combine, but to hold it loosely enough so that there can be growth."

All progress is simply a growth,—an advance from the simple to the complex. The lowest barbarian, standing at the farthest border that separates manhood from the animal world, was the seed, the potency of all that the world has become. But in order for this potency to develop, as with the seed of the flower, there must be soil, sunshine, rain, and opportunity. While there is no necessity for the growth of any one particular individual or nation, there is a necessity for the growth of the race. To illustrate, let me again recur to the flower. There are so many conditions favorable to plant life, and so many seeds, that we say it is a necessity that plant life should exist. But there is no necessity for any particular plant or for any particular variety, to exist. And so with the race. It must live and go on, although it is not a necessity that any particular individual or nation should continue to develop. But necessity compels the growth of the race; it is progress or death.

Mankind, of course, has not progressed with equal steps through all the ages. There have been periods when the race has seemed to be standing still; but even then it has often been gathering increment of power, so that when the time was propitious it blossomed, as it seemed, spontaneously, into great advance and enlargement of life. The very fact that progress is spiral has hidden the real law from view. Nations, like individuals, are born, develop, grow old, and die. But this attain-

*Beliefs about Man*, Savage, pp. 92, 93.
ment is not lost; it passes over and is carried on by other nations just beginning their life cycle, the same as the knowledge and achievements of one individual are preserved by another. There is, then, a necessity for the advance of the race as a whole.

Now, what is the force at the heart of humanity that constitutes the eternal impetus toward progress? As at the heart of the seed so at the heart of man, there is an endless thirst to become more, to reach out on every side. There is a mental and spiritual hunger and thirst in man to be more than he is although he knows not why. All progress means trusting this hunger and thirst, and opening the field for its realization. This tendency to develop being given all that is needed to secure its attainment is opportunity. We should take heed that no obstacles are placed in the way, and that no false theories shall lead us astray.

One of the primal factors of all progress is right conditions,—the soil. Is the competitive soil propitious for the attainment of this end? Let us examine some of the legitimate results of the workings of the competitive principle.

This principle of competition, with its inherent greed and selfishness, is the cause of much of the oppression and suppression that have cursed the modern world. It begets antagonisms, cruelty, injustice, cunning, and selfishness, and undoes that which religion and ethics have been toiling to do. It violates the law of love, sacrifices manhood to material wealth, and engenders servility, hatred, untruthfulness, trickery, and despotism. It develops all that is combative, unscrupulous and unsympathetic in man and begets improvidence, recklessness, intemperance, and illiteracy. It ruins the lives of millions with needless preventable disease and poverty, and hinders the development of brotherly love, sym-
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Pathy, and helpfulness. It grants the highest prizes to the greatest wrongs, thus undermining virtue by placing a premium upon dishonesty. It makes of all business one vast scheme of speculation and fills all mercantile transactions with deception. It results in the wholesale adulteration of nearly all food products, and in general has made commodities dearer. It produces, by its anarchy of production, periodical crises and industrial depressions with their attendant want and misery. It robs the people of needed leisure and suppresses the impulse of creative genius. It results in the monopolization of the means of production and the reduction of the great majority of laborers to a condition of wage slavery, and exploits them out of four-fifths of the wealth they create, thus giving millions of dollars to non-producers while millions of workers are reduced to the verge of starvation. It fills this glorious country of ours with thousands of paupers, thousands of tramps, and thousands of suicides. It wastes at least five-sixths of the productive forces of the world and has caused strikes and lockouts which have cost millions upon millions of dollars. It creates in some a feverish force which results in nervous exhaustion, while it leaves the great mass devitalized of energy by depriving them of all interest in their work. It condemns the vast number to poverty and want and bequeaths to their children a legacy of misery and sin. It destroys liberty, independence, and individuality, and makes the workman dependent on the will or whim of a master. It has produced a host of parasites who live in luxurious idleness off the results of productive toil. It turns machinery, which is designed to be of service to man in lightening his toil, into a lever for the aggravation of his servitude. It causes great economic loss from the insufficiency, indifference, and want of adaptation of labor.
It results in enormous wastes from ignorance, luxury, useless duplications, needless stores, manufactories, prisons, banks, insurance houses, employers, clerks, book-keepers, salesmen, agents, jobbers, speculators, advertisers, drummers, lawyers, police, etc. It enables some to become owners of the machinery of production, which involves ownership of the men who must use that machinery or starve, thus making wage slavery more profitable than chattel slavery, as the capitalist secures all the advantages of the ancient system and escapes all the responsibilities. It begets national rivalry, and engenders enmity, strife, and hatred, which is becoming more desperate with the development of capitalism. It makes the chief function of government to build implements of destruction, whereas the true function of government is to promote the welfare of mankind. It causes the disintegration of family life and drives wife and children into the factory to help in the maintenance of their humble home. It fills the records with failures and bankruptcies. Finally, it has so distorted civilization that nine per cent. of the population now own seventy-one per cent. of the wealth.

It would seem, then, that competition instead of promoting progress and civilization, has distorted them at every turn. The fact that civilization in many ways is but little more than veneered barbarism is due to this ruling principle. While in certain directions we have made great progress in spite of this satanic principle, God only knows what we might have attained had conditions been favorable. We cannot hope that the highest development of the individual, the loftiest aims of humanity, or a true state of civilization will ever be realized so long as this brute force of competition is the ruling factor of our economic life. We have become so accustomed to the antagonisms and incongruities of our com-
petitive system that these anomalies do not affect us. But what could be more surprising to an inhabitant of some other sphere, utterly unfamiliar with our industrial methods, than our present economic order. The things of every day which we pass over with placidity would seem inconsistent enough to him. How can we hope for peace and harmony in the industrial realm, where the very basis of the order is strife and warfare? And how can we expect the best results to be attained under a system of antagonisms and conflicts? If the purpose is to secure the largest results from the least expenditure of human force, then our system stands convicted of imbecility. Given a country and a people, how can the problem of great results be best solved—by competition or co-operation? Can it be that a nation in which every man tries to get the better of every other man, will be happier, more prosperous, and more civilized than a nation in which every man tries to help his fellows? It is but axiomatic to say that men will accomplish more when they unite their efforts for a common end, than when they proceed in an unorganized and haphazard manner. "In union there is strength." History evidences the truth of this proverb. It is as true in economics as in any other field of human activity. It is only by united effort that real progress is attained. This lack of concert is the one thing most conspicuous in our industrial order. Is it any wonder that under the haphazard play of private enterprise, we frequently suffer paroxysms in the economic world? The greater wonder is that the complicated mechanism is able to run at all.

Says William Morris: "You have often been told that the competition, which is at present the rule of all production, is a good thing, and stimulates the progress of the race; but the people who tell you this should call
competition by its shorter name of war if they wish to be honest, and you would then be free to consider whether or no war stimulates progress, otherwise than as a mad bull chasing you over your own garden may do. War or competition, whichever you please to call it, means at the best, pursuing your own advantage at the cost of some one else's loss, and in the process of it you must not be sparing of destruction even of your own possessions, or you will certainly come by the worse in the struggle.”

The great corporations and trusts have learned the folly of competition and have abandoned it for the principles of Socialism—co-operation, co-ordination, and unification. Experience has taught them that their common end, the attainment of profits, can best be secured by combination. When society becomes truly civilized all its members will cease competing with one another and will unite their efforts for the common good. With the elimination of industrial conflict the conditions of progress will be realized. Says Prof. Herron: “Men are ceasing to believe, and can no longer be persuaded, that a condition of rivalry, in which they are supposed to act from an enlightened self-interest, is the real ground of social order and progress. The civilization that now builds upon the assumption that men are antagonists, and not members of one social body, is fundamentally anarchical—against the divine course of things.”

The whole story of progress is summed up in the two words—Manhood and Mutualism. These have been the most efficient means of accomplishing human desires and even the production of material wealth. Any theory that fails to recognize that these qualities should be the

supreme product of a nation's industries is pernicious. Our present industrialism aims only at merchandise, forgetting that intelligence and heart are the most important factors in utilizing the means of production. It thus defeats its own purpose, even in the realm of material progress. Material gain, to the vast majority, is thwarted by this very principle of competition. Competitive industry means that laborers are deprived of the opportunity of employing themselves, and so must sell themselves into wage slavery. Such a system is inefficient as a wealth producer, it furnishes no motive to industry. On the other hand, co-operation would be effective. Under co-operation the income of each would depend upon the social product. It would then be to the interest of every man to be as productive as possible, for the larger the product the more each worker would receive. In the days of individual production, men were diligent because the result depended upon their industry, and the same would be true under Socialism, for men co-operating would receive the full product of their labor. The larger the product the greater the means of satisfying their wants. Inasmuch as individual income and well-being would depend upon one's own zeal and the zeal of others, every laborer would be watchful that none shirked his duty, for self-interest and justice would demand that each should render a just labor energy for his share of the product. We need only to study the history of co-operation and profit-sharing, where individual income depends upon the social product, to find that Socialism would greatly increase the motive to exertion.

Thus from the standpoint of material gain, Socialism would be a more effective motive to industry and a greater stimulus to progress than the present system. But love of gain, although perfectly legitimate so long
as it does not interfere with the rights of others, is one of the lower motives. It is not the motive power of humanity.

Human nature is a many-sided organism and is subject to many appeals aside from the desire for pecuniary gain. Especially is this true of men of culture and genius, who have generally, if not always, served the world without mercenary incentive.

Greed is not the chief motive of the human heart. As we look about us, upon every hand we see the evidence of this fact. Look at the life-boat service. Does this exist for gain? Is the incentive here "honest money?" Look at the army. Is it the paltry few dollars monthly that pays for long marches, the loss of limb, the risk of life? Look at the fire department. Is it money that causes firemen to rush into the flames and struggle like Trojans to rescue property that belongs to others? Look at the editors, ministers, authors, inventors. Is it dirty dross that incites them to faithfulness? Thousands of them could make more money in other callings, but they labor on because they love their calling. They often put more money into their undertakings than they ever realize and, frequently, men who are able to retire, toil on assiduously through love of their vocation. Look at the men who strive at cricket, base-ball, and foot-ball; see them nearly kill themselves at foot-races, boat-races, and cycle-races. Is all this effort, zeal, and enthusiasm for money incentive? Look at children at play. Is it love of money that makes them rush pell-mell across the green? In all these instances it is not pecuniary gain that stimulates to action. The chief motives are love of approbation, desire to excel, social esteem, etc. These are all stronger motives than mere greed. How, then, in the light of these facts, can one say that
greed is the motive-power of the human race? Greed never yet ministered to progress.

Says Robert Blatchford: "If a prize is offered for a new machine, will a man of no genius make it? No. He will try for the sake of the prize; but he will fail for lack of brains. But no prize being offered, will the man of genius, seeing the use for a new machine, invent it? He will. History proves that he will invent and does invent it, not only without hope of gain, but even at risk of life and liberty.

"It seems, then, that genius without mercenary incentive will serve the world; but that mercenary motives without genius will not."

Men will always do more for love, honor, or fame than they will for money. The lives of Bruno, Galileo, Newton, and a host of explorers and martyrs evidence this truth. For the sake of love, truth, duty, religion, men and women have suffered imprisonment and martyrdom. Who would do as much for pecuniary gain? No, friends, greed, even to-day, is not the chief motive of life. Even in seeking wealth most men do it for what they think it will bring, admiration and enjoyment. If they thought this end could not be attained in this way, Mammon would not have so many worshippers. Aside from the need of securing the daily necessities of life, the two chief motives that actuate men to acquire money, are the wish to provide for the future of the family and the desire to purchase applause. The former is due to love and the latter to vanity, both of which are stronger motives than mere greed.

To deprive money-grabbing—one of the greatest hindrances of progress—of its power, we must make decided social changes. We must so reconstruct society

1 Merrie England, Blatchford, p. 131.
that fortune cannot be secured at the expense of others, that widows and children shall in no case come to want and that wealth will not secure honor or purchase applause. When this is attained the higher motives so long subordinated will come to the front. Secure to all the physical bases of life, and these multifarious motives would start into full activity and serve as the stimuli to higher endeavor and increased excellence. These higher motives which minister to progress and civilization are to-day held in check by our economic system of grab and greed.

The whole progress of man consists in restraining his animal nature, in subjecting his passions and developing all the capabilities and possibilities of his being. The struggle has been, and is, between the egoistic and altruistic principles, and man's progress is indicated by the extent to which the higher dominates the lower. Primeval man was but little superior to the brutes of the field, ignorant, cruel, selfish. But these animal tendencies were gradually restrained as the higher principles gained ascendancy. Progress has been attained just in proportion as the brute impulses of greed and competitive warfare have been eliminated. As society developed this selfish principle was restrained upon the physical plane, where physical strife determined the survival, and passed to the commercial world, taking on the form of industrial warfare. As each realm has been reduced to harmony it has sought refuge elsewhere, and, as the lowest was first closed, it has been driven into higher spheres. Its working on the industrial plane has been so disastrous that it is fast being eliminated by gigantic combinations of capital, the purpose of which is to destroy competitive warfare. The trusts and syndicates aim to establish harmony in the industrial realm. Although this is a step in advance the benefits are monopolized by
a few. The evil effects of competition are eliminated for those who adopt the principle of co-operation, but the masses, by virtue of this very fact, are compelled to remain within its grasp. When laborers become wise enough to co-operate for their own well-being, they will socialize the instruments of production and distribution and thus establish complete harmony in the industrial world. The principle of competition, having no further scope in this sphere, would be compelled to seek refuge upon the intellectual plane. When men by co-operative effort supply their physical wants with a few hours' daily work, and are thus relieved from the humiliating fear of poverty, they will begin to compete with each other for honor in literature, art, and science. This principle, however, upon the intellectual plane would not be competitive but emulative. Competition would give way to emulation. When people are lifted above the sordid struggle for a mere existence, we shall have such a renaissance as the world has never dreamed of.

We have seen that all progress is due to a resistless thirst, an inherent impulse, that drives men forward. This inherent force at the heart of man, this eternal impetus toward progress, this mental hunger to reach out and become more,—all this longing in man has gone on and wrought for progress in spite of the adverse environment of industrial competition. Just as the plant in the cellar or under a stone will reach out and seek for the tiniest ray of light that may come through some crevice, or will attempt to lift off and tumble over the obstruction that hinders its rise, so ever it has been with humanity; it has not yet been able to throw off the obstacle of industrial competition, but it has reached out for the ray of light and has gone forward in spite of the obstacles that hinder its progress.

This obstacle of industrial competition, however, will
not always remain. Competition will be supplanted by co-operation and then humanity will spring forward with leaps and bounds. The exquisite Utopian dreams of the past will be dwarfed into insignificance as compared with the glories of that perfect day.

Truly did Ruskin say, "Government and co-operation are in all things the laws of life; anarchy and competition the laws of death."
CHAPTER XI.

INDUSTRIAL DEPRESSIONS AND COMMERCIAL CRISES.

Industrial depressions and commercial crises are natural outgrowths of our present system of competitive industry. While the evils of this system are often much aggravated by mistaken methods in banking, and sometimes the crises are rendered unmanageable by the inflation of the currency and consequent over-speculation, still no tinkering of our financial and banking system will touch the root of this evil. The real cause of these ever-recurring depressions is something more than a mere excrescence.

We need here to note that the development of industry favors the growth of banks and credit establishments, and these, in turn, stimulate the over-production of commodities. In fact, these institutions are only a convenient method of conducting one portion of the machinery of capitalism. Nearly all business to-day is carried on with borrowed capital.

If we keep in mind the fact that the system of credit and banking is but a part of the system of capitalism (the functions which formerly were performed by the employer are now delegated to certain individuals) we shall not be deceived by the demagogue's cry of money panics. Although finances are always more or less disturbed by such conditions, and frequently a financial crisis appears as the first evidence that the body economic is out of order, nevertheless, the real causes of the financial disturbance lie much deeper.
Let us now inquire briefly into the causes of these depressions and crises. There are several causes which contribute to this end. The first that I will mention is the anarchy of private enterprise. Industrial depressions and crises inhere in production for sale. In the first stages of this production every producer produced more or less for self-consumption, the market was small and easily sized up, and the social life of the people remained unchanged. In such a community all were acquainted with one another and each knew the other's wants and purchasing capacity, which remains substantially the same from year to year. Consequently the number of producers and consumers, the amount of yearly products, etc., remained practically the same, or changed so slowly that each change was observed and considered. In these days of primitive production, before the introduction of machinery, goods were chiefly made for existing demand. In a large measure commodities were made to order, and if not, but a small surplus stock was kept on hand, thus production kept close to consumption. Although the causes of industrial depressions inhere in the method of this small production they did not manifest themselves until production for sale had reached a certain stage of development. Under the rule of small industry production was not capable of much extension. The only way that production could be increased was by working over-time, and this really amounted to but little, the productivity of labor being so small. But as soon as industry developed out of the local market into the world's market, commerce made its appearance and the productivity of labor was enhanced by mechanical inventions, the planlessness of production began to result in over-production, and industrial depressions and crises made their appearance.

As the markets extended they became more and more
difficult to control. Production ceased to be carried on for self-consumption and the producer, losing control over the local market, was obliged to seek a sale for his products elsewhere in competition with other producers. The development of commerce, which went hand in hand with the development of transportation, enabled the massing of commodities at any point where demand was manifested, and this, together with the appearance of the middlemen necessitated by trade, made it extremely difficult to estimate the demand for and the supply of commodities.

Industry thus entered the realm of speculation. Both the manufacturer and merchant must necessarily speculate as to the demand, and this speculation was rendered extremely hazardous because of the number thus engaged. Thousands of competitors were but waiting to seize every opportunity for profit, so quickness was a necessity to success. If there arose a demand for a certain commodity in any locality, each tried to flank his competitor, with the result that the community was deluged with products. Prices would then fall and merchants would be obliged to sell at a loss, which frequently wrought their ruin. With this excess of commodities and its attendant failures an industrial depression and crisis was at hand. This was the inevitable result just as soon as production for sale reached the point of extended markets. Here private enterprise compels every producer to produce and sell for himself, and to keep all his transactions secret, although the success of both producer and merchant depends on how much others produce and sell. A few orders are received and each manufacturer produces two or three times the requirements, hoping to dispose of all that is produced, for the more goods sold, other things being equal, the larger the profits. Here, note, all of this production is absolutely
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Planless. No one knows anything about the extent of the demand; each is merely guessing in the dark. But each pushes his industrial activity, for his machinery and factory deteriorate from disuse. Each also desires to retain his special workmen, and so production is continued just as long as possible. Everything seems bright, and confidence becomes blind and credit unlimited. Production increases prodigiously and each is bent on surpassing, outbidding, and over-reaching the other. In this condition the commercial demand is soon met, but as each is ignorant of both the demand and the doings of his fellow competitors, each pushes on lest he be left in the chase.

In order to gain trade manufacturers resort to every device known to man. New machinery is invented, wages are reduced, goods are adulterated,—all for the purpose of reducing the cost of production and so underselling a rival. Manufacturers vie with each other in their concessions to jobbers and distributers, selling goods on long credits, and they, in turn, place the goods with retailers on like terms, the whole process being sustained not by capital but by credit. The result of this free-for-all, go-as-you-please method of procedure is to flood the markets with goods for which there is no demand. Nevertheless, manufacturers keep on producing and business men keep placing orders in anticipation of new orders, and so pay old debts by contracting new ones. But finally trade becomes blockaded and business stagnates. Soon the merchant must pay for the goods he bought; but as the goods are unsold, he cannot meet his obligation and so fails. The manufacturer has contracted debts, relying upon payment for his product to meet them, and as his debtor cannot pay him he cannot meet his obligation and so must fail. And now the bank having advanced money
to the manufacturer is unable to realize on its securities and so must suspend operations. Thus the disease spreads, failure follows failure, bankruptcy following bankruptcy—the crisis is here.

As one branch of industry depends upon another, when one suffers all suffer. The suspension of production in one field evidences itself throughout the whole network of industry. The circle of depression becomes wider and wider; it feeds itself until all production and commerce are paralyzed. Stores are now filled with goods of every description and millions of workingmen are unemployed. These vast quantities of goods are sold at a great sacrifice. They must be gotten rid of at some price, else they become worthless. After some years of stagnation this glut or over-production is relieved and society begins slowly to recover. The surplus goods having been consumed and wasted, the demand again calls for renewed production. Production begins, at first cautiously, but orders increase, and soon the thousands of bankruptcies are forgotten and the engines of production are again driven at full speed—the golden age of prosperity has again dawned. Producers wish to indemnify themselves for what they have lost, and if they have any misgivings as to the future, they hope to make themselves good before another crisis appears. Every producer is thus actuated to try to get the better of his competitor. The catastrophe is thus again invited and comes in response to the call, only with increased violence and more damaging effects.

Thus, under the present system, the crisis is inevitable, and is of periodic recurrence. Industry runs what is called the vicious circle from every seven to ten years. Beginning with the crisis of 1815 nine such catastrophies have affected the United States during the nineteenth century. Nor have these dread evils been confined to
this country; they are world-wide and nearly contemporaneous in all the great manufacturing nations.

When we stop to consider the haphazard manner in which production proceeds, it is a wonder that our industrial mechanism runs as well as it does! Just so long as each producer continues to act for himself without any knowledge of what his fellows are doing, demand and supply will never be adjusted. No one would think of applying such a method to his individual business. Our present senseless and chaotic system of production cannot help creating, at stated periods, more goods than can be consumed. The result is stagnation. Production must cease until the equilibrium is again established, when the whole tragic farce is again repeated.

These crises are crises of abundance, and they will continue so long as hundreds and thousands of bosses are engaged in suicidal competition, producing goods without regard to commercial demand. Industry can only be regulated by socializing production. If all orders came into one central office the demand would be known, and production could proceed accordingly. The demand would also be ascertained by official returns furnished by the various departments. Collective ownership of the great means of production and distribution is the only way by which the present anarchy of production and distribution can be systematized. Social ownership would transform this insanity called business into a sane and orderly production and distribution of wares. Socialism would establish a central directing authority, a thing which Herbert Spencer says belongs to every highly developed organism. Imagine our physical organism trying to do business on the competitive principle. A lone violinist needs no director, he can start and stop at will, but an
orchestra needs a director. Imagine an orchestra in which each player started and stopped to suit his own taste. As an orchestra needs a director to mark the time and start the music, so our economic organism must have a central directing authority if we would escape industrial anarchy. This central directing authority would be supplied by the Co-operative Commonwealth.

The Co-operative Commonwealth would be but the co-operative factory on a larger scale. All modern production is co-operative. What Socialists want is the application to national production of the principles and methods which the individual applies to his own production; that is, co-operation, unification and systematization. Look at any of our large productive plants: here you see a central regulating authority, and each department is correlated with every other department. Take, for example, the production of wagons. Suppose an order is received at the office for one thousand wagons. The general manager at once gives the order to the superintendents of the various departments, and they in turn direct the foreman of each branch, who proceeds to set the laborers at work to produce the requisite parts. All departments proceed in perfect accord, the number of workers being so adjusted that the work progresses simultaneously. As fast as the parts are completed they are sent to the finishing room where they are put together. When each department has completed its work and the various parts are united, it is found that there is no excess or shortage anywhere. The thousand wagons stand complete. Now contrast this orderly and systematic method with the chaotic and haphazard procedure in our national production. Each branch of the national factory, like that of the individual, should be correlated and adjusted with every other branch. In order to accomplish this there must be a
central regulating authority, just as we find in every individual industry, which shall ascertain the demand and regulate the forces of production to meet it. As the orders come into this national office, they would be placed with the heads of each department, who in turn would give to each branch orders to produce. A sufficient number of men would be employed in each department to meet the demand, with the result that there would be no excess or shortage anywhere.

Socialism, then, by this systematic organization of industry would eliminate this cause of the crisis—the present planless anarchical procedure.

Another cause of depressions and crises, also inherent in the system of private enterprise, is the exploitation of labor. Labor exploitation renders over-production certain, even if the trust, as is sometimes claimed, could eliminate the present chaotic method. Under the wage system, the product of the producer is divided into two parts: one part goes to labor in the form of wages, the other to capitalists, landowners, and other gentlemen at large, in the form of rent, interest, and profits. In 1890 the 355,415 mechanical and manufacturing establishments in the United States produced a total product of $9,372,437,283. If we deduct from this sum the cost of the raw materials, the wear and tear of machinery, including cost of repairs on buildings, etc., which expenses are transferred in the process of production to the new product, which amounted to $5,162,044,076, we get as the new values created $4,210,393,207. The number of men, women, and children employed in the production of these values was 4,251,728, and their wages amounted to $1,891,296,166. If we add to these operators the

\footnote{The Statistics of the 11th census include with laborers the officers, firm members and clerks, which constitute 9.78 per cent.}
105,634 clerks who received $89,788,900, we shall have the total number of persons employed as 4,357,362, and the total wages received as $1,981,085,066. Now if we deduct the total wages from the new values created we find that the profits amounted to $2,229,308,141. This profit represents surplus-value. The laborers, then, receive but about 47 per cent. of the wealth they produce. They are obliged to submit to this fleecing for the reason that they do not possess the machinery of production and so must sell their labor-power to the capitalist at the market price, which is determined by the competition in the labor market.

Of course, if laborers receive but 47 per cent. of the values they create, they can buy back but 47 per cent. of the total product. Nor even that, for the value here given is the figures of the factory price at which the manufacturer sells to the dealer or another manufacturer. But workingmen do not buy at factory prices but at retail prices. To the factory price must be added the profits of a long series of middlemen and retailers which results in doubling the factory price. The laborer, then, when he goes to the market to purchase the commodities he has produced, finds that instead of purchase-

of the number of employees given, and they receive 17.17 per cent. of the total wages paid. The figures above given are the number of persons employed and wages paid, exclusive of firm members, officers of corporations and clerks. The clerks, however, may legitimately be added to the wage-workers. The number of officers, firm members and clerks, are given as 461,049. The number of clerks is not given separately, but if we allow only one firm member or officer per establishment the possible maximum number of clerks was 105,634. This is obtained by subtracting the number of establishments 355,415, from the number of officers, etc., 461,049. Now if we grant to each clerk the average salary of $850, the amount given by the census returns to those classed under this head, we get the salary of the 105,634 clerks as $89,788,900.
ing 47 per cent., he is only able to buy about 23 per cent. or 24 per cent., and even this estimate is in excess. When we take into consideration money spent for rent, doctor's bills, insurance, pleasure, etc., it is evident that he cannot purchase over 15 per cent. or 16 per cent. of the value he produces. These estimates are made on manufacturing industries where wages are the highest. If we take the laboring class as a whole they cannot purchase over 10 per cent. or 12 per cent. of the wealth they bring into being. This being true, if every industry were organized into a trust and all acted in perfect harmony, laborers could not be continually employed; for to utilize all the economic forces would mean to produce in excess of commercial demand. It is thus that the wage system has become a social curse.

Between the producing and distributing capitalists the laborers are exploited out of the larger portion of the wealth they produce. They are thus unable to consume the product of their toil. The capitalists, on the other hand, being comparatively small in number, are unable, even by their best efforts, to consume their portion of the product, and thus a large surplus is left on their hands for which there is no commercial demand. We are thus confronted by a condition of over-production, or rather under-consumption, for there can be no such thing as the former so long as men are in need. What is meant is that those who possess the goods do not need them, and those who need them have not the means of purchasing them. Were laborers paid in full for their labor they would quickly dispose of the surplus. But as production is carried on for profits the capitalist does not propose to give away these products which he has compelled the laborers to give up, neither will he produce more until he can dispose of the goods on hand. Production can only be sustained by consumption and consumption
is limited by wages. The wages paid will not buy the products produced. Consequently factories are closed, men discharged, and their families reduced to degradation and starvation.

How to procure an outlet for this surplus product which has been withheld from the wage workers, is the great question of the capitalist producer. The use of machinery has so increased the productivity of labor that, unless some outlet can be found, production must cease at intervals until the excess is consumed. It does not cease because the needs of the people are all supplied, but because of the cessation of the commercial demand, due to the limited consuming power of the wage workers. The laborers would gladly consume more, but their wage does not permit them to do so, and to increase their wages would mean to decrease the portion of the non-producers. The very mention of this remedy gives the capitalist nervous prostration. The only other outlet is in foreign markets. But as the capitalist begins to compete in the markets of the world, he has to reduce his cost of production to the level or below that of the foreign competitors, and so wages are reduced to meet the pauper labor of Europe. Just as soon as an industry reaches the point of development where it produces more than its exploited workers can buy, then it must seek the world's market, and the fact that it is a protected industry does not help the matter in the least. Most of our industries have already reached that stage and their managers are rapidly adapting their businesses to the foreign trade. This they accomplish by introducing new and improved machinery and reducing the pay rolls of the decreasing number of hands employed.

While the United States pays the largest wages of any country, it is simply because of the stupendous increase in the productivity of labor. The American workmen
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are more productive than the workmen of any other country. But there are no laborers who are more exploited than these same laborers of America. They receive a smaller proportion of the wealth they create, are fleeced more, than the laborers of any other country on the face of the earth.

But in spite of all the efforts of the capitalist class, they are unable to unload all the surplus upon the other nations. Markets have failed to expand in proportion to the increase of production. It is clear that a constantly expanding production requires a constantly expanding market, and where such is not the case stagnation occurs and crises ensue. As laborers are continually receiving a smaller proportion of the wealth they create, the home market is undermined, for they are less and less able to purchase the goods they produce. Thus the surplus grows with the displacement of labor and the reduction of the wages of the laborers employed. While the machine takes the place of the laborers in production it cannot in consumption. When goods were chiefly produced by hand labor, the laborer received wages with which he purchased a portion of the wealth he had created. But when he was supplanted by the machine he could no longer be a consumer, and the commodities which he thus previously consumed were left upon the markets. And not only these commodities but an abundance in excess, for the productivity of the machine is many times that of the workman.

This growing condition has heightened the need of foreign markets as an outlet. But all civilized nations are in the same predicament, with the result that where the crisis was once strictly periodical it is now becoming permanent. Over-production has become chronic. While foreign markets have extended they have not kept pace, as has been pointed out, with the ever-increasing
development of production. But there is a limit to the extension of these markets, and not only that, but the time draweth nigh when these markets will begin to contract. Russia, China, Japan, Australia, and the East Indies are already developing into industrial states, and will soon be able to supply their own wants. These nations are beginning to produce for themselves; they are adopting our inventions and improvements and will soon cease to be customers and become competitors. Every extension of the market has been tantamount to conjuring up a new competitor. When these new foreign markets are closed, what will be the result? There is but one answer. The whole capitalistic system will fall. It will end in the bankruptcy of the capitalist society. This cataclysm will engulf the whole world unless forestalled by the Socialist Commonwealth.

We have now seen that the crisis is the result of our planless system of production and its inherent exploitation of labor. These crises will continue just as long as our present system of industry remains. When over-production or under-consumption is the very basis of our present wage and profit system, is it any wonder that we have industrial depressions and crises?

There must always remain under the present order a greater or less glut of goods upon the market owing to the fact that the purchasing power of the people is insufficient to clear the market of the goods. Even if laborers were not exploited by the producing capitalist, the distributing capitalist, by adding to the labor cost of commodities, produces a gap between the producing and consuming power of the people, and the larger the profit charged the greater the gap. This condition tends to intensify and so render the depression permanent. In periods of so-called prosperity there are thousands, even millions, unem-
ployed. Prosperity, when said to be on tap, is to-day of little or no benefit to the common people. In 1898 and 1899 there was—so we are told—a period of unparalleled prosperity. The trusts and monopolists in general made their millions. Did the laboring class, or even the middle class, share in this prosperity? By no means. Amid the large accumulation of profits by the few, there were wage reductions, idleness, and destitution. The reason why the middle class suffers at such times is the concentration of business into the hands of the trusts. A large volume of business may be done, but owing to this concentration little falls into the hands of the great mass of the people. Of course, laborers cannot expect to be greatly benefited by such prosperity, for the work previously performed by them is now largely done by machinery. The only kind of prosperity possible when capitalism has developed to its present stage, is the prosperity of the few. The greater the prosperity of the few, the worse the condition of the many. You cannot increase the unearned income of one, without taking from the earned income of the other.

However, I am finding no particular fault with capitalists. The rate of profit could not be safely reduced to the point sufficient to bring production and consumption into harmony. The root of the evil lies in the economic system itself, in the difficulties, complexities, risks, and wastes inherent in capitalism. The Socialist method is the only way of abolishing the disparity between the producing and consuming power of the people. The only remedy for depressions and crises is the abolition of production for sale and profit. Prof. Ely says that this claim is well founded, "because crises and industrial depressions are part and parcel of the competitive system of industry, and would cease to afflict society with the abolition of the competitive system."
Under Socialism, then, these evils would be impossible. They are the results of modern industrial methods. The phenomenon made its appearance when production for sale reached the world's market, and has grown in severity as capitalism has developed. The root of the evil inheres in capitalism and can only be removed by Socialism.
CHAPTER XII.

THE PROBLEM OF LABOR-SAVING MACHINERY.

Labor-saving machinery constitutes one of the most serious economic problems of the day. The introduction of these mechanical appliances has completely revolutionized industry, and is rapidly substituting machinery for men in every field of production. This fact is generally recognized by intelligent people, although now and then we hear someone say that machinery gives employment to more labor than it displaces. This statement is an heirloom of the early days of the factory system. That men should put it forth to-day simply shows their ignorance of the changed conditions of industry.

It is true that in the early days of modern industry, although machinery greatly displaced handicraftsmen, still, owing to the development of the factory system, often more workmen were employed than were displaced. This was due directly to the growth of the factory system, to the building of new mills and the extension of old ones. But here we need to note that while there may be an absolute increase in the number of laborers employed, there is a relative decrease in proportion to the total capital advanced. As we shall see, the introduction of machinery means that the constant capital increases while the variable decreases. The statement, then, that while machinery displaces workmen it gives employment to more than it displaces, was only true during the period of transition from the manufacturing age to that of modern industry. Since the age of
machinery has reached its present development, the introduction of new methods and improved processes does not result in the final employment of more workmen, but rather in increasing the number of unemployed.

The necessary condition for the employment of an increased number of hands in any industry is a rapid growth of capital invested in new factories. Modern industry long since reached the point where the extension of factories is sufficient to absorb the men displaced by the new machinery. This absorption was merely a temporary phase of the industrial development, and was sure to end as soon as industry had reached its approximate growth. The phenomena belonged purely to the first stages of modern industry. Since this era of production has entered the stage of monopoly, the exact reverse is the admitted tendency. The development of industry under the syndicate and trust does not consist in the extension of factories, but the opposite. The concentration of business has resulted in closing factories, as in the oil and sugar businesses, where a few establishments now do the work formerly done by many. The Standard Oil Trust, for example, has dispensed with the services of eight thousand seven hundred teams of horses, wagons, etc., and eleven thousand seven hundred men, who were formerly employed in handling oil. The formation of the Chicago beer trust is another illustration. There were thirteen breweries, and each had its bookkeeper, clerks, salesmen, deliverymen, and operatives. The trust did away with all this waste. Says Mr. Baumgarti, the general manager of the brewery trust: "Economy is the watchword and a great saving to the brewers will be accomplished by doing away with large office forces and transacting all business from this office. The sole benefit of the common company is the increase of profits by cutting down the number of employees, by large cash
purchases and by correction of business errors common in the management of the individual businesses.” The tendency of competition is to multiply establishments, but the tendency of combination is exactly the reverse. The only effect of machinery upon labor to-day is to decrease its value, and to render the laborer superfluous.

The misconception regarding machinery is due to the failure to recognize the changed condition of industry. This misconception takes several forms which I will briefly consider.

It is assumed that the machinery which displaces laborers also sets free a sufficient amount of capital to again employ them. This assumption is entirely erroneous. Suppose in a modern factory two hundred men are employed with a capital, say, of $6,000, half of which is constant and half variable.1 Now suppose machinery is introduced costing $1,500 and capable of doing the work of one hundred men. This would transfer $1,500 from variable to constant capital. The total capital and product would remain the same, but the machinery now takes the place of half the number of men employed; the work previously performed by two hundred men is now, by the aid of the new machinery, done by one hundred men. In the process no capital is liberated; the cost of the machinery equalled the cost of the labor-power saved. But now, suppose the new machinery which saved the labor of one hundred men had cost but $1,000, then the $1,000 would have become constant capital and $500 would have been liberated. This $500,

1 Constant capital is that portion of capital invested in the means of production. It is called constant because it does not change its value during the productive process. Variable capital is that portion of capital invested in labor-power. It is so called because it changes its value during the productive process.
however, would employ but a third of the one hundred men displaced even if it could all be used as variable capital. But a part of it must become constant capital before any of it could become re-employed. Thus the amount remaining for the re-employment of labor would be very small and would employ but a few men.

Again, it is assumed that the labor displaced by machinery finds employment in making the machines. But as machinery is introduced for the purpose of saving labor-power, the supposition that the labor displaced by machinery finds employment in making the machinery, is seen to be absurd. Some of the displaced labor can thus find employment, but only a portion. Were all thus displaced to find employment the cost of the machine would equal the cost of the labor-power displaced and the capitalist would make nothing in the transaction. The capitalist only introduces the machine when the value of the machine is less than the value of the labor-power displaced by it. If one thousand days' labor is embodied in the machine, and the machine lasts one year, it transfers its value to the year's product. But if the machine, during the year, has displaced only one thousand days of labor, the capitalist has made nothing by using the machine. If the labor-power displaced by using the machine is all utilized in making the same machine, of course, the capitalist might as well have paid for the labor-power directly. The cost in one instance is the same as in the other. It costs as much to produce the machine as was saved by its employment. In such a case the total labor embodied in a commodity is not altered. But if a machine which embodies a thousand days' labor produces more during its life than a laborer can produce in a thousand days' labor with his tools, then labor-power has been saved by using the machine. Were labor-power not thus saved the machine would not have
been invented. Its very purpose is to increase the productivity of labor and so save labor-power. This, however, could not be if the labor cost of the machine equalled the labor displaced by it; or in other words, if the labor displaced by the machine could find employment in making the machine.

But, again, it is assumed that as machinery greatly increases the productivity of labor and so consumes a larger quantity of raw materials, that this increases the demand for labor in these fields of production, and so the labor displaced is compensated. The introduction of machinery into a certain industry may, temporarily, increase the demand for labor in those branches which furnish industry with the raw materials. This, however, is on the supposition that machinery has not yet seized on these trades. But with the introduction of machinery into these supplementary industries, the same condition would exist here as in the other fields invaded by machinery. Any benefit, then, that thus accrued to labor would be only temporary, and due entirely to the backward state of some extractive industries. But that condition has long since passed. Machinery has now invaded every field and men are everywhere thrown out of employment, and this without compensation. They are thus rendered unable to purchase the necessaries of life, and other industries are obliged to shut down for want of sale of their products.

Machinery, then, not only throws workmen out of employment in the industries where it is introduced, but also in other industries in which it is not introduced. Machinery is but a means for producing surplus-value. Like every other source of increase in the productivity of labor, it but cheapens commodities, and so lessens that portion of the working day in which the laborer toils
for himself, and lengthens the portion of labor-time appropriated by the employer.

Machinery, which was designed to be of service to the laborer in lightening his toil, has resulted, under private ownership, in the laborer's degradation. It is the machine, the mechanical fellow workman, the laborer need fear. Every year an astonishing amount of these iron and steel workmen are brought into competition with human labor. In the decade from 1880 to 1890 the new mechanical power put in operation was equivalent to the labor-power of forty million men. In the light of this fact, what do the few thousand, or even million, immigrants amount to? Were the capitalist to be deprived of cheap labor, would he not introduce mechanical power, and gain by the transaction? Every labor-saving appliance can be run for eight cents a day for every man displaced. Here is the pauper labor compared with which the immigration of pauper labor from Europe is insignificant. If immigration were prohibited to-morrow, it would have scarcely any influence upon the competition in the labor market. Improved appliances would soon neutralize any temporary advantage that might accrue to labor. The machine, then, is the real competitor of the laborer. Instead of machinery giving employment to more labor than it displaces it but displaces workingmen and renders human labor superfluous.

Glance for a moment at a few of these new devices. There is a new electrical riveting machine which inserts 1,200 rivets in ten hours. A needle-making machine has lately been introduced which turns out 260 needles a minute. A new can-making device is in operation which may be operated by a child; the sheets of tin are fed into it at one end and at the other 64 cans drop out every minute, 38,000 every day. An expert tinner can
make but 500 cans a day. Each machine, then, displaces between 70 and 80 men and is operated by a child. A can-labelling machine has been perfected which labels 60 cans a minute. There is a self-feeding platen press, of late invention, that prints 10,000 or more cards in an hour, registering to a hair. Cigar-making machines, which turn out neatly wrapped cigars at the rate of 3,000 a day, have made their appearance. A bread-moulding machine has been invented with which three persons can mould over 20,000 loaves a day. A pea-shelling machine has been put in operation by which three machines, operated by five to eight persons, shell as many bushels of peas as a hundred hands used to. This machine works automatically and will, with a few improvements, be operated by one person. A glass-blowing machine has been introduced which turns out tumblers at the cost of six cents a hundred against fifty cents by the old-hand process. In the cotton industry one man and two boys now do the work formerly requiring one thousand spinners. Among weavers one man now does the work of fifty. In making horse-shoes one man can do the work which years ago required the labor of five hundred men. In making nails one man can now do the work formerly done by one thousand men. One man can to-day set as much copy in type as used to require from six to ten men. With the Northhope loom one man now does the work of ninety men with the hand-loom. In the steel industry three men with the latest machine will turn out in ten hours two hundred and fifty tons of steel billets, whereas in 1892 it required one hundred and fifteen men to do the same work in the same length of time. In boiler-making thirty men now do the work that but a few years ago required five hundred men. In agriculture each patent binder throws nearly twenty men out of work, each cotton harvester
displaces thirty-eight men, each steam-plow twenty-one men. Each riveting machine displaces twenty-one men. Each steam-roller with patent pick throws out of work from eighteen to thirty-eight men.

The illustrations might be indefinitely multiplied, but why continue? Is it not evident that machinery is constantly displacing labor? Are not laborers by the thousands and millions being robbed of their living by the introduction of labor-saving machines?

What, then, is to be done? Shall we break up the machines? No, socialize them. It is the private ownership of machinery that throws men out of work. Machinery should belong to those who make it and use it, and not to a few idlers who are thus enabled to appropriate all its benefits. The time will come when the work of the world will be accomplished by simply pressing an electric button. But with the private ownership of the button, what will become of the displaced workingmen?

Under capitalism production is only carried on for profit. But production can only be sustained by consumption and consumption depends upon the opportunity for employment. But when a few, by simply pressing a button, produce the goods, then the great multitudes will be unemployed, their consumptive power gone, and they themselves reduced to degradation and starvation. The only solution of this condition is to socialize the electric button. If society expects to enjoy the fruits of mechanical invention these instruments must be socially owned.

Under Socialism machinery would result in a blessing to all. Mechanical inventions would then serve labor instead of competing with it as to-day. When the time came, through the introduction of new inventions, that all the needs of the people were supplied in abundance, then further improvements would be applied to reducing
the hours of labor. The only way that machinery will be of service to labor is for labor to own the machinery. The collective ownership of machinery is the only solution of the problem.
CHAPTER XIII.

POPULAR ECONOMIC ERRORS.

I. THAT VALUE IS DETERMINED BY CAPITALIST COST OF PRODUCTION.

This economic error is a very common one. The phrase, cost of production, is used by political economists to denote the capitalist cost, but they do not agree among themselves in regard to the items which should be included. While some include wages, replacement, interest, rent, insurance, taxes, etc., others limit the cost to wages and replacement; that is, cost of labor, cost of raw materials, and cost of tools. The latter represents the real capitalist cost. We need to note here, particularly, that by the cost of labor they mean its cost to the capitalist, which depends upon the cost of the laborer’s living. They entirely overlook the important distinction between the exchange-value and the use-value of labor-power. In this way it is sought to cover up the whole method of capitalist exploitation.

Now the value of a commodity, or the cost of produc-

1 The "cost," "price" or "value of labor," as used by political economists, is what Marx calls an "irrational expression for the value of labor-power." Remember, it is labor-power—the capacity for labor—that the laborer sells. As stated by Mr. Hyndman, "What the human beings without property are so anxiously trying to sell is therefore not labor but the power to labor." We should substitute for the popular inaccurate expression "cost" or "value of labor," the scientific phrase "value of labor-power." We cannot be too careful in our use of terms.
tion which regulates the price, is determined by the quantity of labor embodied in the product. The three factors of production are the living labor, the raw materials, and the wear and tear of the tools or implements. The sum of these factors represents the labor socially necessary for the production of a commodity. Thus, if in the production of a commodity the raw materials cost $3 and the wear of the tools represents $1, and, say, this $4 represents the value of two days' labor of twelve hours each, then we have the first two factors embodying two working days. Now if these means of production can be transformed into the finished product by six hours' labor, then the commodity will cost two and one-half working days. The finished product, then, containing two and one-half days' labor is worth $5. But this is what it costs the capitalist—$4 in raw materials and tools, and $1 in labor-power. If the product is sold for $5 it is evident that the capitalist will make no profit. But he has been engaged in the process for profit. He must find some factor, which, in the labor process, is capable of producing more value than he paid for it. He first looks at the raw materials and instruments of production. But these are implacable. They change their shape during the process of manufacture, but their value does not change; it disappears in one form only to reappear in another, but with no increase. The value of these factors is simply transferred to the new product. Finding no help here he now turns to the labor-power. He perceives that the laborer uses a certain quantity of the necessities of life and that these can be produced in six hours' labor, and are worth $1. "Well," says the capitalist, "there is no reason why the workingman should not work twelve hours per day; he produces his keep in six hours, and so I shall demand that he work the other six hours for me free gratis." The extra
material is supplied and the laborer is kept at work for twelve hours, consuming twice as much of the means of production. The value, then, of the product produced in twelve hours is double that produced in six hours. But it has not cost the capitalist twice as much ($10), he has paid out but $9,—$6 for raw material, $2 for wear and tear of implements and $1 for labor-power. In other words, the capitalist, while paying only $1 for his labor-power, makes it operate not six but twelve hours, in which time it consumes $6 of raw material instead of $3, and $2 of the tools of production instead of $1, and so produces a product which embodies five working days instead of two and one-half, and is, therefore, worth $10 instead of $5. But the capitalist has paid for only four and one-half days' labor. He has paid in full for the labor embodied in the raw materials and implements of production used, but not so for the living labor. The product embodies twelve hours' living labor, but the capitalist has paid for but six hours. The finished product, then, contains six hours surplus-labor and represents $1. The laborer has been exploited out of one half the value of his toil. This surplus-value is unpaid labor.

The reason that the laborer is thus fleeced is, that under the capitalist system, labor-power is an article of merchandise, which the employer purchases, the same as any other merchandise, at its exchange-value, and, as with every other merchandise, he gets its use-value. The use-value of labor-power is its productivity. It is prized by the capitalist because it is capable of producing more value than it costs. We have seen that the raw materials, machines, etc., used in production, create no additional wealth. Their exchange-value simply passes over and becomes embodied in the new product. The merchandise labor-power, on the other hand, does produce additional wealth. The use-value of labor-power produces
more value than the exchange-value amounts to. This additional value is capitalist fleecings.

We are now able to see clearly the difference between the capitalist cost and the labor cost. It is the difference between the exchange-value and the use-value of labor-power. The labor cost is the amount of social labor embodied in a commodity. In the above example three days represented the raw material, one day the tools consumed, and one day labor-power—in all five days, which, at $2 a day equals $10. The capitalist cost deals with what this social labor costs the capitalist. He has to pay full value for the labor embodied in the raw material (three days at $2 a day, equalling $6), and for the tools consumed (one day at $2 a day), but with the labor-power, instead of paying $2 for the day, he purchases it for $1, thus making the total cost to him but $9. He thus makes $1 profit, the difference between the exchange-value and the use-value of labor-power.

This reveals clearly the method of exploitation. Labor has been fleeced out of one-half of the product it created; in other words, it has replaced its cost of production two-fold. In spite of this obvious fact we are told by political economists that labor, having received its cost of living, has received a full economic equivalent for its contribution to the product, a statement both confusing in theory and fallacious in fact.

By cost of production, then, we mean labor cost—the labor socially necessary to produce a commodity. Socially necessary labor means the average quantity of common labor measured by time, which on an average is requisite, by the implements and methods generally used, to produce a commodity.

Now let us note how this principle works under the profit system. All manufacturers producing under normal conditions realize normal profits. If, for any
reason, a manufacturer is unable to adopt the methods which have come into general use, his cost of production will exceed the average cost which determines values, and so he will receive smaller profits. On the other hand, a manufacturer with exceptional advantages, due perhaps to some new mechanical appliance, may be able to produce at less cost than the average and so reap an abnormal profit. Prices being determined by the average cost of production he will sell at the regular price regardless of his cost. But as soon as his new method becomes generally used, a new value is established and prices fall to the new level. This deprives him of his special advantage and forces all who are not able to introduce the new implements into bankruptcy.

Thus, suppose the socially necessary labor embodied in a pair of shoes is one hour. A manufacturer introduces an improved machine by which two pairs can be produced in the same time. So long as he is able to maintain his secret, he can secure an extraordinary profit. But in the course of time his invention, or one equally effective, is adopted by other manufacturers and, as these improvements become general, the social labor embodied in shoes falls by one-half and prices are gradually adjusted to the new level. Remember, it is not individual labor but the social labor that determines value.

Although the individual manufacturer reduces the cost of production that does not affect the social cost. It is only when the social cost is lowered that values fall. After the change is made some may continue to use the old methods, but for all that, the product of such labor would represent but one half hour of social labor, and the price would soon fall to that level. The former labor and product would then be governed by the new social standard. Values are constantly falling as the productivity of labor is increased. This lowering of prices, in
accord with the reduction in the cost of commodities, results in innumerable failures. A manufacturer can continue business so long as his capitalist cost does not equal the social labor cost which fixes prices. But as soon as the rapidly falling social labor cost reaches his capitalist cost of production he is obliged to suspend operations.

Thus, suppose in the production of cotton cloth the social cost is 4 cents a yard, and the capitalist cost 3 cents, leaving 1 cent profit. But there is now and then a manufacturer whose capitalist cost of making cotton cloth is, from various causes, such as inferior skill, insufficient capital, inferior machinery, location, etc., 3½ to 3¾ cents a yard. Now suppose that by the introduction of new machinery the value of cotton cloth falls to 3 cents a yard and the capitalist cost to 2 cents; it is evident that those who were producing under disadvantageous circumstances, on the narrow margin of ½ to ⅔ of a cent a yard, would be forced out of business. For if they were unable to adopt the general methods before the change, they certainly would not be equal to the emergency now. It is among this class of producers that bankruptcies occur, and it is not necessary for a revolution in industrial methods to cause their ruin. They are the first to succumb in industrial depressions. An over supply of goods depreciates the market price below their value, and those producing on narrow margins are forced to abandon their enterprises.

Values, then, do not depend upon the capitalist cost of production, or, as some have erroneously supposed, upon the cost of producing the most expensive portion of the supply, but upon the average cost of production; that is, upon the socially necessary cost of production. This cost, under normal conditions, determines prices; that is, under such conditions the market price of a com-
modity coincides with its value. But conditions, however, are not always normal, and we frequently find prices varying from the socially necessary cost. This is due to supply and demand and to what has been called "economic perturbations."

By "economic perturbations" is meant those fluctuations in prices, especially where there are various prices for the same article in the same market, which are due to ignorance of the facts or because the parties are not free to act in accordance with their knowledge and interests. In all such exchanges one gets more and the other less than an equivalent. Such exchanges are imical to one of the parties and it is clear that he would not submit to it if he knew it and were free to act otherwise. Such perturbations are greater in the retail market than in the wholesale, and greatest in those sections of the retail trade where poverty and ignorance abound. The ignorant consumer is imposed upon both as to quality and price of commodities. The poor are often under obligations to the shopkeeper and so not free to trade elsewhere.

These variations, however, tend to regulate themselves. As they involve loss to either producer or consumer, their interests will lead them to avoid the disadvantageous exchanges just as soon as they know the facts. Supply and demand, also, as is well known, tend to an equilibrium. In considering the law which regulates values we eliminate these uneconomic conditions and consider the primary law in its purity. This is the true scientific method: first establish the law and then you are free to consider the perturbing or incidental causes which affect it. Many who are not careful in analysis have fallen into error and mistaken one of the mere incidents for the law itself. We cannot be too careful in our analysis.
It has now been clearly shown that value is not determined by the capitalist cost of production. It is of the utmost importance that this error be clearly comprehended.

2. THAT THE INTERESTS OF LABORERS AND CAPITALISTS ARE IDENTICAL.

We hear much talk, by the defenders of the present order, of the harmony, partnership, and identity of interests between labor and capital. It is true, there is harmony between labor and capital, but not, as our friends wish to imply, between laborers and capitalists. Those who are fond of declaiming about this harmony utterly fail to recognize the changed methods of production.

When the laborer and capitalist were united in the same person, as in the days of individual production, there was a most complete harmony. But when these functions are separated, as is the case in modern industry, there is nothing but discord. The interests of one are diametrically opposed to those of the other. The wealth produced by labor, as we have seen, is divided into two parts. One portion goes to the laborers in the form of wages, the other portion is divided into rent, interest, and profit, and pocketed by non-producers. It is because the capitalist has monopolized the means of production that he is able to appropriate a portion of labor's product. It is thus that capital becomes productive. Its productivity consists in its spongy capacity of absorbing surplus-labor. This becomes clear when we glance at the nature of production.

All leading industries to-day are joint-stock concerns, and a capitalist may hold stock in a score of such industries. He purchases, say, $10,000 worth of stock in each
of these industries, of which, perhaps, he knows nothing. His broker has told him that they are paying investments and that is all he cares. He never goes to the factories or even to the towns in which they are located. He simply takes the stock and locks it up in his safe, and at the end of three months receives his dividends. But where do these dividends come from? The capitalist, surely, has not produced them. The answer is not difficult to find. Take the cotton factory as an illustration. Here, say, 1000 men have worked for three months and have produced a certain amount of cotton cloth. This is transported to the market and exchanged for money. From the money received for the product there is first deducted the cost of the raw materials and the wear and tear of machinery. The balance is divided into two about equal portions, one of which is given to the laborers in the form of wages and the other portion is called profits and is divided among the capitalists in the form of dividends. Now, note, the whole product was created by labor; the stockholders render no service whatever. Dividends, then, arise from the fact that the laborers do not get the entire wealth they produce. Now we have seen that the product which labor produces is divided into two portions, and it is axiomatic that a thing cannot be divided into two shares so as to increase the portion of each. If the laborer produces $6 worth of wealth a day and the capitalist keeps $3, there is only $3 left for the laborer. If the capitalist keeps $5 there is only $1 left. But if, on the other hand, the laborer can secure $5 there is but $1 left for the capitalist, and if, perchance, the laborer could keep all the wealth he creates, then there would be none left for the capitalist and he would have to go to work. Thus we see that as wages and surplus-value are both parts of the product of labor, one
cannot be increased without decreasing the other, and *vice versa*.

From this it is evident that the interests of laborers and capitalists are not identical. It is to the interest of each to get as large a portion of the product as possible. The success of one means the failure of the other. Indeed, the harmony between laborers and capitalists is like the harmony between the horse-leech and its victim, or the flea and the dog. The capitalist, like all parasites, lives off of others.

Many superficial persons have been led to consider the interests of laborers and capitalists identical through a failure to distinguish between capital and capitalists. Laborers could not get along very well without capital, but they could do very nicely without the capitalists. If all the capitalists should take it into their heads to emigrate, industry would not be greatly disturbed for, in fact, the directing function once performed by the capitalist has been transferred to hired employees. In fact, we mean by capitalist, one who possesses wealth which brings an income without personal exertion. The capitalist to-day is purely a useless organ in production. We find in all nature that as soon as an organ is redundant it is eliminated. The capitalist must pay the penalty that nature has imposed upon all useless functionaries.

We are sometimes told that if we antagonize the capitalists they will take their capital and go to Europe. Would to Heaven they would go somewhere, but if they should we need not fear their taking their capital with them. Imagine a Vanderbilt taking the New York Central R. R. with him, or an Astor his valuable city lots! No, capitalists may go but they will be obliged to leave the capital which they have fleeced from labor behind. But why should they emigrate? If they go to Italy they would be confronted by 40,000 Socialists, if to Holland
by 300,000, if to France by 1,000,000, if to Germany by 2,125,000, if to Belgium by 500,000, etc., etc. There is not a civilized country to-day in which Socialism is not a growing force. The capitalist, then, cannot escape his doom by emigration. The mighty rising tide of the international Socialist movement will soon seal the doom of the capitalists. But we bear no antagonism to capitalists as individuals, and have no objection to their remaining with us and becoming useful members of society. Socialism will soon establish harmony between laborers and capitalists by setting the latter at work.

The antagonism between the capitalist and proletariat class is due to the contradiction between the social production and capitalist appropriation. The instruments, method and product of production are now social, but the form of appropriation remains the same as in the days of small production when the laborer owned his tools and consequently the product. The present social instruments of production are incompatible with the old method of appropriation. Social production with individual appropriation means individual appropriation of the products of social labor. Private property in the instruments of production is becoming every day more and more incongruous with the nature of those instruments. Thus the interests of laborers and capitalists are becoming more and more antagonistic with the development of modern industry. A failure to recognize this contradiction in the capitalist system has led to many economic errors of which this is by no means the least important. The antagonistic interests of laborers and capitalists are not incidental but inherent in our present system of industry.

The apologist cannot longer hoodwink the laborers into believing that their interests are identical with those of their exploiters. The working class is beginning to
study the economic question, which means that such errors will soon be dispelled.

3. That Labor is Better Off To-day Than Ever Before.

Those who assume that labor is better off to-day than ever before consider but one side of the problem. A comparison of labor’s condition for the last six centuries shows many ups and downs. Its pathway has not been one of gradual progress or decline. While labor to-day is better off than during the last half of the eighteenth and the first half of the nineteenth centuries, it is far from regaining its golden age,—the fifteenth century.

The question of labor’s condition must be viewed from two aspects, the absolute and the relative. Viewed from the absolute standpoint the laborer may enjoy more privileges, and those fortunate enough to secure steady employment may often have more of the necessities of life to-day than in years gone by. But viewed from the relative standpoint—his condition as compared with the other classes of society—it is evident that there is a greater gulf to-day separating him from the classes above him than ever before. Even where the laborer receives more of the necessaries of life, he receives a less share of the product than he did in the despised Middle Ages. Labor is exploited to-day more than it was then; it is obliged to give up more of the value which it creates than in those days. Can labor really be said to be better off in the true sense when it is obliged to submit to greater exploitation? Is labor gaining ground when its fleecings are increasing? If any laborer is better off to-day than formerly his condition is only accidental and temporary. As a whole labor is relatively worse off, and
even absolutely, it is not as well off as it was in 1872. The worst condition of labor, as we have already noted, was at the beginning of the nineteenth century. After awhile its condition began to improve and so continued up to the sixties, but even then it had not relatively regained its status of the fifteenth century. Since 1872 it has been on the downward grade both relatively and absolutely.

Let us glance for a moment at statistics. In the report of the Massachusetts Bureau of Statistics of Labor for 1885 the data for nine industries are given, which show that the percentage of the net product paid as wages fell from 59 8/10 per cent. in 1850 to 48 2/10 per cent. in 1880. The compilers then take from the United States Census the same data for all industries in the country and find that 51 per cent. of this net product was paid in wages in 1850 and only 48 1/10 per cent. in 1880, and say: "It appears that when the field is broadened so as to include the entire manufacturing industries of the country, labor's share of the net product has declined from 51 per cent. to 48 1/10 per cent."

A comparison of the statistics of 1890 with those of 1880 show a still further decline. The statistics of 1890 show that labor received that year but 47.03 per cent. of the net product and the capitalists 52.97 per cent. These facts show beyond controversy that labor's share in the product is not increasing, but the reverse.

Now let us look at wages. I wish first to call attention to the statistics furnished by the Senate Finance Committee of 1893. The Aldrich report from this committee is valueless owing to its political aim. The conceded partisan spirit of the report necessitates throwing away the work done by the committee's experts and returning to the original reports made by the employers. Here we find given (see pages 110 and 111) the tables
containing wages paid in all industries in 1873 and 1891. As I cannot take the space to insert these tables I will simply give the summarized statement, which is that the average wages in urban industries in 1873 was $2.04, and in 1891, $1.69. According to the Connecticut Labor Report and the Massachusetts "Statistics of Manufacturers," the nominal rate of wages in 1894 had declined about 7 per cent. below the level of 1892, while the yearly income of laborers had been still further reduced by the lack of employment.

So much for urban industries. Now let us look at mining. Here, also, I can give only the summary. The returns give the average wages in currency in 1873 as $2.14, and in 1891 as $1.58. The average in gold in 1873 as $1.90, and in 1891 as $1.58. Since 1891 miners' wages have constantly fallen. The Michigan Labor Report of 1894 shows a reduction in wages since 1890 of 20 per cent.

There yet remains agriculture to be considered. Here, also, we find the same general decline. Comparing the Massachusetts Labor Report for 1872 and the Massachusetts statistics in the national reports mentioned, we find that agricultural wages with board in 1872 was $27.52 per month and in 1890, $18.50. In corroboration of this I wish to cite Prof. Dodge, Statistician of the Department of Agriculture, the highest authority on the subject, whose inquiries consists of nine statistical investigations, covering a period of 26 years, from 1866 to 1893. His investigations show that the wages of regular farm labor have decreased about 31 per cent., and those of transient labor about 40 per cent. Other statistics might be cited, but these are sufficient to show the tendency of labor.

Labor, to-day, is losing its power and becoming more and more dependent upon capital. Not only is this the
condition of labor in general, but there has arisen a destitute and degenerate class which is constantly growing and which is more degraded than any people in the civilized nations of the past. Says Prof. Commons: "A new race of men is being created with inherited traits of physical and moral degeneracy, suited to the new environment of the tenement house, the saloon, and the jail. . . . The great mass of workmen, when we consider all their circumstances, are no better off than they were thirty years ago and many are worse off.”

While laborers may have gained some few advantages from the improvement which they have made (and surely it would be strange if they were not a little benefited by all they have done) still the fact remains that more workingmen now lack the necessaries of life than ever before. Fifty years ago the word tramp had not been coined. Trampdom is a necessary part of capitalist society. Under Socialism, where labor is pleasant and all can find employment, the word tramp would soon be forgotten, for the tramp-producing system would have been abolished. Conditions are rapidly growing worse, and the number of the unemployed constantly increasing, and degradation and poverty stalk hand in hand through the land.

4. That Cheap Prices are Beneficial to Labor.

It is a common error to suppose that cheap prices are beneficial to labor. This, however, is erroneous, for the share of wealth which labor keeps as wages, depends upon the cost of the production of labor-power. The cheaper the goods, the cheaper the cost of reproducing labor-power. If the price of commodities decreases, wages will also decrease in correspondence. As long as labor-power is a commodity, its price, like that of all other
commodities, will depend upon its cost of production. The portion of the product given to labor, like the coal placed in the fire-box, is to enable the laborer to keep up his steam. The capitalist does not part with a larger portion in either instance than is necessary to accomplish the purpose.

As the cost of labor-power depends upon the cost of the necessaries of existence, any process which cheapens these necessaries only decreases the value of the labor-power. This lessening of the necessary labor adds proportionately to the surplus-labor. Cheapening the necessitates of life, then, is but cheapening labor-power.

If, under a certain status of production, it required eight hours for the reproduction of the value of labor-power and certain improvements are introduced by which the laborer can reproduce the value of his labor-power in five hours, then three hours have been freed and added to the domain of surplus-labor. It is thus advantageous to capitalists to have cheap commodities, for in this way labor-power is cheapened. While cheap commodities are beneficial to the middle and plutocratic classes, or to those on fixed salaries, it is in no way advantageous to proletarians as their wages are determined by the cost of the necessaries of life.

Everyone is a consumer of necessaries, and those who produce necessaries have to produce sufficient for all. Beside the idle rich there are many other non-producers, such as servants, lackeys, and other satellites of the wealthy class. These parasites are paid by the rich out of the surplus which they have exploited from the useful producers. Of course, cheap commodities for the producers mean cheap commodities for the non-producers, consequently, wages are lowered and the larger number may be withdrawn from useful production. The smaller the number engaged in the production of necessaries the
harder they must work, for they must produce sufficient food and clothing for all. Cheap commodities, then, are not beneficial to the laboring class. They tend to decrease wages, intensify labor, and increase exploitation.

To recapitulate: our present system makes of labor-power a mere commodity, and being such its price is controlled by the law which determines the price of all commodities. The price of commodities is determined by that which is necessary for its production. Whatever lowers the price of the elements which enter into a commodity lowers the price of the commodity. The laborer needs food and clothing that he may place his labor-power upon the market, and whatever lowers the price of these requisites lowers the price of labor-power. Cheap goods means cheap labor-power. Consequently, that which lowers prices is not beneficial to labor.

5. That Foreign Markets are Beneficial to Labor.

This is a common error. We frequently hear people sounding the praises of American industry and rejoicing that our products are going all over the civilized world. The cry is constantly raised, "Give us more foreign markets." But it is all a delusion. I protest in behalf of the unfed, half-clothed, and homeless millions. Why should we rejoice at the spectacle of our machinery, cotton cloth, food products, etc., going all over the world? Where do these goods come from? Every dollar's worth is wrung from the honest toil of labor. All such products represent surplus-value which has been appropriated from the product of the workers. We do not want foreign markets for the goods thus wrung from
productive toil. What we do want is that these goods produced by labor shall go to labor. If every man received the full product of his toil there would be no need of a foreign market. It is the business of this nation to first satisfy the wants of its own people. The cry for foreign markets is the cry of a vicious system of industry. It fleeces the laborer of the wealth he creates and then seeks an outlet for the surplus abroad. The greater our success in this direction the greater the exploitation of labor and, consequently, the more poverty and degradation at home. The whole policy is infamous, born of the necessities of an infamous system of production. How long will the laborers rejoice at the opportunity of capitalists to sell foreign countries the bread and butter out of their own mouths.

The search for foreign markets is the height of all follies. Suppose we secure them, could they be retained? China, Japan, and India are now adopting all our inventions and improvements, and will soon not only produce for themselves but will become our competitors. The only way foreign markets can be secured and retained is by producing cheaper than others. This means a constantly lowering wage, even below the pauper wages of Europe; it means a wage lowered to the level of China, Japan, and Hindoostan. But as wages decrease, so does the consumptive power of labor and, consequently, as foreign markets extend, home markets contract. Foreign markets, then, so far as labor is concerned are truly a snare and a delusion. The cry for them is the death gasp of the competitive order.

Foreign markets are of no benefit whatever except to add to the profits of the profit seekers. Why should laborers be deprived of the blessings of life, deprived of an opportunity to read a book, to take a journey, to enjoy a social hour, simply that they may create wealth
to keep others in idleness. Thus it will ever be until laborers learn to combine and produce goods for their own use instead of profits for others. Be not deceived by the cry for foreign markets. It means the exploitation and degradation of labor.

6. THAT LUXURY IS BENEFICIAL TO LABOR.

It is frequently said that the luxury of the rich is beneficial to labor because it gives employment. This apology for luxury presupposes that what laborers want is work, whereas it is not work but the results of work that is desired. This effort to justify luxury is somewhat obselete. Those making it fail to realize that philanthropic and productive expenditures also give employment to labor. The mere fact that the expenditures in luxury give employment to labor is not sufficient to justify such expenditures. What we want to know is the result of such employment. To be sure, the payment of wages in the production of luxuries helps the workers who receive the wages, but such employment is of no help to society. The only way to help society is to give laborers useful employment. To employ labor in the production of luxuries is a misdirection of human energy. But these laborers, although they cease to produce necessaries, must still consume them. This means that those engaged in useful employment must work just so much harder or so much longer, for while the consumers remain the same the producers have been reduced. But where do the rich get the money they spend in luxury? They fleece it from the workers. The portion of the product which the present system enables them to appropriate is more than sufficient to supply their necessitates, so the surplus is expended for luxuries. The more the rich spend in luxury the more men will be withdrawn
from useful production, and the more laborers will be exploited to furnish the means of payment. Remember, it is the useful worker that keeps both the rich and their flunkeys. The more consumed by these classes the more laborers have to produce, or else the less they themselves have to consume. The only result of spending money upon luxury is the destruction of a large amount of wealth and the waste of a large amount of labor. Luxury, then, is not beneficial to labor.


This is the single tax theory as set forth by Henry George. Space will not permit an examination and refutation of all the fallacies contained in this theory. I can only refer, in a general way, to the main assumption. The adherents of the single tax theory fail to recognize that land and capital are both requisite to production, consequently, they have failed to perceive that the nationalization of one would still leave the people at the mercy of the monopolizers of the other. As a matter of fact capital is the chief factor in modern industrialism, and the monopolization of machinery would render nugatory any good results that might otherwise accrue to the people through a socialization of the land.

Suppose laborers to-day had free access to the land, would that enable them to build their own factories and equip them with modern machinery? If so, why does not the small land owner who finds farming unprofitable, construct a factory and engage in the production of some commodity? Simply because he has not the capital to enable him to do so. His possession of the land does not enable him to enter the field of industry and compete with the large capitalist. If land were nationalized
would he then be any more able to engage in industry which requires an ever-increasing capital? Surely not. Land nationalization would not open the door of industrial employment to a single individual.

Nor is this all. A man would be no better off in agriculture, for here also capital has become necessary to successful production. The man with the large capital, able to equip his farm with the best steam and electric machinery, has an advantage over the small farmer who is obliged to use inferior tools. Were every man to obtain his land free, and as much as he desired, it would still remain true that only the man with large capital at his disposal could successfully utilize it. Unless it can be shown that under the single tax the man with large capital would not have an advantage over the small farmer, the supposed panacea must prove futile.

The fact is, agriculture, like manufacturing, has been revolutionized. Agriculture, to be sure, is slower in its development, but its tendency is toward the downfall of the small agriculturalist. The small farmer is unable to compete with the bonanza farmer, who can produce more cheaply and plentifully. The single tax would not alter this relation. It is claimed that under the single tax no one would be able to secure more land than he could productively use. Be it so. The changed methods of agriculture makes it more profitable to work farms of one hundred thousand acres than of one hundred acres. If a man has the capital to equip land with modern appliances there is no end to the quantity of land which he can productively use. If, as under the single tax, land could be had gratuitously; that is, by paying to the State its rental value, a corporation might be formed to cultivate all the arable land in the country. At least, it is certain, the proletarian would have no chance, for without unlimited capital, agriculture would be out of
the question. The single tax, then, by placing land at man's disposition would be no solution of the social problems, for without the needed capital he would be unable to successfully cultivate it. Socialists, of course, concur in the demand for land nationalization, but dissent from the proposition that this alone would remedy social ills.

The fact is, Mr. George completely overlooks the changed methods of production. To be accurate, land is but one form of capital. Let this be understood and it will be clearly seen that the abolition of but one form of capital will effect no relief. Every reason given by Mr. George for the nationalization of land applies equally to all the means of production. Land stands related to production as other forms of capital. To separate it from capital is only to confuse. The product of production is divided into two parts, wages and surplus-value. It makes no difference by what terms the return for the use of capital may be expressed. We may call the return for capital invested in land, rent; from capital loaned as money, interest; from capital employed in business, profits; or from capital invested in stocks, dividends; it is all the same. All returns from capital represent surplus-value and should be abolished. To simply abolish the returns from one form of capital would not remove the evils of capitalism.

The single tax is insufficient to remedy the evils from which we suffer. It does not pretend to touch the wage system and competition, the real causes of servitude and industrial crises. Socialism is the only remedy. Capital in all its forms must become the property of all the people.
8. That Extravagance is the Chief Cause of Economic Want.

Another common error is the supposition that extravagance is the chief cause of economic want. While in many instances this may be true, it is erroneous to suppose that the checking of extravagance as a whole would remove the evils of our present system, of which poverty is the greatest.

Individuals gain by saving, but were all to practice economy the few would lose their advantage. This is readily seen when we realize that production can only be sustained by consumption. Now the laborer by the expenditure of his whole income is able to purchase but about one-fifth of the value of his product. It is due to this exploitation of labor that we have the phenomena called over-production. This congestion of the markets, then, is inevitable, even with the utmost extravagance. But now suppose the laborer saves, say, fifty per cent. of his wages. Is it not seen that under such conditions the markets would be more glutted than ever? The result of such a state is always business depressions and crises, with their attendant suffering and want. Factories are shut down and production is suspended, for the simple reason that there are more goods than can be profitably disposed of. The less the people consume the more quickly this condition of things is brought about. As a matter of fact our industrial system would not be able to run at all were people to save any considerable portion of their incomes. If it cannot proceed but a few years at a time, even with the extravagant expenditures, what would be the result were the consumptive power of the people checked by economy? The only salvation for the present order is in extravagance, in teaching the
people to live out their entire income, and so, as far as possible, relieve the congested markets.

The whole fallacy lies right here. It is seen that certain individuals by parsimony accumulate property, and it is thought that if all were parsimonious all would be equally benefited. But this does not follow; the few now gain at the expense of their fellows. The great majority spend their incomes and so keep production in motion, thus giving employment to the ones who are saving, who in turn lay aside a portion of their wages and so are benefited. But were all to save, production, which can only be sustained by consumption, would cease, thus depriving our parsimonious friends of further employment. They would then have no alternative but to consume their accumulated store, which, when gone, would leave them destitute.

Nothing can save from economic want which does not stimulate production and promote industry. To have all abstain from consumption is certainly a poor way to promote industry. If goods cannot be sold they cannot be produced, and they cannot be sold unless people buy them. The less they buy the less will be produced, and consequently, the less labor will be employed. When labor is not employed there is economic want. Just to the extent, then, in which the principle of saving is reduced to practice will people as a whole suffer economic want. To check extravagance so far from mitigating economic want would greatly augment it. It is not my purpose here to discuss the causes of economic want, that has been done elsewhere, but only to point out the fallacy of attributing the cause to extravagance.
9. That Socialism would Thwart Inventions and Improvements.

It is another economic error to suppose that Socialism would thwart inventions and improvements. It is rather the vested interests of the present system that antagonise and thwart all progress.

The personal interest of each individual is bound up in his particular occupation and calling. If he be a capitalist, his capital is embarked in it; if an artisan, the knowledge of his craft. In each instance his interest and consequent livelihood is dependent upon his special business. The introduction of any new invention which dispenses with that occupation means ruin to those involved,—the capitalist loses his capital and the workman loses his means of livelihood. If the laborers had the power they would make short work of those improvements which have supplanted their respective crafts and left them upon the streets begging for bread. The opposition on the part of the capitalists, though less violent is more effective. As the initiative in production comes from the capitalist he is not disposed to introduce an innovation which will render obsolete the machinery in which his capital is already invested. The only condition upon which he will embark in the undertaking is the full assurance that the invention will make up for the loss of the capital already invested. The capitalist often finds its advantageous to purchase the patents to keep them off the market, for fear some competitor will introduce them and thus secure an advantage. The stories of the rebuffs and difficulties that inventors have to contend with in getting their inventions introduced are indeed pitiable. And if they succeed it is only by relinquishing nearly all the hopes of profits.
In many fields machinery would be used to-day to do disagreeable work were it not cheaper to exploit a helot class. Under Socialism there would be no such obstruction to the introduction of improved methods.

Says Prof. Ely: "It can hardly be questioned that under Socialism the inventive powers of man would be stimulated to provide machinery to do disagreeable work, and to render work now disagreeable as agreeable as possible. The inventive power of man now aims to increase the earnings of capital, and not chiefly to render the task of the toiler as light and pleasant as possible. . . . It is true, however, that in proportion as you make men valuable, machinery does disagreeable work.

"Now, it is the essence of Socialism to insist upon the value of man; and it is evident that this new order could not fail to result in a new class of inventions and discoveries."

Another reason why there is not more progress in this direction to-day is the fact that our present system is not favorable to the development of genius. There are men of genius, men equipped and endowed by nature for such careers, men intended to be poets, artists, philosophers, inventors, but to whom the development of their talents is forbidden by an economic system which deprives them of the opportunity and necessary leisure for the development of their powers. We find men liberally endowed among the very dregs of society. Socialism would secure to all the conditions requisite for the unfolding of this latent force. If a man to-day develops his creative powers he must be exceptionally environed. For every ray of genius that is manifested there is a wealth of capacity stifled, which, if allowed to unfold, would fill the world with unbounded glory. There has been great progress in this direction, but not a hundredth part of what would have been accomplished
had workmen the leisure and means to have developed their ideas. All progress has been in spite of an adverse economic order. Surround men with a suitable environment and genius would go forward by leaps and bounds. This fact is recognized even by the critics of Socialism. Prof. Graham, in speaking of the higher education which all would receive under Socialism, says: "The generality would receive a higher education than now. . . . And as this general light and culture would be wider and deeper, it would awaken and ripen the seeds of genius which now never get an opportunity; it is therefore highly probable that originality would, on the whole, be greatly increased. Certain it is that new veins of originality and genius would be struck in the virgin soil of the hitherto uncultivated minds of the mass which would yield rich results."

Genius is not rare, as some seem to suppose, it is universal. It only lacks cultivation. Every person has natural talent for some one thing. Socialism would find out this talent and develop it. With this development would come increased inventive genius, and a new era of mechanical improvements would dawn that would far surpass even the dreams of the most enthusiastic. Socialism would substitute machines for men in every department of production. In the Co-operative Commonwealth steam and electricity would do the work. These do not tire and cannot be brutalized. Socialism, then, instead of thwarting inventions and improvements, would inaugurate a new era of mechanical progress, the possibilities of which are undreamed of to-day.

10. THAT SOCIALISM WOULD DESTROY INDIVIDUALITY.

Another economic error is the supposition that Socialism would destroy individuality and make everybody
alike. The reason for this inference is not clear, although it must be admitted to be typical of this age in which men are reduced to a money valuation. The assumption seems to be that any movement toward economic equality would destroy individuality. This, however, is the reverse of the fact. Is it true to-day that those receiving equal incomes are monotonously alike? It is rather inequality which suppresses individuality and prompts imitation of superiors. This tendency toward uniformity is due to the lack of equality in economic conditions. The inferior classes strive to imitate the superior classes in order to avoid an apparent social inferiority. The result is, society is continually run in the same groove. On the other hand, any system which would tend to decrease economic inequality would tend to kill imitation. Just in proportion as men become equal they cease to gain by imitating each other. It is always among equals that we find true independence.

Thus the levelling process, as it is sometimes called, is not one of men but of opportunities. It is only when men stand upon the level of equal opportunities that the differences in human endowments are manifest. So long as men are surrounded by artificial conditions and opportunities, due to present economic inequality, it will be impossible to tell what differences are natural and what are due to the artificial environment. Socialism, which guarantees equality in opportunity, is the only condition under which true individuality can be developed. In fact, originality and independence can only be secured when all are guaranteed the bases of livelihood. Before men can really live they must be freed from the struggle to live.

A system must be judged by its ability to procure the development of the individual. Judged by this standard our competitive order stands condemned. What oppor-
tunity has the average worker for development? Take the toilers in the sweatshops, the toilers on mortgaged farms, the delvers in mines, the millions of the unemployed,—where is their opportunity for individual development? No, it is not Socialism but capitalism which deprives men of individuality and initiative. The man who for ten hours a day sacrifices the best that is in him to the exactions of our industrial life has no time left to develop his higher individuality. Who has the greater opportunity to develop his individuality, even under the present system,—the man who works for the government or the one who works for a private capitalist? The rush for governmental positions answers the question. Under Socialism all would have opportunity to develop, and individuality, for the first time, would be free. Socialism would destroy this false individualism in order that true individuality might blossom in its fullness.
CHAPTER XIV.

CONCLUSION.

The growth of Socialism has been phenomenal. It has swept with amazing rapidity over the civilized countries of the globe. It is a world-wide economy, based upon universal principles, and destined to usher in a higher state of civilization.

This consummation is sure of attainment, but it may be hindered by measures designed to resuscitate the old order out of which we have evolved. While we are ever ready to give our support to any movement which is a step in advance, we refuse to be a party to any effort to bring back the past. Our work is progressive—the bringing in of the new order by helping forward the economic evolution.

To-day the forces of retrogression are battling with the forces of progress. It is a question every man should ask himself, Which side am I upon? The situation is becoming more and more serious every day and the signs of revolution are manifest to the careful observer. Whether the coming revolution shall be by ballots or bullets depends upon the education of the masses on the social question.

Socialists have a great responsibility resting upon them. Into their hands has been committed the new gospel. By faithful and diligent effort they may avert the danger which threatens the twentieth century. This danger lies in an unintelligent resentment of wrongs that are not distinctly understood. If men resent social
wrongs without thoroughly comprehending their nature, it may result in civil war and the reestablishment of society, but without any marked improvement.

Socialists, and Socialists alone, have correctly diagnosed the cause of the present evils and prescribed the true remedy. It is their mission to carry the gospel of emancipation to others—to be missionaries of progress and civilization. It is chiefly into the hands of the proletariat that this commission is entrusted. The proletariat includes all who do not possess property in the instruments of production. While individual members of the proprietor class here and there may apprehend the truths of Socialism and lend themselves to the cause, still, as a class, we need not expect them to take the initiative or aid in carrying forward the movement for the abolition of the present system of industry.

The economic struggle is necessarily a class struggle, a struggle between the proprietor class and the non-proprietor class. The subjection of the working class is due to the fact that the instruments of production and distribution are the private property of another class. The interests of these two classes being diametrically opposed a class struggle is inevitable. The proletariat must work out its own salvation and the triumph of the proletariat means the triumph of Socialism. The proletariat is bound to put an end to its own exploitation and the only way by which this can be accomplished is by the abolition of the private ownership of the instruments of production and distribution. The emancipation of labor can only be wrought by a united effort of wage-earners along the line of their class interests, assisted by such members of the other classes as understand the economic question and possess sufficient moral courage to be true to their convictions.

That this struggle for freedom should express itself
in political action is inevitable. Class interests always express themselves in class politics. As the laborer seeks to better his condition he comes in conflict with the governing power which is in the possession of the capitalist class. The ruling class of all ages has always determined the form and administration of government, as well as fashions and customs, codes of ethics, etc., and always in its own interest. The capitalist class is to-day the ruling class, having wrested the governing power from the old landed nobility, and wherever labor seeks its rights it finds itself thwarted by this class under the disguise of government. To-day the courts, the laws, the press, the legislatures, the police, the state and national troops, and often the pulpit, are dominated and controlled by this ruling class. This condition makes it necessary for the proletariat to master the governing power. An intelligent use of the ballot on the part of the working class would gain for them the control of the political power. In the effort to achieve this end, accept no political palliative. Any measure which does not tend to the abolition of the wage system is unworthy of support. The laboring class must learn that it need expect nothing from any political party that does not stand squarely upon the Socialist demand to wrench from the exploiting class the political and economic weapons of exploitation. No such uncompromising demand as this will ever be made by any of the political divisions of the capitalist class. If the laborers are to achieve their end they must stand united in the political field on a platform of their own, demanding the complete abolition of the exploiting system. There are thousands upon thousands of workers who, to-day, are thus standing, conscious of their class interests and endeavoring to bring about the fulfillment of the mission which the economic evolution has assigned to them. To-day we see the manual and
mental laborers of the world, uniting in mighty class-conscious bodies, preparing themselves for the duties and responsibilities of the final work in economic and social evolution. Have you joined this great army in the universal struggle for freedom? If not, why not? Why longer waste your efforts in the old political parties which are but handmaids of the capitalist class? Their chief object is to divide laborers into various factions, fighting against each other, and so prevent the laborers from uniting to secure their freedom. The petty political issues which such parties raise are only for the purpose of fleecing the laborers on the one hand and throwing dust into their eyes on the other lest they see the only real question at issue—Socialism vs. Capitalism.

Be not deceived! Laborers, you have no interest in the success or failure of parties composed of classes whose interests are antagonistic to your own. Do not throw away your ballot then by voting for that which you do not want. As has been well said, “You had better vote for what you want and not get it, than vote for what you don’t want and get it.” But, friends, we shall get what we want. Socialism is the outcome of industrial evolution. That Socialism will follow capitalism is as certain as that light will follow darkness. Its speedy realization depends upon the faithfulness and devotion of those who have seen the light. Its advent, however, is not so far distant as often thought. The rapid growth of the Socialist vote evidences that salvation is nigh. We are blessed, in that the opportunity is ours to help usher in the brighter day. No people ever had a nobler cause, or one that should inspire greater enthusiasm.
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